

# The PNG Forestry Industry: Its contribution to prosperity during a resources boom

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# Introduction

**Opportunity** – to use the boom to maximise economic growth

Rapid population growth – demands continuing expansion of job creating industries in rural areas.

**Challenge** – to ensure that non-mining sectors, like forestry continue to contribute to economic growth.

Myths about forestry stand in the way of sustainable economic development

# Contribution of Forestry Sector

**Employment** - around 13,000 people directly

**GDP** - 4% of GDP

**Taxes and Royalties** - K120 million

**Revenue** - Govt revenue K400 million; export revenue K756 million

Socioeconomic **services** in remote communities  
- health, education, infrastructure, transport

# Illegal Logging Mythology

Allegations have never been borne out by facts.

## **PNG industry is overwhelming legal:**

- Global claims about PNG cannot be substantiated.
- PNG evidence indicates low incidence.
- Australian assessments also show little risk of PNG illegal timber

# Reality about Forest Clearance in PNG

Commercial forestry not a driver of excessive forest clearance:

- Commercial forestry land-use too small (12%)
- Drivers - population growth and rural poverty
- Land use change is driven by landowners on land suitable for other economic activity

The rate debate

Sherman/UPNG v. Filer/ANU

# Distortion of rates of Forest Clearance

Shearman projected loss of all natural forest within 20 years (1.41 % pa) – FAO numbers are (0.5 % pa)

- flawed calculations demonstrated in analysis by Filer et al

Baseline for forest cover wrong  
(include regrowth )

Assumes forestry is only driver of forest clearance in PNG (ignores slash and burn & mining)

Assumes forest does not regenerate

- ignores economic limits on forestry

# Realities about Carbon Farming

The status of REDD+ is conditional on agreement to  
Kyotot successor:

Emissions from forestry sector recently halved

Per hectare returns poor:

REDD+	\$US45 - \$US240
Timber harvesting	\$US303 - \$US500
Palm Oil	\$US2000 - \$US3000

Risks for PNG credits, low demand, low price

No real Market in prospect – only govt deals

# Land Grab/SABLs?

SABLs may require some reform, but 'land grab' as yet without evidence:

SABL – potential effective development mechanism

Land owners received significant revenue from SABLs

Current enquiry should focus on SABL granting process

Case for limiting the allocation of SABLs to reputable entities



# Conclusion

PNG must capitalise on the opportunities provided by the resource boom

The forestry industry is in a good position to contribute to PNG's development

PNG's development must be guided by policy based on fact, not unsubstantiated assertion