

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