

An aerial photograph showing a large-scale logging operation in a tropical forest. A wide, muddy road or cleared path cuts through the dense green canopy. In the upper right, a large plume of white smoke or steam rises from a cleared area. The foreground shows a mix of cleared land, debris, and remaining trees. The overall scene depicts significant deforestation and environmental impact.

GREENPEACE

Up for Grabs

Millions of hectares of customary
land in PNG stolen for logging

Acknowledgements

Greenpeace would like to thank Dr Tom Diwai Vigus, Ass. Professor Colin Filer and Professor Bill Laurence for reviewing the draft and suggesting amendments and changes; Stuart Shepard for accessing, digitising and analysing the GIS data and producing the maps; Will Nicholls for his research and information management; Sam Moko for his field investigations and corporate research; Grant Rosoman for editing and structural suggestions; Sarah Neal for editing; Jessa Latona for editing and image selection; Sarah Hipsley for design and layout; the captain and crew of MY Esperanza; and the customary landholders of Papua New Guinea, in particular the communities of Pomio in East New Britain Province, Wewak and Turubu, in East Sepik Province, Vanimo and Bewani in West Sepik and the communities of New Hanover in New Ireland Province.

This report is endorsed by:

The Centre for Environmental Law and Community Rights; a public interest environmental law NGO based in Port Moresby, was founded in February 2000. The main aim of CELCOR is to provide legal assistance to landowners affected by large scale environmentally destructive projects including industrial logging, mining and oil palm plantation developments and to promote community based natural resource management through promotion of effective law and policies in PNG.

Foundation for People and Community Development Inc. PNG; registered as a civil society organisation in 1993, FPCD strives to empower and build capacity of interested indigenous forest owners of PNG manage and develop their forest resource to international standards. Moreover FPCD strives to see forestry in PNG managed to reputable international standard that does not marginalise local indigenous people in all aspects of forestry development; and ensures maximum benefits are retained by indigenous forest owners.

The Environmental Law Centre Ltd; a non-profit community legal centre specialising in public interest environmental law issues. Established in 1999, the Centre provides legal assistance to communities and landholder groups with environmental protection as a priority. The Centre provides legal advice and representation to PNG landholder communities who cannot otherwise afford it; promotes environmental awareness education; and conducts policy and reform work.

Central Sepik Regional Development Foundation is a not for profit local NGO that was recently established to educate our people in the Central Sepik area about development issues especially on environment and human rights that our Central Sepik people are most likely to face as the Central Sepik area is facing upcoming major large scale resource development projects. CSRDF started as an idea by few local development visionaries of the Central Sepik area of PNG in 2005 and was formally registered as an association with the Investment Promotion Authority on 17 July 2006. CSRDF strongly endorse this SABL report because CSRDF works with several communities where their land is under this arrangement.

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Printed on 100% recycled paper, Revvie Laser.

Cover Image: Pomio, Papua New Guinea, 2011
Image Right: Bairaman River, Papua New Guinea

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An aerial photograph showing a river with a white sandy or silty bed winding through a dense, dark green forest. The river is on the left side of the frame, and the forest covers the rest of the image.

Up for Grabs

Millions of hectares of customary
land in PNG stolen for logging





Forest landscape, Milne Bay, 2011

Executive Summary

This report analyses and documents the background conditions and impacts of Papua New Guinea's so-called 'land grab', which has seen 72 Special Agricultural and Business Leases (SABLs) totalling 5.1 million hectares of customary-owned land - over 11 per cent of the country and over 16 per cent of accessible commercial forests – granted to unrepresentative landowner companies and foreign-owned corporations for up to 99 years.

Logging companies are by far the biggest beneficiaries of the SABL system as they have been able to secure sublease agreements to extract logs under Forest Clearance Authorities issued by the PNG Forest Authority. PNG log exports grew by almost 20 per cent in 2011 due almost entirely to logging within SABLs. Since 2006, logging companies have exported over 1.5 million cubic metres of whole logs from SABLs, amassing over K290 million (USD 145 million) for the mostly Malaysian companies involved. Almost all these logs were exported to China.

Of the total 5.1 million hectares of SABLs, 75 per cent or 3.9 million hectares are controlled by foreign-owned corporations under 54 subleases or development agreements. Of these, Malaysian and Australian interests dominate, with control of at least 3 million hectares of customary-owned land in 32 SABLs.

Foreign-owned logging companies hold primary SABL titles to over 190,000 hectares of customary-owned land in four SABLs. Landowner companies and Incorporated Land Groups that hold nine

SABL titles totalling 445,400 hectares also use the addresses of logging companies as their principle place of business when registering their companies with the PNG Investment Promotion Authority. All but one of these addresses is for the Rimbunan Hijau (RH) office in Kennedy Drive, Hohola or their Post Office Box in Port Moresby.

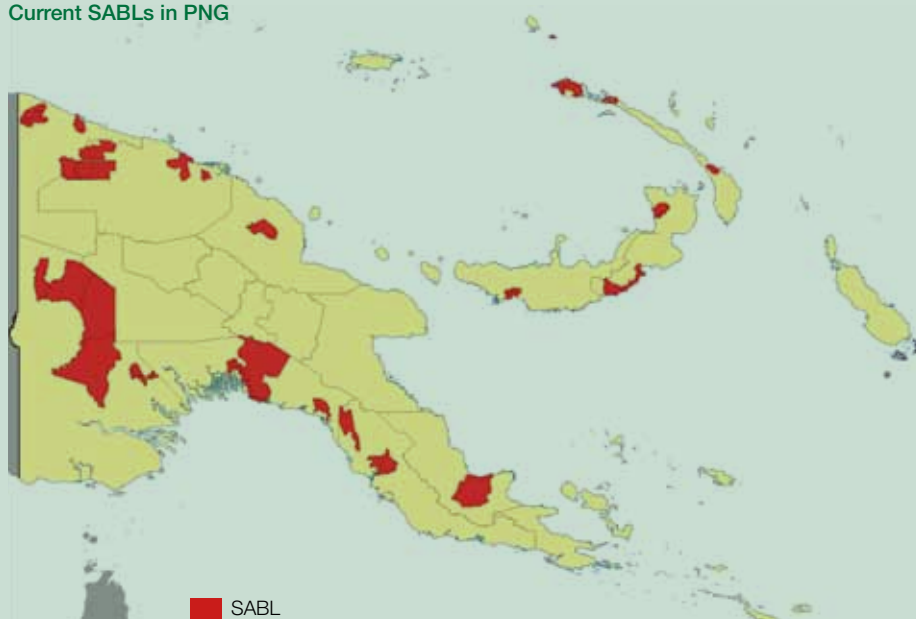
Via these various means, which are far from transparent, SABLs are becoming a mechanism by which established laws and measures designed to reduce the unsustainable harvest of timber in PNG are being circumvented.

While logging has driven the spread of SABLs, oil palm development has been used as its justification. However, only nine SABLs (311,000 hectares) are controlled by listed oil palm or biofuel companies. Most companies that hold subleases or development agreements over SABLs have no prior experience with agricultural development.

SABLs have resulted in an increase in deforestation of primary forests for oil palm, with potentially the same environmental and social impacts seen in Indonesia and Malaysia. Developing oil palm plantations on primary forest is highly lucrative as it allows oil palm proponents to profit from the logs felled when forest clearing is carried out prior to planting. The profits from the sale of tropical logs thus pay for the plantation's establishment.

Geographic Information System analysis by Greenpeace reveals that the largest 48 SABLs –

Current SABLs in PNG



95 per cent of the total SABL area – include almost 14 per cent of the remaining 14.7 million hectares of Intact Forest Landscapes in PNG. These are the least developed forests in PNG. SABLs also include over 130,000 ha of PNG's protected areas.

Analysis of these SABLs also reveals that they contain 12 per cent of the almost 7 billion tonnes of above-ground carbon stored in PNG's forests. If these SABLs were logged and then deforested, almost 3 billion tonnes of CO₂ would be released – this is equivalent to Australia's total CO₂ emissions for the next six years.

Foreign-owned companies potentially hold the carbon rights to about 630 million tonnes of carbon in SABLs and could be the recipients of more than USD 23 billion¹, if these rights were sold into international carbon-trading schemes such as those of Australia and the European Union.²

While the customary landholdings of PNG's forest people are constitutionally protected, they have historically been the victims of government-led processes that allocate forests to industrial logging companies, often against their wishes.

The previous Somare Government continued this predatory relationship with customary landholders by actively facilitating the granting of SABLs with legislative amendments that enabled logging companies to gain easy access to customary-held forested land.

In 2007, sections 90a and 90b of the *Forestry Act 1991* which enabled agricultural development companies to harvest logs under Forest Clearance Authorities were amended to do away with the requirement of calling for public tenders from registered logging companies to salvage logs from the area to be cleared for agriculture, and allowed logging companies both to apply for Forest Clearance Authorities and to undertake the logging and agricultural operation. It is no coincidence then that, between 2008 and 2011, six times the area of SABLs was granted compared to that granted during the five years between 2003 and 2008.

In 2010, the Somare Government also introduced a long-promised moratorium on whole log exports from new timber concessions. Since then, the only way to export whole logs from new logging areas was for logging companies to have a Forest Clearance

Authority or a permit to harvest road corridors when clearing forest for road construction.

Logging in PNG generally occurs within Forest Management Agreement areas, for which logging companies must obtain Timber Permits and follow a regulated process that may take many years. The PNG Forest Authority has not negotiated a new Forest Management Agreement for at least five years. Available logs in timber concessions are therefore limited and logging companies used the poorly regulated SABL process as a shortcut to access new primary forest resources.

The streamlined regulatory processes of SABLs were actively promoted by government agencies. In doing so, government agencies ignored their duty to customary landholders by failing to provide advice, public notification and proper scrutiny of SABL applications and sublease conditions. This failure left many rural communities alienated from their land and with burdensome and unfair sublease conditions which, in most cases, will never lead to significant economic benefits flowing to communities.

The Department of Lands and Physical Planning, the agency responsible for evaluating and granting SABL applications and registering subleases, has been described by PNG judicial authorities as grossly incompetent and entirely corrupt. All the responsible government departments involved in approving SABLs and Forest Clearance Authorities failed in their statutory duties. In many cases it was the corporations applying for logging or agricultural development that financed the government approval processes.

Directors of landowner companies and Incorporated Land Groups were not provided with independent legal advice when signing subleases. These subleases are therefore almost entirely to the benefit of the foreign-owned companies who secured them. In many cases these subleases have clauses that demand substantial compensation should the sublease be overturned and offer little economic benefit for the landholders. For the few SABL subleases that do contain clauses for profit sharing, customary landholders are unlikely to see any significant economic benefit as historically very few foreign-owned corporations operating in PNG declare profits.

SABLs were originally established to increase economic activity in rural areas and empower local communities who were to benefit from rental payments, employment opportunities and increased welfare services and facilities. The SABL policy – also known as the lease-lease back program – was

1 Based on USD 10 per tonne.

2 Australia's ETS will allow domestic emitters to purchase international credits from 2015. The EU ETS will likely accept forest credits after 2020.



Central New Hanover, NIP

Responsible government agency failings

| Provincial Administrators | Conflicts of interest |
|--|---|
| Department of Land and Physical Planning | Missing files Land Investigation Reports with no agreement from landowners Granting leases to foreign entities Failure to demand Certificates of Incorporation, registration of subleases, development plans and Certificates of Alienability Lack of public notification Incomplete land investigation reporting and inaccurate surveying |
| Department of Environment | Failure to mitigate environmental impact Conflicts of interest |
| Department of Agriculture and Livestock | Failure to provide advice Conflating FCAs with agricultural development |
| PNG Forestry Authority | Inappropriate legislative amendments Flawed consultation and notification process |
| Provincial Forest Management Committees | Conflicts of interest |
| National Forest Board | Conflicts of interest |
| Police | Paid by logging companies to intimidate landholder opposition |

also meant to allow landowners to utilise their own land collaterally to obtain mortgage for business development purposes with the terms of the lease to be set by the customary landholders.

The result has been small groups of customary landholders or landowner companies securing SABL titles and benefits. Of the 51 landowner companies that hold SABL titles only 14 include clan trusts or Incorporated Land Groups as shareholders. A further 11 are held by between 11 and 22 individual shareholders; 19 are held by between 2 and 10 individuals and six are held by a single shareholder.

In May 2011, after international condemnation, the PNG Government announced a Commission of Inquiry into SABLs. The Commission's report was completed in May 2012 but will not be made public until it is tabled in Parliament by the newly elected Prime Minister in the second half of 2012.

The single biggest issue highlighted during the Commission's hearings was the lack of fair representation of customary landholders in agreeing to SABLs being granted over their land. The instrument that attempts to resolve customary landowner representation in such matters is the Land Groups Incorporation Act 1974. The Act was established to encourage greater participation by local people in the national economy through the utilisation of their land with greater certainty of title. Of the many problems that arose as a result of the Act, the lack of complementary land registration legislation is an important failing. The object of allowing greater certainty of title was therefore never fully realised.

Legal recognition of the corporate status of customary landholders was instead used to facilitate consent for resource exploitation.

The Somare Government introduced the Land Groups Incorporation (Amendment) Act 2009 and the Voluntary Customary Land Registration Act 2009 to overcome the many glaring deficiencies of the original Act. Inexplicably, the Somare Government delayed its introduction and the legislation was not implemented until March 2011 after Somare was deposed and when the full impacts of the original Act became apparent with SABLs. Delaying the introduction of the two amending Acts allowed an additional four million hectares of customary owned land to be leased, most of which was subsequently given away to foreign-owned corporations.

In June 2012, the country went to elections with hopes for a more transparent government and public service that will protect the interests of the majority of Papua New Guineans, rather than the profits of a few corporations.

The newly elected PNG government must act quickly after being formed and implement the recommendations of the Commission of Inquiry as well as review and amend the legislation that allowed the land grab to occur.

To address many of the underlying issues that led to the land grab, the PNG government must also seek international assistance to develop a national land use planning process that includes land use agreements by all relevant stakeholders including customary landholders.

Recommendations

The Government of PNG must:

1. Table in Parliament the report of the Commission of Inquiry into SABLs during the first sitting after the 2012 election and implement its recommendations in full.
2. Immediately suspend logging operations under all Forest Clearing Authorities in SABL areas until the government has fully implemented the recommendations of the Commission of Inquiry.
3. Nullify any SABLs found to have significant objections from customary landholders or where consent has been engineered, fraudulently obtained or manipulated, and introduce legislation that bar legal challenges by SABL lessees or sublessees affected by the nullification.
4. Develop a list of corporations and individuals that have engineered, fraudulently obtained or manipulated customary landholder consent or acted unconscionably towards customary landholders that will be denied future government approval for any activity relating to customary land.
5. Seek international assistance to begin a process to develop a National Land Use Plan that has the participation of all relevant stakeholders especially customary landholders, and with key objectives of protecting customary land rights and maintaining forest resources for future generations of Papua New Guineans.
6. Declare a moratorium on all new forestry and agricultural approvals over forested land until the agreed National Land Use Plan has been implemented.
7. Introduce legislation prohibiting payments to government officials including the police, by corporations or individuals to perform their statutory duties..
8. Deregister all Incorporated Land Groups (ILGs) that were formed in breach of the full public notification procedures under with the Section 33 of the *Land Group Incorporation Act* 1974.
9. Amend the *Land Act* 1996:
 - a. So that it is not possible for the state to grant a SABL direct to an entity which is not a customary landowning group.
 - b. To prohibit subleases and introduce provisions for the development of community partnerships where communities can have equal share in the project with the developer.
 - c. To ensure SABL leases cover an area no larger than 5,000 hectares.
 - d. To ensure SABL are for no more than 25 years.
10. Repeal the *Forestry (Amendment) Act* 2007
11. Review the *Forestry Act*, 1991, particularly the procedures, powers and constitution of the National Forest Board and Provincial Forest Management Committees with a view to establishing strict codes of conduct, guidelines, complaint mechanisms and conflict of interest tests.



Lau Village in West Pomio District, ENBP, 2011

The Government of PNG should also:

1. Review the 'Organic Law' for provincial and local-level government with a view to establishing strict codes of conduct, guidelines, penalties, complaint mechanisms and conflict of interest tests for provincial and district administrations and staff.
2. Establish a Commission of Inquiry generally into the Department of Lands and Physical Planning.
3. Review the *Fairness of Transactions Act* 1993 to strengthen provisions for customary landholders to access remedies and relief from unconscionable conduct and unfair dealings in commercial transactions and introduce provisions that require impartial legal advice to be provided before customary landholders can enter into contracts and agreements relating to their customary land. Such legal advice must be made available to all customary landholders whose land is the subject of such dealings.
4. Introduce a strict code of conduct, guidelines, penalties, complaint mechanisms and conflict of interest tests for all police officers in PNG, particularly relating to field assignments.
5. Introduce legislation and an oversight body that ensures procedural compliance by government agencies and provincial and district administrations.
6. Implement and enforce Freedom of Information legislation allowing public and community access to all government agency and ministerial information at the cost of photo-copying or printing only.
7. Amend the *Companies Act 1997*, to ensure the full disclosure of directors and shareholders of registered overseas companies and the directors and shareholders of holding companies with interests in registered overseas companies to provide transparency and full disclosure particularly where those companies are registered in international tax havens such as the British Virgin Islands and Cayman Islands etc.

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Pomio, ENBP, 2011

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Glossary of acronyms

| | |
|---------------|--|
| BVR | British Virgin Islands |
| CLH | Customary Land Holder |
| DAL | Department of Agriculture and Livestock |
| DEC | Department of Environment and Conservation |
| DLPP | Department of Lands and Physical Planning |
| FAO | Food and Agriculture Organisation |
| FCA | Forest Clearing Authority |
| FMA | Forest Management Agreement |
| GHG | Greenhouse Gas |
| GNI | Gross National Income |
| GNP | Gross National Product |
| HK | Hong Kong |
| IFL | Intact Forest Landscape |
| ILG | Incorporated Land Group |
| ITTO | International Tropical Timber Organisation |
| K | Kina |
| LDC | Least Developing Country |
| LIR | Land Instigation Report |
| LOC | Land Owner Company |
| LULUCF | Land Use Land Use Change and Forestry |
| NGO | Non Government Organisation |
| PFMC | Provincial Forest Management Committee |
| PNGFA | Papua New Guinea Forest Authority |
| REDD | Reducing Emissions from Deforestation and Forest Degradation |
| RH | Rimbunan Hijau |
| SABL | Special Agricultural and Business Lease |
| SGS | Société Générale de Surveillance |
| SOP | Standard Operating Procedures |
| UNDP | United Nations Development Program |
| UNCDP | United Nations Committee for Development Policy |
| UNFCCC | United Nations Framework Convention on Climate Change |
| UNHCHR | United Nations High Commission for Human Rights |
| USD | United States Dollars |
| WHRC | Woods Hole Research Centre |
| WRI | World Resource Institute |
| WTKR | WTK Realty |





1 Introduction

“I want my land to come back because this land is my mother; it is my life and future life of my children.”

Abel Numb, second Chief of Apambo village and Clan Leader of Wunu, West Sepik Province.

Statement to the Commission of Inquiry into SABLs at the hearing in Wewak 2011.

Papua New Guinea (PNG) is a developing country¹ rich in natural resources and biodiversity treasures but deprived of adequate infrastructure, education, health and good governance. It is part of the third largest rainforest on Earth and 97 per cent of the country remains under customary ownership.² Its Constitution, developed in 1975, is filled with indigenous rights and environmental stewardship rhetoric, but the country is yet to find the balance between development, equity and ecological sustainability.

PNG's population of seven million is dominated by those who live in rural communities, with a mere 12 per cent living in urban centres. Government expenditure in rural communities is tragically insufficient leaving many desperate for services and employment, and at the mercy of destructive extractive industries. This includes logging companies that promise to fulfil indigenous community needs by offering less than USD 15 a cubic metre for their forests. Rarely, however, do the royalties last long and communities are invariably left worse off after logging. Degraded environment, alcoholism, domestic violence and community fragmentation are common legacies. Poorly constructed roads wash away and further pollute waterways while school rooms and health clinics either do not eventuate as promised or, when they are provided, are no longer funded after the forest is logged and the company moves on.

Logging companies, hungry for primary forests to fuel the massive export log trade with China, have exploited a flawed legislative regime, a poorly regulated process and the desperation of rural communities to orchestrate the logging of customary owned land under the guise of agricultural development.

Between 2003 and 2011 a massive land grab occurred in PNG which has alienated customary landholding communities from 5.1 million hectares of forests for up to 99 years. In nine years 72 Special Agricultural and Business Leases (SABLs) were granted covering 11 per cent of PNG's total land area and 16% of its remaining accessible commercial forest. SABLs were granted to unrepresentative landholders and subleased to foreign-owned corporations. SABLs pose a significant threat to remaining primary forest and customary land ownership in PNG.³

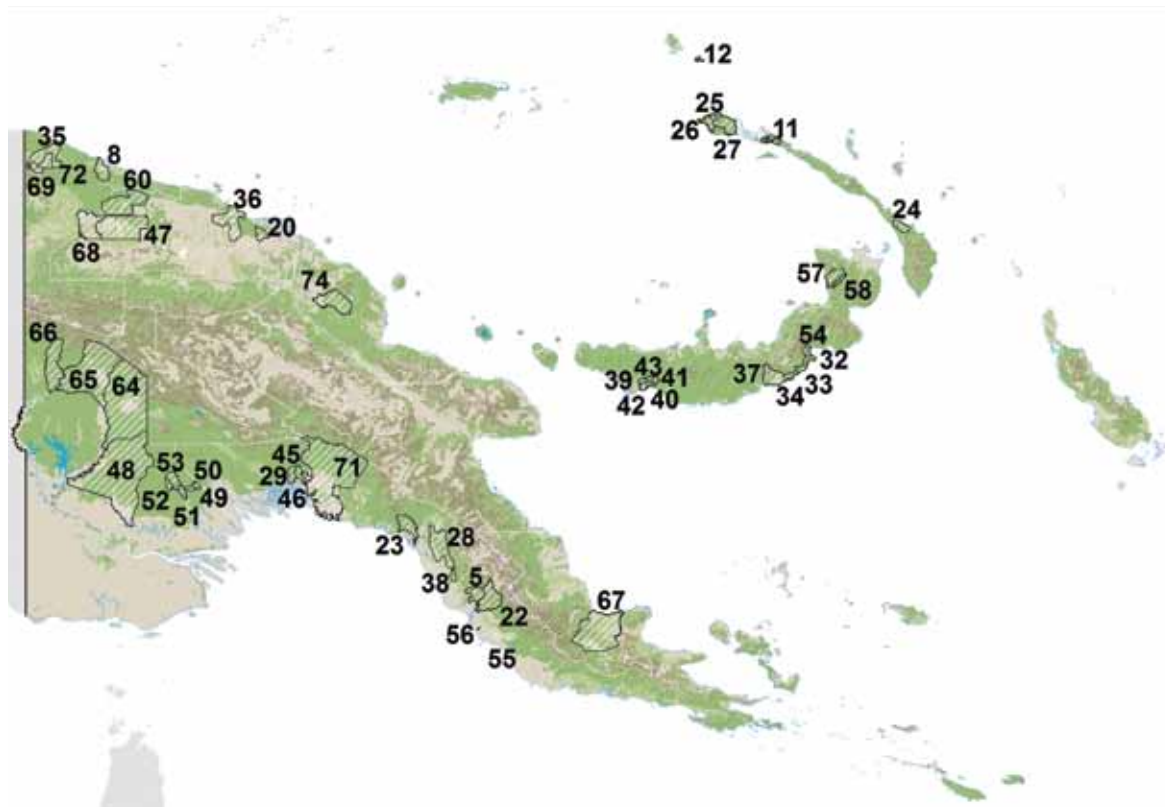
In August 2011, after international condemnation, the PNG Government instituted a Commission of Inquiry into SABLs. The Commission's report was completed in May 2012 but will not be made public until it is tabled in Parliament by the newly elected Prime Minister in the second half of 2012.

1 In 2006, PNG was listed as a least developed country (LDC). In 2009, it graduated to developing country due to new criteria for LDC being introduced of a GNI per capita less than USD 950.

2 *cf* Filer, C., 2011c. Customary land is land which is owned by indigenous communities and administered in accordance with their customs, as opposed to statutory tenure usually introduced during the colonial periods. Common ownership is one form of customary land ownership. In most countries of the Pacific islands customary land remains the dominant land tenure form.

3 See for example, Filer, 2011a; 2011b, 2011c; 2012.

SABLs over accessible commercial forest



Identification numbers are in order of date granted.

See appendix 1 for further details.

Source: Commission of Inquiry into SABLs.

Note: Greenpeace digitised and analysed only those SABLs maps provided by the Commission of Inquiry into SABLs.

The new government, once installed, will be faced with a report that identifies “widespread abuse of processes by public officials involved in the approving and granting [of SABLs] ... agricultural development plans and environmental permits.”¹ However, it is not certain that the new government will make the Commission’s report public or implement its recommendations.

This report explores the underlying factors and events that led to the scandalous SABL land grab, identifies the impacts, explores key failures in the way many SABLs have been issued, and makes recommendations for actions that should be taken to ensure customary land holding rights are upheld and a responsible development pathway taken.

1 Jeffrey Elapa, The National, 2012. p 8



Kwila (Merbau) logs awaiting export, BWSP, 2012

1.1 Commission of Inquiry

On 11 March 2011, after a complaint by the Forest Peoples Programme which was endorsed by PNG NGOs and Greenpeace,¹ the UN High Commission for Human Rights (UNHCHR) Committee to Eliminate Racial Discrimination sent an early warning letter to PNG.² The letter expressed concerns over SABLs and urged the PNG government to provide information on measures taken or envisaged to ensure that indigenous lands are not alienated and SABLs are granted with the free, prior and informed consent of customary owners.

Also in March 2011, academics and NGOs, including many from PNG, met at James Cook University in Cairns, Queensland, Australia and drafted the Cairns Declaration³ urging the PNG government to:

- declare and enforce an immediate moratorium on the creation of new SABLs
- halt the issuing of new Forest Clearing Authorities (FCAs)
- suspend existing FCAs

The Declaration urged that these steps commence immediately while a thorough, transparent and independent review of the legality and constitutionality of these leases and authorities was undertaken.

On 6 May 2011, the then acting Prime Minister, Sam Abal, announced the Commission of Inquiry into SABLs, an immediate moratorium on the issuing of any new SABLs, FCAs and Environmental Permits (EPs) until the conclusion of the Inquiry. The announcement was criticised by then Opposition MP and PNG Party leader, Belden Namah who, up until the 2012 election, held the posts of Deputy Prime Minister, Forestry Minister and the Minister for Climate Change. Namah is involved in at least one SABL – Bewani Oil Palm – and has interests in at least three logging companies operating in PNG.

On 28 July, Sam Abal announced the three commissioners appointed under the *Commission of Inquiry Act* 1951 and the terms of reference, following

his signing of the instruments and the gazettal the previous week. The final terms of reference were signed on 4 August and after numerous delays the Commission began its inquiries on 30 August.

The Commission was given wide terms of reference to inquire into and report on the legal authority and procedure of SABLs and FCAs. This included inquiring and reporting on customary ownership and disputes, prior consent and approval by customary landholders (CLH), approvals and permits from the Departments of Agriculture and Livestock, Environment and Conservation, Lands and Physical Planning, and the PNG Forest Authority (PNGFA). The Commission also aimed to determine if any unethical or criminal conduct may have occurred, and to refer any matter of criminal conduct to law enforcing authorities for prosecution.

On 2 August 2011, Parliament passed a motion that the office of the Prime Minister was vacant due to Sir Michael Somare being absent for three consecutive sittings and Peter O'Neill was sworn in as the new Prime Minister on a vote of 70 to 24 members. Belden Namah was selected as his Deputy. The new government tacitly approved the newly formed Commission through the granting of funds and an extension to 21 March 2012.

Due to a lack of adequate funding by the government and the "loss" of documents by the Department of Lands and Physical Planning (DLPP), the Commission's Report was not finalised until May 2012. As Parliament had then risen for national elections, the Commission's Report will be handed to the newly elected Prime Minister sometime in August 2012.

Once received, the Prime Minister is to table the Report in Parliament. However, under section 17(2) of the *Commission of Inquiry Act*, the PM may decline and instead table a certificate stating that the tabling of the report is contrary to the public interest.

The only interests conceivably affected by the tabling of the Commission's Report are those reaping profits from exporting logs cut from within SABLs.

1 CELCOR et al, 2011

2 UNGA, 2011

3 See <http://www.greenpeace.org/australia/Global/australia/images/forests/Cairns%20Declaration.pdf>. Accessed 17.6.12



Image: Bairiman Village,
Pomio District, ENBP
© Greenpeace/Winn

2 The conditions which led to the land grab

2.1 Failure to address low human development

The national economy of Papua New Guinea has been strong with a full decade of uninterrupted growth. In 2011, Gross Domestic Product (GDP) grew by 8.9 per cent and 2012 is forecast to top eight per cent.¹

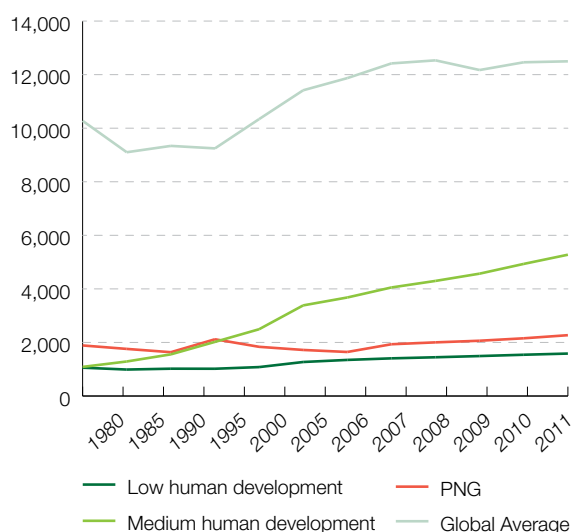
With such strong national GDP growth, expectations would be high for a rapid rise in human development. Sadly, the economic wealth that has been created from PNG's oil, gas and mineral boom has failed to benefit the majority of its population.

Public spending on education is a mere 4.4 per cent of GDP resulting in an adult literacy rate of just 60 per cent – well below the low human development range² which has an average literacy of 65 per cent. Mean years of schooling for Papua New Guineans is just 4.3 years, only 54 per cent of the country's people have attended primary school, and only 24 per cent

of men and 12 per cent of women over 25 have any secondary education.

The PNG Government spends a mere 2.6 per cent of GDP on health care. The result is a health adjusted life expectancy in 2011 of just 56.

PNG GNI per capita compared to global averages 1980 -2011



¹ ADB, 2012

² The Low Human Development range includes the poorest 45 countries in the world.

Looking deeper into the factors for PNG's appallingly low human development, it becomes clear that successive governments in PNG have failed to invest adequately in the country's people, services and environment.

A range of different development indices and data show that PNG is failing its people. These include:

- The United Nations Development Program (UNDP) 2011 Human Development Index (HDI) ranked PNG 153 out of 188 countries, falling from 137 in 2005.¹
- In 2006, the United Nations Committee for Development Policy found that, for the first time, PNG was eligible for inclusion in the Least Developed Country category as it had “experienced a long period of stagnation and/or decline in its GNI [Gross National Income] per capita”. The UNCDP found that PNG faced similar levels of severe structural handicaps to growth as Zimbabwe.²
- In terms of purchasing power parity, GNI³ has fallen since 1995 and is barely above that of 1980.⁴

2.2 Failure to improve quality of life

PNG's total budgetary expenditure is estimated to be K10.56 billion (USD5.25 billion) in 2012.⁵ However, 10 per cent of PNG's annual expenditure relies on development assistance, 66 per cent of which is from Australia.⁶

While most Papua New Guineans subsist on small scale agriculture, the national economy is based on the export of natural resources. Little of the government revenue generated from this exploitation is used to improve services such as health, education or communication in rural areas where the resources are being extracted. Despite a 120 per cent increase in government expenditure since 2002, the quality of service delivery has remained stagnant and in some cases has declined in rural areas.⁷

With just 12.5 per cent of the population living in urban centres,⁸ and 86 per cent of the population directly and primarily dependent on semi-subsistence agriculture for their livelihoods,⁹ the needs of rural communities are a priority. However, regional service delivery is often highly politicised, so even when services are delivered they are patchy, unequal and short term.

The inability of the national government to equitably share earnings from resource extraction with all its citizens, and the environmental ruin resulting from forestry and mining projects means that “selling off its natural resources has not been wholly beneficial to the nation”.¹⁰

1 United Nations, 2011

2 UNCD, 2006

3 Aggregate income of an economy generated by its production and its ownership of factors of production, less the incomes paid for the use of factors of production owned by the rest of the world, converted to international dollars using purchasing power parity (PPP) rates, divided by mid-year population.

4 World Bank, 2011

5 GoPNG, 2012

6 Ibid, p42

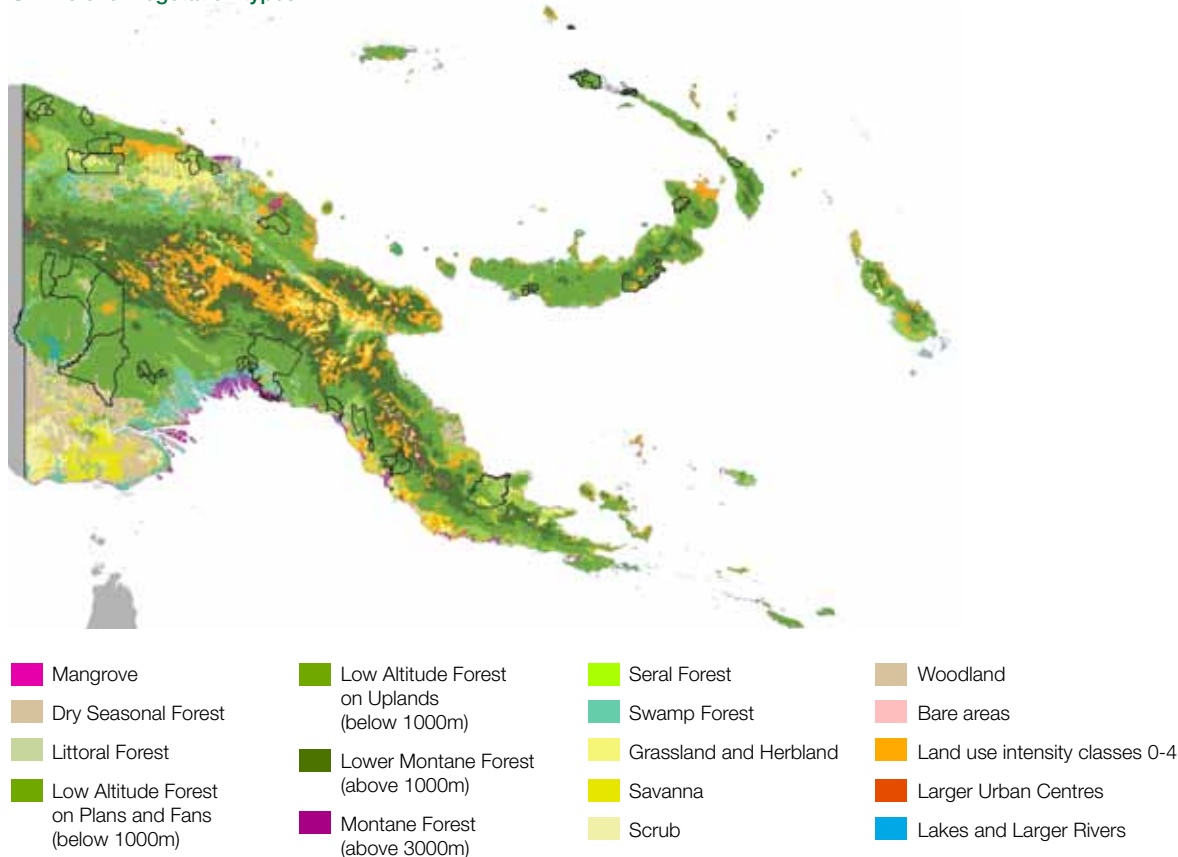
7 ADB, 2012

8 ADB, 2010

9 World Bank, 2010. Para 3

10 Ibid

SABLs over vegetation types



2.3 Failure to protect forest communities

Forests are the wealth, heritage, food, medicine and home for millions of people in PNG.

Destructive logging and deforestation for industrial agriculture leads to food sources being lost and sacred sites being damaged. Rivers and streams become muddied and polluted, killing local reefs and fish stocks. People suffer violence and abuse. New diseases spread and the traditional medicines that once protected people from illness are lost. The traditional ceremonies, skills and ways of life are disrupted. Communities' subsistence lifestyle supported by the forest for thousands of years, turns to extreme poverty.

SABLs are just recent examples of forest communities losing their homes and traditional livelihoods in PNG. While the customary landholdings of PNG's forest people are constitutionally protected, they have historically been the victims

of government-led processes of allocating forests to industrial logging companies.¹

There has frequently been failure to obtain informed consent from communities before logging commences and community leaders themselves are often not representative or held accountable.² Widespread human rights violations have been perpetrated against forest communities particularly where forested landholders object to industrial logging.³

Politicians and the police often side with the interests of the industrial loggers.⁴ The financial benefits promised by the logging companies are either not delivered or, if delivered, are often poorly managed and too little to sustain the community.⁵

1 ITTO, 2011. p 21-22

2 Bun et al, 2004. p 42

3 Forest Trends, 2006. p 17

4 Ibid, p 55

5 Ibid, p 2-3



Bairaman Village, Pomio District, ENBP, 2011

2.4 Failure to protect the environment

Successive governments have failed to maintain PNG's unique environment. The country was given a score of 44/100 for environmental performance by the UNDP with 12 per cent of its species endangered, an eight per cent loss of forest cover and a natural resource depletion rate of almost 20 per cent of GNI, which is the 12th highest in the world today.¹

The International Tropical Timber Organisation (ITTO) in its 2007 Diagnosis Mission found that the PNG Government and logging industry had failed to demonstrate economically viable, socially and ecologically beneficial forest management practices; that the environmental impacts of timber harvesting operations were poorly controlled and the regulatory framework was not being enforced.² One key conclusion was that sustainable forest management is not taking place, and many reforms are necessary to establish the requisite institutional conditions.³

Shearman *et al* (2008) estimated PNG's forest area at 33 million hectares in 2002, which was 71 per cent of the total land area (46.3 million hectares). Between 1972 and 2002, PNG lost approximately five million hectares of forest largely due to deforestation for agriculture.⁴ Over the same period, 2.9 million hectares of rainforest had become degraded, principally due to logging. Indeed, industrial logging was identified as one of the the main causes of deforestation and forest degradation in PNG, responsible for almost half of the "total forest change" since 1972.⁵

It was estimated that in 2002, the annual rate of forest loss was 1.41 per cent.⁶ The United Nations Food and Agriculture Organisation (FAO) estimated that forest cover declined by 711,000 hectares (2.4 per cent) between 2005 and 2010 and by 2.80 million hectares (8.9 per cent) between 1990 and 2010. In 2010, the FAO estimated that 26.2 million hectares of primary forests remained out of a total forest area of 28.6 million hectares.⁷

Oil palm development has led to the rapid clearing of forest in the West New Britain and Milne Bay provinces, and in several other provinces tropical forests are being similarly earmarked. Many proposed 'oil palm projects' under SABLs, however, are designed mainly for log extraction, with investors with no expertise in oil palm applying for and obtaining permission to clear forest and subsequently making large profits from timber sales.⁸

Such government failings are global in effect. The island of New Guinea, the eastern half of which makes up PNG, contains the third-largest tract of rainforest in the world. The area covers less than 0.5 per cent of the Earth's landmass, but is home to six to eight per cent of the world's species with extraordinarily high levels of endemism.⁹ New Guinea is home to around 1,800 species of terrestrial vertebrates including more than 800 species of birds, rivalling Borneo, the Amazon and Congo Basin for species richness.¹⁰

Between 1998 and 2008, at least 1,060 new species were discovered.¹¹ A 2009 expedition to the Southern Highlands of Papua New Guinea, found an estimated 40 new species, including at least 16 new species of frog, two new species of lizard, three new fish species, one new species of bat, and an undescribed endemic subspecies of the silky cuscus, a type of possum.¹²

1 United Nations, 2011

2 ITTO, 2007. p 20

3 Ibid

4 Shearman *et al*, 2008

5 Shearman *et al*, 2008

6 Ibid

7 FAO, 2010

8 Blaser *et al*, 2011. p 218-219

9 Endemism refers to species that are exclusively native to a specific region or island and found nowhere else.

10 WWF, 2011

11 Ibid

12 Ibid



Image: Pomio District,
ENBP, 2011

© Greenpeace/Hilton

3 Impacts of SABLs

Using hard copy maps supplied by the Commission of Inquiry into SABLs and publically available GIS data,¹ Greenpeace has been able to analyse the impacts of 48 SABLs covering 4.8 million hectares (94 per cent of the total area of SABLs).

3.1 Biological impacts

Greenpeace analysis suggests that PNG has 25.8 million hectares of accessible commercial forest.² Over 16 per cent (over 4 million hectares) of which is found within SABLs. The remaining SABL land is made up mostly of savannah, dry seasonal forest and woodland.

3.1.1 Intact Forest Landscapes in SABLs

Intact Forest Landscapes (IFLs) are large blocks of minimally disturbed forest ecosystems greater than 500 square kilometres. The maintenance of IFLs prevents forest fragmentation and biodiversity loss, and is vital to the long-term health of forest ecosystems. IFLs are large enough to maintain viable populations of most species and also facilitate adaptation to climate change by allowing species migration. IFLs have proportionately less edge than smaller forest areas and are therefore less prone to wildfire and weed infestation. This makes them more resilient to the predicted effects of climate change and hence more likely to retain carbon stocks, preventing further climate change. IFLs are also less accessible, which protects them against industrial logging and agricultural deforestation.

Greenpeace has mapped 14.7 million hectares of IFLs in PNG, of which almost 14 per cent exists within SABLs.

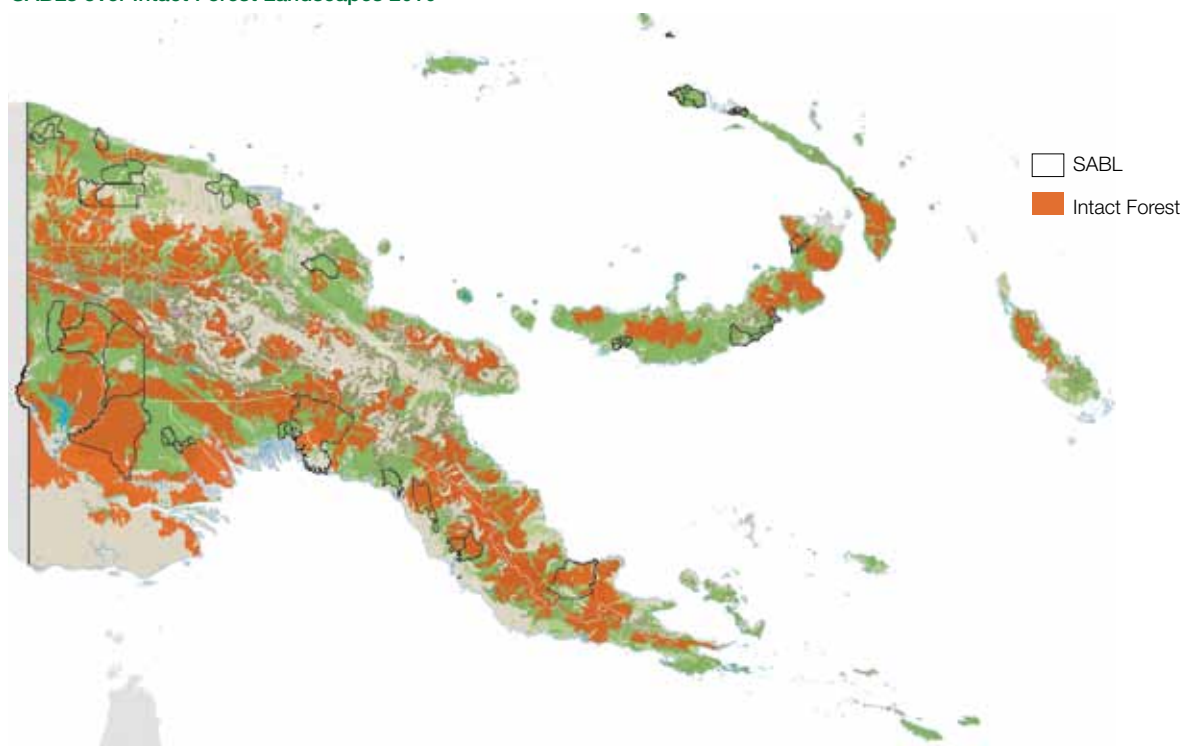
¹ See for example <http://gis.mortonblacketer.com.au/upngis/instructions.htm>

² Commercial forest less areas of slope greater than 30 degrees.

SABLs over Intact Forest Landscapes

| SABL ID | SABL Holder | Province | Area (ha) | IFL (ha) | % IFL |
|--------------|-------------------------------------|-----------|------------------|------------------|-----------|
| 5 | BAINA AGRO-FOREST LTD | Central | 42,100 | 31,535 | 75 |
| 8 | VANIMO JAYA LTD | WSP | 47,626 | 12,497 | 26 |
| 22 | YUMI RESOURCES LTD | Central | 115,000 | 65,327 | 57 |
| 24 | RAKUBANA DEV.PTY.LTD. | NIP | 24,581 | 10,183 | 41 |
| 28 | MEKEO HINTERLAND HOLD. LTD | Central | 116,400 | 89,699 | 77 |
| 47 | NUKU RESOURCES LTD | ESP & WSP | 239,810 | 26,506 | 11 |
| 48 | TUMU TIMBERS DEVELOPMENT LTD | Western | 790,800 | 698,405 | 88 |
| 49 | LA-ALI INVESTMENTS LIMITED | Western | 7,170 | 1,132 | 16 |
| 50 | MUDAU INVESTMENT LIMITED | Western | 10,450 | 1,122 | 11 |
| 54 | UNUNG SIGITE LIMITED | ENBP | 13,000 | 10,562 | 81 |
| 57 | TORIU TIMBERS LIMITED | ENBP | 42,240 | 25,469 | 60 |
| 58 | TORIU TIMBERS LIMITED | ENBP | 11,240 | 4,398 | 39 |
| 64 | TOSIGIBA INV. LTD/ TIMBER GROUP LTD | Western | 632,538 | 309,006 | 49 |
| 65 | NORTH EAST WEST INVESTMENTS LTD | Western | 470,642 | 249,803 | 53 |
| 67 | MUSA VALLEY MAN. CO. LIMITED | ORO | 320,060 | 170,366 | 53 |
| 68 | WAMMY LIMITED | WSP | 105,200 | 41,693 | 40 |
| 71 | PURARI DEVELOPMENT ASS. INC. | Gulf | 656,034 | 345,521 | 53 |
| TOTAL | | | 3,644,891 | 2,093,224 | 57 |

SABLs over Intact Forest Landscapes 2010



3.1.2 Protected Areas in SABLs

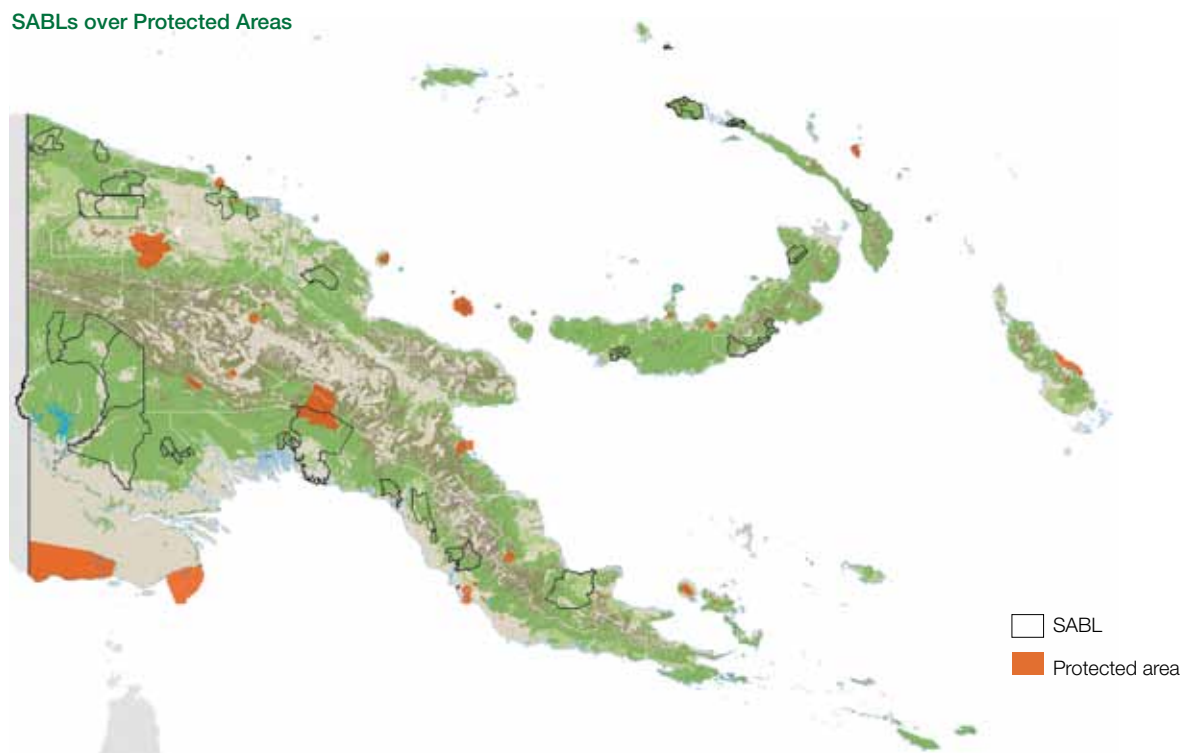
PNG has a poor conservation program with a mere 3.3 per cent of the country notionally within protected areas. Twelve of the 51 protected areas have been allocated as logging concessions and threatened with logging. Greenpeace mapping identifies three SABLs that include over 130,000 ha of PNG protected areas. Most of this area is within the Purari Development

Association Inc. SABL in Gulf Province which covers part of Karamoi Bomai protected area. The Musa Valley Management Company SABL in Oro Province also includes the entire proposed Managalas Conservation Area Project.

SABLs over Protected Areas

| SABL ID | Date Granted | SABL Holder | Protected Area (ha) |
|--------------|--------------|-------------------------------------|---------------------|
| 36 | 14/08/2008 | SEPIK OIL PALM PLANTATION LIMITED | 1288 |
| 37 | 14/08/2008 | RERA HOLDINGS LTD | 761 |
| 71 | 25/01/2011 | PURARI DEVELOPMENT ASSOCIATION INC. | 130,420 |
| Total | | | 132,469 |

SABLs over Protected Areas





Forest being cleared for oil palm, Pomio District, ENBP, 2011

3.2 Climate impacts

Due largely to unsustainable levels of logging, PNG has the second highest proportion of national greenhouse gas (GHG) emissions from land use and land use change and forestry (LULUCF) in the world.¹ Clearing and logging forest within SABLs will add significantly to PNG's GHG emissions.

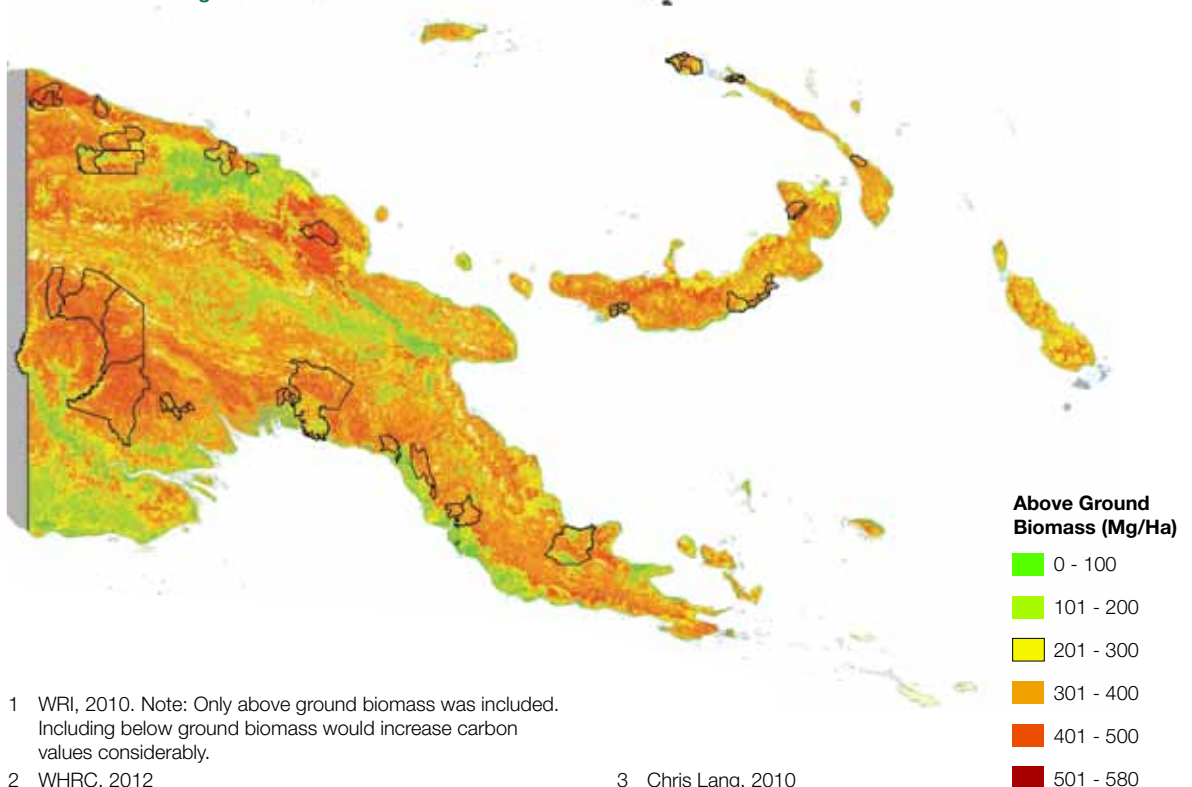
Greenpeace mapping, using data developed by Woods Hole Research Centre, suggests that PNG's forests contain at least 6.89 billion tonnes of carbon (tC),² of which over 814.5 million tC is within SABLs. If these SABLs were logged and deforested, almost 3 billion tonnes of CO₂ would be released. This is equal to Australia's total CO₂ emissions for the next six years.

On 27 May 2010, at the Oslo Climate and Forest Conference, the then PNG Prime Minister Sir Michael Somare outlined the country's new plans for REDD (Reducing Emissions from Deforestation and forest Degradation) and described it as a model for all prospective countries looking to benefit. Somare also stated that "attempts to resolve deforestation have been suffocated by misunderstanding. The North told

us the causes were issues like corruption and land rights. But, these are largely symptoms, not drivers. Developing countries understand that economics drives deforestation – pure and simple! The real problem is international market failure. Today, markets value forests more destroyed than standing."³ At the time his government was facilitating the SABL land grab for logging and agricultural deforestation.

PNG was one of the initial proponents for REDD at the 2005 Montreal and the 2007 Bali UNFCCC Climate Conferences. PNG is also a founding member of the Coalition for Rainforest Nations whose formative document noted that "...tropical forests play a crucial role in maintaining ecological balance as sinks, sources and reservoirs of greenhouse gases" and emphasised "that the tropical rainforests within our countries, which comprise about half the world's tropical rainforests, serve as sources of livelihood and repositories of the cultural heritage of vast numbers of people, while the ecosystems of these rainforests serve as habitat for diverse biological species and as storehouses of genetic resources for food, medicine and various goods and services that can help sustain present and future generations of humankind."

SABLs over above ground biomass



PNG is clearly out of step with many tropical forested nations which see REDD as a potential significant income stream and a way to protect the world's shrinking tropical forests. As good global citizens, many tropical forested developing countries see themselves as having an essential role in mitigating climate change by reducing emissions from deforestation and forest degradation while protecting the biological treasures their forests represent.

Other key tropical forested nations have recognised the importance and value of tropical forests and are taking action to reduce deforestation. The Indonesian Government, for example, has acknowledged the problem of its huge GHG emissions by committing to a 26 per cent reduction in emissions by 2020 or a 41 per cent reduction with international financial assistance.¹ This commitment was sealed in a moratorium on any 'new concessions converted from natural forests and peatlands into other land-uses including plantations' when the Norwegian Government promised to contribute USD 1 billion to a climate deal with the Indonesian Government.²

To contribute to a reduction in GHG emissions and as part of its aim for sustainable palm oil production, Indonesia's largest palm oil producer Golden Agri-Resources (GAR) announced its Forest Conservation Policy on 9 February 2011, which committed to a no deforestation footprint in its palm oil operations.³ This will be achieved by not developing oil palm plantations on areas that have high conservation values, areas of peat regardless of depth, and by not developing areas with high carbon stock.

PNG is clearly out of step with many tropical forested nations which see REDD as a potential significant income stream and a way to protect the world's shrinking tropical forests.

1 President of Indonesia, 2011

2 Sunanda Creagh, 2010

3 GAR, 2010



4 Drivers of SABLs

4.1 Corruption

There has been a long history of systematic corruption amongst PNG's politicians and government agencies which compounds perceptions of PNG government dysfunction by the international community, further demotivates and demoralises agency staff and inhibits development and the delivery of much needed services. Indeed, Transparency International lists PNG as one of the 30 most corrupt countries in the world.¹

The Department of Lands and Physical Planning (DLPP), the agency responsible for evaluating and granting SABL applications, has been described by PNG judicial authorities as grossly incompetent² and entirely corrupt.³

In August 2011, Task Force Sweep was set up by the then Peter O'Neill government to investigate allegations of corruption in key government departments, such as the Department of Health and the Department of National Planning and Monitoring

At the time of writing, the Task Force's full report was yet to be made public, but after the seven-month investigation, Task Force chairman Sam Koim said 20 politicians would be referred to the Ombudsman Commission for further investigation, 24 public servants had been suspended for facilitating or benefiting from corruption and more than 10 lawyers would be referred to the PNG Law Society for investigation.⁴

Koim stated that corruption in PNG's government departments had become institutionalised, where illegality and secrecy is sanctioned to the extent that the nation is now a "Mobocracy." Koim also stated that "The level of corruption has migrated from sporadic to systematic and now to institutionalisation, where government institutions are dominated by corrupt people who orchestrate corruption using

lawful authorities... Institutions that are supposed to practise openness and provide check and balance are now becoming a secrecy haven, where they sanction illegality and secrecy."

For PNG to develop equitably and sustainably, the rule of law and new accountability and transparency measures must be accepted and adhered to by its leadership.

4.2 Aspirations for development

Unlike introduced landholding regimes such as freehold title, the laws governing customary tenure are derived and maintained by the community itself rather than the state or state law (statutory land tenure). Customary tenure systems are as much a social system as a legal code. Under customary law, no single landholder has rights. Rather, the rights are collectively conferred on the community or clan group. The majority of a clan, village or tribe therefore has carriage over what happens to the land.

In negotiating whether to agree to a particular development or SABL, it was often individuals within communities who made the decision to enter into an agreement. In most cases these agreements were not entered into by the majority, but by a few. Driven by the dream of development and the perception that development brings wealth, frustrated rural communities desperate for services and employment were vulnerable to unscrupulous logging and agriculture companies eager to access lucrative timber resources on customary owned land.

Of the 72 SABLs investigated by the recent Commission of Inquiry three are held by Incorporated Land Groups (LGs) totalling 704,934 hectares; 51 are held by landowner companies totalling 3,237,325 hectares and 16 are held by non-customary corporations totalling 1,132,667 hectares (see appendix 1).

Of those SABLs held by landowner companies only 14 (1,576,849 hectares) include clan trusts or Incorporated Land Groups (ILGs) as shareholders. Six SABLs (222,871 hectares) are held by a single shareholder; 19 (1.9 million hectares) are held by 2 to 10 individuals and a further 11 (248,000 hectares) are held by between 11 and 22 individuals.

1 Transparency International, 2011

2 Commission of Inquiry Generally into the Department of Finance, 2009

3 Ilya Gridneff, AAP, 2010

4 Eoin Blackwell, AAP, 2011



Pomio District, ENBP, 2011

SABL Holders and their shareholders

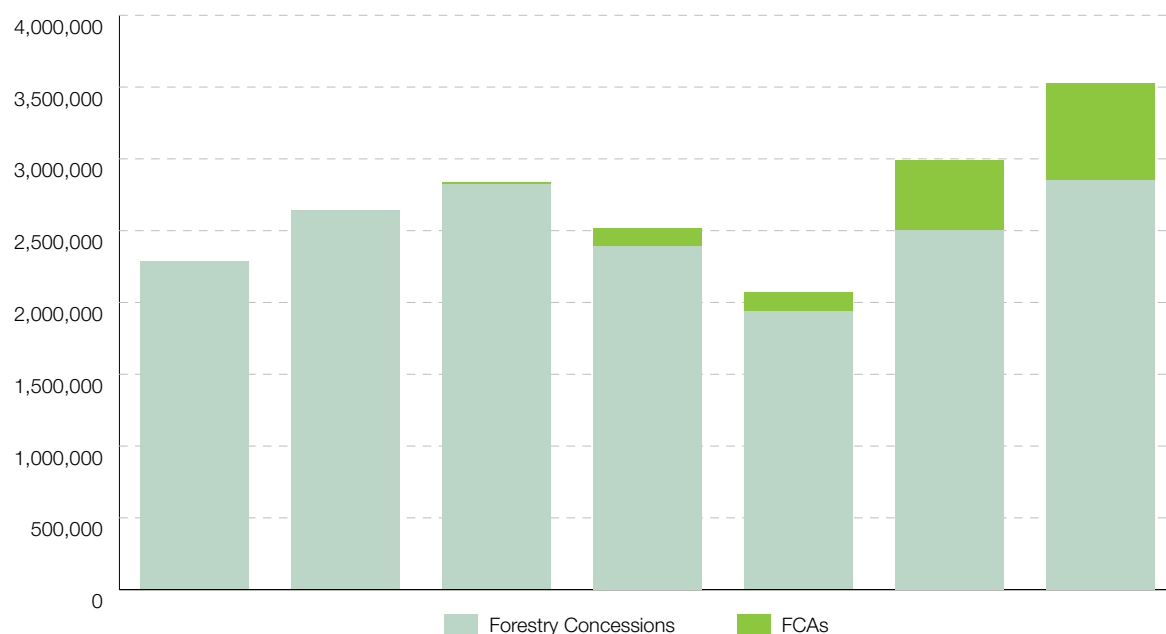
| SABL Holder | Clan Trusts/ ILGs | LOCs single shareholder | LOCs 2 –10 shareholders | LOCs 11 –22 shareholders | Non-customary Cos. | Unknown | Total |
|-------------|-------------------|-------------------------|-------------------------|--------------------------|--------------------|---------|-----------|
| Number | 17 | 6 | 19 | 11 | 16 | 3 | 72 |
| Area (ha) | 2,281,783 | 222,871 | 1,189,656 | 247,949 | 1,132,667 | 33,064 | 5,107,990 |

Source: PNG government gazettes 2003-2011; IPA company extracts and Col into SABL transcripts.

SABLs have allowed foreign-owned companies to exploit CLHs to access the maximum timber resource while minimising the cost. With no effective land use planning and the delivery of public sector services stagnant in rural areas, communities look to agriculture and forestry as the main route to development opportunities and employment. This trend is further fuelled by recent growth in export revenue from these sectors. The value of agricultural exports rose by 51 per cent in 2011 – a quarter of PNG's export revenue – primarily as a result of a 63 per cent growth in palm oil exports and an 88 per cent jump in coffee sales.¹ Forestry exports grew by almost 20 per cent in 2011 due almost entirely to logging within SABLs.²

SABLs have facilitated this increase in logging and are leading to increased deforestation of primary forests for oil palm, with potentially the same environmental and social impacts seen in Indonesia and Malaysia. Developing oil palm plantations on forested land is economically advantageous as it allows oil palm proponents to profit from the logs felled when forest clearing is carried out prior to agricultural planting. The profits from the sale of tropical logs pay for the plantation's establishment.

Proportion of PNG log exports (m3) from FCAs 2005-2011



Source: SGS export log statistics 2005-2011

1 ADB, 2012

2 SGS, 2012

4.3 The promise of SABLs

SABLs are also referred to as lease-lease back schemes as the government leases land from CLHs and leases the land back to Incorporated CLH or other corporate entities who can then sublease the land to third parties – many of which are foreign-owned logging corporations. In many cases, logging companies have been granted the primary leases, which were only ever meant to be held by CLHs.

SABLs were established to increase economic activity in rural areas and empower local communities who would benefit from rental payments, employment opportunities and increased welfare services and facilities. The lease-lease back program was also meant to allow landowners to utilise their own land collaterally to obtain mortgage for business development purposes with the terms of the lease to be set by the CLOs.¹ This has not been the reality of SABLs.

Commissioner Mirou in the Commission of Inquiry into the SABLs hearing in Kiunga in November 2011 stated that:

“These are things that should happen but it is not happening because of greediness. Our Lands officials have become corrupt. People have seen money and they think that that is something that will benefit them for the future, so it is only for a few people; the majority of our people are suffering.”²

Foreign-owned corporations have been by far the greatest beneficiaries of SABLs, often to the detriment of communities. The majority of SABLs have ultimately been subleased to resource companies most of which have exploited loopholes in the legislation to access logs for export.

Seventy five per cent of the 5.1 million hectares of SABLs are controlled by foreign-owned corporations under 54 subleases or development agreements; an area of 3.9 million hectares. Malaysian and Australian interests dominate SABL control. Malaysian interests control 34 SABLs covering 1.13 million hectares and Australian interests control 6 SABLs covering an area of 2.18 million hectares.

Of these, foreign-owned logging companies control at least 3 million hectares of customary owned land in 32 SABLs (see Appendix 1 for more details).

While logging has driven the spread of SABLs, oil palm developments has been used as its justification. However, listed oil palm and biofuel companies have interests in only nine SABLs covering 311,000 hectares. Few of the remaining companies holding subleases or development agreements over SABLs have any prior experience with agriculture.

SABLs controlled by logging companies

| Subleases/development interests | Number of SABLs | Area (ha) |
|--|------------------------|------------------|
| Independent Timber and Stevedoring | 4 | 2,043,097 |
| WTK Realty Group | 6 | 340,185 |
| Low Impact Logging Group | 3 | 277,100 |
| Rimbunan Hijau Group | 11 | 138,441 |
| Brilliant Investment Group | 3 | 116,750 |
| KK Connections Group | 2 | 53,480 |
| Other logging companies | 3 | 91,000 |
| Total | 32 | 3,060,053 |

Source: PNG government gazettes 2003-2011; IPA company extracts and Col into SABL transcripts.

¹ See Filer 2011c.

² Col into SABLs, Mirou, 18.11.11. p30



Pomio District, ENBP, 2011

4.4 Accessing forest resources

Logging outside of SABLs generally occurs within Forest Management Agreement (FMA) areas, for which logging companies must obtain Timber Permits and follow a regulated process that may take many years. The PNGFA has not negotiated a new FMA for at least five years. Available timber in timber concessions in PNG is therefore limited and logging companies see the poorly regulated SABL process as a shortcut to access new primary forest resources.

Twenty per cent (1 million hectares) of the total area of SABLs mapped by Greenpeace intersect with existing FMAs and unlikely to be granted an FCA by the PNGFA. The largest area of FMA is within the Porari Development Limited's lease in Gulf Province. 27 SABLs were granted over FMAs (some of which are expired Timber Rights Purchase areas).

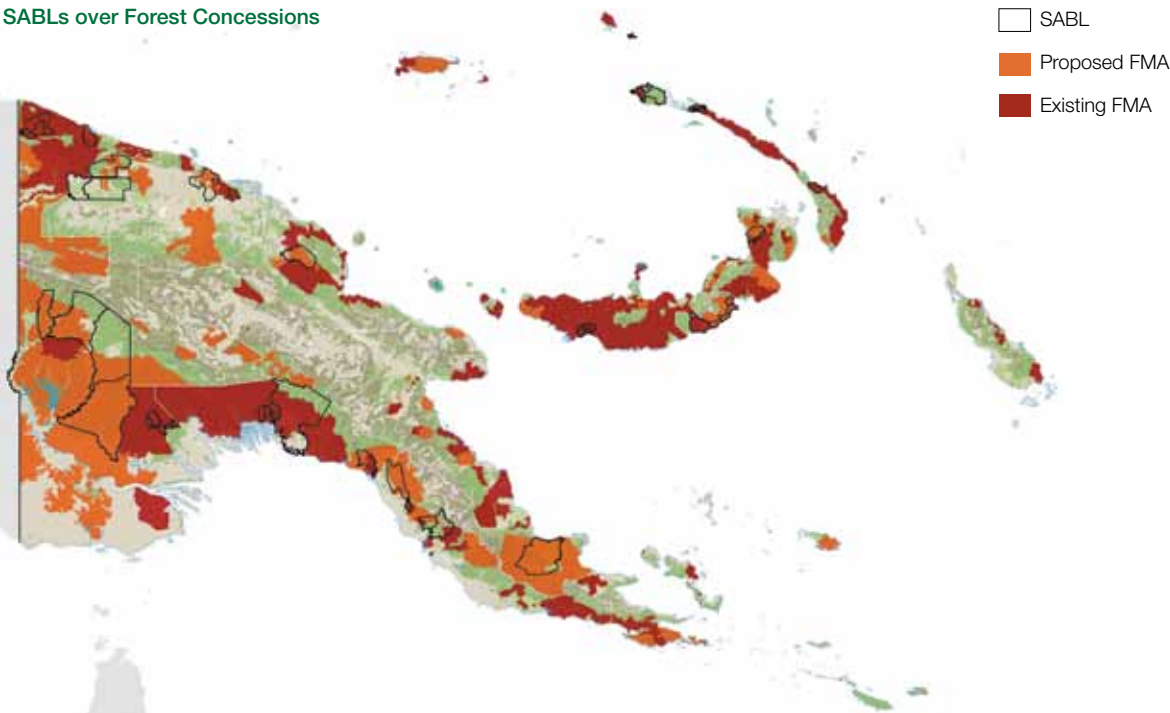
Mapped SABLs also intersect with almost 1.4 million hectares of proposed FMAs. This is almost 30 per cent of the area of mapped SABLs, areas which the PNGFA has yet to negotiate FMA agreements with CLH. The largest of the proposed FMAs exists within the Musa Valley Management Company SABL (see Appendices 2-7).

SABLs within proposed FMAs

| SABL ID | SABL Holder | Mapped area of SABL (ha) | Mapped area of proposed FMA (ha) | % FMA |
|--------------|-----------------------------------|--------------------------|----------------------------------|-------|
| 5 | BAIINA AGRO-FOREST LTD | 41380 | 23010 | 56 |
| 22 | YUMI RESOURCES LTD | 97775 | 6731 | 7 |
| 23 | KOARU RESOURCE OWNERS COMPANY LTD | 59887 | 26874 | 45 |
| 28 | MEKEO HINTERLAND HOLDINGS LTD | 118956 | 104409 | 88 |
| 32 | POMATA INVESTMENT LTD | 15151 | 14935 | 99 |
| 33 | RALOPAL INVESTMENT LTD | 11259 | 11060 | 98 |
| 34 | NAKIURA INVESTMENT LTD | 16107 | 15932 | 99 |
| 35 | BEWANI OIL PLAM DEVELOPMENT LTD | 84975 | 1558 | 2 |
| 36 | OIL PALM PLANTATION LTD | 119055 | 57471 | 48 |
| 47 | NUKU RESOURCES LTD | 229561 | 24565 | 11 |
| 54 | UNUNG SIGITE LIMITED | 12973 | 12730 | 98 |
| 57 | TIRIU TIMBERS LIMITED | 44452 | 34520 | 78 |
| 58 | TIRIU TIMBERS LIMITED | 11537 | 4173 | 36 |
| 60 | WEST MAIMAI INVESTMENT LTD | 156116 | 61660 | 39 |
| 64 | TOSIGIBA INVESTMENTS LIMITED | 628599 | 232198 | 37 |
| 65 | NORTH EAST WEST INVESTMENTS LTD | 457444 | 238010 | 52 |
| 66 | NORTH EAST WEST INVESTMENTS LTD | 150453 | 122452 | 81 |
| 67 | MUSA VALLEY MANAGEMENT COMPANY | 321094 | 302163 | 94 |
| 74 | URASIR RESOURCES LIMITED | 112983 | 84717 | 75 |
| Total | | 2,68,9757 | 1,379,168 | |

Source: PNG government gazettes 2003-2011 and PNGFA forest concession map 2009

SABLs over Forest Concessions



SABLs over Accessible Commercial Forest



Littoral Forest

Low Altitude Forest on Plains and Fans (below 1000m)

Low Altitude Forest on Uplands (below 1000m)

Lower Montane Forest (above 1000m)

Montane Forest (above 3000m)

Note: Commercial forest on slopes greater than 30 degrees has been removed.



New Hanover, NIP, 2012

4.4.1 Legislative amendments that facilitated SABLs

In large part the customary land grab has been facilitated through legislative amendments made during the Somare Government. In 2000, sections 90a and 90b were introduced into the *Forestry Act 1991* to enable agricultural project development companies to harvest logs under FCAs issued by the PNGFA. This led to logging companies posing as agricultural proponents to apply for FCAs after being granted subleases from landowner companies (LOCs) that held SABL titles.

In 2007, sections 90a and b were amended to do away with the requirement of calling for public tenders from registered logging companies to salvage logs from the area to be cleared for agriculture under project application. This allowed logging companies to both apply for FCAs and undertake the logging and agricultural operation.

In 2010, the Somare Government introduced a long promised moratorium on whole log exports, but only applied it to new timber concessions. Since then, the only way to export whole logs from new logging areas was for logging companies to hold a FCA or a permit to harvest road corridors when clearing forest for road construction.

Since 2006, logging companies have exported over 1.5 million cubic metres of whole logs from FCAs amassing over K 290 million (USD 150 million) for the mostly Malaysian companies involved.

4.5 Logging company abuse and manipulation

Most SABL titles are held by unrepresentative LOCs. It is logging companies, however, that are the biggest beneficiaries as they are able to log under FCAs which they have been able to secure through sublease arrangements with the lessees. In many cases these subleases have clauses that demand substantial compensation should the sublease be overturned.

In the sublease agreements negotiated by Rimbunan Hijau (RH) for four SABLs in Pomio District, East New Britain Province, the LOCs agreed to sublease the land under SABL titles for 60 years with a further 30 year option. The agreements also stipulated that if for any unjustifiable reason the LOCs terminated the lease they must compensate Gilford Limited – an RH subsidiary and the FCA holder – for the value of the oil palm planted, infrastructure, the value of the yet to be built oil palm mill and all its expected profits.¹ By rough estimation this amounts to approximately K10 billion (USD 5 billion). Of most concern was a clause which stipulated that if the LOC is not in a financial position to pay compensation, Gilford Limited could apply to the court for an injunction to stop the LOCs from breaking the sublease.² Therefore, the LOCs have in effect barred themselves from ever breaking the subleases.

The LOC directors may not have fully understood the terms of the sublease as RH General Manager Andrew Tiong merely read them out, no lawyers were present

and the LOC directors were not given the opportunity to access independent legal advice. Furthermore, RH paid for the directors' travel, accommodation and an allowance to sign the sublease in Rabaul rather than in the community itself.³

The sublease does not provide for any requirement on RH to allow the LOC or any of the Pomio community to hold equity in the ownership of the oil palm plantation, nor any equity in the mill to be established to process the palm oil.⁴ There is no provision for assistance to villages, ILGs or the LOCs to form their own oil palm plantings.⁵ The only immediate tangible benefit to CLHs is timber royalties which are expected to end within four years.⁶ Rental payments for planted land were offered, but for only one of the three SABL titles subleased by Gilford – Pomata – within which the oil palm nursery and log pond is established.⁷

In another sublease agreement, the Koaru Resource Owner Company signed over almost 60,000 hectares in Gulf Province to Pacific International Resource Ltd for 90 years.⁸ The sublease completely surrendered the CLH land with no customary rights in return for K60,000 (USD 30,000) per annum rental, with no review and 10 per cent share of net profits for the first 10 years and 15 per cent for the remaining 80 years. Commissioner Jerewai noted that many projects in PNG have never declared a profit and that the sublease was entered into without the full participation and knowledge of the landowners.⁹

Logging companies holding SABL titles

| Date | SABL Holder | Term | Area (ha) | Province |
|--------------|-------------------------------------|------|----------------|----------|
| 20/07/2006 | VANIMO JAYA LTD | 99 | 47,626 | WSP |
| 22/09/2006 | PERPETUAL SHIPPING LTD (RH) | 50 | 283 | GULF |
| 15/02/2007 | BRILLIANT INVEST LTD | 99 | 25,600 | ESP |
| 14/08/2008 | SEPIK OIL PALM PLANTATION LTD (WTK) | 99 | 116,840 | ESP |
| TOTAL | | | 190,349 | |

Source: PNG government gazettes 2003-2011 and IPA company extracts

3 Ibid, p 23

4 Ibid, p 28

5 Ibid

6 Ibid, p 27

7 Ibid, p 38

8 Col into SABLs, Jerewai, 28.11.11. p 43

9 Ibid

1 Col into SABLs, Jerewai, 4.11.11. p 22

2 Ibid, p 24



Pomio District, ENBP, 2011

SABL title holders using logging company addresses

| Date | SABL Holder | Term | Area (ha) | Province |
|--------------|---|------|----------------|----------|
| 12/12/2005 | ROSELAW LTD (RH) | 99 | 25 | NCD |
| 16/06/2006 | PULIE ANU PLANTATION LTD (RH) | 99 | 46,233 | WNB |
| 25/09/2008 | AKIVRIIU LTD (RH) | 99 | 6,111 | WNB |
| 25/09/2008 | IVAGA OUROUINO-MASINAMTA LTD (RH) | 99 | 10,741 | WNB |
| 25/09/2008 | POLOPO LTD (RH) | 99 | 8,328 | WNB |
| 25/09/2008 | GOGORANTO LTD (RH) | 99 | 8,893 | WNB |
| 30/10/2009 | HAUBAWE HOLDINGS LIMITED (RH) | 70 | 11,110 | WESTERN |
| 30/10/2009 | FOIFOI LIMITED (RH) | 70 | 33,900 | WESTERN |
| 30/09/2010 | MUSA VALLEY MANAGEMENT COMPANY LIMITED – (LOW IMPACT LOGGING) | 99 | 320,060 | ORO |
| TOTAL | | | 445,401 | |

Source: PNG government gazettes 2003-2011

While many sublease arrangements are grossly unfair, non-customary corporations hold titles to 1.1 million hectares of land in 16 SABLs, cutting out CLHs altogether. Ten of these are foreign-owned.

In addition, foreign-owned logging companies – either directly or through shareholdings in companies that hold title – hold primary SABL titles to over 190,000 hectares in four SABLs.

Sepik Oil Palm Plantations is partly held by Wewak Agricultural Resources which appears to be connected to Sarawak logging company WTK Realty (WTKR).¹

Portaferry Limited, owned by various RH company directors, holds Perpetual Shipping Ltd jointly with Columbus Profits, a Singapore registered company.

On 14 May 2007, One-Uni Development Corporation, the LOC jointly holding title to 47,000 hectares under SABL in West Sepik Province, relinquished its share of the SABL to Vanimo Jaya Limited. Vanimo Jaya Limited is now the sole titleholder over portion 248C.² All nine shareholders and directors of Vanimo Jaya are Malaysian nationals.

Brilliant Investments Ltd is owned by two Malaysian nationals.

The influence over LOCs and ILGs by logging companies is profound. So much so that lessees of nine SABLs totalling 445,400 hectares mysteriously gave the addresses of logging companies as their principal business address when registering their companies with the PNG Investment Promotion Authority (IPA). All but one of these addresses are for the RH office in Kennedy Drive, Hohola or their Post Office Box in Port Moresby.³

Mussa Valley Management Company Limited, which has title to a 320,000 hectare SABL in Oro Province, uses the postal address of Malaysian-owned Low Impact Logging.

¹ Wewak Agricultural Resources lists its address and PO Box with the IPA as that of WTK Realty.

² Col into SABLs, Mirou, 27.9.11. p 8

³ These SABLs appear to overlap. See Filer, 2011b for explanation.

CASE STUDY

Trans Papuan Highway Project Agreement

Four SABLs in the Western Province in southwestern PNG (48, 64, 65 and 66 in table below) form the area through which the proposed Trans Papuan Highway is planned to be built by Independent Timber and Stevedoring (PNG) Limited (IT&S).¹ The initial customary landholder (CLH) consent stipulated for IT&S to build the highway and associated bridges and works in return for a timber agreement covering a 2 kilometre wide corridor.²

A 2009 agreement between IT&S and the SABL holding companies states:

"IT&S in consultation with the landowners is seeking a timber authority permit to cover the timber harvesting period of 25 years and also to cover the harvesting of log product covering some 7000 cubic meters per kilometer or selective harvesting of timber from 1000 hectares per kilometer of road. 600 kilometers of road length or which is the greater of the two for selective harvesting of commercial species and the removal of timber from the 40 meter road corridor or 20 meters either side of the road center line, which has been initially agreed with by traditional landowners."³

The same paragraph was included in the final agreement signed by Northeast West Investment Limited (NEWIL), Tosigiba and Tumu Timbers on 23 May 2011, with the addition of:

"...and the distance of 5000 metres on either side of the road corridor, which has initially been agreed with by traditional landowners."⁴

While the agreement was for a 40 metre road corridor and 10km buffer (600,000 hectares), the eventual SABL grants were for 2,043,097 hectares. The Commission of Inquiry into SABLs found that IT&S did not have approval to legally operate within the SABLs, nor did it hold a Forest Industry Participant Certificate to apply for a Timber Permit or a Forest Clearing Authority (FCA). Nevertheless, IT&S has been granted a level 3 Environment Permit by the Department of Environment and Conservation (DEC).⁵ IT&S has also applied for a 2,400 hectare FCA and has been granted a road-line Timber Authority (TA – 024).⁶

The agreement continues with the paragraph:

"The State undertakes to ensure that upon receiving application from the company or the joint venture company under the Land Act for the Lease-lease Back and the Business Lease provided for in clause 3.2(d)... and necessary development license, the Land Board or other relevant authority or officers hears and determine such applications expeditiously and recommends to the Minister for Lands and Physical Planning that such license and leases should be granted to the company or the joint venture company within reasonable time."⁷

The agreement therefore obligates the State to ensure that the National Forest Board compromise its legislative duty by ensuring that a FCA is issued for forest clearance of a 10 km buffer along a 600km corridor; a 600,000 hectare logging operation, the largest in PNG's history.⁸

Imem Ite Papa, acting Western Provincial Lands Advisor, stated to the Commission that the suspicion of many in Western is that IT&S intends taking control of a lucrative oil and gas pipeline corridor along the proposed Trans Papuan Highway.⁹

1 IT&S is a registered PNG company jointly owned by IT&S USA Inc. – a Delaware USA registered company (12 million shares); Hilo Investments Pty Ltd- A Queensland, Australia registered company (7 million shares); and Paul and Winifred Japhlom – PNG nationals (200 shares); Directors – Australians Michael Raymond Purcel, Paul Alexander Soden, Neville John Harsley, Clifford Ian Frazer and Papua New Guineans Paul and Winifred Japhlom and Kapa Kei Vuatha.

2 Col into SABL, Mirou, 21.11.11, p 28

3 Col into SABL, Mirou, 22.11.11, p 110. Note: Against the wishes of all the CLH concerned the eventual Instrument of Lease was for 99 years.

4 Col into SABL, Mirou, 22.11.11, p 110

5 Col into SABL, Mirou, 18.11.11, p 8

6 Ibid, p 9

7 Col into SABL, Mirou, 16.11.11, p 113

8 Ibid, p 113

9 Col into SABL, Mirou, 21.11.11, p 29



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| SABL ID | Date | Gazette | SABL Holder | Activity | Area (ha) | Term | Shares | Nationality |
|--------------|------------|---------|---|--------------|------------------|------|--------|-------------|
| 48 | 28/04/2009 | G78 | TUMU TIMBERS DEVELOPMENT LTD | Road/Logging | 790,800 | 99 | 81 | ILGs |
| 64 | 24/09/2010 | G218 | TOSIGIBA INV. LTD/TOSIGIBA TIMBER GROUP LTD | Road/Logging | 632,538 | 99 | 82 | ILGs |
| 65 | 24/09/2010 | G218 | NORTH EAST WEST INV. LTD | Road/Logging | 470,642 | 99 | 6 | Corp.PNG |
| 66 | 24/09/2010 | G218 | NORTH EAST WEST INV. LTD | Road/Logging | 149,117 | 99 | 6 | Corp.PNG |
| TOTAL | | | | | 2,043,097 | | | |

Source: PNG government gazettes 2003-2011; IPA company extracts and Col into SABL transcripts.

Based on the agricultural development plan, apart from logging, IT&S intends to develop cattle and poultry with downstream processing plants to meet both the demands of the local PNG market and for export overseas. The Commission found that the company had no agricultural background and when put to IT&S CEO, Neville Harsley, that the company's main intention was logging under the pretext of road construction, Harsley denied it and said the company was only securing the land to provide basic services to the local people.¹

IT&S has controlled the approval process for these SABLs every step of the way and has provided funding for travel and allowances for government officials.² Imem lte Papa confirmed to the Commission that he had never been to the three project sites and that no provincial government officers assisted in any of the studies.³ Papa confirmed that IT&S had conducted the land investigation and the Land Instigation Reports (LIRs) were written, filled and completed by IT&S and its agents.⁴

Ipisah Biyama, the District Lands Officer for Balimo in Western Province, stated to the Commission that while he signed the LIR for Tumu Timbers he did not physically carry out the Land Investigation. "I was asked to sign papers in Moresby by IT&S lawyer Michael Titus⁵ and IT&S surveyor Hudson Hape."⁶ At first he refused to sign stating to the Commission that:

"I rushed down the stairs... Hudson followed me down, I swore at him. I said I am not signing [the] documents because I did not physically take part in the actual land investigation. He asked me, we pay you money, I said, f.....you with your money."⁷

Papa told the Commission said that CLHs who did not adhere to Harsley's wishes were ignored and negotiations proceeded with those who agreed.⁸ Papa also stated that CLHs were not given enough time to read and understand the project agreement and that after the signing, Harsley instructed security to lock CLH out of the IT&S office.⁹

The IT&S project – the largest logging operation in PNG history – is currently progressing in Western Province without the consent of the majority of CLHs. This is the strongest example of why the Commission's recommendations must be implemented by the new government and fraudulently obtained SABLs must be overturned.

1 Jacob Pok, 2012

2 Col into SABL, Mirou, 4.1.12, p 14

3 Ibid, p 24

4 Ibid

5 Titus claimed to act for NEWIL, Tosigiba, and Tumu Timbers, however, IT&S directs him to negotiate with the companies and pays his fees. See Col into SABL, Mirou, 22.11.11, p 91

6 Col into SABL, Mirou, 22.11.11, p 84

7 Ibid, p 130

8 Ibid, p 28

9 Ibid, p 30



5 Failures of responsible government agencies

Administrative and political structures are extremely decentralised in PNG, based on the 1995 'Organic Law' for provincial and local-level government. This structure of government has proven to be dysfunctional due to the disconnect between central, provincial and local-level government with policies designed in the capital failing to be implemented effectively in the districts.¹ A large proportion of government agencies' limited budget is spent on staffing rather than operations but management practices are poor leaving most civil servants demotivated and demoralised.²

While many factors laid the foundations for the abuse and failure of the SABL approach, there has been a systematic failure to properly carry out the process for establishing and approving SABLs. These failures are documented here.

5.1 Provincial Administrators' conflicts of interest

Provincial Administrators are the head of the respective Provincial Administrations and have very broad powers. Where for any reason, a level of government cannot exercise any of its powers effectively, powers may be delegated to either of the other levels of governments under the *Organic Law on Provincial Governments and Local-level Governments Act 1998*. Due to understaffing and resource constraints most national government agencies delegate power to Provincial or District Administrators. While subject to the national law to the extent that the national interest requires, these administrators have relative autonomy.

With respect to SABLs, provincial administrators in most cases undertook customary landowner consultations, prepared the LIR, issued certificates of alienability, chaired the Department of Agriculture and Livestock (DAL) public hearings to determine whether an Agricultural Development Plan was approved, chaired the Provincial Forest Management Committee (PFMC) to determine whether an FCA was approved, and chaired the Provincial Environment Committee to determine whether an activity received an Environmental Permit.

The Provincial Administrator was therefore involved in every step of investigating, reporting, certifying and approving a lease and in every step of its logging, clearing and planting. This is a clear conflict of interest and allows a single person to be the target of corruption and overt pressure from corporate interests.

In many instances provincial administrators openly promoted SABLs in their province even after it was brought to their attention that landholders had not agreed to lease their land.

5.2 Department of Lands and Physical Planning

Corruption and incompetence has made the Department of Lands and Physical Planning (DLPP) a dysfunctional and secretive agency, incapable of delivering the services required of it.

The DLPP Mission is to:

"Promote the best use of land in PNG in the interests of all citizens, individually and collectively, by ensuring that an orderly process exists or land to be made available for sustainable economic and social development and that land rights are guaranteed."

The DLPP has failed to live up to this mission, particularly in guaranteeing customary land rights.

¹ Cammack, 2007

² Ibid

In November 2010, PNG's Secretary of the Department of Justice and Attorney General, Dr Lawrence Kalinoe, described the DLPP as "...entirely corrupt...Officers and certain rogue landowners are colluding and conniving with each other to sell off customary land for their own benefit and interest while the majority of landowners are left out."¹

The Commission of Inquiry into the Department of Finance¹ set up in 2006 to look at state payouts of K780 million between 2000 and 2006 found "[a]s regards the management of State land through the Department of Lands & Physical Planning, the matters investigated clearly highlighted the gross incompetence of State officers" and recommended a Commission of Inquiry be established to inquire into the management generally of the DLPP to "...identify and rectify the systematic failings and misconduct surrounding the acquisition of customary land by the State and the suspension of implicated DLPP officers pending further investigation". The Commission also recommended the creation of a manual for processes and procedures of the Department, to overcome the widespread misunderstanding or misuse of agency policy and legislation.

Specifically on state acquisition of customary land, the Commission found a lack of proper records, gross disregard, abuse and misapplication of the laws, missing and fraudulent creation of files and documents, forgery of signatures of officers and gross incompetence. While these findings were tabled in Parliament in 2010, the Report is the subject of a court injunction on its publication.² None of the Commission's recommendations have yet been acted upon.

5.2.1. Missing files

The DLPP was either unable or unwilling to provide all the files and documents associated with SABLs to the Commission. Commissioner Jerewai asked the DLPP to take note that "the Commission could not proceed any further with the Inquiry without the preliminary information and requires all information, in relation to every single SABL". The Commission had to lend two photocopiers to the DLPP before it received most of the files. However, only 55 of the original 74 SABL title files could be located.

The Registrar offered the excuse that the "Department of Lands and Physical Planning head office had a major reconstruction of the basement where the files were stored and whereby in the midst of moving files, some were misplaced..." and in November 2010, "...there was a leakage of water from the fourth floor, the Minister for Lands and Physical Planning's tea room, whereby all titles files that had not been filed away in the registry were affected where some were completely destroyed or were damaged."

Most of the missing files had to be reconstructed. The DLPP was required to advertise and place public notice for the SABL titleholders to come forward and provide documents and titles relating to at least to nine SABLs.

Having land titles and files lost, destroyed or misplaced is grossly incompetent. The agency tasked with the storage and retrieval of such important documents cannot afford to maintain a single paper file system. It is not good enough for paper files to be the sole records for land titles and registrations.

¹ The Commission of Inquiry presented its report to then Prime Minister Michael Somare in October 2009 and revealed that over K730 million has been stolen from the people of PNG. The report was presented to Parliament in February 2010. The findings have never been formally published due to a court injunction obtained to stop publication. The Report can be found at http://asopa.typepad.com/asopa_people/2011/11/still-no-action-on-theft-of-k730m-from-finance.html accessed 15 May 2012.

² Paul Paraka Lawyers were successful in gaining the restraining order on 14 April 2012. Among the payments made by finance department on 17 February, an amount of K30 million was paid to Paul Paraka through his various law firms.



Central New Hanover, NIP, 2012

5.2.2. Land Investigation Reports with no agreement from landowners

The format of Land Investigation Reports required a certificate of ILG to be attached to show that landowner clans had agreed to their land being leased. This formatting requirement led DLPP and provincial administration field staff to focus their investigations and consultation only on ILGs when consulting as part of their investigations.¹

Commissioner Jerewai noted the requirement for every customary landowner to have the right to speak about what happens to their land, whether they are part of an ILG or not.² Without the agreement of all landowners, an SABL is defective and likely to be nullified. At the Commission's hearing in Kokopo on 9 November 2011, Commissioner Jerewai foreshadowed that "[t]here should not be any lease lease-back if there is a land dispute between different clans or different tribes. I am just foreshadowing what may be comprised in the ultimate report and recommendation to the Prime Minister."³

LIRs and the consultations that are undertaken as part of the reporting process are the only way to formally ensure that all landowners in the area to be leased understand the SABL process and agree to it or that their objections are noted. In most cases when a clan member or group did not agree to leasing their land, the officer simply ignored them and included their land anyway.

Indeed, in some instances, when agreement could not be extracted from clans, individuals' signatures were forged or the signatures of deceased clan members or minors were constructed to make it appear as though consents were given.⁴

The LIR process was also a way for the investigation officers to understand the cultural norms in the particular area. A Declaration as to Custom relating to Land Tenure was required to be made by the investigating officers. However, in most cases, where they existed, land investigation officers did not follow matrilineal land ownership customs and did not consult with and obtain agreement to lease land from the women of the clans.

Commissioner Jerewai noted in the hearing into the lease in East New Britain held by Pomata Investments that the Declaration as to Custom relating to Land Tenure was so defective it was not worth the paper it was written on. "I do not think there will be any evidence that can counter the position that we are reaching... I can certainly assume that the same situation [occurred] in relation to Nakiura and Unung Sigite because the documents are the same."

Landowner companies applying for an SABL title were heavily involved in the preparation and consultation for the LIRs. Land investigation officers were heavily reliant on LOC directors who accompanied them in their investigations.

Commissioner Jerewai stated at the hearing in Kokopo on 8 November 2011 that it had already been established that there were a: "Lack of procedural provisions that guide the state officials to properly conduct the land investigation and then report on it. They have relied on ILGs as registered and the executives thereof and sometime consents are not properly obtained... And particularly where these so called incorporated land groups executives and also landowner company executives are already themselves receiving enrichment from the developers... these executives may not have strictly followed the requirement to obtain proper consents, who may have even abused and in fact may have forced [their] people to give their consent..."

1 Col into SABLs, Jerewai, 25.10.11. p 87

2 Ibid

3 Col into SABLs, Jerewai, 8.11.11. p 47

4 Ibid

5.2.3. Granting leases to foreign entities

Non-customary corporations hold titles to 1.1 million hectares of land in 16 SABLs. Ten of these are foreign-owned.

Section 102(2) of the *Land Act 1996* attempts to ensure that titles are not issued to any individual or entity that has no customary claim to the land involved.

The policy of DLPP is that SABL title can only be granted to three different entities:

- An individual who must be supported by the chiefs of the village through written consent, which must be lodged with his application;
- An Incorporated Land Group (ILG) ; or
- A landowner company (LOC) for which applicants must include a Certificate of Incorporation and IPA extract to support the application.

Henry Wasa stated to the Commission that: “Currently, these are administrative requirements that we try to practice as much as possible... the nominee must be a LOC, or a landowner association or a landowner representative rather than a totally foreign person.”¹

Acting Deputy Secretary Customary Land, Adrian Abby confirmed this in his testimony to the Commission on 17 August 2011: “Administrative requirements are such [that] as much as possible... the nominee... must be a landowner company, or a landowner association or a landowner representative...”

Under sections 11 and 102 of the *Land Act 1996*, an SABL can be granted to any person or company that has written consent from CLHs. This means that foreign-owned corporations can, if consent is given by the CLHs, hold vast areas of customary land, to the exclusion of all others, for generations. The only safeguard, therefore, against foreign-owned corporate land theft is the CLH consent.

This should have been the most important issue to get right in the investigations before granting of an SABL. Sadly, through incompetence or corruption, the DLPP failed in this most important regard.

5.2.4. Failure to demand Certificates of Incorporation

When applying for an SABL, an incorporated entity must provide a certificate of incorporation as well as a company extract from the Investment Promotion Authority (IPA).

Andie Malo, Director of Customary Leases Division in the DLPP had primary responsibility for carrying out of the Land Investigations Reports for SABLs. Malo stated in his testimony before the Commission on 24 August 2011 that: “...the requirement for SABL applicant to provide Certificates of Incorporation and a company extract from IPA was not followed.”

Malo admitted the requirement was important to identify whether a company making the application was actually a LOC or ILG and not a foreign-owned logging company.²

5.2.5. Failure to demand registration of subleases

Many foreign-owned logging companies hold subleases to 54 SABLs to enable them to apply for FCAs. Indeed very few SABL title applicants did not have a foreign corporate ‘developer’ to pay for the LIR, the CLH consultation and investigations and indeed to draw up the sublease agreements for the LOC directors to sign.

Under section 49 of the *Land Registration Act 1981* holders of an SABL that sublease it for longer than three years must register the sublease. Section 50 of the *Land Registration Act 1981* protects the lessors by allowing them to enter to serve on the lessee a written notice of any defect and in the case of rent arrear or default, to take possession of the property. According to Malo the DLPP did not keep track of SABL titles that were transferred under subleases.³

1 Col into SABLs, Numapo, Jereawi and Mirou, 23.8.11. p 17

2 Col into SABLs, Numapo, Jereawi and Mirou, 24.8.11 p 17

3 Ibid, p 20



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Heny Wasa, the Registrar of Titles, admitted that once a State Lease is registered, the ILG, LOC or person who obtains the SABL rarely returns to the department to register a sublease.¹ As a result, the state, the Department or the Registrar of Titles is unaware of the transactions that transpire after the State Lease is issued. Despite the lack of registration, there are no monitoring mechanisms provided in the *Land Act 1996* or the *Land Registration Act 1981* to monitor subleases that are registered to ensure the lessor's rights are protected.

The Department was, therefore, not in a position to ensure the terms of the sublease were appropriate and ensure that unconscionable conduct did not occur.

Wassa admitted that "...landowners are not determining the terms and conditions for their sublease agreement, rather they are agreeing to the developer's offer... This is a major concern ...for those who are illiterate or do not understand the purpose of a SABL. Without registering the terms of the sublease no protection is afforded under sections 49 and 50 of the *Land Registration Act*."²

In many instances, logging companies have demanded clauses that are unjustifiable, unlawful, inappropriate and unconscionable, often barring LOCs from ever overturning the sublease and offering little in return apart from logging royalties. Legal representation was rarely provided, and when it was, it was often the logging company's own lawyers who provided it.

5.2.6. Failure to demand development plans

Development plans are required to be furnished by an applicant for an SABL to ensure the area is appropriate for the particular agricultural activity, but more importantly to ensure that the company is serious about the agricultural development and it is not merely a logging operation.

Malo admitted that, prior to his appointment in February 2010, development plans were not required to be included with applications for SABLs. "...we need a development proposal because if there is an agriculture project, we want to ensure that the land or the soil is fertile for the subject agriculture project. We might give a title to a land that is not suitable for that particular cash crop or something."³

Therefore, the DLPP processed SABL titles before they looked at whether the proposal was a suitable agriculture development. Francis Daink, Deputy Secretary, Provincial Agriculture and Technical Services Division of the DAL stated in his testimony before the Commission on 6 September 2011 that 31 SABLs had not been referred to the DAL for approval of the Agricultural Development Plan. So even if a development plan was included with the lease application, no competent evaluation of the plan was sought for 31 SABLs.

The failure to demand a development plan allowed logging companies' free reign to access timber resources through SABLs without evaluated plans for agricultural development.

5.2.7. Failure to demand Certificates of Alienability

Section 11 (3) of the *Land Act* requires that the "...state has a good title and that all customary rights in the land ...are suspended for the term of the lease." To ensure that this requirement does not affect customary owners or their descendants, section 10(3) and (4) of the *Land Act* requires that customary land only be acquired by the state for an SABL if it is satisfied that the land is "not likely to be required by the customary landowner or by persons on whom the land will or may devolve by custom."

Obviously a customary group, owning a finite amount of land, cannot afford to lease its entire landholdings for 99 years to any entity other than to itself. To ensure that the CLH can meet their needs without the land and the resources it provides, the *Land Act*, provides for essential safeguards that cannot be ignored in the granting of an SABL that may alienate CLHs from their entire land holding for 99 years.

Section 10 of the *Land Act* provides that for all customary land acquired by agreement a reasonable inquiry must be done by the minister to confirm that the land is not required by CLH. Section 11, however, states that, if in the DLPP's view, a SABL is issued at the request of the CLH, the minister's inquiry is less diligent.

Long established land investigation protocols, however, require evidence to be provided to guarantee that the customary group has sufficient land or resources to be able to alienate the land in question. The investigating officer must issue a certificate stating that the land group can afford to alienate the land in question. The standard LIR requires that the

1 Col into SABLs, Numapo, Jereawi and Mirou, 23.8.11. p 9-15

2 Ibid

3 Col into SABLs, Numapo, Jereawi and Mirou, 24.8.12. p 15

landowners sign a certificate of agreement to sell or lease (alienate). For an ILG this amounts to the management committee holding a meeting of the ILG at which the prospect of land alienation is discussed in full. Details of the alienation are specified and agreed to or not by the ILGs or clan members. The agreement is certified in the minutes of the meeting. The committee then acts on the agreement reached. A Certificate of Alienability then must then be signed by the Custodian of Trust Land.

Despite this requirement, 10 years ago, the DLPP made an administrative decision to cease the need for the issuing of Certificates of Alienability.

In his testimony to the Commission, Romilly Kila Pat, Deputy Secretary of Customary Lands in DLPP, stated that "A SABL... is acquired for landowners for their direct economic benefit and the preservation of ownership rights for future generations... The Department is of the view that the recommendation of alienability provided by the Provincial or District Administrator in the Land Investigation Report is sufficient evidence that the subject land can be alienated for the purposes of SABL."¹

However, according to testimony of Mary Dadatliu in Kokopo on 25 October 2011, a Lands advisor within the East New Britain Provincial Administration who undertook LIRs, no directive from the Secretary of the Department of Provincial and Local Government Affairs had ever advised district staff of the need for a signed certificate or even a recommendation of CLHs ability to be alienated from their land.

It is therefore questionable whether the Provincial or District Administrator could have had the requisite information to make an informed decision as to whether CLHs were in a position to lease their land.

5.2.8. Lack of public notification

Only three SABLs investigated by the Commission of Inquiry into SABLs are held by ILGs – Purari Development Association Incorporated and the holders of the two Illi-Wawas SABLs. However, ILGs hold shares in at least 14 LOCs (see appendix 1) which hold SABL titles. Iruna Rogakila, Director for ILGs in the DLPP, said in his testimony before the Commission on 24 August 2011 that between 2006 and 2010, Notices of Intention to Incorporate an ILG were only made public in the national gazette in breach of section 33 of the *Land Act* which states that public notice must be made in the National Gazette as well as local level government office, the local magistrate in charge, the National Broadcasting Commission, district service authority and the District Administrator.²

Rogakila went on to say that after 2010, when the officer of the Registrar was made a division and he was empowered to sign, he took it upon himself to publish the notification of an ILG application in wider circulation in the newspapers. Letters were still not sent to the magistrates and Local Level Government as Rogakila claimed the addresses were not correct and it took too long for the notifications to reach them. However, after notifications were published in the newspapers, the DLPP received many more objections restraining the processing of ILG applications.³

An objection to an application to incorporate an ILG from landowners in the area means the application is rejected until the objection is withdrawn. The failure to adequately notify CLHs, clans and communities that an application for an ILG had been applied for in their area meant that these ILGs are defective and should be deregistered. Since 2010, when Notices of Intention to Incorporate ILGs began to be made public according to the *Land Act*, the Registrar began to receive numerous objections to ILG applications.

Without proper notification of ILG applications, many CLHs were ignored in the incorporation process. As royalty payments and sublease rents are paid to those landowners formally recognised by incorporation, many CLHs have lost their land without being paid a single kina.

2 Col into SABLs, Numapo, Jereawi and Mirou, 24.8.12. p 21-22

3 Ibid

1 Col into SABLs, Numapo, Jereawi and Mirou, 20. 9.11. p 11



New Hanover, NIP, 2012

5.2.9. Conflicts of interest

In most instances the DLPP or provincial administrations were inadequately resourced to be able to undertake the LIR and the consultations necessary to prepare one. Therefore the proponent of the 'agricultural project' was mostly the direct financier of the process.

Simon Malu, director for Land Acquisition with the DLPP admitted in his testimony on 4 January 2012 that in about 2005, Independent Timbers and Stevedoring, the proponent of the 600 kilometer road and logging project in four SABL in Western Province, funded the travel, expenses and allowances of government agency officials from the Departments of Lands, Transport, Commerce and Trade and the Internal Revenue Commission to travel to Kiunga to meet with CLH and others.¹

Allan Balbal, District Lands Coordinator for Gazelle District in East New Britain stated to the Commission on 25 October 2011 that the LOC, Toriu Timbers Limited, paid for expenses of the lands officers to undertake awareness meetings with landowners in the areas. Ms Dadatliu admitted to the Commission on the same day that the LOC Toriu Timbers funded the travel, the community consultation and the actual LIR itself by the provincial administration.²

It is unlikely that a LOC had the resources to be able to pay for such expenses without the direct financial assistance of the proponent, Malaysian logging company KK Connections Ltd, which eventually acquired the sublease.

The inability of government agencies to carry out the services they provide without resorting to corporate sponsorship is one of the many criticisms of state administration in PNG. Without such sponsorship the agency cannot undertake its duties and with such sponsorship it is never clear whether those duties were performed in an objective manner in the interests of the people of PNG, or in the interests of the corporation funding the process.

5.2.10. Incomplete land investigation reporting and inaccurate surveying

Anthony Luben, Deputy Secretary of Lands Services DLPP from 2002 to 2008, admitted in his testimony before the Commission on 5 January 2012 that in 2006 an SABL was granted to Casava Etangon Holdings Ltd before the LIRs had been completed.³ The LIR was rushed and with less than a third of the ILGs giving consent, the SABL was granted. Luben also admitted that he did not sight the LIR before he signed the SABL title under delegation from the Minister.

In addition, Luben could not explain why the area of the SABL, as published in the National Gazette and in the LIR, was 20,000 ha while the Title Deed identified 26,000 ha. Witnesses to the Commission from the Bagateria area which was added to the Title Deed after the lease was published in the National Gazette, testified that they had never sighted the lease and not a single lands officer had come to talk to them about it. These landowners, who clearly had not given their consent, suddenly discovered that six thousand hectares of their land had been added.

Luben could also not explain why DLPP had ignored normal practice of consulting with provincial lands officers. In testimony to the Commission, a New Ireland Provincial Lands Officer said he had no idea that Lands Officers from Waigani had actually granted the three SABLs without any input or any coordination with the Provincial Lands Officers.

Johnson Wapunai, Interim Managing Director for Nakap Agro Forestry Joint Venture Development Limited and member of Awolo clan of Tipas, Edwaki in West Sepik Province, stated to the Commission hearing in Vanimo on 21 November 2011 that there was no formal land investigation carried out in the area before the SABL was granted to Wammy Limited. "Portion 27C was drawn up on a map by a surveyor Patrick Kopal based in Moresby. He never visited Edwaki.⁴ All these maps were done in Moresby without the local landowners' consent. There were no government officers in the province involved in carrying out the survey... Right now we cannot do any development and – right now because they already have taken the part of the land that we want to develop which is under portion 27C now."

¹ Col into SABLs, Mirou, 4.1.12, p 14

² Col into SABLs, Jerewai, 25.10.11 p 48

³ Col into SABLs, Mirou, 5.1.12. p 11

⁴ Col into SABLs, Numapo, 21.11.11. p 6

5.3 Department of Environment's failure to mitigate environmental impact

The Director of the Department of Environment and Conservation (DEC) has broad powers under the *Environment Act 2000* to issue permits, ensure that environmental impact assessments are carried out, undertake environmental audits and investigations and institute proceedings for breach of the Act. The Director chairs the Environment Council which makes recommendations to the Minister to approve a permit.

When questioning the Director of DEC, Dr Wari Iamo, the Chairman of the Commission, asked: "Has anyone gone to the court of law to say, we think that the Secretary or the Director is placed in a conflict of interest situation being the chair of the Environment Council and also the Director and involved in the entire process on the issuing of permits? Has that been ever been challenged in a court of law at all?" Dr Iamo responded by saying: "It has never been challenged in the court of law. It is not to my knowledge and during the time that I have been since the Act came into operation in 2004."¹

In relation to DEC's role in SABLs, Dr Wari Iamo stated that: "Special Agriculture Business Leases, anything above 50,000 hectares will be treated as Level 3 activity because there is... significant environment risk; it is of national significance...[and] we will require ...a full Environment Impact Assessment to be carried out."²

A level 3 activity under the *Environment (Prescribed Activities) Regulations 2002* is any large scale clearing carried out under section 90(a), (b), (c) or (d) of the *Forestry Act 1991*, any logging operation of more than 70,000 m³ per annum allowable cut or any activities involving investment of a capital cost of more than K50 million.

Therefore, an Environmental Impact Assessment (EIA) is required prior to a permit being issued by the DEC for activity that requires an FCA or roadside clearing permit from the PNGFA.

Level 2 activities also require a permit to be issued by DEC. Relevant Level 2 activities include logging operations undertaken under a timber permit or a licence and agricultural cultivation of an area greater than 1,000 hectares.

The Director of the Department of Environment and Conservation would have been required to evaluate and issue an environmental permit for all SABLs over which FCAs have been granted. For all these permits an Environmental Impact Statement would have been provided.

5.4 Department of Agriculture and Livestock's failure to provide advice

The Department of Agriculture and Livestock (DAL) did not voluntarily assist the Commission of Inquiry. As such the Commission was required to compel DAL and its principals to appear by way of summons. Counsel assisting the Commission stated: "We have tried to be nice and we have tried to urge them politely but to no avail."³

From testimony given by senior officials, DAL was under the delusion that logging companies proposing agricultural projects meant that they would actually undertake those projects.

Francis Daink, Deputy Secretary, Provincial Agriculture and Technical Services Division of DAL, in his testimony before the Commission on 6 September 2011 stated that: "A lot of these developers are loggers, they also have to have third party arrangements in terms of financing and agriculture technical expertise to assist them. ...so in [our] letter ...[we] would state that we have looked at [the] proposal and it is sound, you can proceed with initial activities but you have to meet those... requirements before final approval can be issued."⁴

However, it was found in at least one instance where Daink had written a letter giving in principle approval to an agricultural project even though the 'developer,' Star Limited, did not have a permit to operate an agricultural project.⁵

"A lot of those forestry project ...do not have the initial funding... And so it is quite a concern when they... request... to ...log to get that money to invest in agriculture and I think... it is not quite genuine. It is obvious that they are more interested in logging than agriculture. ..But ...it is

1 Col into SABLs, Numapo, Jereawi and Mirou, 2.9.11. p 11

2 Ibid, p5

3 Col into SABLs, Numapo, Jereawi and Mirou, 24.8.11. p 12

4 Col into SABLs, Numapo, Jereawi and Mirou, 6.9.11. p 28

5 Col into SABLs, Numapo, 23.11.11. p 34



Pomio District, ENBP, 2011

unsupervised logging and the fact that we are not able to monitor some of those operations...needs to be addressed...”¹

DAL has conflated FCAs with agriculture. Daink said in his testimony: “We have not seen major agriculture development but now we are seeing that now through the FCA.” Mr Daink was corrected by Commissioner Jerewai: “Through the SABL, FCA is only related to forest aspects. Should forest of merchantable value are found, yes?” Daink later admitted that in the DAL “Agriculture projects were basically referred to as FCA”.²

Daink admitted that DAL had not implemented the 2009 recommendations of the National Agricultural Council that FCA Project Approval and Monitoring Guidelines be put in place and an appropriate Oversight Committee be established comprising key players from DAL, Papua New Guinea Forest Authority, Department of Environment and Conservation and Department of Lands and Physical Planning.³

Daink further stated that “We do not monitor a lot of these projects. We... rely on the provincial agriculture divisions to provide us [with that] information. But ... we say that you have to have ...a reporting program in your agriculture plans... [S]ome of these developers are complying. But a lot have not submitted... [O]ur weaknesses in the department [is the ability] to go out and really... look at the projects...”⁴

Daink admitted if the DLPP had involved DAL when a proposal was brought, many SABLs that were not suitable for agriculture would not have been granted. Daink went on to admit that of the 115,000 ha granted to Umu Resources, only about 26,000 hectares is suitable for agriculture.⁵

It is clear that DAL was incompetent in handling many SABLs. Understaffing, an intractable DLPP, a lack of monitoring procedures and an unfortunate focus on FCAs to enable agricultural development resulted in many SABLs being granted over areas unsuitable for agriculture or very much larger than was required.

5.5 PNG Forestry Authority failings

The PNGFA is empowered and defined by the *Forestry Act 1991* and *Forestry Regulations 1998* which set out the regime for logging approvals, monitoring and enforcement. As well, standards for logging operations are set out in the *Planning, Monitoring and Control for Natural Forest Logging Operations under Timber Permits 1995* and the *Logging Code of Practice 1996*.

With respect to SABLs, the PNGFA is responsible for approving Forest Clearing Authorities for “agricultural” projects of more than 50 hectares.

Under Section 90A of the *Forestry Act*, an application for a FCA must include a great deal of detail before it can be evaluated. This includes all SABL certificates, approvals, maps and evaluation documents from the DAL, DEC, DLPP, Provincial Government, lending authorities as well as verification of ownership and consent from agents of CLHs and clans groups signed by a Village Court Magistrate or land mediator. In addition it must include enough information for the PNGFA to ascertain the scale of the project, timelines, costs and human resources, equipment needed for the project and the experience of the proponent in similar activities to determine if the project is actually agricultural and not merely a logging operation.

Access to such a comprehensive list of information should be adequate for any person or body to distinguish between a properly and lawfully constituted lease and a fraudulent one.

Prior to 12 December 2007, to ensure that an FCA was not granted to an entity that did not have the approval of the customary owners, subsection 90A (3)(f) of the *Forestry Act* required an applicant to provide verification of ownership and the consent of each resource owning clan agent or ILG within the project area, signed in the presence of a Village Court Magistrate or land mediator.

The *Forestry (Amendment) Act 2007* added to subsection 90A (3)(f): “and otherwise the consent in writing of the Board, lessee or owner of the land, as the case may be.”

This amendment effectively removed the need for FCA applications to include verification of ownership of the land and allowed the holder of an SABL to

¹ Col into SABLs, Numapo, Jereawi and Mirou, 8.9.11. p 10-11

² Col into SABLs ,Numapo, Jereawi and Mirou, 6.9.11. p 6

³ Ibid, p 22

⁴ Ibid, p 24-25

⁵ Col into SABLs, Numapo, Jereawi and Mirou, 6.9.11. p 14-15

consent to its clearing regardless of whether the CLHs agreed to the lease in the first place. In a bizarre twist, the amendment also made the Forestry Board a verification agent of ownership and consent.

The amending Act also introduced subsections (i) to (n), which put the onus back onto DAL to furnish the requisite procedural certification including a report on a public hearing conducted near to the proposed project site. Subsection (k) also introduced the requirement to furnish an agreement between landowners and the proposed development project, a much weaker form of verification of ownership and consent.

Kanawi Poru, the then Managing Director of the PNGFA, in his testimony to the Commission stated: "...what we are looking for is that DAL will then sign off to tell us that this project ...is feasible, it will deliver what it has intended to do, we have conducted a public hearing as required under section 90A and the landowners or the people who are going to be part of this project have no objection to this..."¹

Pouru went on to say: "...for them to have a lease, they have to comply with the requirements of the Lands Department, not ours. So ...when they present to us the lease document, we take that in good faith that they have ensured ...that title is with the right people. So we do not question ... - and we do not probe into the ownership issues."²

Prior to 2007, the Forestry Board followed an exhaustive process of evaluation of applications for clearing native forests for agriculture that included consulting with relevant government bodies and holding widely publicised public hearings near to the proposed project site to ensure all customary land owners had the opportunity to comment and to raise objections. The applicant for the proposed project was prohibited from tendering unless no other tenders were received.

The *Forestry (Amendment) Act 2007* repealed section 90B and introduced a much less exhaustive approval process for FCAs. Gone were the consultations with relevant government bodies, public hearings and

extensive public notices that would have allowed aggrieved landowners to bring their issue to the notice of the PNGFA and should have revealed the poor customary owner consultation process and any lack of proper certification by DLPP and inadequate regulation by DAL. It would have also revealed the many weaknesses of, and in some cases lack of, land investigation and reporting.

The 2007 amendment left the bulk of the FCA application evaluation and approval process to Provincial Forest Management Committees leaving the Board and the Forestry Service in an advisory capacity with little actual power to reject applications.

Kanawi Puru, the then Managing Director of the PNFA, stated in testimony to the Commission: "...the board does not really have much to say except to approve, unless the board... is not satisfied ...[or does] not see a permit from the Environment and Conservation Department. ...But if all of those are there, then the Board act in good faith to approve and grant the clearance authority."³

Indeed most of the evaluation and approval is in the hands of Provincial Forest Management Committees (PFMC) who then recommend to the Board its determination.

The 2007 amendment did away with calling for public tenders from registered logging companies to salvage logs from the area to be cleared for agriculture under project application. This allowed logging companies to both apply for FCAs and undertake the logging operation.

It is no coincidence then that between 2008 and 2011, six times the area of SABLs were granted compared to that granted during the five years between 2003 and 2007.

1 Col into SABLs, Numapo, Jereawi and Mirou, 31.8.11. p 38

2 Ibid, p 11 - 12

3 Ibid, p 13



Pomio District, ENBP, 2011

5.5.1 Forest Clearing Authorities

Logging operations have been carried out in 24 FCAs from which over 1.5 million cubic metres of whole logs were exported. These exports amounted to 20 per cent of the total exported from PNG in 2011. Almost

all these logs were exported to China. Since 2006 almost PGK 290 million (USD145 million) has been reaped for the 20 companies who hold these FCAs.

PNG Forest Clearance Authorities and timber extracted and stated value

| SABL ID | SABL Holder | FCA Applicant | FCA area (ha) | Logs (m ³) | Value (K) |
|----------------|---------------------------------------|--------------------------------|------------------|------------------------|--------------------|
| 48, 64, 65, 66 | TUMU/NORTH EAST WEST/TOSIGIBA | Ind. Timbers & Steved. Ltd | 2,400 | | |
| 23 | KOARU RES. OWNERS CO. LTD | Pacific Intern. Res. Ltd | 89,000 | | |
| 8 | MEKEO HINTERLAND HOLDINGS LTD | Albright Ltd | 116,427 | | |
| 35 | ABEDA AGRO FOREST LTD | Albright Ltd | 11,700 | 4,234 | 706,500 |
| | YUMI RESOURCES LTD | Mansfield Enterprise (PNG) Ltd | 115,000 | | |
| 21 | OKENA GOTO KARATO DEV.CORP.LTD | Victory Plantation Ltd | 5,552 | | |
| | ? | Ang Agro Forest Man. Ltd | 38,350 | | |
| 67 | MUSA VALLEY MAN. CO. LIMITED | Musa Century Ltd | 350,000 | | |
| 36 | SEPIK OIL PALM PLANTATION LTD | Wewak Agr. Dev. Ltd | 121,000 | 103,717 | 20,866,075 |
| 27 | BRILLIANT INVEST LTD | Brilliant Inv. Ltd | 25,600 | 118,605 | 12,645,951 |
| | ? | Samas Ltd | 29,205 | 114,062 | 19,576,721 |
| 28 | VANIMO JAYA LTD | Vanimo Jaya Ltd | 47,626 | 79,353 | 14,633,860 |
| 32, 33, 34, 54 | BEWANI OIL PLAM DEVELOPMENT LTD | Bewani Palm Oil Dev. Ltd | 139,909 | | |
| | ? | Jambo Trak Ltd | 6,114 | 81,953 | 31,731,028 |
| | ? | Pacific Green Forest Ltd | 34,400 | | |
| 38 | RAKUBANA DEV.PTY.LTD. | Tutuman Dev. Ltd | 24,851 | 32,596 | 5,870,602 |
| 57 | CENTRAL NEW HANOVER LTD | Tutuman Dev. Ltd | 56,592 | 14,890 | 1,486,546 |
| 58 | TABUT LTD | Tutuman Dev. Ltd | 11,864 | 42,083 | 7,144,490 |
| 18 | ILLY-WAWAS | Tzen Niugini Ltd | 38,500 | 259,372 | 49,632,537 |
| 19 | ILLY-WAWAS | Tzen Niugini Ltd | 10,400 | 18,835 | 3,409,639 |
| 57, 58 | TORIU TIMBERS LIMITED | Toriu Timber Ltd | 30,830 | 414,114 | 76,353,105 |
| | ? | Suikol Res. Ltd | 52,000 | 169,511 | 34,086,685 |
| | ? | Lolobau Integ. Res. Ltd | 6,800 | | |
| 32, 33, 34, 54 | UNUNG SIGITE /NAKIURA/ RALOPAL/POMATA | Gilford Limited | 42,400 | 42,286 | 8,479,985 |
| TOTAL | | | 1,406,520 | 1,495,611 | 286,623,724 |

*Source: SGS Log Exports, Statistical Summary by Exporter 2006 to 2011



Image: Round logs,
Central New Hanover,
NIP, 2012

© Greenpeace/Nicholls

The Illi-Wawas FCAs were evaluated under *Forestry (Amendment) Act 2000* procedures;¹ all other FCAs were evaluated and approved under the 2007 amended procedures.

To ensure that planned agriculture takes place in SABLs, the *Forestry Act* also requires forest clearing or log harvesting to be portioned into blocks of a maximum of 500 hectares, and for agricultural planting to be carried out before another 500 hectare block is released.² This can be increased to 5,000 hectares if the National Forest Board deems it appropriate in the circumstances. Vanimo Jaya, the holder of the FCA in Atape West Sepik have been arbitrarily permitted to clear forest of up to 5,000 hectares – 10 times the maximum prescribed at any time – presumably based on technical advice and information from the Department of Agriculture and Livestock (DAL). The Commission of Inquiry, however, found no DAL assessment or economic justification for such a “dangerous deviation from legislative intention”.³

Logging operations have been carried out in 24 FCAs from which over 1.5 million cubic metres of whole logs were exported. These exports amounted to 20 per cent of the total exported from PNG in 2011. Almost all these logs were exported to China. Since 2006 almost PGK 290 million (USD145 million) has been reaped for the 20 companies who hold these FCAs.

1 Kanawi Poru, then Managing Director PNGFA. See Col into SABLs, Numapo, Jereawi and Mirou, 25.8.11. p 8

2 Forestry Act 1991 90(b)(9)(a)(iii)

3 Col into SABLs, Mirou, 27.9.11. p 10-11

6 Police paid by logging companies to intimidate landholder opposition

Owing to insufficient human and financial resources, a high level of corruption and a lack of professionalism, the Royal Papua New Guinea Constabulary is unable to provide security and prevent and investigate crime throughout the country, particularly in rural areas.¹ In many instances rural industries such as the logging industry pay police for their services. Under these circumstances, logging companies have been known to direct police to intimidate, humiliate and brutalise landholders protesting against their projects.²

In October 2011, Rimbunan Hijau (RH) financed a police crackdown against customary landholders in Pomio in East New Britain Province who were protesting over their traditional land being taken without their authority.³ The police were paid and flown in by RH. This was confirmed by Assistant Police Commissioner Anton Billy to the Australian Broadcast Corporation (ABC) in an interview. He told the ABC that this was “normal”.⁴

The police abuse began against Pomio landholders on March 2011.

The police beat local landholders with tree branches and fan belts, made them sit in the sun for many hours, tied their hands behind their backs and forced them to run while swearing at them to stop protesting.

The police arrived at the villages at night and demanded CLHs sign papers without them understanding their content. These papers were later revealed to be promises to stop protesting.

In December 2011, Papua New Guinea Police Commissioner, Tom Kulunga stated: “Unfortunately as we have experienced in the recent past, when a private organisation takes over what are primarily responsibilities of the state such as the provision of transportation, board and lodging, then there are bound to be instances of bias or favouritism towards the sponsor.” He added that any future deployment to logging sites will now be strictly sanctioned by the police hierarchy in strict compliance with the Constabulary’s Standard Operational Procedures (SOP).⁵

In December 2011, after complaints over mistreatment of landholders by police in logging areas rose to a feverish pitch across Papua New Guinea, Police Commissioner, Tom Kulunga made a statement to withdraw all police officers from logging areas in the country.⁶

In many areas this directive has not been followed and police continue to use violence against landholders who object to logging in SABLs. For example, early in 2012, after the Police Commissioner’s directive was announced, police again terrorised the population of Pomio, locking protesters in shipping containers for three nights and releasing them only after they had signed documents promising not to continue their protests.

1 UNHRC, 2011

2 See for example Forest Trends, 2006. p 17

3 Jo Chandler, The Age, 2011

4 Liam Fox, ABC, 2011

5 RPNGC, Office of the Commissioner, 2011

6 Ibid



7 Customary rights legislation

The biggest single issue that was highlighted during the Commission's hearings was the lack of fair representation of CLHs in agreeing to SABLs being granted over their land.

The instrument that attempts to resolve customary landowner representation in such matters is the *Land Groups Incorporation Act 1974*. The Act was established to encourage greater participation by local people in the national economy through the utilisation of their land with greater certainty of title. The Act attempted to achieve this through the legal recognition of the corporate status of customary groups and by conferring on them the power to acquire, hold, dispose of and manage land. The Act also attempted to encourage self-resolution of disputes.

ILGs as an entity do not, however, own customary land. Ownership remains with the collective customary landholders and clans. Incorporating an ILG merely organises landowners and clans as a corporation recognised by law to enter into commercial deals.

The process of incorporation of land groups has, however, been poorly administered by the DLPP. The result, as observed by Aid/Watch, is a "mechanism widely misused, to the detriment of those landowners who may have been excluded from the incorporated group or who fail to receive any benefits".¹

Australian academic Professor Colin Filer stated that the Act "has nothing to say about the demarcation of customary land boundaries or the registration of customary land titles, it does seem to assume that the process of legal 'incorporation' will help customary land groups to 'develop' their land".²

Of the many problems that arose as a result of the Act, the lack of complementary land registration legislation is an important failing. The object of allowing greater certainty of title was therefore never fully realised. Legal recognition of the corporate status of a CLH was instead used to facilitate consent for resource exploitation and as a mechanism to distribute the benefits, although frequent complaints arose over its fair distribution.³

1 Tararia and Ogle, 2010

2 Filer, 2007. P 136

3 Ibid, p 135

7.1 Land Groups Incorporation Amendment Act 2009 and the Voluntary Customary Land Registration Act 2009

After recommendations from the National Land Development Taskforce and the PNG Constitutional Law Reform Commission, the Somare Government introduced the *Land Groups Incorporation (Amendment) Act 2009* and the *Land Registration (Amendment) Act 2009*.

Inexplicably, the Somare Government delayed its certification. The Legislation was not brought into effect until March 2011 after Somare was deposed and when the full impacts of the original Act became apparent in the scandal of the SABL regime. The delay in certifying the amended Act assisted in the promotion of the uncontrolled spread of SABLs for logging for a further four years.

The *Land Registration (Amendment) Act* will facilitate the voluntary registration of customary land, to be known as “registered clan land”, and make that land available for development through the use of ILGs. The intention is to allow landowners who wish to develop their land an alternative to permanent alienation under the *Land (Tenure Conversion) Act 1963* or a SABL.¹

A newly created Director of Customary Land Registration will be established for registration of clan land. Upon registration, a certificate of title is issued in the name of the ILG and the ILG can then lease or mortgage the land to raise funds for development. Customary law ceases to apply to the land, with the exception of inheritance.²

Strengthened consultation processes in the legislation hope to overcome many of the breaches of customary landowner’s free and prior informed consent experienced in past development processes.³

The *Land Registration (Amendment) Act* introduces two main changes to the land registration process. The first is that upon receiving an application, the Director must independently verify the membership of the ILG and make a preliminary check of the proposed boundaries to make sure that it is a legitimate application.⁴

The second improvement is that, once the Director has accepted an application on a preliminary basis, there is a more thorough process to identify any boundary disputes or competing interests over the land before registration occurs. For example, the Director must place the proposed registration plan on public exhibition for up to 90 days, and must call for and resolve any objections before a Certificate of Title can be issued.⁵

Despite the more stringent provisions contained in the new laws, the success of the reforms for both ILGs and land registration will both depend in large part on the ability and commitment of the government to administer and enforce the new laws. Landowners are already reluctant to engage in land registration of their customary land under the existing system and are likely to remain so until the state can demonstrate that it has improved its system of land administration.⁶

1 Tararia and Ogle, 2010

2 Ibid

3 Ibid

4 Ibid

5 Ibid

6 Ibid

8 Conclusion

This review of the underlying conditions, drivers and serious failings of SABLs has found that they have resulted in the greatest alienation of land from its people in the history of PNG. Inappropriate laws and poorly resourced government agencies have been manipulated to facilitate the loss of the one thing that the underserved rural communities can sustain themselves with: their land.

The SABL scandal is a consequence of poor governance that in particular allowed logging and agriculture companies to corrupt the SABL issuing process by paying government agencies and their staff to fulfil what is normally their statutory responsibilities, and additionally lure landholders to betray their communities by signing away their land for up to 99 years.

Conflicts of interest, such as where a government official is compromised through being paid by the SABL applicant, must be challenged and where there is a risk of corruption, measures must be put in place to avoid or mitigate the risk. For PNG to develop in a fair way that considers the needs of future generations, the rule of law and new anti-corruption measures must be accepted and adhered to by its leadership.

Several Commissions of Inquiry and Judicial Investigations have been conducted into corruption by senior public servants and politicians in PNG. Many of these inquiries found leaders had acted against the interest of the country and its people. Often, the reports of these inquiries and investigations have been blocked as the interests of powerful elites have been threatened. This must not be allowed to happen with the Commission of Inquiry into SABLs.

The lack of openness and availability of information by government and its agencies is a major factor that led to so many SABLs being granted without the free, prior and informed consent of the majority of customary landholders. Public notification and access to information must be a priority for the new government if it is to address the conditions that led to the land grab.

The government departments and the police responsible for protecting customary land rights in the face of corporate greed failed PNG's rural communities by enabling weak laws to be utilised for the benefit of foreign interests and the interests of a few landholders claiming to represent their

community. These departments ignored even the most basic requirements for notification and consultation, allowing destructive logging and land clearing operations to proceed without the consent of the majority of customary landholders. The betrayal of rural communities by officials charged with their safety and security and by those who claim to be community leaders will not be easily forgiven.

Despite logging being the main driver of SABLs, the result is an increase in deforestation of primary forests for oil palm, with potentially the same environmental and social impacts as seen in Indonesia and Malaysia. A new code of conduct for the oil palm industry in PNG is urgently needed to avoid the deplorable deforestation and indigenous rights abuses seen in these countries.

With foreign-owned corporations controlling 75 per cent of the total area of SABLs, they also potentially hold the carbon rights to about 630 million tonnes of carbon and could be the recipients of more than USD 23 billion,¹ if sold into national carbon trading schemes such as that of Australia and the European Union.² Should the United Nations Framework Convention for Climate Change (UNFCCC) eventually arrive at a global agreement to mitigate climate change, the value of REDD credits could more than double. For PNG to give away rights to a potentially valuable source of revenue beggars belief, and there is no information to indicate that the customary landholders are aware of this.

SABLs were established to increase economic activity in rural areas and empower local communities who were to benefit from rental payments, employment opportunities and increased welfare services and facilities. These intentions were corrupted to feed the export logs trade to China and line the pockets of foreign-owned logging companies.

There is hope that the 2012 elections will bring a new era for PNG. The SABL scandal has highlighted the need for major legislative reform and greater transparency if people's rights to their land, traditional livelihoods and PNG's rich natural heritage are to be preserved for future generations.

1 Based on USD 10 per tonne.

2 Australia's ETS will allow domestic emitters to purchase international credits from 2015. The EU ETS will likely accept forest credits after 2020.



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Appendix

Appendix 1: SABLs all

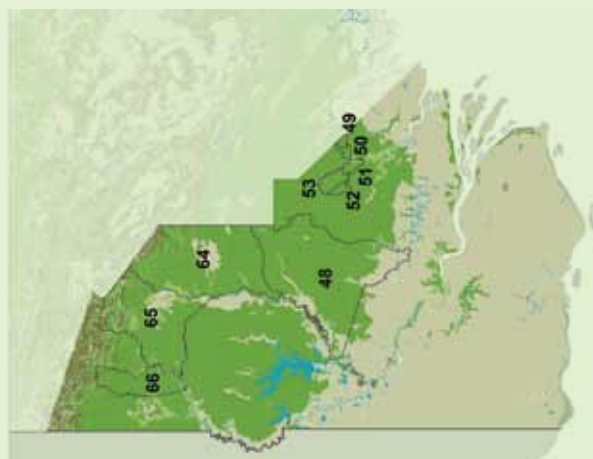
| ID | Date | Gazette | SABL Holder | Developer | Activity | Province | Area (ha) | Term | # Shares | Nationality |
|----|------------|---------|---|--|-------------------|----------|-----------|------|----------|--------------------------------------|
| 1 | 3/07/2003 | G86 | VAILALA OIL PALM LTD | Rimbunan Hijau - Malaysian | Logging/Oil Palm | GULF | 11800 | 99 | 4 | PNG/Singapore/ Malaysian/US Corp. |
| 2 | 3/05/2004 | G42 | TRUKAKE LTD | ? | ? | ENBP | 121 | 99 | 31 | ILGs |
| 3 | 14/10/2004 | G113 | BARAVA LTD | ? | ? | ENBP | 245 | | 4 | 2 Clan Trusts |
| 4 | 6/01/2005 | G1 | LOKORU ESTATES LTD | New Britain Palm Oil - UK/Malaysian/ Australian/PNG | Oil Palm | WNB | 1750 | 45 | 3 | PNG |
| 5 | 28/10/2005 | G157 | BAINA AGRO-FOREST LTD | PMS Timbers Limited Malaysian | Agro-forestry | CENTRAL | 42100 | 40 | 7 | PNG |
| 6 | 12/12/2005 | G184 | ROSELAW LTD | Dynasty Estates Ltd (RH) - Malaysian | Shipping Wharf | NCD | 25 | 99 | 1 | PNG/RH |
| 7 | 16/06/2006 | G120 | PULIE ANU PLANTATION LTD | Revoked by National Court | | WNB | 46233 | 99 | 62 | PNG |
| 8 | 20/07/2006 | G143 | VANIMO JAYA LTD | Vanimo Jaya Ltd - Malaysian | Logging/Oil Palm | WSP | 47626 | 99 | 9 | Malaysian |
| 9 | 21/09/2006 | G183 | ZIFASING CATTLE RANCH | ? | Grazing | MOROB | 8374 | 50 | 16 | 13 Family Trusts/ 1 Corp |
| 10 | 22/09/2006 | G186 | PERPETUAL SHIPPING LTD | Perpetual Shipping (RH) - Malaysian | Slipway/boat yard | GULF | 283 | 50 | 2 | Corp Singapore/ Malasian |
| 11 | 7/12/2006 | G224 | CASSAVA ETAGON WHY LTD | Chan Hae Ethanol Corp.- Sth Korea | Cassava- Ethanol | NIP | 20000 | 99 | 16 | PNG |
| 12 | 28/12/2006 | G234 | EMIRAU TRUST | Edward Car - Australian | ? | NIP | 3384 | 99 | 1 | PNG |
| 13 | 1/02/2007 | G15 | CHANGHAE TAPIOKA (PNG) LTD | Changhae Tapioka (PNG) LTD - Sth Korea | Tapioka - Ethanol | CENTRAL | 75 | 40 | 2 | Corp. Korean |
| 14 | 1/02/2007 | G15 | CHANGHAE TAPIOKA (PNG) LTD | Changhae Tapioka (PNG) LTD - Sth Korea | Tapioka - Ethanol | CENTRAL | 67 | 40 | 2 | Corp. Korean |
| 15 | 1/02/2007 | G15 | CHANGHAE TAPIOKA (PNG) LTD | Changhae Tapioka (PNG) LTD - Sth Korea | Tapioka - Ethanol | CENTRAL | 2514 | 40 | 2 | Corp. Korean |
| 16 | 1/02/2007 | G15 | CHANGHAE TAPIOKA (PNG) LTD | Changhae Tapioka (PNG) LTD - Sth Korea | Tapioka - Ethanol | CENTRAL | 3573 | 40 | 2 | Corp. Korean |
| 17 | 1/02/2007 | G15 | CHANGHAE TAPIOKA (PNG) LTD | Changhae Tapioka (PNG) LTD - Sth Korea | Tapioka - Ethanol | CENTRAL | 1656 | 40 | 2 | Corp. Korean |
| 18 | 1/02/2007 | | ILLI-WAWAS INTEGRATED AGRICULTURE PROJECT | Tzen Niugini Ltd -Klenox Global BVR | Agro-forestry | ENBP | 38500 | ? | ? | ILGs |
| 19 | 1/02/2007 | | ILLI-WAWAS STANDALONE AGRICULTURE PROJECT | Tzen Niugini Ltd -Klenox Global BVR | Agro-forestry | ENBP | 10400 | ? | ? | ILGs |
| 20 | 15/02/2007 | G22 | BRILLIANT INVEST LTD | Brilliant Investment Ltd - Malaysian | Agro-forestry | ESP | 25600 | 99 | 2 | Malaysian |
| 21 | 19/02/2007 | G234 | OKENA GOTO KARATO DEV/CORPLTD | Victory Plantation Ltd - Australia | Logging | ORO | 28100 | 99 | 14 | PNG |
| 22 | 3/05/2007 | G68 | YUMI RESOURCES LTD | Mansfield Enterprise (PNG) Ltd - Sazean Holdings SDN BHD - Malaysian | ? | CENTRAL | 115000 | 99 | 5 | PNG |
| 24 | 17/10/2007 | G161 | RAKUBANA DEV/PTY.LTD. | Tutuman Development Ltd PNG/ Malaysian (WTK) 87.25% | Logging/ Cocoa | NIP | 24581 | 99 | 20 | PNG |
| 25 | 17/10/2007 | G161 | TABUT LTD | Tutuman Development Ltd PNG/ Malaysian (WTK) 87.25% | Logging/ Cocoa | NIP | 11864 | 99 | 10 | PNG |

| ID | Date | Gazette | SABL Holder | Developer | Activity | Province | Area (ha) | Term | # Shares | Nationality |
|----|------------|---------|------------------------------------|---|------------------|--------------|-----------|------|----------|-----------------------------|
| 26 | 17/10/2007 | G161 | UMBUKUL LTD | Tutuman Development Ltd PNG/ Malaysian (WTK) 87.25% | Logging/ Cocoa | NIP | 25108 | 99 | 22 | PNG |
| 27 | 17/10/2007 | G161 | CENTRAL NEW HANOVER LTD | Tutuman Development Ltd PNG/ Malaysian (WTK) 87.25% | Logging/ Cocoa | NIP | 56592 | 99 | 29 | 7 ILGs |
| 28 | 22/11/2007 | G182 | MEKEO HINTERLAND HOLDINGS LTD | Albright Ltd - BVI (Wilsmat Investments Limited & Ahead Aim Limited) | | CENTRAL | 116400 | 99 | 9 | PNG |
| 29 | 9/01/2008 | G3 | WOWOBO OIL PALM LTD | Reko (PNG) Limited - Malaysian | | GULF | 23180 | 99 | 8 | ILGs |
| 30 | 18/03/2008 | G45 | AKAMI OIL PALM ESTATE LTD | Greenlands Limited - Malaysian | | WNB | 231 | 99 | 1 | PNG |
| 31 | 7/04/2008 | G54 | AKAMI OIL PALM ESTATE LTD | Greenlands Limited - Malaysian | | WNB | 346 | 99 | 1 | PNG |
| 32 | 9/07/2008 | G120 | POMATA INVESTMENT LTD | Gifford Limited (RH)- Malaysian | Logging/Oil Palm | ENBP | 15000 | 99 | 11 | PNG |
| 33 | 9/07/2008 | G120 | NAKIURA INVESTMENT LTD | Gifford Limited (RH)- Malaysian | Logging/Oil Palm | ENBP | 16100 | 99 | 15 | PNG |
| 34 | 9/07/2008 | G120 | RALOPAL INVESTMENT LTD | Gifford Limited (RH)- Malaysian | Logging/Oil Palm | ENBP | 11300 | 99 | 11 | PNG |
| 35 | 14/07/2008 | G124 | BEWANI OIL PLAM DEVELOPMENT LTD | Bewani Oil Palm Plantations Limited - Malaysian | Logging/Oil Palm | WSP | 139909 | 99 | 4 | PNG Corp. |
| 36 | 14/08/2008 | G145 | SEPIK OIL PALM PLANTATION LTD | Wewak Agriculture Development Ltd - (WTK) Malaysian | Logging/Oil Palm | ESP | 116840 | 99 | 2 | Corp. PNG/ Malaysian/BVI |
| 37 | 14/08/2008 | G145 | RERA HOLDINGS LTD | DD Lumber Company - Brilliant Investments - Malaysian | | ENBP | 68300 | 99 | 3 | Corp. PNG |
| 38 | 1/09/2008 | G152 | ABEDA AGRO FOREST LTD | Albright Ltd - BVI (Wilsmat Investments Limited & Ahead Aim Limited) | | CENTRAL | 11700 | 99 | 5 | PNG |
| 39 | 25/09/2008 | G174 | GOGORANTO LTD | ? | | WNB | 6111 | 99 | 5 | Clan Trusts |
| 40 | 25/09/2008 | G174 | KAVUNI LTD | ? | | WNB | 10741 | 99 | | |
| 41 | 25/09/2008 | G174 | POLOPO LTD | Monarch Investments (RH) - Malaysian | | WNB | 8328 | 99 | 4 | Clan Trusts |
| 42 | 25/09/2008 | G174 | IVAGA OIROUINO-MASINAMTA LTD | ? | | WNB | 7161 | 99 | 4 | Clan Trusts |
| 43 | 25/09/2008 | G174 | AKIVRIIU LTD | ? | | WNB | 8893 | 99 | 5 | 3 Clan Trusts |
| 45 | 18/02/2009 | G31 | EAST WAI OIL PALM LTD | River Plantations Limited - Malaysian 10% EWOP | | GULF | 21108 | 99 | 10 | ILGs |
| 46 | 18/02/2009 | G31 | AROWA OIL PALM LTD - within Purari | ? | | GULF | 12341 | 99 | 12 | 6 ILGs |
| 47 | 1/04/2009 | G58 | NUKU RESOURCES LTD | Skywalker Global Resources Company (PNG) Limited - Hong Kong | | ESP & WSP | 239810 | 99 | 2 | PNG |
| 48 | 28/04/2009 | G78 | TUMU TIMBERS DEVELOPMENT LTD | Pisa American Lumber Limited - IT&S- 80%/Tumu Timbers | Road/Logging | WESTERN | 790800 | 99 | 81 | ILGs |
| 49 | 30/10/2009 | G217 | LA-ALI INVESTMENTS LIMITED | Sovereign Hill PNG Ltd (RH) - Malaysian | | WESTERN | 7170 | 70 | | |
| 50 | 30/10/2009 | G217 | MUDAU INVESTMENT LIMITED | Sovereign Hill PNG Ltd (RH) - Malaysian | | WESTERN | 10450 | 70 | 1 | PNG |

| ID | Date | Gazette | SABL Holder | Developer | Activity | Province | Area (ha) | Term | # Shares | Nationality |
|-------|------------|---------|--|--|------------------|----------------|-----------|------|----------|-----------------------------|
| 51 | 30/10/2009 | G217 | GODAE LAND GROUP INC. | None | | WESTERN | 15153 | 70 | | |
| 52 | 30/10/2009 | G217 | HAUBAWE HOLDINGS LIMITED | Sovereign Hill PNG Ltd (RH) - Malaysian | | WESTERN | 11110 | 70 | 4 | PNG |
| 53 | 30/10/2009 | G217 | FOIOI LIMITED | Sovereign Hill PNG Ltd (RH) - Malaysian | | WESTERN | 33900 | 70 | 7 | PNG |
| 54 | 10/12/2009 | G245 | UNUNG SIGITE LIMITED | Gilford Limited - (RH) Malaysian | Logging/Oil Palm | ENBP | 13000 | 99 | 7 | PNG |
| 55 | 14/01/2010 | G7 | KONEKARU HOLDINGS LTD | ? | | CENTRAL | 457 | 99 | 2 | PNG |
| 56 | 14/01/2010 | G7 | KONEKARU HOLDINGS LTD | ? | | CENTRAL | 98 | 99 | 2 | PNG |
| 57 | 26/02/2010 | G37 | TORIU TIMBERS LIMITED | KK Conections - Malaysian/Nimbo Yong II Timber Pty Ltd - Chinese | Logging | ENBP | 42240 | 99 | 17 | PNG |
| 58 | 26/02/2010 | G37 | TORIU TIMBERS LIMITED | KK Conections - Malaysian/Nimbo Yong II Timber Pty Ltd - Chinese | Logging | ENBP | 11240 | 99 | 17 | PNG |
| 59 | 23/04/2010 | G83 | MAPSERA DEV. CORP LTD | ? | | ESP | 54384 | 99 | 4 | PNG |
| 60 | 23/04/2010 | G83 | WEST MAIMAI INV. LTD/YANGKOK RES. LTD/PALAI RES. LTD | Goldworld Res. Co. (PNG) Limited - HK (Low Impact Logging - Malaysia | | WSP | 149000 | 99 | 1 | PNG |
| 61 | 29/07/2010 | G160 | POROM COFFEE LTD | ? | | WHP | 24 | 99 | 2 | PNG |
| 62 | 29/07/2010 | G161 | VEADI HOLDINGS LTD | ? | | CENTRAL | 1057 | 99 | 10 | Clan Trusts |
| 63 | 5/08/2010 | G170 | KEMEND KELBA KEI INV. LTD | ? | | WHP | 41 | 99 | 8 | PNG |
| 64 | 24/09/2010 | G218 | TOSIGIBA INV. LTD/TOSIGIBA TIMBER GROUP LTD | IT&S - Aust/USA | Road/Logging | WESTERN | 632538 | 99 | 82 | ILGs |
| 65 | 24/09/2010 | G218 | NORTH EAST WEST INV. LTD | IT&S - Aust/USA | Road/Logging | WESTERN | 470642 | 99 | 6 | Corp.PNG |
| 66 | 24/09/2010 | G218 | NORTH EAST WEST INV. LTD | IT&S - Aust/USA | Road/Logging | WESTERN | 149117 | 99 | 6 | Corp.PNG |
| 67 | 30/09/2010 | G228 | MUSA VALLEY MAN. CO. LIMITED | ? | | ORO | 320060 | 99 | 9 | PNG |
| 68 | 15/10/2010 | G243 | WAMMY LIMITED | Global Elite (WTK) - Hong Kong | | WSP | 105200 | 99 | 4 | PNG |
| 69 | 30/11/2010 | G284 | AINBAI-ELIS HOLDING LTD | Border Int. Timbers/Starlink Limited (Ting &Hii)-Brilliant Investments Malaysian | | WSP | 22850 | 99 | 15 | PNG |
| 70 | 16/12/2010 | G305 | HEWAI INVESTMENT LTD | ? | | SHP | 358 | 99 | 9 | PNG |
| 71 | 25/01/2011 | G19 | PURARI DEV. ASS. INC. | NONE | | GULF | 656034 | 99 | | ILG |
| 72 | 27/01/2011 | G22 | OSSIMA RESOURCES LIMITED | CANCELLED | | WSP | 31430 | 99 | 11 | PNG |
| 73 | 1/03/2011 | G56 | VAILALA OIL PALM - see SABL 1 | Rimbunan Hijau - Malaysian | | GULF | regrant | 99 | 4 | PNG/Singapore/ Malay/US Co. |
| 74 | 14/03/2011 | G67 | URASIR RESOURCES LIMITED | Continental Venture Limited - Malaysian | | MOROBE/ MADANG | 112400 | 99 | 10 | PNG |
| 75 | | | NUNGAWAIA-BONGOS RAINFOREST ALLIANCE | SPZ Enterprise Limited - PNG/Australian | | ESP | 110000 | 99 | 2 | PNG/PNG Corp. |
| TOTAL | | | | | | | 5169583 | | | |

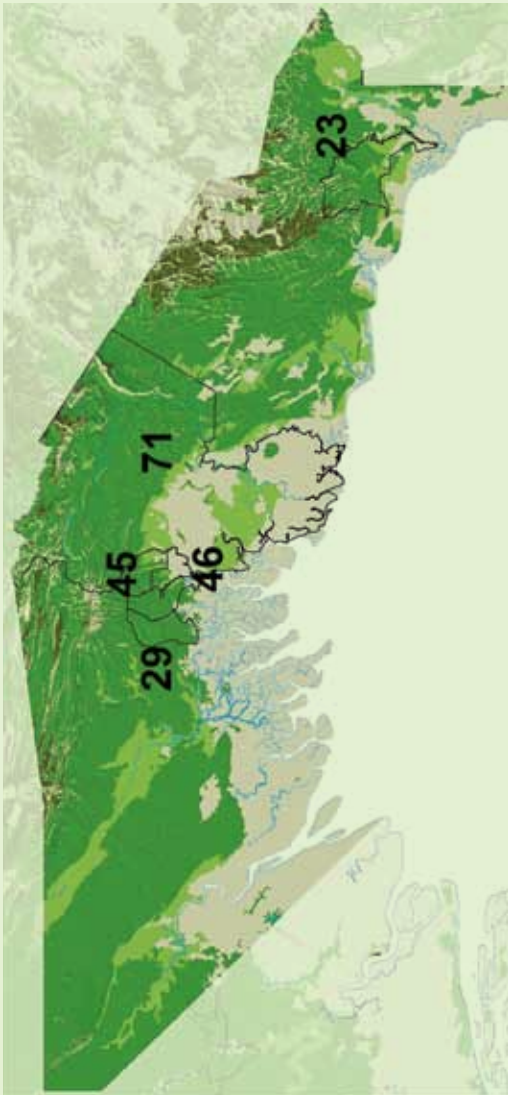
Appendix 2: Greenpeace mapped SABLs – Western Province

| ID | SABL Holder | Area (ha) | Biomass (t) | Carbon (t) | C0 ₂ (t) | Commercial Forest (ha) | IFL (ha) | FMA (ha) | FMA % | Prop. FMA (ha) |
|--------------|-------------------------------------|------------------|--------------------|--------------------|------------------------|---------------------------|------------------|---------------|----------|-------------------|
| 48 | TUMU TIMBERS DEVELOPMENT LTD | 790,800 | 300,486,471 | 142,731,074 | 523,823,041 | 657,311 | 698,405 | 3,753 | | 779,757 |
| 49 | LA-ALI INVESTMENTS LIMITED | 7,170 | 2,853,584 | 1,355,452 | 4,974,510 | 7,059 | 1,132 | 7,339 | 100 | |
| 50 | MUDAU INVESTMENT LIMITED | 10,450 | 4,009,489 | 1,904,507 | 6,989,542 | 10,266 | 1,122 | 9,613 | 93 | |
| 51 | GODAE LAND GROUP INC. | 15,153 | 5,459,007 | 2,593,028 | 9,516,414 | 13,135 | | 14,807 | 99 | |
| 52 | HAUBAWE HOLDINGS LIMITED | 11,110 | 4,810,692 | 2,285,079 | 8,386,239 | 12,923 | | 12,923 | 100 | |
| 53 | FOIFOI LIMITED | 33,900 | 12,318,897 | 5,851,476 | 21,474,917 | 31,031 | | 33,221 | 100 | |
| 64 | TOSIGIBA INV. LTD/ TIMBER GROUP LTD | 632,538 | 241,087,108 | 114,516,376 | 420,275,101 | 580,846 | 309,006 | | | 232,198 |
| 65 | NORTH EAST WEST INVESTMENTS LTD | 470,642 | 175,856,370 | 83,531,776 | 306,561,617 | 415,867 | 249,803 | 4,875 | | 238,010 |
| 66 | NORTH EAST WEST INVESTMENTS LTD | 149,117 | 58,032,837 | 27,565,598 | 101,165,743 | 149,699 | | 146 | | 122,452 |
| TOTAL | | 2,120,880 | 804,914,455 | 382,334,366 | 1,403,167,124 | 1,878,137 | 1,259,468 | 86,677 | | 1,372,417 |



Appendix 3: Greenpeace mapped SABLS – Gulf Province

| ID | SABL Holder | Area (ha) | Biomass (t) | Carbon (t) | CO ₂ (t) | Commercial Forest (ha) | IFL (ha) | PA (ha) | FMA (ha) | FMA % | Prop. FMA (ha) |
|--------------|-------------------------------|----------------|--------------------|--------------------|------------------------|---------------------------|----------------|----------------|----------------|----------|-------------------|
| 23 | KOARU RES. OWNERS COMPANY LTD | 59,460 | 20,039,670 | 9,518,843 | 34,934,155 | 54,717 | | | 29,585 | 49 | 26,874 |
| 29 | WOWOBO OIL PALM LTD | 23,180 | 9,131,134 | 4,337,289 | 15,917,849 | 22,936 | 427 | | 24,028 | 100 | |
| 45 | EAST WAII OIL PALM LTD | 21,108 | 7,912,407 | 3,758,393 | 13,793,304 | 18,739 | | | 21,445 | 98 | |
| 46 | AROWA OIL PALM LTD | 12,341 | 4,130,215 | 1,961,852 | 7,199,997 | 4,917 | | | 12,180 | 99 | |
| 71 | PUPARI DEVELOPMENT ASS. INC. | 656,034 | 230,095,493 | 109,295,359 | 401,113,968 | 484,480 | 345,521 | 130,420 | 362,554 | 54 | 454 |
| TOTAL | | 772,123 | 271,308,919 | 128,871,737 | 472,959,273 | 585,789 | 345,948 | 130,420 | 449,792 | | 27,328 |



Appendix 4: Greenpeace mapped SABLs – Central, NCD and Oro Provinces

| ID | SABL Holder | Area (ha) | Biomass (t) | Carbon (t) | CO ₂ (t) | Commercial Forest (ha) | IFL (ha) | PA (ha) | FMA (ha) | FMA % | Prop. FMA (ha) |
|-------|------------------------------|--------------|----------------|---------------|------------------------|---------------------------|-------------|------------|-------------|----------|-------------------|
| 5 | BAINA AGRO-FOREST LTD | CENTRAL | 42,100 | 14,843,328 | 7,050,581 | 25,875,632 | 41,104 | 31,535 | 40 | | 23,010 |
| 22 | YUMI RESOURCES LTD | CENTRAL | 115,000 | 33,920,963 | 16,112,457 | 59,132,719 | 92,358 | 65,327 | 17,621 | 18 | 6,731 |
| 28 | MEKEO HINTERLAND HOLD. LTD | CENTRAL | 116,400 | 41,562,006 | 19,741,953 | 72,452,967 | 102,465 | 89,699 | 31 | | 104,409 |
| 38 | ABEDA AGRO FOREST LTD | CENTRAL | 11,700 | 4,448,664 | 2,113,115 | 7,755,134 | 10,307 | 11,135 | | 99 | |
| 55 | KONEKARU HOLDINGS LTD | CENTRAL | 457 | 38,507 | 18,291 | 67,127 | | | | | |
| 56 | KONEKARU HOLDINGS LTD | CENTRAL | 98 | 9,494 | 4,510 | 16,550 | | | | | |
| 67 | MUSA VALLEY MAN. CO. LIMITED | ORO | 320,060 | 98,989,440 | 47,019,984 | 172,563,341 | 254,722 | 170,366 | | | 302,163 |
| TOTAL | | | 605,815 | 193,812,402 | 92,060,891 | 337,863,470 | 500,956 | 356,927 | 28,827 | | 436,319 |



Appendix 5: Greenpeace mapped SABLs – Morobe, Medang, East Sepik and Weste Sepik

| ID | SABL Holder | Province | Area (ha) | Biomass (t) | Carbon (t) | CO ₂ (t) | Commercial Forest (ha) | IFL (ha) | PA (ha) | FMA (ha) | FMA % | Prop. FMA (ha) |
|--------------|--|-------------------|----------------|--------------------|--------------------|---------------------|------------------------|---------------|------------|----------------|-------|----------------|
| 20 | BRILLIANT INVEST LTD | ESP | 25,600 | 7,428,930 | 3,528,742 | 12,950,482 | 17,902 | | | 24,083 | 97 | |
| 36 | SEPIK OIL PALM PLANTATION LTD | ESP | 116,840 | 32,690,953 | 15,528,203 | 56,988,504 | 64,037 | | | 202 | | 57,471 |
| 47 | NUKU RESOURCES LTD | ESP & WSP | 239,810 | 71,892,734 | 34,149,049 | 125,327,009 | 150,844 | 26,506 | | | | 24,565 |
| 8 | VANIMO JAYA LTD | WSP | 47,626 | 18,025,734 | 8,562,224 | 31,423,361 | 43,143 | 12,497 | | 43,750 | 93 | |
| 35 | BEWANI OIL PLAM DEVELOPMENT LTD | WSP | 139,909 | 35,523,375 | 16,873,603 | 61,926,123 | 83,807 | 42 | 761 | 83,418 | 98 | 1,558 |
| 60 | WEST MAIMAI INV. LTD YANGKOK RES. LTD & PALAI RES. LTD | WSP | 149,000 | 56,982,760 | 27,066,811 | 99,335,196 | 148,051 | 819 | | 23 | | 61,660 |
| 68 | WAMMY LIMITED | WSP | 105,200 | 33,872,499 | 16,089,437 | 59,048,234 | 66,695 | 41,693 | | 5,798 | | |
| 69 | AINBAI-ELIS HOLDING LTD | WSP | 22,850 | 8,540,390 | 4,056,685 | 14,888,035 | 22,229 | | | 21,863 | 98 | |
| 72 | OSSIMA RESOURCES LIMITED | WSP | 31,430 | 14,011,061 | 6,655,254 | 24,424,782 | 31,657 | | | 31,855 | 100 | |
| 74 | URASIR RESOURCES LIMITED | MOROBE/ MADANG | 112,400 | 48,464,852 | 23,020,805 | 84,486,353 | 100,087 | 1,241 | | 609 | | 84,717 |
| TOTAL | | | 990,665 | 327,433,288 | 155,530,813 | 570,798,079 | 728,452 | 82,798 | 761 | 211,601 | | 229,978 |



Appendix 6: Greenpeace mapped BLs – New Britain

| ID | SABL Holder | Province | Area (ha) | Biomass (t) | Carbon (t) | C ₂ (t) | Commercial Forest (ha) | IFL (ha) | FMA (ha) | FMA % | Prop. FMA (ha) |
|-------|-------------------------------|----------|--------------|----------------|---------------|-----------------------|---------------------------|-------------|-------------|----------|-------------------|
| 39 | GOGORANTO LTD | WNB | 6,111 | 2,920,792 | 1,387,376 | 5,091,671 | 8,939 | | 8,939 | 100 | |
| 40 | KAVUNI LTD | WNB | 10,741 | 2,199,644 | 1,044,831 | 3,834,529 | 6,816 | | 6,816 | 100 | |
| 41 | POLOPO LTD | WNB | 8,328 | 2,657,328 | 1,262,231 | 4,632,387 | 8,385 | | 8,385 | 100 | |
| 42 | IVAGA OUROUJINO-MASINAMTA LTD | WNB | 7,161 | 3,386,763 | 1,608,712 | 5,903,975 | 10,307 | | 10,347 | 99 | |
| 43 | AKIVRIU LTD | WNB | 8,893 | 2,005,621 | 952,670 | 3,496,299 | 6,075 | | 6,075 | 100 | |
| 32 | POMATA INVESTMENT LTD | ENB | 15,000 | 3,916,908 | 1,860,531 | 6,828,150 | 14,047 | | | | 14,935 |
| 33 | RALOPAL INVESTMENT LTD | ENB | 16,100 | 5,375,757 | 2,553,485 | 9,371,288 | 15,637 | | | | 15,932 |
| 34 | NAKIUPA INVESTMENT LTD | ENB | 11,300 | 3,651,266 | 1,734,351 | 6,365,069 | 10,769 | | | | 11,060 |
| 37 | RERA HOLDINGS LTD | ENB | 68,300 | 22,020,643 | 10,459,805 | 38,387,486 | 53,820 | | 63,513 | 92 | 352 |
| 54 | UNUNG SIGITE LIMITED | ENB | 13,000 | 4,434,370 | 2,106,326 | 7,730,216 | 11,978 | 10,562 | | | 12,730 |
| 57 | TORIU TIMBERS LIMITED | ENB | 42,240 | 16,183,638 | 7,687,228 | 28,212,127 | 40,185 | 25,469 | 8,874 | 20 | 34,520 |
| 58 | TORIU TIMBERS LIMITED | ENB | 11,240 | 4,381,571 | 2,081,246 | 7,638,174 | 11,537 | 4,398 | 7,358 | 64 | 4,173 |
| TOTAL | | | 268,257 | 73,134,301 | 34,738,793 | 127,491,370 | 198,495 | 40,429 | 120,316 | | 93,702 |



Appendix 7: Greenpeace mapped SABLS – New Ireland

| ID | SABL Holder | Area (ha) | Biomass (t) | Carbon (t) | CO ₂ (t) | Commercial Forest (ha) | IFL (ha) | FMA (ha) | FMA % |
|--------------|-------------------------|----------------|-------------------|-------------------|------------------------|---------------------------|---------------|---------------|----------|
| 11 | CASSAVA ETAGON WHY LTD | 20,000 | 5,194,697 | 2,467,481 | 9,055,656 | 12,839 | Unmapped | 15,410 | 76 |
| 12 | EMIRAU TRUST | 3,384 | Unmapped | Unmapped | Unmapped | Unmapped | Unmapped | Unmapped | Unmapped |
| 24 | RAKUBANA DEV.PTY.LTD. | 24,581 | 8,524,902 | 4,049,328 | 14,861,035 | 23,517 | 10,183 | 24,103 | 94 |
| 25 | TABUT LTD | 11,864 | 4,088,670 | 1,942,118 | 7,127,574 | 12,048 | Unmapped | Unmapped | Unmapped |
| 26 | UMBUKUL LTD | 25,108 | 8,023,248 | 3,811,043 | 13,966,527 | 22,461 | Unmapped | 24,575 | 95 |
| 27 | CENTRAL NEW HANOVER LTD | 56,592 | 18,291,786 | 8,688,598 | 31,887,156 | 54,095 | Unmapped | Unmapped | Unmapped |
| TOTAL | | 141,529 | 44,123,303 | 20,958,569 | 76,917,948 | 124,960 | 10,183 | 64,091 | |





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