



PNG Forest Authority

Promoting Forest Law Compliance in Papua New Guinea

The Papua New Guinea Timber Legality Standard v0

This Papua New Guinea Standard provides an agreed definition of what constitutes legal timber sourced from PNG.

Version 0

08th August 2019



FOREWORD

Papua New Guinea (PNG) is committed to sustainable forest management. Its forest policies, laws and regulations are guided by the national goals and directive principles of the Constitution of the Independent State of Papua New Guinea.

The Papua New Guinea Timber Legality Standard (PNG TLS) provides an agreed definition of what constitutes legal timber sourced from PNG and Registered Forest Industry Participant's (FIP) compliance with the relevant legal frameworks is tested against this definition. The PNG TLS applies to all commercial timber operations in PNG; from small-scale sawmills to large-scale logging and timber processing operations. The PNG TLS is aligned with the requirements of international stakeholders for timber legality verification. The PNG TLS also applies to any contractors or sub-contractors engaged by the FIP.

The PNG TLS has been prepared in collaboration with forestry stakeholders. The PNG Forest Authority (PNGFA) gratefully acknowledges the many different organizations from the government, non-government, academic, landowner and private sectors which have taken part in the stakeholder-consultation process. In particular, the voluntary members of our Technical Committee to Enhancing Forest Law Enforcement in PNG Program (TC: see the Acknowledgements on p.3) for preparing the draft materials, and The International Tropical Timber Organization (ITTO), European Union (EU) and Food and Agriculture Organisation (FAO) of the United Nations and The Nature Conservancy (TNC) for their generous financial support.

The PNGFA will continue to review and update the PNG TLS in consultation with forestry stakeholders in order to strengthen the current monitoring capacity within its systems. Steps will also be undertaken - where required - for a possible review of the existing legislation to update, align and strengthen forestry laws and Procedures, as well as assist independent licensed auditors to prove the legality of timber sourced from PNG. The Verifiers will continue to be updated and applied from the field level to the elite technical level ensuring that the forest is used wisely - without compromise - for the benefit of all.

Managing Director

PNG Forest Authority



ACKNOWLEDGEMENTS

The PNGFA acknowledges the project TC (see the table below) for their guidance and inputs to the development of the PNG TLS. The PNGFA acknowledges the different agencies from the government, non-government, academic, landowner and private sectors which have taken part in the stakeholder consultation process (e.g. scoping study, TC meetings, pilot-tests and national workshops).

| Organisation | Sector |
|--|-----------------------|
| Barefoot Community Services | Non-government/profit |
| Cloudy Bay Project Development Committee | Landowner |
| Conservation and Environment Protection Authority | Government |
| Department Labour and Industrial Relations | Government |
| Department National Planning and Monitoring | Government |
| FORCERT | Non-government/profit |
| National Institute Standards and Industrial Technology | Government |
| PNG Eco Forestry Forum | Non-government/profit |
| PNG Forest Authority | Government |
| PNG Forest Certification Incorporated | Non-government/profit |
| PNG Forest Industries Association | Private Sector |
| PNG Heritage Foundation | Non-government/profit |
| PNG National Research Institute | Government |
| Provincial Forest Management Committee (PFMC Central Province) | Landowner |
| Provincial Forest Management Committee ((PFMC West New Britain Province) | Landowner |
| Rimbunan Hijau Group | Private Sector |
| Stettin Bay Lumber Company Limited | Private Sector |
| The Nature Conservancy | Non-government/profit |
| United Nations Food and Agriculture Organisation | Donor |
| University of PNG | Government |
| World Wide Fund for Nature (PNG) | Non-government/profit |



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ACRONYMS

| | |
|---------|---|
| DEC | Department of Environment and Conservation |
| CCDA | Climate Change and Development Authority |
| CEPA | Conservation and Environment Protection Authority - formerly Department of Environment and Conservation (DEC) |
| CITES | Convention on International Trade in Endangered Species of Wild Fauna and Flora |
| DAL | Department of Agriculture and Livestock |
| DLIR | Department of Labour and Industrial Relations |
| DLPP | Department of Lands and Physical Planning |
| DOTI | Department of Transport and Infrastructure |
| DOW | Department of Works |
| DTCI | Department of Trade, Commerce and Industry – formally the Department of Commerce and Industry |
| EIS | Environmental Impact Statement |
| EU | European Union |
| FCA | Forest Clearing Authority |
| FIP | Registered Forest Industry Participant |
| FMA | Forest Management Agreement |
| IPA | Investment Promotion Authority |
| IRC | Internal Revenue Commission |
| ITTO | International Tropical Timber Organization |
| L | Licence |
| LFA | Local Forest Area |
| LMA | Logging and Marketing Agreement |
| MVIL | Motor Vehicle Insurance Limited |
| NMSA | National Maritime Safety Authority |
| PNG | Papua New Guinea |
| PNG TLS | Papua New Guinea Timber Legality Standard |
| PNGFA | PNG Forest Authority |
| TA | Timber Authority |
| TC | Technical Committee to Enhancing Forest Law Enforcement in PNG Program |
| TNC | The Nature Conservancy |
| TP | Timber Permit |
| TRP | Timber Rights Purchase |



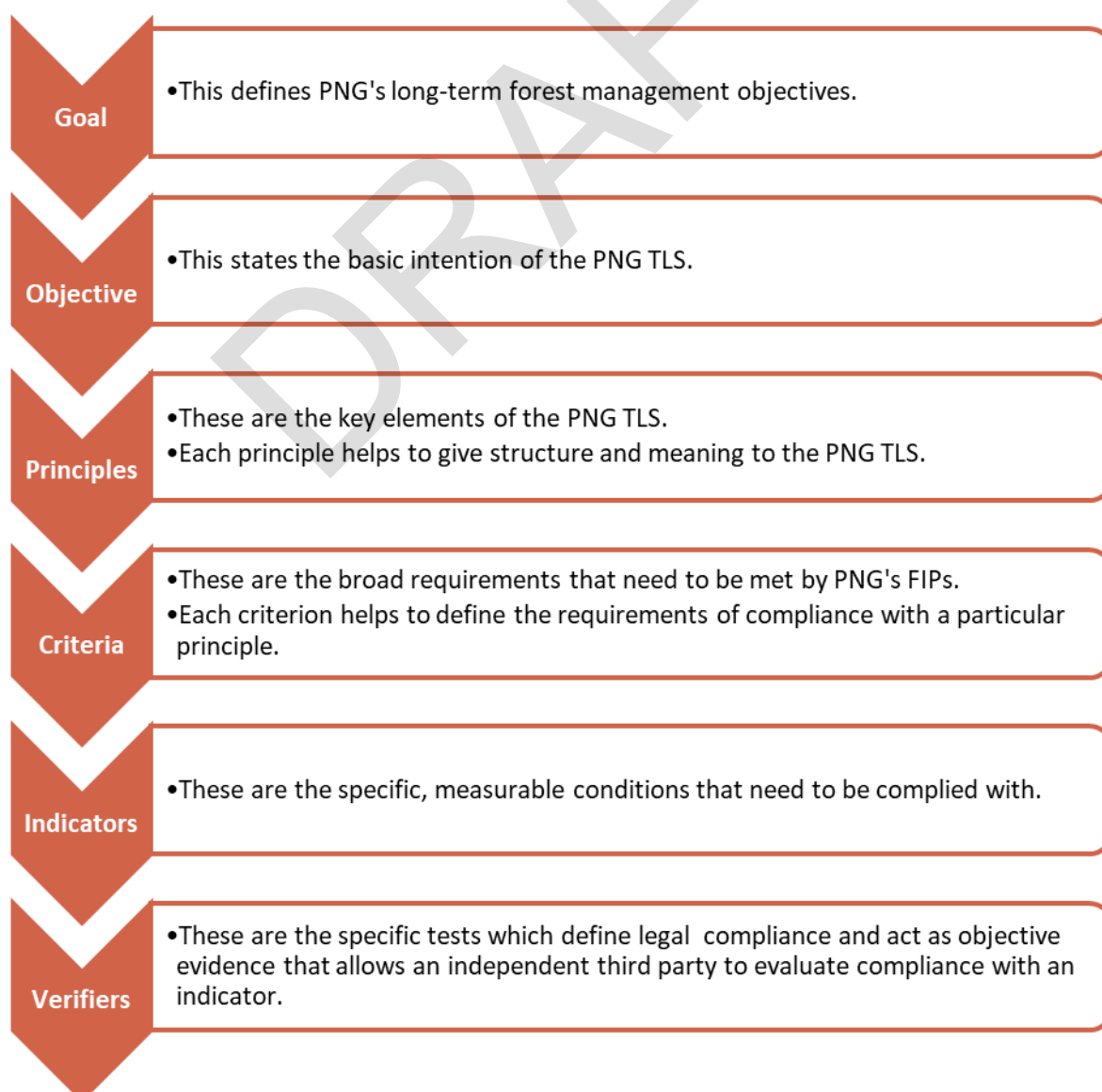
A. PURPOSE

The PNG-TLS (Standard) provides an agreed definition of what constitutes legal timber sourced from PNG as produced by FIPs.

Any activities conducted by contractors or subcontractors on behalf of the FIP are to comply with all applicable laws and are subject to the independent third-party verification process under this Standard.

B. LEGALITY DEFINED

The PNG TLS comprises six levels of definition (see the diagram below). The stated objectives, principles and criterion, indicators and verifiers define legality in support of the desired standards of forest management in PNG.





C. PNG TIMBER LEGALITY STANDARD

The PNG TLS's goal, objective, principles, criterion, indicators and verifiers are defined in the four sections below. The PNG TLS applies to all FIPs in PNG and is subject to independent third party verification. The Guidance Notes to this PNG Timber Legality Standard are normative.

Goal

PNG's forest operations are legal.

The production of forest products from PNG's forests whether natural or planted, must be compliant with the relevant and applicable resource allocation mechanisms, PNGFA Codes and Procedures and associated operational requirements listed in Annex 1. Forest resources are allocated after resource acquisition with free, informed and prior consent from the customary and/or legal owners as listed in Annex 2.

Objective

PNG's forestry sector is complying with all relevant social, environmental and economic laws and regulations.

Principles

1. Rights to harvest timber within allocated forest areas .
2. Requirements regarding forest management, including compliance with relevant environmental, labour and community welfare legislation.
3. Requirements concerning business operations, taxes, import and export duties, royalties and fees directly relating to timber harvesting and trade.
4. Requirements concerning customary tenure and/or user rights to land and resources that maybe affected by timber harvest rights, where such rights exist.
5. Requirements for processing, transport, trade and export procedures.
6. Maintenance of the necessary registers.



D. CRITERION, INDICATORS AND VERIFIERS

PRINCIPLE 1: RIGHTS TO HARVEST TIMBER WITHIN ALLOCATED FOREST AREAS

1.1 The FIP has legal access and harvesting rights to the forest land on which it operates.

1.1.1 Legal access and harvesting rights of the FIP must be demonstrated.

Verifiers: The FIP can show one of the applicable valid documents (see Annex 2) and below.

- A Forest Management Agreement (FMA)
- A Timber Rights Purchase Agreement (TRP)
- A Local Forest Area Agreement (LFA)
- A Timber Authority (TA)
- A State Lease Title
- A Sales and Purchase Agreement under a TA or FCA

1.1.2 The FIP has a valid resource allocation document for the forest resources.

Verifiers: The FIP has one of the applicable, valid documents (see Annex 1.1) and below:

- A Timber Permit (TP);
- A TA;
- A Licence (L);
- A Forest Clearing Authority (FCA);
- A Dealings (for LFA)

An FIP, acting as a Contractor, must hold one of the above where allowed and a valid Logging and Marketing Agreement (LMA) and Licence (L).

1.1.3 PNGFA and all other relevant authorities make available all documentation to demonstrate that legal procedures relevant at that time were followed in resource acquisition and allocation mechanisms, including obtaining Free, Prior and Informed Consent (FPIC), through culturally appropriate engagement, from the customary landowners involved.

Verifiers: Copies of documents from PNGFA showing proper processes adhered to for all steps of permit and license establishment and issuance, including how FPIC was obtained.

1.1.4 The FIP has any other legally required access rights to relevant areas both inside



and outside the allocated area.

Verifiers: The FIP has valid Clan Land Use Agreement(s) and/or Land Lease(s) of relevant areas both inside and outside the allocated area as required.

1.2 The FIP has valid approvals for forestry and any ancillary operations.

1.2.1 The FIP has developed working plans (including the required forest inventories) and received official approvals.

Verifiers: The FIP has in place the applicable and valid working plans as per Annex 1.2:

- Five Year Working Plans;
- Annual Logging Plans;
- Set-up Plans;
- Forest Clearing Authority Plan.

The associated inventory requirements are presented in Annex 1.2.

1.2.2 The FIP has all required and valid environmental approvals.

Verifiers: The FIP has the applicable and valid environmental authorisations (see Annex 3):

- An Environmental Impact Statement (EIS) and Environment Permit;
- Waste Management Plan and Permit;
- Waste Discharge Permit,
- Water Extraction Permit (for Timber Rights Purchase [TRP], Forest Management Agreement [FMA], Local Forest Area [LFA] and Forest Clearing Authority [FCA]).

1.2.3 The FIP has all required and valid approvals for all ancillary activities relating to all operations under the resource allocation held.

Verifiers: The FIP has the applicable and valid approvals, including registrations from the PNGFA and the Department of Labour and Industrial Relations (DLIR), and permits and licences (from Provincial and District Governments).



PRINCIPLE 2: REQUIREMENTS REGARDING FOREST MANAGEMENT, INCLUDING COMPLIANCE WITH RELEVANT ENVIRONMENTAL, LABOUR AND COMMUNITY WELFARE LEGISLATION.

2.1 The FIP has accurately identified the authorized harvesting areas and positioned all planned forestry activities in compliance with approved plans.

- 2.1.1** The FIP can demonstrate the required location and accurate map of all designated areas including the intended forest logging and ancillary activities in each allocated area.

Verifiers: Forest management activities are consistent with the approved and valid working plans, associated mapping and the Papua New Guinea Logging Code of Practice (see Annex 1.1).

- 2.1.2** The FIP can show that the positioning and mapping of cultural sites has been clearly identified in cooperation with landowners.

Verifiers: The applicable maps (and documents) have been approved by PNGFA which includes-

- TP: Each Set-up Approval has a signed Landowner Cultural Site Identification Form attached;
- TA 1-4: Each has a signed Timber Authority and a signed Verification of Ownership and a signed Landowner Cultural Site Identification Form attached;
- TA-5: Proof of consent from the legal owners of the plantation and the plantation materials, and where relevant, a signed Landowner Cultural Site Identification Form is attached;
- FCA – A signed Verification of ownership and consent of landowners Form and a signed Landowner Cultural Site Identification Form.

2.2 Felling of trees strictly complies with species and individual trees restrictions as authorized or imposed by applicable international conventions, national and/or local Regulations, codes of practice, and/or working plans.

- 2.2.1** The FIP only harvests tree species and trees as authorized by law and as prescribed by the approved Working Plans.

Verifiers: There is nil or controlled harvesting (as authorised) of tree species and/or trees:

- Restricted under the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) or;
- Banned under PNG law or;
- Banned under the resource allocation mechanism or;
- Restricted under the Papua New Guinea Logging Code of Practice (unless approved by the Forest Minister) or;
- As required by the Papua New Guinea Logging Code of Practice (unless approved by the Forest Minister) or;



- Banned from export in any form, where export is the intention.

2.3 The FIP identifies species, records and marks all trees and logs in compliance with relevant Regulations, Procedures and working plans.

- 2.3.1** The FIP implements as required a pre-harvest tree species identification and numbering system compliant with relevant regulatory and/or required traceability obligations.

Verifiers: The trees are numbered and marked with the direction of felling prior to harvesting as specified in the Papua New Guinea Logging Code of Practice.

- 2.3.2** The FIP implements a post-harvest log species identification and numbering system compliant with relevant regulatory and/or required traceability obligations.

Verifiers: All logs are marked, scaled and properly tallied after harvesting as specified in the Procedures for the Identification, Scaling and Reporting (including royalty self-assessment) on logs harvested from Natural Forest Logging Operations.

2.4 The FIP can demonstrate that the quantity (e.g. volume) of logs harvested meets the authorized annual log quotas.

- 2.4.1** The species felled and the quantity of logs recovered at harvest is compliant with the authorized quotas and/or other restrictions.

Verifiers: The quantity of logs harvested is as per the authorized quota under the resource allocation mechanism in place: a TP, TA, L or FCA.

2.5 The FIP meets all scheduled obligations under the current Project Agreement.

- 2.5.1** The FIP can provide reports on implementation of scheduled obligations.

Verifiers: The annual logging completion reports and the timely implementation and completion of the obligations is checked on site and verified through interviews with recipients.

2.6 The FIP can demonstrate that harvesting waste and any log downgrading is compliant with the applicable Procedures.

- 2.6.1** The FIP can provide justification for any wood-waste from harvesting.

Verifiers: Wood-waste from harvesting complies with requirements of the Procedures for the Identification, Scaling and Reporting (including royalty self-assessment) on logs harvested from Natural Forest Logging Operations and Revised Waste Management and Assessment Procedures and are documented in the Set-up Monitoring and Control Logbook with any Certificate of Satisfactory Completion of Works.

- 2.6.2** The downgrading of logs for export is compliant with applicable Procedures.

Verifiers: Certificate or control document attesting to compliance.

2.7 The FIP complies with areas where logging and ancillary activities are restricted or prohibited.



- 2.7.1** The FIP respects the integrity of protected areas where forestry activities are restricted or prohibited as documented in all working plans.

Verifiers: Forestry and ancillary activities are excluded from Protected Areas and Conservation Areas.

- 2.7.2** The FIP respects buffer zones within the allocated area where forestry and ancillary activities are prohibited or restricted.

Verifiers: Forestry and ancillary activities are compliant with the Papua New Guinea Logging Code of Practice as documented in the Set-up Monitoring and Control Logbook and with any Certificate of Satisfactory Completion of Works.

2.8 The FIP protects biodiversity in the allocated area.

- 2.8.1** The FIP protects regulated flora and fauna species in the allocated area as required by CITES, national legislation and/or policy.

Verifiers: The FIP documents, identifies and protects flora and fauna as required by CITES and the Papua New Guinea Policy on Protected Areas.

2.9 The FIP minimizes adverse environmental impacts resulting from forestry and ancillary activities in the allocated area.

- 2.9.1** The FIP complies with relevant Regulations pertinent to water and waste management in the allocated area.

Verifiers: The FIP complies with the waste management requirements of the Papua New Guinea Logging Code of Practice by way of following documentations;

- Waste and environmentally dangerous materials' management permits
- Relevant post-harvest inspection reports
- The FIP has and complies with the requirements of any environmental permits (see Annex 2).

- 2.9.2** The FIP complies with relevant Regulations pertinent to soils in the allocated area.

Verifiers: The FIP complies with the soil protection requirements of the Papua New Guinea Logging Code of Practice with outcomes documented in the Set-up Monitoring and Control Logbook.

- 2.9.3** The FIP complies with relevant Regulations pertinent to the storage and use of chemicals, fuel and lubricants in the allocated area.

Verifiers: The FIP complies with the toxic material requirements of the Papua New Guinea Logging Code of Practice and has necessary permit(s) issued by the Conservation and Environment Protection Authority (CEPA) and/or the DLIR.

- 2.9.4** The FIP complies with relevant Regulations pertinent to safety risks to the public associated with forestry and ancillary activities.

Verifiers: The FIP complies with the applicable Regulations and requirements



for:

- The Papua New Guinea Logging Code of Practice;
- Vehicle and machinery safety as required by the Department of Transport and Infrastructure (DOTI) and Motor Vehicle Insurance Limited (MVIL);
- Marine craft safety as required by National Maritime Safety Authority (NMSA);
- Electrical safety as required by PNG Power Limited.
- Fire extinguishers in factory or workshop areas.

2.10 The FIP takes best endeavours to reduce the risk of any unauthorized activities by other parties within the allocated area.

2.10.1 The FIP monitors and reports to the PNGFA, any illegal logging, illegal forest conversion to other land-uses or any illegal processing of logs by other parties in the allocated area.

Verifiers: The FIP has registered and reported to the PNGFA any suspected incidents of illegal logging, illegal forest conversion to other land-uses or any illegal processing of logs by other parties in the allocated area.

2.11 The FIP knows and respects the legal and customary rights of local communities within the allocated area.

2.11.1 The FIP understands and respects its obligations towards the local communities within the allocated area.

Verifiers: Evidence of compliance by the FIP with benefit sharing agreements, revenue payments, exclusion of cultural and sacred sites, compensation payments for damages done, and any other agreements related to local communities' rights.

2.12 The FIP respects the rights of workers as defined by relevant national Regulations.

2.12.1 The relationship between the FIP and its workers has been formalized in compliance with applicable regulatory requirements.

Verifiers: The relationship between the FIP and its employees has been formalized as per the Industrial Relations Act 1962, amendments and Regulations with a Registered Award. Expatriates must also hold a current Work Permit issued by the DLIR under the Employment of Non-Citizens Act 2007, amendments and Regulations.

2.12.2 The FIP ensures the following basic working conditions are complied with;

- Workers pay;
- Workers health and safety

Verifiers: The FIP respects basic working conditions, and the regulatory requirements relating to workers pay, health and safety as per:

- Industrial Relations Act 1962, amendments and Regulations;



- Employment Act 1978, amendments and Regulations;
- Papua New Guinea Logging Code of Practice.

2.13 The FIP protects the rights of its contractors' or subcontractors' workers to the best of its ability.

2.13.1 The FIP ensures that the workers' rights and safety of contractors' or subcontractors' employees are respected.

Verifiers: Basic working conditions, and the regulatory requirements relating to worker's pay, health and safety are complied with by all contractors or subcontractors, as per the:

- Industrial Relations Act 1962, amendments and Regulations
- Employment Act 1978, amendments and Regulations
- 'Papua New Guinea Logging Code of Practice'.

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PRINCIPLE 3: REQUIREMENTS CONCERNING BUSINESS OPERATIONS, TAXES, IMPORT AND EXPORT DUTIES, ROYALTIES AND FEES DIRECTLY RELATING TO TIMBER HARVESTING AND TIMBER TRADE.

3.1 As required, the FIP is formally registered and requires that contractors and subcontractors are legally constituted and legally able to operate.

3.1.1 As required, the FIP is a formally registered corporate enterprise with vested rights and obligations in respect of conducting business.

Verifiers: The FIP is a registered Forest Industry Participant (with the PNGFA) and as required, hold valid:

- Certificate of Incorporation issued by the Investment Promotion Authority (IPA);
- Certificate Permitting a Foreign Enterprise to Carry on Business in an Activity
- Tax Identification Number issued by the Internal Revenue Commission (IRC).

3.1.2 The FIP only makes use of contractors and subcontractors in its operations that are legally constituted.

Verifiers: Relevant documents (IPA registration, Contract/Sub-Contract document and permit by PNGFA to subcontract operations)

3.2 The FIP is a legitimate party in the forestry sector.

3.2.1 The FIP's activities are not subject to judiciary and/or administrative action resulting in a current suspension or being declared illegal.

Verifiers: The FIPs' activities are not halted by a current Suspension Notice (or similar instrument) or declared illegal by Court Decision.

3.3 The FIP submits its required official declarations and settles any due payments to appropriate authorities with consistent punctuality.

3.3.1 The FIP has submitted any required production registers, declarations and statistics within the prescribed time period.

Verifiers: The FIP has submitted its monthly Declaration of Logs Harvested and Royalty Self-Assessment as per Procedures for the Identification, Scaling and Reporting (including royalty self-assessment) on logs harvested from Natural Forest Logging Operations.

3.3.2 The FIP has paid within the prescribed time period any required taxes, royalties, landowner premiums, fees, levies and project development benefits relating to forestry, timber processing operations and ancillary activities.

Verifiers: The FIP has documented and paid all required taxes, royalties,



landowner premiums, fees, project development benefits and levies as defined under the resource allocation mechanism: a TP, TAs, L or FCA.

- 3.3.3** The FIP has paid any required export duties and other regulated export related costs within the prescribed time period.

Verifiers: The FIP has paid the correct Export Duties and Levies as required by the Papua New Guinea Customs Service and any other regulated agency fees.

3.4 The FIP's operations are accurately described by its data, registers, accounts and required official declarations.

- 3.4.1** The FIP is not involved in unlawful accounting or financial practices that (among other things) attempt to evade or escape taxes and/or tax liability.

Verifiers: As required, the FIP has on time submitted its required:

- **Returns:** Under the Income Tax Act 1959, amendments and Regulations (to the IRC);
- **Annual Reports:** Under the Companies Act 1997, amendments and Regulations (to the IPA).

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PRINCIPLE 4: CUSTOMARY TENURE OR USER RIGHTS TO LAND AND/OR RESOURCES THAT MAYBE AFFECTED BY TIMBER HARVEST RIGHTS, WHERE SUCH RIGHTS EXIST.

4.1 Local communities maintain their legal or customary tenure or user rights and have formal mechanisms to assert and defend them.

4.1.1 All legal and/or customary tenure or user rights to the forest resource of all local communities in the allocated area are recognized and respected by the FIP as required.

Verifiers: All legal and/or customary tenure and user rights to the forest resource of all local communities are clearly documented with free, informed and prior consent:

- **TP:** A signed underlying resource acquisition mechanism plus the Project Agreement;
- **TAs (1-4):** A signed Timber authority - Verification of Ownership and Consent of Landowners' form;
- **TA 5:** Evidence of consent of legal owners;
- **L:** Issued for minor Forest products and Balsa wood only.
- **FCAs:** A signed Verification of Ownership and consent of landowners form.

4.1.2 Disputes over legal and/or customary land tenure or user rights between FIP and relevant customary landowners are documented and settled according to the relevant formal process.

Verifiers: Disputes over legal and/or customary land tenure and user rights are documented and settled commencing with locally agreed formal process, moving to PNGFA mediation and making use of other formal processes as required.



PRINCIPLE 5: REQUIREMENTS FOR PROCESSING, TRANSPORT, TRADE AND EXPORT PROCEDURES.

5.1 The FIP complies with all pertinent legal requirements relating to processing, transport, and delivery of forest products to customers and/or the point of export.

5.1.1 The FIP obtains any required due authorizations prior to removal and transportation of forest products.

Verifiers: Exports of logs and/or processed products is authorized, prior to removal and transportation, by:

- **An Export Permit:** Issued by the Minister for Forestry, and;
- **An Export Licence:** Issued by the Department of Trade, Commerce and Industry (DTCI).

The export as logs of species banned from export as logs is adhered to.

All domestic sales of logs are in compliances with TP (PA) conditions.

Registration of all vehicles and moving heavy equipment used with insurance cover payment.

5.1.2 The FIP complies with obligations and/or restrictions relating to the commercial processing of timber.

Verifiers: Permit to commercialise and/or trade timber, trade inspection reports, etc.

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PRINCIPLE 6: MAINTENANCE OF THE NECESSARY REGISTERS

6.1 The FIP maintains up to-date landowner dispute registers.

6.1.1 The FIP keeps current a register and record of all internal and external disputes, and any administrative rulings-

Verifiers: The FIP has a complete, up to-date Register(s) of Internal and External Disputes with evidence of resolved disputes, or if not yet resolved, evidence of action and progress.

6.2 The FIP maintains up to-date human resource registers.

6.2.1 The FIP keeps current a register and record of all human resources and any administrative rulings

Verifier: Employment Register incl. salaries paid, employment contract forms (fixed/permanent employment, temporary employment) and employment conditions (working hours, time off/holidays)

6.2.2 The FIP keeps current a register and record of all work place Incidents Register.

Verifier: An up to date register of all work place related incidents and records.

6.3 The FIP maintains up to date as required environmental incidents registers.

6.3.1 The FIP keeps the required register and record of all Work place environmental incidents.

Verifier: An up to date register of all work place related environmental incidents and records



E. ANNEXES

1. PNGFA operational frameworks

1.1 FOREST RESOURCE ALLOCATION FRAMEWORK

The table below presents the resource allocation framework outlined in the Forestry Act 1991, amendments and Regulations.

| Resource allocation mechanism | | | Resource acquisition | Resource | Eligible party | Allowable cut | Duration | Output format |
|-------------------------------|--|------|----------------------|----------------------------------|----------------|--|---|---|
| Timber Permit | | TP | An FMA (or TRP) | Natural forests | FIP | Set by project | A set period with a review at 10 years plus every subsequent 5 years. An extension is possible. | Export logs and/or domestic processing. |
| Timber Authority | Domestic processing | TA-1 | TA process | Natural forests | FIP | < or = 5,000 m ³ of logs. | 12 months. | Domestic processing only. |
| | Land-use conversion | TA-2 | TA process | Natural forests | FIP | Area < 50 ha. | Granted for the period of the total agriculture or other land use project. | Export logs and/or domestic processing. |
| | Roadlines | TA-3 | TA process | Natural forests | FIP | Length < 12.5 km and associated with an FMA. Not exceed the length of road planned & corridor maximum width 40 m | The period of the total roadline clearance project | Export logs and/or domestic processing. |
| | Other forest products | TA-4 | TA process | Natural forests | FIP | As specified in the TA. | A set period based on the set conditions. | Export logs and/or domestic processing. |
| | Plantation harvest | TA-5 | TA process | Planted trees | FIP | An annual clear fall rate is set under the TA. | An ongoing 5 year management plan cycle. | Export logs and/or domestic processing. |
| A Licence | | L | | Minor forest products and Balsa. | FIP | N.A. | Maximum 12 months. Each Licence covers one Province only. | N.A. |
| Forest Clearing Authority | For agriculture or other land development. | FCA | FCA process | Natural forest | FIP | Set by the area of land conversion > 50 ha | As set by the implementation schedule. | Export logs and/or domestic processing. |
| | For a road | | FCA process | Natural forest | FIP | Set by the length of road line clearance > 12.5 km | As set by the implementation schedule. | Export logs and/or domestic processing. |



1.2 REQUIREMENTS FOR APPROVED TIMBER OPERATIONS

The table below presents a summary of the required working plans, mapping and resource inventory for each resource allocation mechanism.

| Allocation mechanism | | Plans required | Map scale | Inventory |
|---------------------------|---------------------------------|--|---|-----------|
| Timber Permit | TP | Five year forest working plans | 1:50,000 | 1% |
| | | Annual logging plans | 1:25,000 | 1% |
| | | Set-up plans | 1:10,000 | 10% |
| Timber Authority | TA-1 | A 1 year or less project. | 1:10,000 | 10% |
| | TA-2 | A 1 year or less project | 1:10,000 | 1% |
| | TA-3 | A 1 year or less project | 1:10,000 | 1% |
| | TA-4 | A 1 year or less project | 1:10,000 | 1% |
| | TA-5 | Duration < term of any land lease. | 1:10,000 | 10% |
| | | Five Year working | 1:50,000 | 1% |
| | | Annual Plans | 1:25,000 | 1% |
| | | Set-up Plans | 1:10,000 | 10% |
| A Licence | L | N.A. | N.A. | N.A. |
| Forest Clearing Authority | FCA (For land-use development). | Proposal approved by The Department of Agriculture and Livestock (DAL). Also 5-Year, Annual and Set-up Plans required. (500 ha block is treated as a Set-up | Map is required but scale is not specified. | N.A. |
| | FCA (For a road). | Map and description of the roadline project giving details of land tenure and the route in numbered 5 km sections. | Map is required but scale is not specified. | N.A. |



1.3 SPECIFIC DOCUMENTS OUTLINING THE KEY PNGFA PROCEDURES AND CODES

The table below contains the key PNGFA procedures and codes organised by the stage of development and implementation of a logging operation.

| Stage | PNGFA document title | Reference |
|--------------|--|--------------------|
| Planning | Planning, monitoring and control procedures for natural forest logging operations under timber permit. | PNGFA (1995a) |
| Logging | Procedures for the identification, scaling and reporting (including royalty self-assessment) on logs harvested from natural forest logging operations. | PNGFA (1996a) |
| | Papua New Guinea Logging Code of Practice. | DEC & PNGFA (1996) |
| | Set-up monitoring and control logbook (for permanent roadlines and selection logging). | PNGFA (1995b) |
| Marketing | Procedures for exporting logs. | PNGFA (1996b) |
| Post logging | Revised waste management and assessment procedures. | PNGFA (2004) |

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2. Forest resource acquisition processes

| Resource acquisition | | | Resource harvest | Currency |
|-----------------------------|-----|--|--|---|
| Timber Rights Purchase | TRP | The PNG Government acquires the rights to harvest timber from areas where customary owners are willing to transfer their timber rights with free, informed and prior consent. TRP was the vehicle used to acquire timber rights from customary owners pursuant to the repealed <i>Forestry Act Chapter 216</i> but saved under section 137 of the <i>Forestry Act 1991</i> as amended until the currency of the period is expired. | The PNGFA allocates the resource via a TP to a FIP to undertake the logging of the resource. | TRPs cannot be renewed once expired. |
| Local Forest Area | LFA | Customary landowners form and incorporate their landowner company, implement a 'private dealings' agreement between the landowners and the landowner company as a business entity. | | Current Forestry Act saves old LFAs which has a tenure for each project. Once that tenure becomes due, the LFA becomes null and void. |
| Forest Management Agreement | FMA | The PNG Government acquires the rights to harvest timber from areas where customary owners are willing to transfer their timber rights with free, informed and prior consent. FMA is the vehicle used to acquire timber rights from customary owners pursuant to the <i>Forestry Act 1991</i> (as amended) | The PNGFA allocates the resource via a TP to a FIP to undertake the logging of the resource. | Current mechanism |
| Timber Authority | TA | A party submits a TA applications to the PNGFA to acquire the timber rights from the customary or other owners with free, informed and prior consent. TAs are for small-scale operations in areas not covered by a current FMA. | The logging is conducted by the FIP under the TA. | Current mechanism |
| Forest Clearing Authority | FCA | 1. Under Special Agriculture and Business Lease (SABL) the applicant must have a duly registered lease and appropriate approvals from the Department of Lands and Physical Planning (DLPP), or the Department of Agriculture and Livestock (DAL) and CEPA. | The logging is conducted by the FIP under the FCA. | Current mechanism |



| | | | | |
|--|--|---|--|--|
| | | 2. Roadline FCAs require Department of Works (DOW) approval. 3. Customary FCAs require Verification of Ownership (as for TAs) plus a Sales and Purchase Agreement. | | |
|--|--|---|--|--|

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3. Activities as Defined by the Environmental Act 2000

The table below presents a summary the activities defined by the Environment Act 2000, amendments and the *Environment (Prescribed Activities) Reg. 2002*

| Level | Category | Sub-category | Title | | Description | EIS | Environmental Permit |
|-------|----------|---|--------------------------------------|------|--|--|----------------------|
| 1 | | | | | Activities are all those activities that are not prescribed as Level 2 or Level 3 activities | No | No |
| 2 | A | 3 | Minor Forest Activities | 3.1 | Activities carried out under a TA issued under the Forestry Act 1991. | Potentially | Yes |
| | | | | B | 6 | Forestry and production of timber products | 6.1 |
| | 6.2 | Operation of stationary sawmills and treatment facilities with a production capacity of greater than 30,000 m ³ per year of sawn timber. | Potentially | Yes | | | |
| | 6.3 | Chemical treatment of timber using copper-chrome-arsenate solutions with a capacity of greater than 100 tonnes of treated wood product per year. | Potentially | Yes | | | |
| | 6.4 | Processing of wood to form veneer, plywood, particleboard or fibre board. | Potentially | Yes | | | |
| | 6.5 | Processing of wood, wood products, waste paper or other cellulose materials to form pulp, paper or cardboard. | Potentially | Yes | | | |
| 3 | | 16 | Forest harvesting and land clearance | 16.1 | Logging operations where the minimum annual allowable cut is greater than 70, 0000 m ³ per annum. | Yes | Yes |
| | | | | 16.2 | Any large scale clearing carried out under section 90 (a), (b), (c) or (d) of the Forestry Act. | Yes | Yes |



4. Specific Acts, Regulations and other documents defining timber legality in PNG

The table below contains the primary instruments containing sections or sub-sections contributing towards a definition of timber legality in PNG. The Pacific Law Databases contain many PNG Acts and regulations freely available¹

| PNG Acts, Regulations and international conventions | Responsible agency |
|--|---------------------|
| Climate Change Management Act 2015, amendments and Regulations. | CCDA |
| Companies Act 1997, amendments and Regulations | IPA |
| Conservation and Environment Protection Authority Act 2014, amendments and Regulations. | CEPA |
| Conservation Areas Act 1978, amendments and Regulations | CEPA |
| Convention on Biological Diversity. | CEPA |
| Convention on International Trade in Endangered Species of Wild Fauna & Flora (international). | CEPA |
| Customs Act 1951, amendments and Regulations. | PNG Customs Service |
| Customs Tariff Act 1990, amendments and Regulations. | PNG Customs Service |
| Papua New Guinea Import & Export Customs Tariff (current edition). | PNG Customs Service |
| Employment Act 1978, amendments and Regulations. | PNG DLIR |
| Employment of Non-Citizens Act 2007, amendments and Regulations. | PNG DLIR |
| Environment Act 2000, amendments and Regulations. | CEPA |
| Forestry Act 1991, amendments and Regulations. | PNGFA |
| Income Tax Act 1959, amendments and Regulations. | IRC |
| Industrial Relations Act 1962, amendments and Regulations. | PNG DLIR |
| Industrial Safety, Health and Welfare Act, 1961 | DLIR |
| International Trade (Fauna and Flora) Act 1979, amendments and Regulations. | CEPA |
| Investment Promotion Act 1992, amendments and Regulations. | IPA |
| National Agriculture Quarantine and Inspection Authority Act 1997, amendments and Regulations. | NQAIS |
| Quarantine Act 1953 and amendments and Regulations and amendments | NQAIS |
| Workers Compensation Act, 1978 | DLIR |

¹ See at <http://www.paclii.org/form/search/search1.html>.



5. Glossary of terms

| Term | Definition | Reference |
|-----------------------------------|---|--|
| Conservation Area: | The purpose of a Conservation Area is to protect and conserve the natural ecosystems and wildlife there. This includes both forest and reef. These areas are therefore off limits to any kind of hunting, clearing, and gardening, or any kind of activity that might destroy or reduce the health and size of the ecosystems | Independent State of Papua New Guinea (2014: p.54) |
| Culturally appropriate engagement | Community engagement processes through customary hierarchy, gathering of information through a number of visits at dates & times agreed to by the community, with methods of information gathering and discussions to be agreed on with the community, and considering gender and age groups. | PNG FSC's Standard Development Group |
| Customary hierarchy | A traditional system in which members of a tribe or clan are ranked according to relative status or authority | PNG FSC's Standard Development Group |
| Customary land | Customary land means land that is owned or possessed by an automatic citizen or community of automatic citizens by virtue of rights of a proprietary or possessory kind that belong to that citizen or community and arise from and are regulated by custom. | Lands Act 1996 s.2 |
| Customary rights | Customary rights means rights of a proprietary or possessory kind in relation to land that arise from and are regulated by custom | Lands Act 1996 s.2 |
| Forest industry activities | "forest industry activities" means any commercial activities within Papua New Guinea directly connected with— a) harvesting or processing timber or rattan; or b) buying unprocessed timber or rattan for processing or export; or c) selling or, on behalf of another person or other persons, arranging or procuring the sale or purchase of, timber or rattan (whether unprocessed or processed but not including manufactured items made from timber or rattan materials). | Forestry Act 1991 s.2 |
| Forest Industry Participant | "forest industry participant" means any person engaging in, or intending to engage in, forest industry activities (otherwise than as an employee of a forest participant or in the capacity of a common carrier) where the timber or rattan harvested, processed, bought, sold or arranged or procured to be sold or purchased, by that person in a calendar year exceeds— a) 500m ³ in volume; or b) in the case of sandalwood timber or rattan—K20, 000.00 in market value. | The Forestry Act 1991 s.2 |
| | A critical point is that an FIP can be a natural person or a corporation. | Reg 209 (1b), Form 210, Part A – General Particulars: Type of Applicant. |
| Free, Prior and Informed Consent | Free, Prior and Informed Consent (FPIC) means a consultative process to obtain consent of potentially affected landholders by engaging in an open and informed dialogue. | The Climate Change (Management) Act 2015 s.3. |
| | In this document, the caveat is to limit the test to what was required | |



| Term | Definition | Reference |
|----------------|--|---|
| | and appropriate at the time of the interaction. | |
| Protected Area | A clearly defined geographical space, recognized, dedicated and managed, through legal or other effective means, to achieve the long-term conservation of nature with associated ecosystem services and cultural values. | Independent State of Papua New Guinea (2014: p.4) |
| Working plans | A general term used to describe all plans and mapping as required by the Forestry Act 1991, amendments and Regulations and any PNGFA Procedures and amendments. | As used in the PNG TLS |

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6. Reference materials

Department of Environment and Conservation & the PNG Forest Authority (1996) ***Papua New Guinea logging code of practice***. First Ed. April 1996.

Independent State of Papua New Guinea, (2014) ***Papua New Guinea Policy on Protected Areas***. Conservation & Environment Protection Authority, October 2014, Waigani, National Capital District, Papua New Guinea.

PNG Forest Authority (1995a) ***Planning, monitoring and control procedures for natural forest logging operations under Timber Permit***. November, 1995.

PNG Forest Authority (1995b) ***Set-up monitoring and control logbook. (For permanent road lines and selection logging)***. November, 1995.

PNG Forest Authority (1996a) ***Procedures for the identification, scaling and reporting (including royalty self-assessment) on logs harvested from natural forest logging operations***. September, 1996.

PNG Forest Authority (1996b) ***Procedures for exporting logs***. April, 1996.

PNG Forest Authority (2004) ***Revised procedures for assessing post logging waste within a set-up***.

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