

OFFICE OF DIRECTOR GENERAL

TO

~~Director General~~
~~Asst. Director~~
~~Asst. Director~~

DATE

f2 September 2000

Subject

**VIOLATION OF FORESTRY LAWS AND LANDOWNER
RIGHTS**

A. PURPOSE

The purpose of this report is to inform the Government and its agents on how Rimbunan Hijau aggressively initiated a plan to obtain timber rights permit from Turama in Kikori, Purari Valley in Baimuru and Vailala in Ihu, Gulf Province Without following proper forest laws and concerns to the rights of local landowners.

B. FACTS AND BACKGROUND

1. In early 1984/85 the Inch Cape ground (A New Zealand Company) was engaged in Timber activities in Kikori, Gulf Province. The company was later bought or merged with a Malaysian group under the name of TURAMA FOREST Industries (TFI). This company got its name from Turama River in Kikori where it first began its operations at the boarder of Western Province and Gulf Province. The company is a subsidiary of Rimbunan Hijan (R.H.).

2. With the vast timber areas in PNG, Rimbunan Hijan saw the richness in timber industry and thereby created many umbrella companies to lobby for timber operation rights in many parts of forest areas in PNG.
3. The umbrella companies became the major lobbyists, lobbying to obtain right to operate rich timber resource in PNG. In this way RH have almost complete control of the entire timber industry in PNG.
4. Timber Resources in Purari Valley, Vailala and Kikori in Gulf Province is the second largest timber area in Southern Region, second to MAKAPA in Western Province. The two (2) largest timber areas are now owned and operated by RH under different company names.
5. It is interesting to note that RH Owner, Mr Theon was given the most highest award by Malaysian Government for his successful timber business in PNG. (Information confirmed by another source in Malaysia).

C. **POLITICAL BRIBERY AND CORRUPTION**

1. Andrew POSAI was implicated and removed from Forestry Ministry by a tribunal for bribery and corruption. Other notable people in power who were also implicated with bribery were late Jack GENIA, Tim NERVEL as well as other public servants.
2. The late Jack GENIA was given millions of kina before 1987 elections by Frontier Holdings in return for approval of permit No. 2-16 in Vailala, Gulf Province.
3. Genia died soon after the elections in 1987 and Permit No. 2-6 was never used. There was no record of this permit in the office of the Forest.
4. Soon after the 1992 elections Ms Jean KEKEDO was appointed Managing Director of Forest. She had a strong view and opposed Frontier Holding Right to Permit No. 2-16 and wrote several correspondences that the permit NO. 2-16 was non-existence and told Frontier Holding to properly liaise their interest with proper landowners and government institutions.

5. The Frontier Holdings then bribed handful of Muro people in Ihu District namely Robert PURA, Lucas HARIVA and Peter WAIME to force the Department of Forest to recognise permit No. 2-16 in Vailala.
6. Before the timber rights permit could be issued, on November 1994, Department of Agriculture engaged a Malaysian Agriculture Research, Group called ARAB after winning International Tender Agreement to do agriculture study and survey in MAIRAVA, Ihu District and Purari Valley in Baimuru District. The studies were done jointly with IRI and Environmental Department. These studies proved very successful for Oil Palm growing in the two areas and thus rights to conduct timber operations by Frontier Holding were cancelled.
7. The Department of DAL then engaged Dr GUHA a Malaysian Scientist and Arab company to do the Oil Palm Project in Mairava, while the Purari Oil Palm project was given to LIANYI Investments, a Singaporean/Tawianese company.
8. In 1994 LIANYI Investment was taken to court, court N. W.S. 215 by Frontier Holdings who bribed and paid the same handful of Muro people Thomas HAVORA, Lucas HARIVA and Peter WAIME to put in a court injunction against LIANYI Investment. Frontier Holdings interest was to get hold of permit No. 2-16 to do timber operations. **(Refer attachment 9).**
9. Using these few villagers who were in their pay pocket, Frontier Holdings won the case on May 10th, 1994. It is very obvious that all court fees etc were paid by R.H. because these people are simple villagers who have no means of financial ability to pay for legal expenses to law firms such as Maladina Lawyers.
10. When the government was changed, Chris HAIVETA then became Deputy Prime Minister and Andrew BAING, Forest Minister, Jean KEKEDO removed and replaced with GUAO ZURENUOC.

11. The Frontier Holdings and RH may have softened the two (2) Ministers up with payment of some money and permit No. 2-16 was finally up for grabs when Mr. HAIVETA whilst Deputy Prime Minister wrote in his letter to Minister for Forest that he wants full extension of timber operations from Kikori to Gulf/Western border which is Vailala bordering Eastern Part of Kerema. (**Refer Attachment 0**). The huge timber areas covers whole of Western part of d'ulf, Tumrama, Purari and Vailala.
12. Mr Andrew TAGAMASAU in his letter to the then Secretary for Environment stated clearly that Vailala Block 2 and 3 plus permit No. 2-16 were non existence and had no records in the office of the forest. At the same time forest laws under the Acts were never properly followed by the company. (**Refer attachment 1**).
13. Frontier Holdings then used the PNG Forest Industry Council to have them grant and recognised permit No. 2-16 by the board. Because RH had their agent in the PNG Forest Board Meeting, Mr Richard Theon, the board approved permit No. 2-16 without any opposition.
14. The only opposition came from NGO representative Mr. Brian BRUNTON who refused and opposed the recognition of Vailala Blocks 2 and 3 including permit No.2-16 to Frontier Holdings because landowner problems were not properly addressed. (**Refer attachment 2**).
15. Frontier Holdings having pursued all avenues with unsuccessful result tactfully collaborated with certain people and took the state to National Court in 1995 with the help of Maladina lawyers court Na. W.S.138 (**Refer attachment 3**).
16. On December 6th, 1995, Mr. BIANG as Minister for Forest ordered the State Solicitor Mr. Damen, file No. SG3 — 4- 875 to represent the state by filing the defence of the case. (**Attachment 3**).

17. Court case was not genuinely contested by the state. Despite all the clear evidence of malpractice, bribery and proper procedures not followed by Frontier Holdings. A compromise was reached outside the court between the lawyers and landowners concerns were not properly addressed as no one represented them. The court decision was later registered with Deputy Register of courts on very confusion dates. **(Refer attachment 3 page 4, attachment 4 and attachment 5 of the correspondence).**
18. The court order forced the Minister for Environment and Conservations on 22nd January 1996. The Minister did state in his letter that environmental plan was poor and not professionally done, however under the circumstance, he was forced to sign and sell permit No. 2-16 without due concern for the welfare of the people and the habitat of the area. **(Attachment No.6)**

D. **CURRENT SITUATION/COMMENTS**

1. Turama, Purari Valley and Vailala areas are the most troublesome areas with so much confusion.
2. More disputes are now been lodged against the companies by concern landowners for not properly addressing their problems. **(Refer attachment 10 and 11).**
3. The timber companies operating in these areas know this and are clear felling the timbers very fast before the authorities cease their operations, thereby causing huge damages to the environment and the habitat which the people heavily relies upon for the livelyhood.
4. The rumour is floating now that State let the people of Vailala, Baimuru and Turama down in 1995/1996 and they are slowly taking law and order into their own hands.
5. HEPEA Base Camp, Vailala Block 2 and 3 have had confrontations between the landowners and the Timber Companies. On each occasions Southern Division Task Force under the command of Sergeant BIMAGA were sent down fully paid by RH and on each occasions burned down the houses, damage properties, killed domestic animals and caused serious bodily harm to local people.

6. General law and order is slowly breaking down as a result of government mistakes to properly address the landowner concerns in dealing with timber companies.
7. Companies are dumping fuel and other industrial waste in the Purari river where the locals absolutely rely on as fresh water for drinking, cooking, fishing etc. The people along the rivers namely Aumu, Mapai, Kapai, Akoma, Ikinu and Maipenairu are complaining of stomach pains and disease after consuming food and water from the river.
8. Several young children and adults have died by drinking the river water from Karao River where fuel drums were left to run into the river system. **(Refer attachment 7 and 8)**. The concern was raised to Department of Environment however no response has yet been received from them.

E. **CONCLUSION**

1. The State through certain politicians and corrupt agents of RH have caused these problems.
2. Despite clear evidence of irregularities small landowners rights were not properly represented. The result have always favoured RH companies and now it is causing a lot of problems and confusion among the people.
3. Local people are now in arms to solve this problem and there is confirmation that Police have been sent to the area and burned houses, damage properties etc. This is only putting fuel to the fire.
- 4.. were is a rumour that major illegal arms build up is carrying on around the local communities. One of these days the government will be surprised to face a full scale war by the disgruntled and mistreated people against the company and the police.
5. The evidence of environmental damages costing human life are very clear. Local people are now concern where all these are leading to and complaints are been lodged in writing raising their concern. **(Refer attachment 10 & 11)**.

6. If there is any authority to listen to the plight of these people, the company must stop all operations. The Solicitor General could be instructed to order a Supreme Court order to review court decision no WS. No. 138 of 1995 in the light of all these evidences otherwise there will be a definite bloody confrontation where many innocent people will be victims of these unnecessary mistakes.

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