

Masalai i tokaut

Number Forty One: 8 October, 2005

The Rape of Gulf Province - Independence Special

As we celebrate 30 years of Independence, it is timely that we examine the effective loss of sovereignty over an entire Province.

In the last few years, Malaysian corporate giant Rimbunan Hijau has illegally seized control of almost the entire forests of Gulf Province.

Through a series of unlawful deals Rimbunan Hijau has acquired the logging rights for the whole of the Turama, Kikori, Baimuru, and Vailala areas. Willingly sold out by its 'leaders', Gulf Province is now at the mercy of PNG's most notorious logging company with its appalling record of environmental destruction, human rights and labour abuses, people smuggling and other criminal activities¹.



With the patronage of Justice Minister, Mark Makapai, and Provincial Governor, Chris Havieta, as well as Forest Minister, Patrick Pruiatch, Rimbunan Hijau has been able to create an illegal empire in Gulf Province despite the attempts of the Ombudsman Commission, National Intelligence Organisation, Forestry Review Teams and Government Departments to see justice done.

Our evidence confirms once again, how our political leaders, Government Departments and the forces of law and order are totally ineffectual in enforcing PNG's laws against foreign logging companies and how as a Nation we have been totally humbled in the face of this foreign invasion.

INTRODUCTION

Rimbunan Hijau now has control of all the forests between the Western Province Border and Central Province. This is an area of about 1.6 million hectares. It has been acquired through a series of illegal deals – all of which have been catalogued for the Government in a series of different reports and investigations.

The beginnings of this conspiracy were detected in 2000 by the once-vigilant National Intelligence Organisation (NIO). Rimbunan Hijau was caught by NIO officers bribing politicians and hiring police to panel-beat villagers to get their way. This gave everyone in Gulf a taste of things to come.....

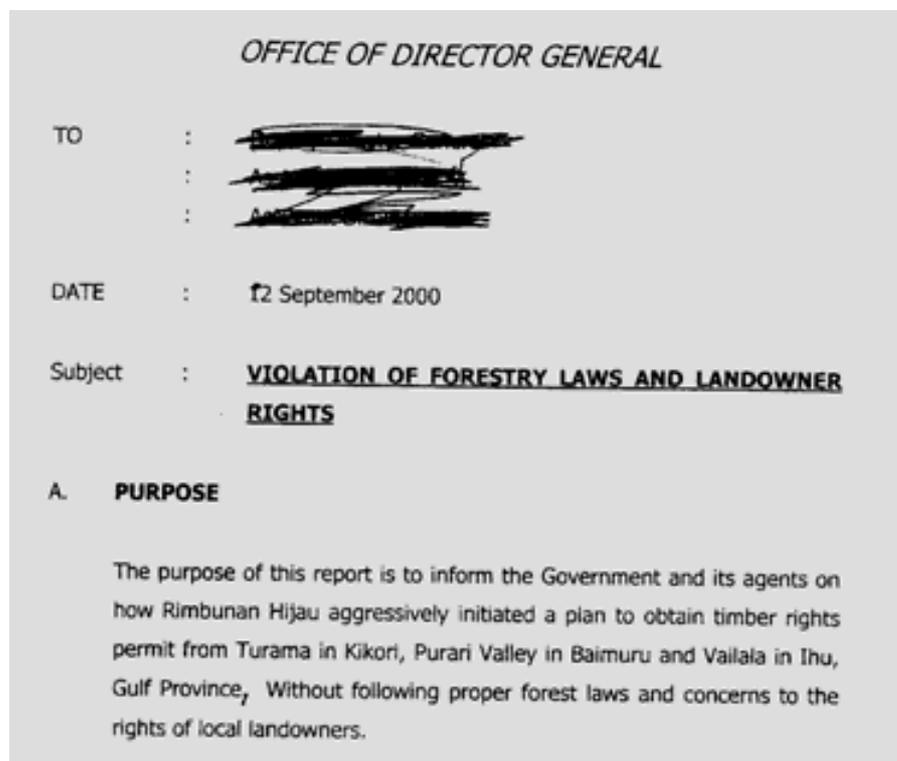
NIO REPORTS

In a futile attempt to protect the interests of Papua New Guinea, the National Intelligence Organisation conducted a number of investigations into logging operations in Gulf Province and the involvement of Rimbunan Hijau.

Their findings revealed how Rimbunan Hijau instigated an aggressive campaign to obtain illegal access to forest resources through political bribery.

Two Gulf politicians, Chris Haiveta and Ridler Kimave (both of Pangu Pati) were identified as having received substantial money from RH and were alleged to be still receiving monthly payments.

The late Jack Genia was also identified as having been 'given millions of kina' by Rimbunan Hijau subsidiary Frontier Holdings.



The NIO uncovered evidence of human rights abuses inflicted by police officers engaged by Rimbunan Hijau to terrorise local people.

DATE : 8th September 2000

SUBJECT : **POLICE RAID ON BEHALF OF R/H**

Three (3) heavily armed Policemen were seen at Rimbunan Hijau's Headquarters at Gordons today at 10:30am.

My source and I were at the site and I was informed that they were returning from Vailala Timber Operations area after raiding the villages.

Costal villages in Vailala area namely, Belepa Hilo, Opuloria and Lui Arora were raided by Police, two (2) houses burnt down, many personal properties including domestic animals damaged and killed. A person by the name of Peter is in critical condition with legs and hands broken by police in the raid.

The three (3) armed policemen were seen driven away in Rimbunan Hijau car. My source was unable to obtain the details of the vehicle.

Comments

The raid was instigated by R/H and when the three (3) policemen returned from the raid, R/H vehicle picked them up at the airport and brought them to their HQ. They were probably paid for their work and driven to their place of work.

CONFIDENTIAL

The NIO Reports recorded how promised infrastructure development and downstream processing facilities including a plywood mill had never been provided by Rimbunan Hijau and that royalty payments were going to just a few landowner company officials.

The Intelligence Officers concluded that as a result of Rimbunan Hijau's actions in Gulf, bribery and corruption has impeded the delivery of Government services. They went onto find that as a direct consequence of RH, the whole local level government infrastructure had effectively collapsed into a sea of corruption. In addition they found that the Forest Authority was doing nothing about the allegations of corruption, illegal logging and environmental damage as local officers were being paid by the logging companies!

E. CONCLUSION

1. The State through certain politicians and corrupt agents of RH have caused these problems.
2. Despite clear evidence of irregularities small landowners rights were not properly represented. The result have always favoured RH companies and now it is causing a lot of problems and confusion among the people.
3. Local people are now in arms to solve this problem and there is confirmation that Police have been sent to the area and burned houses, damage properties etc. This is only putting fuel to the fire.

THE BUILDING BLOCKS OF THE EMPIRE

Vailala Blocks 2&3

This 265,000 hectare project, one of the largest in PNG, is operated by the Rimbunan Hijau subsidiary company Frontier Holdings Ltd under a Timber Permit unlawfully granted in June 1992.

The Permit expired in June 2002 and was then illegally extended by the Minister for a period of 10 years in the following month.

A recent Compliance Audit conducted for the Government in 2004 found “*nearly everything regarding the acquisition and allocation of this project has been irregular or illegal*” and “*consequently there is no legal basis for the project*”.

The Audit lists as its conclusions:

- “The Timber Permit was granted before the State had acquired any rights to the forest resources from the landowners. This in itself should have been sufficient cause to invalidate the permit”.²
- The standard resource allocation procedure under the Forestry Act 1991 “was not followed”.
- The 2002 extension of the Timber Permit “was not legal” and “the (then) Managing Director and the Minister disregarded due process”.³
- The Permit allows logging at a rate that is more than four times the sustainable level and the “forest resource estimates for are too high to be credible” and “no field based forestry inventory work has been done”.
- Although an approved Environmental Plan exists, DEC has no records of the required Environmental Management and Mitigation Plan or the required Waste Management Plan.

Earlier in 2003 the Government ordered a Review of logging practices in current Timber Permit areas. In Vailala Blocks 2&3 the Review found evidence of:

- Widespread abuse of the Logging Code of Practice resulting in gross environmental damage.
- Employment abuses including low wages and high canteen prices that leave workers with less than K10 per fortnight.
- No compensation paid for injuries sustained at work with workers who die ‘on-the-job’ being simply buried in the bush.
- Police officers paid by Rimbunan Hijau to intimidate and attack landowners.

The defenders of RH often claim that although the concessions may be illegal, they are there at the wishes of the landowners. Not so in Vailala. There the landowners have brought several Court cases against Rimbunan Hijau because of the illegal nature of the Timber Permit and the terrible abuses that they are suffering. But despite logging being interrupted on several occasions, Rimbunan Hijau has always managed to bribe, cajole and intimidate the landowners into dropping the proceedings⁴.

East Kikori

This 84,000 hectare project was given to Rimbunan Hijau in May 1992 – one of a number of projects illegally hurried through after the passage of the new Forestry Act 1991 by Parliament, but before it was certified.

The original Timber Permit expired in May 2002 but was illegally 'extended' later that year for a further term of six years.

SCHEDULE 1
Forestry
INDEPENDENT STATE OF PAPUA NEW GUINEA
FORESTRY ACT 1991
Act, Sec. 78 (4)
Reg. 122
FORM 124
RECOMMENDATION BY BOARD TO THE MINISTER FOR EXTENSION OR RENEWAL OF TIMBER PERMIT
To the Minister
The Board having received satisfactory reports under Section 78 (3) of the Forestry Act 1991 from the Gulf PFMC hereby recommends under Section 78 (4), of the Forestry Act, 1991 an **Extension or Renewal** of the term be granted to the holder of the timber permit as described hereunder and for the period as set out hereunder:
Timber Permit Holder: Gopera Investments Limited
Timber Permit No: TP 2-15
Project Name: East Kikori TRP, Gulf Province
Term of Extension/ Renewal: Six (6) years

The Permit Extension was illegal because:

- It failed to protect the rights of landowners;
- It failed to follow due process under the Forestry Act;
- It failed to ensure sustainable use of the timber resource, and
- It failed because the permit was allowed to expire before the extension was approved.

The National Forest Service estimates the project area will be completely logged out by 2006. In the meantime, logs valued at over US\$22 million have been exported in the last 4 years alone.

Turama and Turama Extension

In August 1997 the Ombudsman Commission published its investigation into the award of logging rights to the Turama, Kikori and Baimuru forestry blocks in Gulf Province.

With a total area of over 1.25 million hectares, these three areas of forest together form the largest logging project in PNG. Yet in 1995 the National Forest Board avoided all proper processes under the Forestry Act by giving the logging rights as a geographical 'extension' to a much smaller existing Timber Permit area.

The Ombudsman conducted an intensive investigation including interviews with twenty-six persons and concluded that the Timber Permit issued had "no legal basis" and was "improper".

This was because necessary steps under the Forestry Act had not been followed and landowners had been deceived when signing the management agreements and did not know what they were signing. After all these transgressions the proposal was rushed through the Forest Board without proper consideration or legal advice.

We must ask why this finding has never been acted upon and logging still continues today? Despite having 'no legal basis', logs worth more than US\$75 million have been illegally harvested and exported in the last five years alone.

The recent Government review of logging practices at the Rimbunan Hijau operation in Turama found evidence of:

- Extensive logging in limestone karst country that was excluded from logging in the Code of Practice
- Many 'key requirements' in the Logging Code not being met in the forest, log pond and camp area and 'excessive damage to the topsoil and streams' due to negligent logging practices

This Project has also been investigated by the Department of Labour who found there were excessive numbers of overseas workers; a total lack of skills training for national employees; the total absence of any safe working practices or safety equipment; as well as inadequate and unsanitary housing conditions.

Vailala Block 1

The original Timber Permit was issued in February 1991 allowing the resource to be cut over a 12 year period. However, after the 1991 Forestry Act was passed, the Permit was never brought into compliance with its requirements. Instead, an unlawful extension was granted in April 2003 for a further term of 6 years.

As was the case for East Kikori, this extension was illegal for its failure to give regard to or protect the rights of landowners; a failure to follow due process under the Forestry Act; a failure to ensure sustainable use of the timber permit and because of the fact that the permit was allowed to expire before the extension was approved.

The logging operations of Rimbunan Hijau in Vailala Block 1 were considered as part of the Review of Current Logging Projects with a site visit conducted in October 2003.

The Review found that set-up plans were 'inadequate' and that a number of 'key requirements' that were not being met in the forest, log pond and camp area. The Reports concluded that the logging operation was '*causing **excessive damage** to the residual stand*'.

As is the usual case, the Department of Environment and Conservation had archived the Environmental Plan for the project and had failed to monitor compliance with the EP Approval Conditions – many of which had been breached.

The Vailala Block 1 project was also referenced in the Government's 2001 Review of In-process Logging Permits. There the Review Team found '*clear and admitted failings on the company's part in its Vailala Block 1 operations. Landowners have called for the permit to be revoked and it is difficult to see why their representations should be ignored*'. Why Mr Havieta are you ignoring your people's wishes?

Vailala (Meporo)

The Government's 2001 Review of Logging Permits found that another smaller logging area in Gulf Province was also being developed for allocation to Rimbunan Hijau outside the proper allocation process.

The Review found due legal process had not been followed with a general assumption that proper allocation procedures would not be followed and the resource had been given to

Rimbunan Hijau as a geographical 'extension' to another harvesting project without any formal application, consideration or Board approval.

This was classified as '*a serious and unwarranted departure from due process*'.

The Review was concerned about the current performance and bona fides of the proposed permit holder and its logging contractors and landowner dissatisfaction.

In total Rimbunan Hijau is illegally holding the rights to log more than 1.5 million hectares of forest in Gulf Province – almost the entire accessible land area.

Those illegal rights are compounded by their widespread disregard for the Logging Code of Practice and other environmental safeguards, its failure to comply with infrastructure obligations and provide other benefits to landowners and its human rights and labour abuses.

What is amazing is that all these facts have been documented in various official reports, yet but the logging and attendant abuses continue without interruption.

In 2003, a National Court judge described how

*"the National Government is turning a blind eye to the cries of resource owners" and "the Government appeared to have ignored the interests of local people in granting logging permits in Gulf Province"*⁵.

He said the

"Minister for Forests is not concerned at all with the interests of the simple village people who own the forest resource".

Having considered the evidence, one can only echo the sentiments of the Judge - our leaders have willingly sacrificed our National Sovereignty in their corrupt service to Rimbunan Hijau.



With leaders like this.....who needs enemies?

COMING NEXT MONTH FROM MASALAI I TOKAUT:

ANZ Bank is reaping huge profits from illegal logging deals and the slave like working conditions endured by logging company workers in PNG



Next month we expose the truth behind Chief Executive John McFarlane's empty words on corporate responsibility and environmental sustainability

¹ See Masalai Nos 1; 26; 30; 32; 34; and 37 for more details on the abuses routinely associated with Rimbunan Hijau's logging operations

² An earlier Review noted that the Permit "although granted by the Minister, had been produced by a party other than the PNG Forest Authority".

³ Thomas Nen and Michael Ogio

⁴ See Masalai No.27 (May 2004) for details of the latest court case to be dropped - <http://www.masalai-i-tokaut.com/Masalai%2027%20Vailala%20landowners%20bribed%20by%20RH.htm>

⁵ Post Courier newspaper, 23 September 2003