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# **NATIONAL FOREST POLICY**

Ministry of Forests  
September 1991

THE INDEPENDENT STATE OF PAPUA NEW GUINEA

# **NATIONAL FOREST POLICY**

Ministry of Forestry, Hohola  
September 1991

# NATIONAL FOREST POLICY

## FOREWORD

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**JACK GENIA MP**  
*Minister for Forests*

The publication of this edition of the National Forest Policy followed in the wake of the passing of the Forestry Act in the National Parliament, July 1991 session. The new Forestry Act replaces previous national legislation on forestry matters and it basically reflects the objectives and strategies of the new Forest Policy of the National Government.

The new National Forest Policy was formulated during the stewardship of my predecessor in the Forests portfolio, Hon. K. W. Stack, and its drafting the result of national government-provincial governments-forest industry collaboration and effort. It received the National Executive Council's approval on 30 April 1990 and in July of the same year it was tabled in the Parliament as a White Paper. The new Policy has been designed to remedy the shortcoming of the previous policy (of 1979), to address the recommendations of the Barnett Forest Industry Inquiry (1989) and the World Bank Review (1990) and as well to adjust to new situations in the forestry and forest industry sectors as we move into the final decade of this century.



## NATIONAL FOREST POLICY

### **FOREWORD** (Cont)

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The overarching objectives of the new Policy are twofold: one, to ensure the sustainability of our forests, that is to say, through proper management practices our forests may be used but are not "used up" and are retained as a renewable resource; and two, our forests are harvested in order to bring about economic growth, job creation, increased participation of Papua New Guineans in the forest industry and further domestic processing. Also of importance to note in the Policy are the provisions for establishing a statutory body, the Papua New Guinea Forest Authority. Aimed to bring about improvement in forestry administration and consultation on forestry matters, the Authority will consist of the National Forest Board, a unified National Forest Service, a Provincial Forest Management Committee in each province and advisory committees as required.

Recent initiatives that have been undertaken in the forestry sector - the new Policy, the new Act and as well a commitment to the internationally sponsored Tropical Forestry Action Plan through our National Forest Action Programme provide the Government with a sound platform with which to meet the challenges that lie ahead as we strive for the proper conservation, management and utilisation of our forest resources. And while the Government will stand firm on the principles of the new Forest Policy, the guardianship of our forests - our responsibility to succeeding generations - must not be simply the task alone of the Government. It will need to be a combined national effort. In the management and use of our forests the active cooperation of all sectors of the community will be required.



**JACK GENIA MP**  
*Minister for Forests*



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# NATIONAL FOREST POLICY

## INTRODUCTION

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### A. The Constitution

The Constitution is the vehicle which guides the aspirations and visions of the people of Papua New Guinea. The National Goals and Directive Principles as set out in the Constitution provide the basis for forest policy, and forest policy formulation in particular is guided by and draws strength from the Fourth Goal which states:

"..for Papua New Guinea's natural resources and environment to be conserved and used for the collective benefit of us all, and to be replenished for the benefit of future generations."

### B. The Forest Resource

Nearly eighty per cent of Papua New Guinea's total land mass of 46 million hectares is forested. Closed canopy forest covers some 33 million hectares of the area, of which 15 million hectares, rich in timber species, are currently regarded as operable or accessible for development.

The forests of Papua New Guinea are the most widespread and probably the most valuable long-term natural asset the country possesses. Unlike minerals or petroleum which when removed from the ground are gone forever, forest products - if managed and used wisely through proper policies - are renewable natural assets.



## NATIONAL FOREST POLICY

# **PART I: OBJECTIVES**

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The Fourth Goal of the Constitution will be the cornerstone for forestry policies, which is to ensure that the forest resources of the country are used and replenished for the collective benefit of all Papua New Guineans now and for future generations.

As a consequence, two main and three supportive objectives have been identified in the forestry sub-sector to which the policies will be directed in order to comply with the Fourth Goal:

### **Main Objectives**

1. Management and protection of the nation's forest resources as a renewable natural asset.  
(See Part II - Forest Management)
2. Utilisation of the nation's forest resources to achieve economic growth, employment creation, greater Papua New Guinea participation in industry and increased viable onshore processing.  
(See Part III - Forest Industry)

### **Supportive Objectives**

1. The collection of information and advancement of knowledge relating to the utilisation and maintenance of Papua New Guinea's forest resources through forest research.  
(See Part IV - Forest Research)
2. Increased acquisition and dissemination of skills, knowledge and information in forestry through education and training.  
(See Part V - Forestry Training and Education)

**OBJECTIVES** (Cont)

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3. Effective strategies, including administrative and legal machinery, to manage the forest resource, and incorporating national, provincial and local interests.

(See Part VI - Forestry Organisation and Administration, and Part VII - Instruments for Implementation)

These objectives are consistent with the Government's overall development objectives in Integral Human Development and Medium Term Priorities as stated in the "Development Plan 1989 - 1993"\* , and with particular reference to:

- Provision of adequate means for shelter, food and water;
- Provision of adequate infrastructure;
- Education and manpower development; and
- Economic growth and job creation.

\* "Development Plan 1989-1993: Sector Policies and Strategies", Minister for Finance and Planning, 1989.

**PART II: FOREST MANAGEMENT Policies**

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**1. Resource Ownership**

- (a) The rights of the customary owners of a forest resource shall be fully recognized and respected in all transactions affecting the resource.
- (b) The utilisation of forest resources shall be subject to government control in accordance with a revised Forestry Act giving full effect to the tenets of this policy and giving proper regard to the rights of customary owners.
- (c) Priority must be given to the development and promotion of forms of ownership and organisation based on traditional precepts and appropriate to the particular aspects of customary ownerships in Papua New Guinea. Customary land registration procedures and the procedures under the Land Groups Incorporation Act (Chapter No. 147) shall be applied where available to establish clear title over resources on customary land.
- (d) For resource acquisition purposes, the use of arbitrary procedures to obtain the approval of resource owners is not acceptable. Appropriate measures compatible with other Government policies and legislation will be followed to ensure that no operation will be permitted to commence until such time the consent of landowners is obtained.
- (e) For resource allocation purposes, operating entities shall be selected and agreed upon by all parties.



## 2. Forest Classification

(a) Each Provincial Government, with the assistance of the Papua New Guinea Forest Authority and other relevant bodies, shall be responsible for identifying:-

- (i) production forests (identified as timber production areas in the long term),
- (ii) protection forests (by virtue of their location, topographic constraints, and ecological, cultural or environmental considerations),
- (iii) reserve forests (not yet otherwise classified, but upon which a decision will be made later),
- (iv) salvage forests (forests to be cleared for other uses),
- (v) land suitable for afforestation.

The above shall be based upon proper forest inventories and be compatible with national land use related policies.

(b) In designating these respective areas each Provincial Government shall address and recognise the multipurpose nature of the forest resource including environmental conservation, recreation, provision of subsistence and cultural requirements and the supply of timber and other forest products.

(c) The forest classifications under Clause 2.(a) shall form the basis of the National Forest Development Programme.

### **3. Sustained Yield Management**

- (a) In respect of the area of forest designated in each province as production forest, sustained yield management shall be the guiding principle. In general terms this shall mean that the country's forest resources, including non-timber products, will be managed for continuous production on a provincial basis with the aim of maintaining at the earliest practical time desirable net growth at least in balance with harvest.
- (b) The forest resources of Papua New Guinea shall be managed and utilised in accordance with government programmes embodying the principles of sustained yield management stated in this policy and development guidelines set out in the National Forest Plan. Each Provincial Forest Plan shall provide a schedule for the management and utilization of forest areas within the province. These schedules shall be amalgamated into the National Forest Development Programme and forestry operations shall not be permitted unless they accord strictly with this programme.
- (c) The National Forest Plan shall designate the potential of each province and be based on a national forest inventory of commercial forest resources compiled and updated on a province by province basis.
- (d) A benchmark formula shall be used for calculating initial allowable cut in each province. The allowable cut will be set initially by dividing the total merchantable resource within the production forest by an assumed cutting cycle of 40 years.

This formula will be subject to review in the light of further research.

- (e) For provinces that have already exceeded the initial allowable cut, harvest levels will be reduced progressively to the allowable cut.



**FOREST MANAGEMENT Policies** (Cont)

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- (f) Management of the forest and resource replacement will be pursued by adopting a careful balance between management options, including forest plantations. The perpetuation of the country's high value indigenous species will play a key part in the forest management programme.
- (g) The overall responsibility of ensuring that the country's forests are managed and replenished will rest with the State. However, each forest user, under the direction and supervision of the State, is responsible for the defined forest management practices in its project area.
- (h) All agreements and permits relating to commercial use of forest resources will incorporate and be conditional upon land use plans which will set the framework for follow-up land use once areas have been harvested. Such plans will need the endorsement and support of the National Government, the relevant Provincial Government and the owners of the forest.

#### **4. Reforestation**

- (a) Reforestation will be promoted as a means to maintain a permanent forest estate to supply existing and new forest industries. Programmes for plantation development will be guided by economic criteria and feasibility studies to assess the commercial potential of processing plantation material for a variety of end uses.
- (b) A programme of afforestation of non-forested and severely deforested land shall be pursued.
- (c) Woodlot establishment, agroforestry and tree planting, including planting programmes contracted to youth groups in both rural areas and urban centres, will be promoted and supported by active forestry extension, with emphasis on those areas of the country where there is a shortage of wood and wood products for domestic consumption. \*



## **5. The Environment**

- (a) While acknowledging the problems associated with acquisition of land and provision of fair and lasting returns to the customary owners, it is deemed to be in the national and global interest to support measures to secure the setting aside of land of ecological importance as conservation areas.
- (b) No permit shall be issued until an environmental plan is submitted and assessed and approved by the Minister responsible for environmental matters. All permits shall contain conditions consistent with the requirements specified in such plans. Environmental guidelines for forestry projects will be prepared and circulated by the Department responsible for environmental matters.
- (c) In appropriate cases conditions required by the institution responsible for water resources management and other agencies and consistent with their lawful authority may be included as permit conditions.

## **6 Resource Acquisition and Controls**

- (a) All commercial harvesting, processing, sale or purchase of forest products shall require a permit. A permit shall be required regardless of whether the forest products involved are grown on State, freehold or customary land. A permit shall be granted subject to conditions which accord with this policy and where the resource owners contract with several operators each of those operators and any sub-contractor to them will require a separate permit.
- (b) The acquisition of forest resources and the allocation of permits shall be subject to the following mechanisms and controls:-
  - (i) in respect of forest on customary land, resource ownership is clearly established and consent of the resource owners obtained before any operation is permitted,
  - (ii) permit holders are selected and permit conditions negotiated on a sound commercial basis,
  - (iii) permits are granted and resources utilised strictly in accordance with the National Forest Development Programme,
  - (iv) permit holders are afforded sufficient tenure to provide commercial confidence and allow the carrying out of long term forest management obligations,
  - (v) the views and interests of landowners within a project area and the relevant provincial government are taken into account when determining project guidelines against which proposals for forest development are to be assessed.



## NATIONAL FOREST POLICY

### **FOREST MANAGEMENT Policies** (Cont)

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- (c) Logging operations and the establishment of physical infrastructure in a project area shall not commence until the prospective permit holder has obtained approval of its environmental plan, forest working plans, follow-up land use plans and all other required approvals.
- (d) A system for the pre-registration of intending investors, contractors, consultants, traders, marketing agents and joint venture partners shall be established. Sanctions shall be imposed on companies attempting to participate in any capacity in commercial forestry operations without having obtained pre-registration.
- (e) An enterprise may deal with resource owners or their representatives only when pre-registration requirements have been met and proposals for the development of a resource have been invited in accordance with the National Forest Development Programme.
- (f) Activities of companies shall be closely scrutinised to ensure that practices aimed at transfer pricing and avoidance of taxation and localisation obligations are eliminated.

## **FOREST MANAGEMENT Strategies**

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### **1. Resource Inventory**

A plan of action to estimate the volume, yield, type, and characteristics of the forest resource will be divided into two phases:-

#### **(a) Rapid Resource Appraisal**

Reasonable estimates of the current forest resource and rates of deforestation will be undertaken within one year. The appraisal will include the following components:-

- (i) existing forest resource databases from various sources will be examined and reconciled,
- (ii) basic forest type maps will be prepared with the aid of remote sensing data, aerial photo interpretation and existing information systems,
- (iii) permanent sample plot growth records from logged natural forest will be analyzed to estimate regrowth, yield and species distribution after logging,
- (iv) assessment of forest plantation areas will be undertaken.



**(b) National Forest Inventory**

A four to five year programme will be initiated to undertake inventories of the commercially accessible forest resources. This programme is to commence once the rapid resource appraisal has produced baseline mapping and forest stratification. The national forest inventory will involve:-

- (i) forest resource mapping,
- (ii) forest typing and identification of:-
  - \* forest resources with potential for economic production
  - \* watershed catchment areas and forests of particular ecological or cultural significance
  - \* forests which are unsuitable for economic development,
- (iii) forest resource assessment,
- (iv) minor forest products inventory,
- (v) development of growth and yield models.

The above will form the basis of drawing up national and provincial forest development programmes and forest management plans.

**2. The National Forest Plan**

- (a) The National Forest Plan will provide a detailed statement of how the national and provincial governments intend the forest resource to be managed and utilized. The Papua New Guinea Forest Authority shall be responsible for ensuring that the resource is developed strictly in accordance with the Plan.

- (b) The National Forest Plan will be consistent with this policy and based upon data contained in the national forest inventory as updated from time to time.
- (c) The National Forest Plan will be comprised of the following parts:-

**(i) Forestry Sub-Sector Development Guidelines**

These Guidelines form the primary political input and shall be prepared by the Minister responsible for forestry matters in consultation with the National Forest Board and be endorsed by the National Executive Council. They will be reviewed every three (3) years and serve as the parameters within which provincial forest plans are to be framed. The Guidelines will provide an overview of the forestry sub-sector's perceived role in the national economy, and shall be broadly directed towards the areas of industrial, rural, economic, and social development objectives.

The Guidelines will set out broad objectives and predictions for the long term (ie. the next 40 years) and address the medium term (ie. the next 10 years) in greater detail. They will state how the forestry sub-sector is expected to contribute to the economy and how social, cultural and environmental needs are to be satisfied.

**(ii) National Forest Development Programme**

This Programme shall comprise a timetable of major activities to be carried out under the National Forest Plan. The Programme will provide schedules for the carrying out of resource inventory, acquisition and allocation tasks over a five year rolling term.

The Programme shall be formulated by the National Forest Board, but shall accord with priorities and land use allocations as specified in the Provincial Forest Plans. Where the Board considers a part of a Provincial Forest Plan is inconsistent with this policy or the Forestry Sub-sector Development Guidelines



**FOREST MANAGEMENT Strategies (Cont)**

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it will be required to refer that part of the plan back to the relevant Provincial Government with a request that it be amended to remove the inconsistency.

**(iii) Statement of Allowable Cut Volumes**

The National Forest Board shall determine the annual allowable cut for each province at a level which will ensure that the areas of forest earmarked in the Provincial Forest Plan for present or future production are harvested on a sustained yield basis. The allowable cut volumes will be revised as necessary to take account of refinements in the National Forestry Inventory's database.

Where existing or proposed harvest volumes in a province exceed the annual allowable cut volume the permitted harvest volumes for the production areas in the province will be reduced accordingly. The new permitted volumes per area will be set by the National Forest Board acting on the advice of the Provincial Forest Management Committees.

Current operations and resource areas may be consolidated where this is practical in order to achieve economies of scale in single reforestation, harvesting or processing operations under revised harvest volumes.

- (d) Provincial Forest Plans shall outline the expected role of the forestry sub-sector in the respective provincial economies. Like the National Forest Plan they shall set out forestry development guidelines in the long and medium terms and contain a five year rolling forest development programme. The programme should be drawn on the basis of land-use classifications made in accordance with paragraph 2 (a) of this Part of this policy. Provincial Forest Plans will be formulated by provincial governments in consultation with the Provincial Forest Management Committees, subject to the principles contained in this policy and the national Forestry Sub-sector Development Guidelines.

**3. Diagram of The Planning Process**

| <u>DOCUMENT</u>                                     | <u>PREPARATION</u>                                                                                           | <u>APPROVAL/REVIEW</u>                                                                                         | <u>IMPLEMENTATION<br/>AND SUPERVISION</u>                         |
|-----------------------------------------------------|--------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------|
| a. Forest Policy                                    | Initially by Consultative Steering Committee, review by National Forest Board in consultation with Minister. | National Executive Council                                                                                     | Minister and PNG Forest Authority                                 |
| b. National Forest Inventory                        | National Forest Service                                                                                      | Technical approval by National Forest Board. Where necessary, executive approval of National Executive Council | National Forest Service or as contracted by National Forest Board |
| c. Development Guidelines Forestry Sub-sector       | National Minister in consultation with National Forest Board                                                 | National Executive Council                                                                                     | PNG Forest Authority                                              |
| d. Forest Classification in each province           | Provincial Forest Management Committees                                                                      | National Forest Board                                                                                          | PNG Forest Authority                                              |
| e. Allowable cut by province                        | Appropriate technical advisory committee to NFB                                                              | National Forest Board                                                                                          | PNG Forest Authority                                              |
| f. Schedule for forest development in each province | Provincial Forest Management Committees                                                                      | Provincial Executive Council                                                                                   | PNG Forest Authority                                              |
| g. National Forest Development Programme            | National Forest Board                                                                                        | National Executive Council                                                                                     | PNG Forest Authority                                              |

Note: Documents c, d, e, f, and g together comprise the National Forest Plan.  
Documents d and f to be contained within Provincial Forest Plans.



#### **4. Feasibility Study**

- (a) Prior to advertising a tender for a forest development project the National Forest Board shall undertake a detailed feasibility study over the proposed project area. The study will be conducted by the National Forest Service or as contracted out by the National Forest Board. This requirement shall not apply where the annual allowable cut under the permit or authority is to be less than 5,000 cubic metres.
- (b) The feasibility study under detailed terms of reference shall include:-
  - (i) a detailed resource inventory,
  - (ii) investigations into:-
    - \* environmental and social impacts
    - \* project feasibility including the feasibility of domestic processing of all or part of the timber in the area
    - \* level of investment required
    - \* marketing prospects and expected timber prices, and
  - (iii) development and forest management options.
- (c) The Provincial Forest Management Committee shall give directions to the National Forest Service or contractor on the scope and conduct of the feasibility study.

## **5. Resource Acquisition and Tenure**

- (a) The Papua New Guinea Forest Authority shall be empowered to acquire, on behalf of the State, authority over forest resources by means of a Forest Management Agreement (FMA). Under such agreements resource owners would guarantee rights of access to the Forest Authority and persons claiming under it for the purpose of planting, managing and harvesting timber, building associated roads, wharves and bridges and constructing infrastructure which may be required by timber permit conditions. The agreement should set out the monetary and other benefits to be received by resource owners in consideration for the rights granted.
- (b) All FMAs shall meet the following criteria:-
  - (i) the estimated volume or other measures of quantity of merchantable timber in the area covered by the agreement must be specified,
  - (ii) the term of the FMA shall be of sufficient duration in order for proper forest management practices to be applied,
  - (iii) a map clearly indicating the boundaries of the forest areas must be provided,
  - (iv) tenure over the resource must be made certain by:-
    - \* title to the affected resource being vested in a Land Group or Groups under the Land Groups Incorporation Act, or
    - \* title to the resource being registered under a customary land registration law, or
    - \* where the above two options are impractical - at least 75% of customary resource owners in each clan owning timber affected by the agreement must give their written assent to the Agreement,



## NATIONAL FOREST POLICY

### **FOREST MANAGEMENT Strategies (Cont)**

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- (v) The Provincial Forest Management Committee has certified that it is satisfied as to:-
    - \* the authenticity of the tenure over the resource alleged by the persons or Land Group(s) claiming to be the resource owner(s), and
    - \* the willingness of resource owners to enter into the Agreement,
  - (vi) a specified portion of the FMA area has been dedicated by the resource owners for reforestation or agroforestry purposes, or alternatively, provision has been made for such areas to be identified after the FMA is entered into, as logging progresses in working plan areas.
- (c) In regard to the different forms of tenure over forested land, forestry operations may be permitted as follows:-
- (i) on State land - as approved by the National Forest Board,
  - (ii) on State leasehold - where the lessee consents and subject to lease conditions,
  - (iii) on private freehold - where the proprietor consents, and
  - (iv) on customary land - where a Forest Management Agreement has been entered into between customary owners and the Papua New Guinea Forest Authority.
- (d) Where the Papua New Guinea Forest Authority enters into a Forest Management Agreement the National Forest Board shall consult the resource owners and the Provincial Government concerned in respect of its intentions in the allocation of a timber permit over the forest area covered by the forest Management Agreement.

## **6. Resource Allocation**

- (a) Where forest resources are on State land, State leasehold, private freehold or are covered by a Forest Management Agreement with the National Forest Board, the procedure leading to the granting of a timber permit shall be:-
  - (i) a resource area shall be developed only in accordance with the National Forest Development Programme,
  - (ii) after the State feasibility study has been completed in respect of a forest area the National Forest Board shall seek expressions of interest from potential investors by way of local, and in some cases, international advertisement. Proposals for expansion of existing approved operations may be considered by the Board without open tender where the expansion is consistent with the National Forest Development Programme,
  - (iii) the relevant Provincial Forest Management Committee shall prepare project-specific guidelines in consultation with resource owners and distribute these to the National Forest Board, which shall review them and endorse a final set of guidelines,
  - (iv) formal project proposals shall be invited from pre-registered investors who have expressed interest. Applicants shall be permitted to enter the project area only for the purposes of carrying out feasibility studies, resource appraisal and other preparatory work upon application to the National Forest Board,
  - (v) the Provincial Forest Management Committee shall be primarily responsible for project evaluation and negotiations assisted by suitably qualified professionals from within the National Forest Service and other relevant National Government Departments,



**FOREST MANAGEMENT Strategies** (Cont)

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- (vi) the Provincial Forest Management Committee shall evaluate all proposals against:-
- \* the Development Guidelines for the Forestry Sub-sector contained in the National Forest Plan
  - \* project specific guidelines
  - \* this policy
  - \* relevant provincial government policies (provided they are not inconsistent with this policy)
  - \* the commercial viability of the proposal (including financial backing of the applicant, the applicant's past performance, analysis of its projected cash flows and the net benefit to resource owners and governments under the proposal),
- (vii) the Provincial Forest Management Committee shall shortlist applicants who score highly on its evaluation in tendered areas; for areas not tendered, the Committee shall invite formal proposals for expansion of existing approved operations; in both cases, the Committee shall interview potential operators to further clarify their proposals and provide an opportunity for expansion of proposals,
- (viii) the Provincial Forest Management Committee shall carry out a more detailed evaluation of the clarified/expanded proposals against the criteria set out above and prepare a detailed written report of its evaluation including the final recommendation by the Provincial Forest Management Committee and its referral to the National Forest Board for consideration of endorsement,
- (ix) upon final selection of its recommended operator by the National Forest Board in consultation with the Provincial Forest Management Committee, negotiations may proceed,
- (x) the National Forest Board, in consultation with the Provincial Forest Management Committee, shall set the parameters within which negotiations will be conducted by the Provincial Forest Management Committee,

## **FOREST MANAGEMENT Strategies (Cont)**

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- (xi) upon being satisfied that negotiations have been satisfactorily completed but prior to execution, the Provincial Forest Management Committee shall report a final draft of the negotiated agreement(s) to the National Forest Board,
- (xii) the Board shall examine the recommended draft and if acceptable shall execute the project agreement on behalf of the State, and recommend to the Minister the grant of the permit to the selected applicant,
- (xiii) upon approval of a required Environmental Plan, the Minister for Forests shall within 30 days grant a permit on negotiated conditions,
- (xiv) if the Minister is not satisfied with the National Forest Board's recommendation he shall refer the matter back to the Board with reasons for its reconsideration and final recommendation. Where the Minister is not satisfied with the Board's final recommendation he shall refer the matter, including the Board's recommendation and reasons and his own reasons for the rejection of the Board's recommendations, to the National Executive Council (NEC) for a final decision. The NEC will then direct the Minister as to approve or reject the Board's recommendation and the Minister shall advise the Board of the NEC's decision.

## **7. Timber Permits and Authorities**

- (a) No person shall engage in commercial harvesting, transport, sale or purchase of forest products without a permit or authority to do so. Where a permit holder sub-contracts any aspect of its forest management, logging or marketing activities the sub-contractor will be required to obtain a permit to carry out such activities. Such permits will only be granted on conditions relating to resource management, logging methods, environmental management, marketing practices and forest charges in accordance with the national forest policy.



- (b) A permit shall:-
  - (i) describe the permit area,
  - (ii) specify a term appropriate to the project area,
  - (iii) allow the National Forest Board to review the terms and conditions of a permit which has a term exceeding 10 years, after the first 10 years and successive five year periods,
  - (iv) stipulate the payments of royalties, levies and taxes,
  - (v) make provisions for roads, bridges and other infrastructural requirements.
- (c) A permit shall not be granted unless:-
  - (i) the required Environmental Plan,
  - (ii) Project Statement,
  - (iii) Five Year Forest Working Plan,
  - (iv) Annual Working Plan,
  - (v) Follow-up Land Use Plan,

have received prior approval from the relevant authorities, and the required bank guarantee and performance bond have been lodged with the Papua New Guinea Forest Authority.
- (d) A permit may be extended or renewed subject to local social acceptability of the operator, satisfactory and consistent performance by the operator, and resource availability in the vicinity of the permit area in accordance with sustained yield management practices.
- (e) A permit holder may apply to the National Forest Board for the transfer, amendment or surrender of the permit. The Board shall then recommend to the Minister for Forests who may approve any such transfer, amendment or surrender of the permit. Where the

**FOREST MANAGEMENT Strategies (Cont)**

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Minister is not satisfied with the Board's recommendation he shall refer the matter back to the Board for its reconsideration and final recommendation. Where the Minister is not satisfied with the Board's final recommendation he shall refer the matter including the Board's recommendation and reasons and his own reasons for the rejection of the Board's recommendations to the National Executive Council (NEC) for a final decision. The NEC will then direct the Minister as to whether he should approve or reject the Board's recommendation, and the Minister shall advise the Board of the NEC direction.

- (f) Where a permit holder or its principals are convicted of an offence related to forestry matters, or have failed to comply with the conditions of the permit, the permit may be suspended or cancelled.
- (g)
  - (i) a timber authority may be issued by the provincial Minister responsible for forestry matters on terms and conditions which are set by the Provincial Forest Management Committee where an operation will not exceed an annual harvest volume of 5,000 cubic metres. Feasibility studies and tendering procedures that apply prior to the granting of permits shall not apply in this case,
  - (ii) a timber authority may also be granted for salvage logging, and for roadline clearing outside a Forest Management Agreement area,
  - (iii) physical details consisting of maps, project proposals and sale agreements of the area intended to be exploited under a timber authority shall be provided with the application to the provincial Minister responsible for forestry matters.
- (h) All timber permits and additionally all dealings under the Forestry (Private Dealings) Act (Chapter No. 217) current at the time this policy takes effect will be subject to the requirements of new forestry legislation, and permits and dealings that are inconsistent with this policy will be subject to renegotiation or termination as required.



## **8. Forest Management Controls**

- (a) Sustained Yield Forest Management shall be the guiding principle in managing all the forest development projects in the country.
- (b) To achieve sustained production, and unless permit conditions provide for alternative harvesting options, selective logging shall be the required logging method.
- (c) The annual allowable cut in a timber project area shall be initially set depending on the size and economics of the operation. The annual allowable cut in a project shall be prescribed in the timber permit, and shall be subject to review as specified in the permit.
- (d) In order to ensure the proper management of timber projects, all permit holders will be required to submit for approval by the National Forest Board a Project Statement, a Five Year Forest Working Plan and an Annual Working Plan.
- (e) The Project Statement shall be the general outline of the permit holder's plans and objectives over the entire project. It shall contain:-
  - (i) the company's overall policy and objectives,
  - (ii) area description,
  - (iii) details required for aerial photography,
  - (iv) resource data
  - (v) forest management practices statement,
  - (vi) infrastructure requirements,
  - (vii) environmental impact, including recognition of customary areas,
  - (viii) benefits to landowners,
  - (ix) benefits to National and Provincial Governments,
  - (x) localisation programme,
  - (xi) marketing and utilization strategies,
  - (xii) follow-up land use plans.

**FOREST MANAGEMENT Strategies (Cont)**

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- (f) The Project Statement shall be presented as a preamble to the initial Five Year Working Plan and shall be reviewed every five (5) years.
- (g) The Five Year Forest Working Plan shall set out in detail rates of production and other work to be undertaken within the period, and shall also indicate the methods to carry out inventory surveys and other aspects of forest management. Parameters in forest management techniques will be established during the negotiation stage of the project with respect to:-
  - (i) pre-harvest inventory levels,
  - (ii) road alignment, skid track and log yard location/density,
  - (iii) compartment/coupe size,
  - (iv) tree marking,
  - (v) continuous forest inventory plot establishment,
  - (vi) post-harvest inventory levels,
  - (vii) natural stand management and timber stand improvement techniques,
  - (viii) presentation of field data prior to operational approvals,
  - (ix) catchment protection zones,
  - (x) topographic constraints,
  - (xi) areas of cultural significance to landowners.
- (h) The Five Year Forest Working Plan will contain:-
  - (i) statement in detail of the company's aim in the five year period,
  - (ii) detailed area description covered in the Five Year Plan,
  - (iii) details required for aerial photography,
  - (iv) detailed resource statement to cover species, size, composition and distribution in the Five Year Plan,
  - (v) detailed statements on steps to follow in order to successfully execute selective logging techniques,
  - (vi) detailed infrastructure programme,
  - (vii) environmental precautions,
  - (viii) marketing and utilization strategies,
  - (ix) localisation and training programme.



## NATIONAL FOREST POLICY

### **FOREST MANAGEMENT Strategies (Cont)**

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- (i) The initial Five Year Forest Working Plan shall be submitted and approved prior to operational commencement. Subsequent Five Year Plans shall be submitted for approval in the first semester of the fifth year of operation.
- (j) The Annual Working Plan shall be subordinate to, and be based upon methods and procedures determined in, the Five Year Forest Working Plan. It shall contain:-
  - (i) operational objectives during the year,
  - (ii) any variations from the Five Year Forest Working Plan,
  - (iii) report on past annual performance, including details on production and forest management,
  - (iv) post-harvest inventory report and annual continuous forest inventory data,
  - (v) marketing and utilization strategies,
  - (vi) localisation and training programme.
- (k) In addition to information required under (j), the Annual Working Plan shall contain on a compartment by compartment basis details of work required with respect to:-
  - (i) pre-harvest inventory levels,
  - (ii) road alignment, skid track and log yard location/density,
  - (iii) compartment/coupe size,
  - (iv) tree marking,
  - (v) continuous forest inventory plot establishment,
  - (vi) localization and training programme.
- (l) Supervising officers of the National Forest Service shall certify that work prescribed under (k) has been completed. Upon certification, the permit holder may continue operations, at his own discretion, within the approved Plan.
- (m) The initial Annual Logging Plan shall be submitted and approved within three months of operation commencement, and subsequent Plans during the last quarter of each calendar year.

- (n) The Follow-up Land Use Plan shall contain:-
- (i) classification of area for forestry and other land uses,
  - (ii) schedule for development of each land use class or land use plan,
  - (iii) details of land uses by compartments,
  - (iv) logging intensity requirements for various land uses,
  - (v) details of monitoring and implementation of land uses.

## **9. Forest Resource Replacement**

To achieve policy objectives in relation to reforestation, both the Papua New Guinea Forest Authority and private investors will have specific roles to play.

- (a) Private investment in forest plantation programmes and processing plantation material will be actively promoted and be negotiated as part of major timber agreements or as commercial enterprises in their own right. In either case, plantation decisions as to the scale of individual programmes and type of material to be produced will be guided by options for profitable processing within the country.
- (b) Reforestation programmes to be undertaken by timber companies will be determined on a case by case basis, and appropriate provisions will be included in timber development agreements or timber permits.
- (c) Plantation establishment by landowner groups shall be actively promoted and supported.
- (d) The Papua New Guinea Forest Authority will take primary responsibility for supervising long term investment in reforestation and to undertake reforestation programmes where social and environmental factors are a prime consideration. Wherever possible, locally available labour, including youth groups under technical supervision, will be utilised in reforestation programmes. The Papua New Guinea Forest Authority will also take appropriate initiatives and create the mechanisms to promote and facilitate reforestation by timber companies.



- (e) The Papua New Guinea Forest Authority will initiate studies to assess the commercial feasibility of wood chipping, wood pulp, sawn timber and veneer production based on plantation grown forest resources. Such studies would provide a basis for decision making and planning industrial forest plantation programmes.
- (f) It will a priority of the Papua New Guinea Forest Authority to ensure that existing plantations are capable of maintaining a sustainable output.
- (g) The overall forest plantation programme will form part of the National Forest Development Programme.

## **10. Environmental Management**

- (a) All timber operators will be required to submit an environmental plan for each project. The environmental plan will be consistent with the Environmental Planning Act (Chapter No 370) and with environmental plan guidelines specific to forestry projects which are issued by the Department responsible for environmental and conservation matters.
- (b) A permit will be issued by the Minister responsible for forestry matters on advice of the National Forest Board only when the environmental plan pertaining to it has been approved by the Minister responsible for environmental and conservation matters or the National Executive Council as appropriate.
- (c) Where appropriate, customary owners shall be encouraged to enter into conservation management agreements with the State. These agreements should cover land identified as being environmentally sensitive, of great scenic beauty or ecologically unique.
- (d) No timber harvesting shall occur in approved conservation areas except where specific permission is granted by the Minister responsible for environmental and conservation matters in accordance with relevant environmental legislation.
- (e) A timber permit will contain relevant clauses to minimise deleterious effects which have been identified in the environmental plan.

**FOREST MANAGEMENT Strategies (Cont)**

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- (f) The policing of obligations specified in an environmental plan with respect to each project shall be carried out by forest inspectors on behalf of the Secretary of the Department responsible for environmental and conservation matters.
- (g) Where a permit holder is in breach of the terms and conditions of a timber permit pertaining to environmental plan provisions, the permit will be suspended by the National Forest Board. When the permit holder has rectified the breach, approval to resume operations shall be given by the National Forest Board on advice of the Secretary of the Department responsible for environmental and conservation matters.

## **11. Community Forestry**

The National Forest Service will establish a forestry extension capacity to coordinate and provide guidance and support to community forestry, and will collaborate closely with agricultural extension staff.



## **PART III: FOREST INDUSTRY Policies**

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### **1. Industry Viability**

- (a) The fundamental objective will be to develop a financially and economically viable forest industry.
- (b) Steps will be taken to create an operating environment within the industry that is conducive to attracting experienced and responsible operators that are committed to the long term development of the industry.

### **2. Participation**

- (a) Meaningful participation and involvement in the forest and related industries for nationally owned enterprises and Papua New Guinean citizens, especially resource owners, will be promoted and encouraged at all levels.
- (b) Priority areas for foreign investment will be the more capital intensive, higher technology projects, and projects dependent on an overseas and/or managerial network. Foreign investment will be promoted selectively so that it complements investment undertaken by Papua New Guinea enterprises.
- (c) All operators shall recruit and train Papua New Guineans so that National expertise be developed and employment opportunities maximised.

### **3. Onshore Processing**

- (a) Domestic processing of forest products shall be encouraged wherever this is economically and financially viable. An increased percentage in domestic processing of the annual log harvest will be sought. This will apply to products intended for both domestic and international markets.
- (b) The development of viable and sustainable small-scale forest based industries will be actively promoted.

#### **4. Marketing and Promotion**

- (a) Measures will be taken to maximise in-country returns and to minimise transfer pricing in the log export trade. This will include use of the State Purchase Option.
- (b) Appropriate measures shall be taken to:-
  - (i) promote the marketing of Papua New Guinea's lesser used species and non-timber forest products,
  - (ii) explore new markets and diversify the export market base,
  - (iii) encourage direct sales between suppliers and end users,
  - (iv) pursue more competitive freight rates,
  - (v) establish and enforce grading rules for forest products appropriate for Papua New Guinea and acceptable in overseas markets.
- (c) It shall be a priority to satisfy domestic demand and to replace the importation of raw and semi-processed timber and wood substitute materials and finished products into Papua New Guinea with local timber and timber products.

#### **5. Revenue Generation and Distribution**

- (a) The agencies of the State shall adopt a coordinated approach in levying charges as:-
  - \* royalty
  - \* log export tax
  - \* follow-up development levy
  - \* agriculture development levy
  - \* forest management levy
  - \* resource replacement levy
  - \* Papua New Guinea Forest Authority Levy
  - as they are to be applied on the forest industry.



## NATIONAL FOREST POLICY

### **FOREST INDUSTRY Policies** (Cont)

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- (b) In setting such charges and payments to be made to resource owners the State shall endeavour to strike a compromise between:-
  - \* maximization of revenue to the national and provincial governments, and
  - \* maximization of benefits to resource owners, and
  - \* the creation of an investment climate which will attract reputable investors and support a viable industry.
- (c) The levels of State charges and payments to resource owners shall be periodically adjusted to reflect fluctuations in the market value of primary forest products.
- (d) The State shall take all necessary steps to ensure that resource owners receive an adequate and prompt return upon the sale of products from the resource or in the granting of rights over the resource to a third party.
- (e) Sufficient funds must be made available out of State revenue derived from the forestry sub-sector, at all levels of the forestry administration, to carry out effective forest management and regulation and monitoring of industry activities.
- (f) After funds allocated for the purpose of the above paragraph any surplus revenue should, as a general rule, be applied for the benefit of the area from which it was derived and for the development of the host province as a whole.

## **FOREST INDUSTRY Strategies**

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### **1. Industry Viability**

- (a) In order to create a favourable operating environment for industry:-
  - (i) the level of industry activity and the types of industry to be established will be detailed through strategic plans,
  - (ii) the recognition of adequate tenure and operating period to cater for stable industry development will be integrated into the Forest Management Agreement system and issuance of harvesting and management permits,
  - (iii) an industry assistance capacity within the National Forest Service will be established.

### **2. Development Priorities and Resource Allocation**

- (a) The emphasis of investment for new development will be onshore processing where appropriate.
- (b) Companies with a strong background in processing and marketing will be given priority in the allocation of resources.
- (c) All future allocations of major resource areas will be made on a competitive basis using administrative guidelines as contained in Section 6 Forest Management Strategies which will be periodically reviewed.
- (d) In the allocation of further timber areas for existing companies, financial aspects and physical performance in meeting timber permit conditions will be taken into account.



### **3. Participation**

In order to promote entities of the industry, especially landowner companies and Papua New Guinea enterprises with adequate capacity, the following are categorized as guidelines for participation:-

(a) National Companies and Groups

- (i) Landowner Companies: To be incorporated under existing legislation so that the customary owners as represented by Land Groups, Business Groups or Clans retain majority shareholding. The only other partner, if any, is to be another forest resource company, a provincial government, or the State.

Such companies may function commercially as holding companies or operating companies, and are primarily designed to promote direct investment by such companies under national control into long term development and investment projects within and outside the resource areas under operation.

- (ii) Other National Companies: To be incorporated under the Companies Act and where shareholding and management decisions are made within Papua New Guinea. They are to act as operators or contractors eligible to apply for projects on a tender basis.
- (iii) Small National Groups: To be involved in small scale processing operations subject to compatibility with broad planning requirements and commercial viability.

(b) Joint Venture Companies

- (i) A minimum of 5% equity free of charge is to be held by the national entity. Any further equity increases above 5% shall be acquired at par by the national entity.
- (ii) In seeking to form such companies, resource owners or national companies may seek the assistance of Provincial Forest Management Committees.

- (iii) Such companies may hold operating permits for integrated operations as negotiated and approved by the National Forest Board.
- (c) Foreign Companies
  - (i) Processing Companies: Incorporated under relevant laws in Papua New Guinea and able to hold operating permits only under 100% processing conditions. The initial investor will be able to maintain majority equity in any subsequent review scheduled by the National Forest Board.
  - (ii) Contractors: Operating as contractor to a principal permit holding company under negotiated and approved arrangements as set out in a separate permit.
- (d) All entities intending to invest in the timber industry must register with the National Forest Board in accordance with Section 6 (d) of the Forest Management Policies.

#### **4. Promotion of Processing Operations.**

- (a) At the review proposed for all existing operations, the following criteria will be followed to establish the appropriate level of processing operations on a case by case basis:-
  - (i) remaining resource size, species mix and tenure,
  - (ii) markets for processed products,
  - (iii) economics of processing operations,
  - (iv) any operating or market constraints.

Following such evaluations (of which company submissions will form a part) the phasing in of a required level of processing will be a primary consideration of the review. Should operators not undertake to engage in processing if required under such a review process, the operating authority will be considered for withdrawal or cancellation



and the area made available for tender. In such cases, the existing company would not be excluded from tendering under new guidelines.

- (b) The extent of processing required for new operations will be negotiated on a case by case basis within the following guidelines:-
  - (i) the proportion of the processing required will be guided by the level determined by the required feasibility study,
  - (ii) the proportion of required processing will be higher for operations based on a forest resource which has a high proportion of species which can be readily sold on export markets as sawn timber (e.g. Taun, Kwila, Pencil Cedar, Calophyllum, Rosewood, Mersawa, etc.),
  - (iii) the processing schedules will be negotiated at the outset, and will contain a provisional requirement for later expansion of processing capacity, subject to a profitability test.
- (c) There will be no automatic 'right' to export logs, and in particular log exports will not be allowed in cases where forest resources in the vicinity of current or prospective local markets are limited.
- (d) Industry promotion studies are to be undertaken as directed by the National Forest Board in the following areas:-
  - \* processing incentives
  - \* shipping
  - \* timber depots
  - \* integrated processing facilities and log supply coordination
  - \* market strategies.

Recommendations from such studies that are accepted by the National Forest Board will be pursued for early implementation.

## **5. Small Scale Forest Based Industries**

In order to promote small scale forest based industries - in such fields as portable sawmilling, handicraft and artifact making, furniture making, rattan cane and sandalwood harvesting - the National Forest Service will provide an advisory service to persons engaged in small

scale industries. The services of relevant agencies will be drawn upon for the setting up of such industries.

## **6. Marketing**

- (a) The National Forest Board shall be responsible for the issuing of licenses under the Export (Control and Valuation) Act for the export of forest products.
- (b) As a standard requirement exporters of logs and rattan will be required to export their products with direct letters of credit (LC), which are issued from the country of destination to Papua New Guinea. An indirect LC will be accepted by the licensing authority where the bona fide commercial reasons for, and full details of, an indirect LC are provided at time of application.
- (c) A separate State Marketing Agency (SMA) will be established within the Papua New Guinea Forest Authority, and shall include the following functions:-
  - (i) exercise the State Purchase Option for logs,
  - (ii) be available for appointment as general log marketing agent at the discretion of the producer,
  - (iii) promote Papua New Guinea forest products for export and for domestic use, and provide promotional material and information to producers and buyers,
  - (iv) undertake market intelligence and explore market diversification,
  - (v) provide market intelligence to the National Forest Board for export licensing purposes.
- (d) The State Purchase Option of 25% of annual log export quota will continue to apply for all permits and agreements. Individual log volumes as offered by producers must be aggregated as fresh logs into an acceptable commercial volume which as a guideline must comprise at least 3000 cubic meters of run-of-the bush normal log production.



- (e) Timber companies with an annual log export quota of 72,000 cubic metres or more will be required to develop their involvement in marketing aspects by way of establishing a marketing unit within the company.
- (f) No producer or market agent will be permitted to appoint a firm based overseas as its exclusive marketing agent for the export of logs.
- (g) Acceptable marketing arrangements will continue to be an important element of project guidelines and negotiations. National companies holding timber permits will be required to play an active role in marketing as the capacity is developed by training programmes, or by approved joint venture arrangements with an operating contractor or other marketing agency.
- (h) All log export shipments will require approval on a ship-by-ship basis.
- (i) Close cooperation by the SMA and other government agencies with regional and international organisations will be established and maintained for market promotion and development.
- (j) An appropriate set of grading rules, which will be acceptable to the buyers and shippers of Papua New Guinea logs, shall be determined and adopted by the National Forest Board for the purpose of monitoring the fair market value of log consignments for licensing purposes.

## **7. The Domestic Market**

In order to improve local processing, develop domestic demand and to replace the importation of timber products and wood substitute materials with local timber and timber products, the following measures will be undertaken:-

- (i) the Government will immediately introduce measures to encourage the use of locally made furniture in buildings occupied by the Government and statutory bodies. The purchasing of imported wooden goods will not be approved in the following categories: chairs, tables, desks, semi knock-down furniture, partitions, and plywood doors,

**FOREST INDUSTRIES Strategies (Cont)**

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- (ii) the present quota system to control the importation of plywood will be maintained until such time a tariff system can be applied,
- (iii) certain species will be banned from export in log and flitch forms,
- (iv) the importation of all forest products and wood substitute materials will be restricted by license which will be regulated by the appropriate licensing authority. Import licenses will not be granted for products which may be available or substituted by local materials at reasonable costs and quality,
- (v) the Papua New Guinea Forest Authority shall be represented on Supply and Tenders Boards and Building Boards at such times these Boards consider government tenders for building materials and furniture,
- (vi) all Government departments and statutory bodies will be required to specify and use only certified pressure treated or dip diffused sawn timber for construction purposes. Legislation will be enacted to support this strategy,
- (vii) a study will be carried out to determine the capacity of the local furniture making industry to meet domestic demand, and to ascertain whether the present 30% tariff is sufficient to create a strong furniture making industry in the country,
- (viii) a detailed study will be undertaken to ascertain how improved technology can raise production and enhance cost effectiveness in domestic processing,
- (ix) a study will also be carried out to determine the size and potential of the domestic market for processed timber products.



## **8. Revenue Generation and Distribution**

- (a) All or any of the following charges shall be imposed on the forest industry:-
- \* royalty
  - \* log export tax
  - \* follow-up development levy
  - \* agriculture development levy
  - \* forest management levy
  - \* resource replacement levy
  - \* Papua New Guinea Forest Authority levy.
- (b) An early comprehensive study on State taxes, levies, royalties, charges and obligations to be imposed on the forest industry, and minimum rentals and purchase prices due to resource owners will be carried out in order to determine equitable rates of charges and distribution of such charges.
- (c) The current royalty appraisal system, with periodic adjustments to the basic royalty rate that takes into account movements in the consumer price index (CPI), will continue pending further studies.
- (d) Resource owners will continue to receive all royalties collected from timber and other forest produce harvested from natural forests.
- (e) The national government and provincial governments shall continue to receive 25 percent and 75 percent, respectively, of royalties from timber and other forest produce harvested from State land.
- (f) Customary land owners will receive all proceeds from the sale of timber and other forest produce that are harvested from their plantations and woodlots.

**FOREST INDUSTRY Strategies (Cont)**

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- (g) In order to minimize delays in the collection and distribution of royalties, there will be provisions in the new Forestry Act whereby permit holders and licensees will be required to pay royalties at the time of lodgement of monthly statements to the Papua New Guinea Forest Authority, who shall then ensure speedy distribution of such royalties to landowners and making of grants to provincial governments under Section 67 of the Organic Law on Provincial Government.
- (h) Calculation of royalty charges will be based on merchantable volume determined at stump.



## NATIONAL FOREST POLICY

### **PART IV: FOREST RESEARCH Policies**

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- (a) The State shall promote forest research activities which support the operational aspects of the management and utilization of forest resources so as to provide a sustained supply of timber and other forest products.
- (b) This support will be provided by the Papua New Guinea Forest Research Institute in relation to the following:-
  - (i) development of silvicultural, forest management and logging techniques for enhancing the continuity of forest resources,
  - (ii) improved utilization of timber and other forest products,
  - (iii) protection of forests and forest products from biodegradation and fire,
  - (iv) maintaining and enhancing botanical research,
  - (v) agroforestry and community forestry,
  - (vi) environmental and social impact of forest exploitation,
  - (vii) effective evaluation, execution and co-ordination of appropriate research programmes.
- (c) Collaborative research will be undertaken with other institutions and agencies both within the country and abroad.
- (d) Information gained from research shall be disseminated to the industry and the general public.

## **FOREST RESEARCH Strategies**

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### **1. Papua New Guinea Forest Research Institute**

The role of the Papua New Guinea Forest Research Institute is to co-ordinate forest research as well as to enhance research efficiency and to ensure the avoidance of duplication of research activities among various departments and institutions.

### **2. Programmes and Priorities**

- (a) In order to pursue a coordinated and comprehensive approach in research, a Five Year Forest Research Programme will be formulated. The Programme will be subject to annual review. Where relevant, collaboration with other institutions and agencies on research projects will be undertaken.
- (b) The following priority areas have been identified in the Five Year Forest Research Programme:-
  - (i) development of appropriate silviculture and tree improvement techniques for increasing the productivity and economic returns from commercial plantations,
  - (ii) studies into stand development and management of natural forests,
  - (iii) studies into logging techniques conducive to the promotion of natural regeneration,
  - (iv) development of suitable techniques to enhance wood processing through sawmilling, seasoning, grading and preservation of timbers,
  - (v) utilization of Papua New Guinea timbers with special emphasis on lesser used species for domestic use and export,
  - (vi) cultivation, management and utilization of minor forest products with the objective of increasing the income of the rural population,
  - (vii) development of appropriate techniques for the protection of plantation and natural forests and their products from insects,



fungi, marine borers and fire,

- (viii) collection, identification, cultivation and preservation of the country's unique flora and insect fauna through maintenance of the National Botanic Gardens, herbarium and national insect collections,
- (ix) development of techniques for the promotion of multiple use of land and the rehabilitation of degraded areas through agroforestry and community forestry programmes,
- (x) environmental impact assessments of forest exploitation,
- (xi) sociological aspects of forests.

### **3. Dissemination of Research Results**

Information gained from all research work will be made available to other research institutions, the forest industry and the general public.

### **4. Research Advisory Committee**

- (a) The National Forest Board shall establish a Research Advisory Committee to:-
  - (i) review research programmes and projects,
  - (ii) consider and recommend new research projects,
  - (iii) give advice in seeking assistance from donor countries and agencies in funding research projects, and
  - (iv) consider and give recommendation on the exchange of research scientists with overseas organizations in undertaking collaborative research projects.

## NATIONAL FOREST POLICY

### **FOREST RESEARCH Strategies (Cont)**

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(b) The Research Advisory Committee will comprise a total of seven (7) members, appointed as follows:-

- two representatives of the National Forest Service (the Director of the Service and the officer-in-charge of the Forest Research Institute),
- a nominee of the Department of Agriculture and Livestock,
- a nominee of the University of Papua New Guinea,
- a nominee of the Papua New Guinea University of Technology,
- a representative of the forest industry appointed by the Papua New Guinea Forest Industries Association,
- a representative of non-government organizations concerned with environmental, social and developmental issues, appointed following selection by NGOs registered with the Authority.

(c) The quorum for a meeting of the Committee will be four members.



## NATIONAL FOREST POLICY

# **PART V: FORESTRY TRAINING AND EDUCATION Policies**

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- (a) The prime function of forestry training and education is for human resources development in the forestry sub-sector. These resources will be developed at professional, technical and vocational training levels.
- (b) Equal opportunities in training and employment will be given to both men and women.
- (c) Training standards, facilities and resources will be reviewed, rationalized and up-graded periodically to cater for the changing needs of forestry and timber industry and consistent with the overall higher education plan.
- (d) An effective workforce will be developed through job specialisation, in-service and up-grading courses, both in-country and overseas.
- (e) Information on forestry techniques and extension programmes will be disseminated to the public through training institutions, schools, other relevant agencies and the media in order to generate awareness.

## NATIONAL FOREST POLICY

# FORESTRY TRAINING AND EDUCATION

## Strategies

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- (a) The National Forest Service will provide on the job training for technical manpower that is required by the forestry sub-sector. The Papua New Guinea University of Technology will offer the professional forestry courses.
- (b) The National Forest Service conducts the forestry diploma course at the Papua New Guinea Forestry College in Bulolo, and the pre-employment technical training and trade courses at the Timber Industry Training College in Lae.
- (c) The two Colleges will continue to admit National students, both male and female, that have received at least four years of secondary schooling. The two institutions are also open to students from overseas, especially from countries in the South Pacific region where there is an apparent need for forest technicians.
- (d) Training facilities at the two Colleges will be up-graded to cater for changing needs in the forestry sub-sector.
- (e) Consultation will be undertaken with relevant agencies for their quality input in terms of advice and assistance in the administration of courses at college level. These agencies include: provincial departments, timber companies, overseas forestry institutions, local universities, the Training Division of the Department of Personnel Management and the Technical Division of the Department of Education.
- (f) Contents of courses offered at the two Colleges will be subject to review every five years in order to accommodate changing needs in the forestry sub-sector. Such reviews shall be carried out in consultation with the Departments of Education, Agriculture and Livestock, and Environment and Conservation, the timber industry and relevant national and international training institutions.
- (g) A Governing Council for the Forestry College and the Timber Industry Training College was established recently. It provides guidance and assistance in various aspects of training and management to the two Colleges. The Council's eight members are drawn from Government Departments (both national and provincial), the timber industry



## NATIONAL FOREST POLICY

# **FORESTRY TRAINING AND EDUCATION**

## **Strategies** (Cont)

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and the University of Technology. This Council will constitute an advisory body to the National Forest Board.

- (h) The qualifications and skills of lecturers and instructors at the Colleges will continue to be up-graded through the National Forest Service's staff development programme, and through an inspectorial system which is undertaken by the Department of Education.
- (i) The National Forest Service will monitor on a regular basis the manpower levels and requirements of the timber industry. This will be undertaken (in consultation with the Department of Labour and Employment) through close examination of company training and localisation programmes.
- (j) Staff development and training needs within the National Forest Service and the timber industry will undergo continued assessment. Information on training courses that are available internally and externally will be identified and disseminated, and placements will be coordinated.
- (k) Appropriate forestry extension and information programmes will be designed and provided in consultation with relevant agencies.

## **PART VI: FORESTRY ORGANISATION AND ADMINISTRATION Policies**

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### **1. Administration Responsibility**

Overall responsibility for regulation and supervision of the forestry sub-sector will be shared between the national and provincial governments. Mechanisms established for supervising the sub-sector will reflect this co-responsibility.

### **2. Forestry Board and Committees**

- (a) A system of a board and committees with national and provincial representation will provide an organisational structure for the exercising of shared responsibility over the forestry sub-sector. The board and committees will form an interface between the two levels of government and the National Forest Service. The system of a board and committees will also address the clear need to:-
  - (i) provide a forum for consultation and cooperation between the national and provincial governments, key industry participants, resource owners and special interest groups in the review of policies and formulation of plans and programmes for management of the forestry sub-sector, and
  - (ii) ensure that the system for decision-making in the forestry sub-sector avoids the potential for malfeasance inherent in the exercise of unfettered powers by a single person or group.
- (b) The linkages between number and composition of the forestry board and the committees shall be so arranged as to ensure that:-
  - (i) the workload of the board and each committee is manageable and will allow proper and thorough but prompt performance of its functions,
  - (ii) provincial governments and resources owners are fully involved in respect of matters relating to their provinces and resource areas,
  - (iii) the board and committees are able to obtain quality technical advice.



**FORESTRY ORGANISATION AND  
ADMINISTRATION Policies (Cont)**

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- (c) Any decision in respect of the allocation or revocation of a timber permit or authority shall be made by or on the advice of the forestry board or of a committee. Appropriate measures will be taken to ensure that the board and each committee has sufficient resources to properly appraise permit applications, conduct negotiations with potential permit holders and regularly review compliance with permit conditions.

**3. National Forest Service**

A unified National Forest Services shall be established to implement the National Forest Plan, the National Forest Development Programme and enforce forestry legislation. The Service shall provide all necessary support, and be responsible to the National Forest Board and be so structured that:-

- (i) a clear career structure is provided that will attract and retain qualified and highly motivated personnel,
- (ii) staff members receive training and are provided with adequate services and facilities to carry out their duties,
- (iii) instructions and information are effectively communicated to staff members,
- (iv) government forestry activities are well coordinated,
- (v) officers stationed in a province are responsive to the Provincial Forest Management Committee and the provincial government through the Minister responsible for forestry matters in relation to the development and implementation of the Provincial Forest Plan,
- (vi) staff and resources are allocated to each province in proportion to the level of forestry activity in the province.

## **FORESTRY ORGANISATION AND ADMINISTRATION Policies (Cont)**

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### **4. Industry Association**

The Papua New Guinea Forest Industries Association Inc is recognised as the legitimate body representing the forest industry.



## **FORESTRY ORGANISATION AND ADMINISTRATION Strategies**

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### **1. Papua New Guinea Forest Authority**

- (a) The Papua New Guinea Forest Authority shall be established as a statutory corporation with regulatory and administrative responsibility for the management of the forestry sub-sector throughout the country
- (b) The Authority shall consist of the National Forest Board (NFB) and the National Forest Service (NFS).
- (c) The Board shall operate through a system of specialist advisory committees and Provincial Forest Management Committees, which shall be serviced by the NFS.

### **2. National Forest Board**

- (a) The functions and responsibilities of the National Forest Board are to:-
  - (i) provide advice to the Minister responsible for forestry matters on forest policy and legislative issues,
  - (ii) prepare and review the National Forest Plan and recommend for approval by the National Executive Council,
  - (iii) direct and supervise the National Forest Service and its operations, through the Director,
  - (iv) be responsible for the financial and other assets of the Papua New Guinea Forest Authority,
  - (v) negotiate Forest Management Agreements on behalf of the Papua New Guinea Forest Authority,
  - (vi) select operators and negotiate conditions for forestry permits to be issued by the Minister,

## NATIONAL FOREST POLICY

# **FORESTRY ORGANISATION AND ADMINISTRATION Strategies (Cont)**

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- (vii) appoint and supervise the State Marketing Agency within the Papua New Guinea Forest Authority,
- (viii) control and regulate the export of forest produce,
- (ix) oversee the administration and enforcement of forestry legislation and policy,
- (x) report on the operations of the Authority to Parliament (with an annual report), the National Government and the Provinces through their respective Ministers,
- (xi) undertake the evaluation and pre-registration of intending participants in the forest industry (involved in primary production, processing or service activities),
- (xii) act as agent for the State as required in relation to any international agreement relating to forestry,
- (xiii) determine terms and conditions of the National Forest Service employees excluding the Director of the Service.



## NATIONAL FOREST POLICY

# **FORESTRY ORGANISATION AND ADMINISTRATION Strategies (Cont)**

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- \*(b)** The National Forest Board shall consist of eleven (11) persons appointed as follows:-
- the Secretary of the Department responsible for environmental protection, or nominee,
  - the Secretary of the Department responsible for trade and industrial development, or nominee,
  - the Secretary of the Department responsible for agriculture and livestock, or nominee,
  - a representative with appropriate expertise in commerce and finance matters, preferably with respect to the forestry sub-sector, selected by the Minister responsible for forestry matters,
  - a representative of the forest industry, appointed by the Papua New Guinea Forest Industries Association,
  - the Director of the National Forest Service,
  - a representative of non-government organizations concerned with environmental, social and developmental issues, appointed following selection by NGOs registered with the Authority,
  - four (4) representatives of the Provincial Governments, selected by the Regional Premiers' Council.
- (c) The Chairman shall be appointed by the National Executive Council for a period of two years. When the Chairman is selected from among the government members, his Deputy will be selected from the non-government members, and vice versa.
- (d) All appointments to and terminations from the Board, other than the three representatives of the National Departments and the Director of the National Forest Service, shall be gazetted in the National Gazette.
- (e) Institutions nominating representatives to the Board may terminate and replace their nominees as they wish.
- (f) The quorum for a meeting shall be seven members of the Board.

\* See page 62

## **FORESTRY ORGANISATION AND ADMINISTRATION Strategies (Cont)**

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- (g) Conditions shall be specified for qualification for Board membership.
- (h) Provision will be made for the automatic vacancy of Board members for grounds such as:-
  - guilty of misconduct in office,
  - guilty of a serious criminal offence,
  - behaviour which may bring the integrity of the Board into disrepute,
  - contesting in the election for a political office,
  - medically unfit to perform.
- (i) Observers may be admitted to attend Board meetings at the invitation of the Board.

### **3. National Forest Service**

- (a) The National Forest Service shall undertake all the functions and responsibilities with respect to extension, research, training and education, resource assessment, policy and planning advice, monitoring and enforcement and generally servicing the Board and its sub-committees as determined by the Board and by the national forest (and related) policies and legislation.
- (b) The Service will absorb all the functions of both the current National Department of Forests and the Provincial Forest Divisions.
- (c) The Service shall be headed by a Director appointed by the National Executive Council on the advice of the Board. The Board shall be responsible for all appointments within the service, but may delegate these powers to the Director.
- (d) The Board shall set all appropriate terms and conditions of all staff of the National Forest Service.



## **FORESTRY ORGANISATION AND ADMINISTRATION Strategies** (Cont)

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### **4. Provincial Forest Management Committees**

- (a) The functions and responsibilities of the Provincial Forest Management Committees shall be to:-
  - (i) provide a forum for consultation and coordination between National and Provincial Governments, resource owners and special interest groups on forest management,
  - (ii) undertake continuous consultation with the Provincial Minister responsible for forestry matters on matters relating to acquisition and allocation of forest resources,
  - (iii) assist Provinces in preparing provincial forest plans and development programmes, consistent with national and provincial policies.
  - (iv) make recommendations to the National Forest Board with respect to:-
    - \* the preparation and terms of Forest Management Agreements
    - \* the selection of operators and preparation of timber permits
    - \* enforcement of permit conditions and legislation,
  - (v) supervise extension services with respect to:-
    - \* business management (re landowner company formation, landowner: contractor: partner selection, negotiation etc.)
    - \* agroforestry, silviculture, reforestation
    - \* environmental protection
    - \* processing
    - \* marketing,
  - (vi) oversee the receipt and distribution of government levies and charges and other benefits due to landowners,
  - (vii) assist in the early identification and resolution of landowner disputes.

## **FORESTRY ORGANISATION AND ADMINISTRATION Strategies (Cont)**

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\*(b) The Provincial Forest Management Committees shall consist of eight (8) members, appointed as follows:-

- a representative of the National Forest Service (usually a provincial/regional forestry officer),
- a Provincial Government representative, who shall be a senior officer in the administration appointed by the Provincial Executive Council (Chairperson),
- two Members of Parliament of the Province, one the Regional Member, the other an Open Member of the area,
- a representative selected by the presidents of the local or community governments situated in the resource areas of the province,
- two representatives selected by landowning groups within the province,
- a representative of non-government organisations concerned with environmental, social or developmental issues (selected by NGOs registered with the Authority).

(c) In the instance of a deadlock the chairperson shall have a casting vote.

(d) The quorum for a meeting shall be four members of the Committee.

(e) Conditions shall be specified for qualification for Committee membership.

(f) Provision will be made for suspension of Committee members found guilty of misconduct in office.

(g) Where the Committee is deliberating in respect of a particular project the resource owners from the project area shall be represented by two resident landowners appointed at a forum of resource owners in the project area.

\* See page 63



**FORESTRY ORGANISATION AND  
ADMINISTRATION Strategies (Cont)**

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**5. Advisory Committees**

- (a) The Board shall appoint advisory committees as required to advise on matters pertaining to resource management, research, training and education, marketing and industry development.
- (b) Membership and procedures of these committees shall be as determined by the Board.

**6. Financing of the Authority**

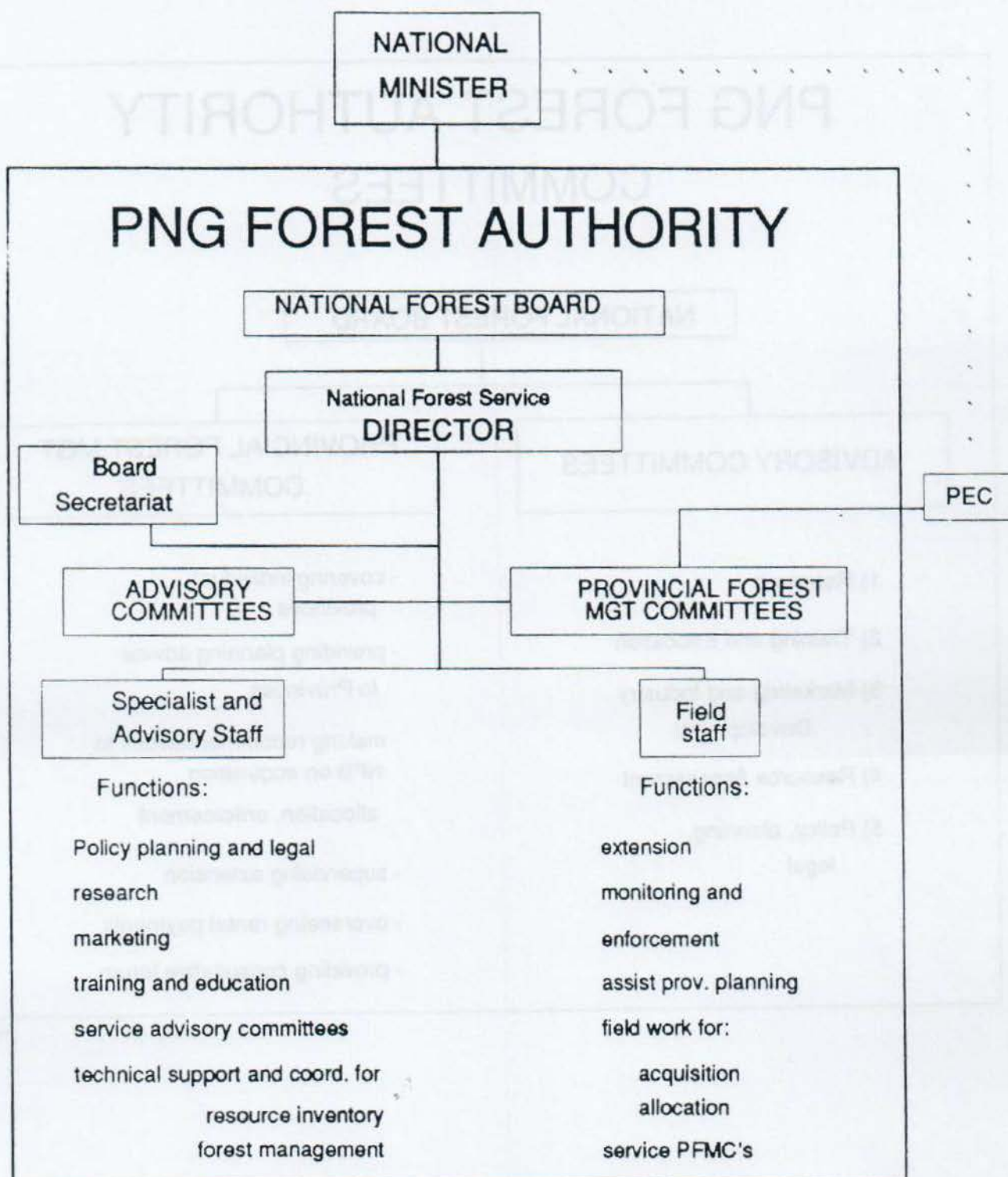
Within the first five years, the operations of the Papua New Guinea Forest Authority shall be financed through a combination of Government sources and industry levies, as determined in accordance with this policy. Thereafter, the Authority shall be self-financing from industry sources, which shall be determined on a reorganisation of current industry charges following a detailed review of charges as specified in Section 8 (a) of the Forest Industry Strategies.

**7. Annual Audit**

The accounts of the Papua New Guinea Forest Authority shall be audited by the Auditor-General as is consistent with the requirements of statutory boards.

NATIONAL FOREST POLICY  
**FORESTRY ORGANISATION AND  
 ADMINISTRATION Strategies** (Cont)

## 8. Outline of the Papua New Guinea Forest Authority



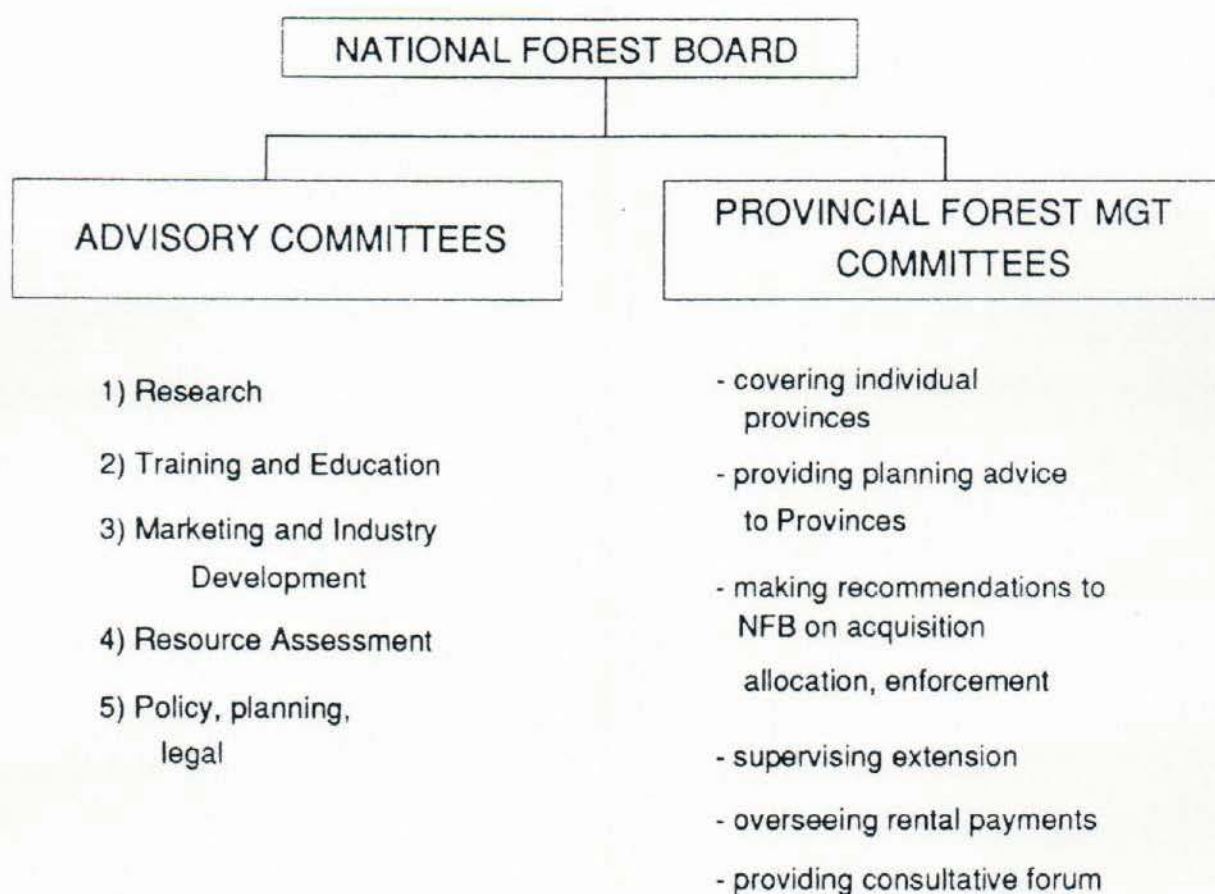
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## **FORESTRY ORGANISATION AND ADMINISTRATION Strategies** (Cont)

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### PNG FOREST AUTHORITY COMMITTEES



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## NATIONAL FOREST POLICY

### **PART VII: INSTRUMENTS FOR IMPLEMENTATION**

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- (a) Appropriate legislation will ensure effective implementation of this policy. A new national Forestry Act shall replace existing national forestry legislation (Revised Laws of Papua New Guinea Chapter Nos. 215, 216, and 217) and provide for the establishment of the mechanisms, institutions and other measures described in this policy for its implementation.

The Consultative Steering Committee shall be responsible for supervising the preparation of drafting instructions for the new legislation. After such instructions are approved by the National Executive Council the Steering Committee shall be responsible for settling the legislation with Legislative Counsel.

- (b) Provincial Governments shall be encouraged to pass complementary laws dealing with the formulation and implementation of provincial forest development programmes and other provincial forestry matters.
- (c) This policy affects primarily the forestry sub-sector but it must be read together with other policies in the renewable resources sector, environmental policies and other government policies.
- (d) The new national Forestry Act and any complementary laws passed by Provincial Governments shall make provisions for penalties necessary to enforce this policy.



## NATIONAL FOREST POLICY **NOTES**

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### \* NOTE ON PAGE 54:

Section 10 (1) of the Forestry Act 1991 reads:-

#### **"10. MEMBERSHIP OF THE BOARD.**

(1) The Board shall consist of:-

- (a) the Departmental Head of the Department responsible for environmental protection matters, or his nominee; and
- (b) the Departmental Head of the Department responsible for trade and industrial development matters, or his nominee; and
- (c) the Departmental Head of the Department responsible for finance and planning matters, or his nominee; and
- (d) the Director-General; and
- (e) one member with appropriate experience in commerce and finance, preferably with respect to forestry, nominated by the Minister; and
- (f) the President of the Forest Industries Association, or his nominee; and
- (g) one member to represent non-governmental organisations concerned with environmental, social or developmental issues appointed -
  - (i) from a list of names recommended to the Minister by the National Alliance of Non-Governmental Organizations in accordance with Subsection (4); or
  - (ii) in accordance with Subsection (5); and
- (h) four members, one from each region of the country, to represent the provincial governments of that region appointed -
  - (i) from a list of names recommended to the Minister by each Regional Premiers' Council in accordance with Subsection (4); or
  - (ii) in accordance with Subsection (5)."

## NATIONAL FOREST POLICY

### **NOTES (Cont)**

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#### **\* NOTE ON PAGE 57:**

Section 22 (1) of the **Forestry Act 1991** reads:-

#### **"22. MEMBERSHIP OF PROVINCIAL FOREST MANAGEMENT COMMITTEES.**

- (1) A Provincial Forest Management Committee shall consist of -
  - (a) a senior officer in the administration of the province, nominated by the provincial government, who shall be the Chairman; and
  - (b) an officer of the National Forest Service, nominated by the Director-General; and
  - (c) one person to represent the local or community governments situated within those areas of the province which contain forest resources, who shall be the president of such a local or community government nominated by the provincial executive; and
  - (d) two persons to represent land-owning groups in the province nominated by the Provincial Forest Management Committee; and
  - (e) one person to represent non-governmental organizations concerned with environmental, social or developmental issues nominated by the National Alliance of Non-Governmental Organizations."