



LENDING TO THE LOGGERS

HOW THE NON-BANK SECTOR IS
FINANCING FOREST DESTRUCTION
IN PAPUA NEW GUINEA



ABOUT THIS REPORT

This is a publication of Act Now! and Jubilee Australia Research Centre.

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Cover image: Turama Forest Industries loggers bulldozing through the forest near Morere to extract trees which had been felled © Sutton Hibbert/Shutterstock

Act Now!

ACT NOW! is a community advocacy organisation based in Papua New Guinea. Its vision is for a ‘gutpela sindaun blong olgeta’ (a just and equitable society) that embraces PNG’s rich and diverse cultural and biological heritage and is based on the principles of sharing, communal land ownership and environmental stewardship.

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Jubilee Australia Research Centre partners with and amplifies the voices of local communities in the fight against an extractive and unequal economic system, produces quality investigative research and advocates for just solutions that centre communities. We are an independent and not-for-profit organisation and donations are tax deductible.

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CONTENTS

EXECUTIVE SUMMARY.....	3
INTRODUCTION.....	6
THE NON-BANK LENDERS FINANCING FOREST DESTRUCTION.....	8
HEDURU MONI.....	8
FIRST INVESTMENT FINANCE.....	8
HASTINGS DEERING.....	9
HOW NON-BANK LENDERS ARE SUPPORTING LOGGING.....	10
WHAT ARE THE RISKS - AND WHAT IS BEING DONE TO PREVENT THEM?.....	14
MONEY LAUNDERING.....	14
ENVIRONMENTAL AND SOCIAL IMPACTS.....	16

EXECUTIVE SUMMARY

As the world faces both a climate crisis and a biodiversity crisis, attention has turned to how to preserve the valuable tropical rainforests that regulate the climate and weather, store carbon, protect biodiversity and support the lives and livelihood of millions of people. As home to part of the world's third-largest rainforest, Papua New Guinea (PNG) potentially has a critical role to play in forest preservation.

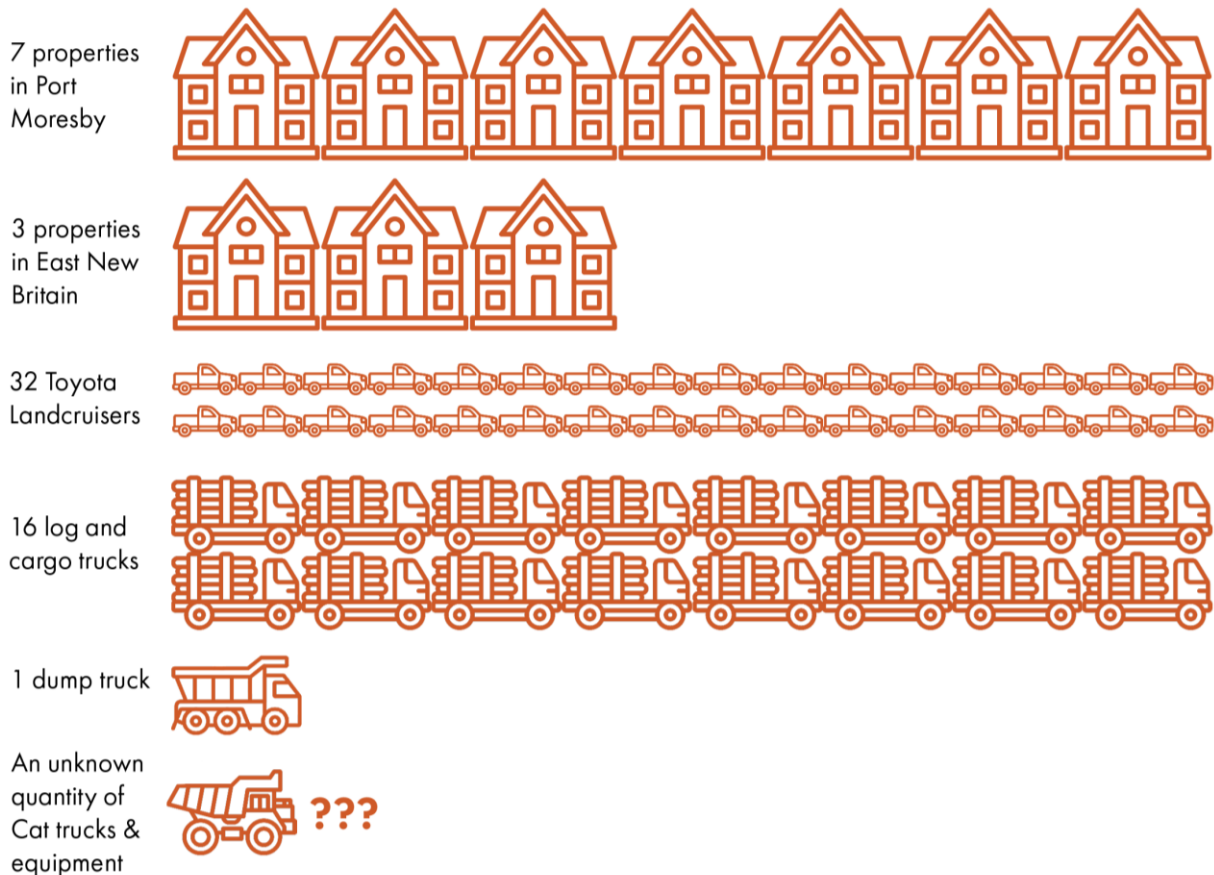
Yet large-scale tropical forest logging has been rife in PNG for decades, with few signs of slowing, and PNG is the world's largest exporter of tropical round logs. The logging industry is also accused of widespread illegality and human rights abuses. While almost all logging in PNG is licenced in some way, there are frequent breaches of the law in the granting of permits and permit extensions, and in the conduct of logging operations.

Against this background, Act Now! and Jubilee Australia have been investigating the financing of PNG's destructive logging industry. Our 2021 report, *The Money Behind the Chainsaws*, focused on the role of commercial banks. This report looks at another group of financiers – the non-bank lenders who are providing financing for cars, trucks and mortgages, including the equipment used to demolish tropical forests and cart valuable hardwoods away for sale.

Between them, non-bank lenders Heduru Moni and First Investment Finance and equipment retailer Hastings Deering have provided loans or other financing to at least 15 companies responsible for harvesting and exporting hardwood from PNG's rainforests since 2016.

What have the lenders financed?

Our investigation has uncovered evidence that Heduru Moni, First Investment Finance and Hastings Deering have provided financing for at least:



While the value of these financing arrangements is not made public, the vehicle financing from First Investment Finance and Heduru Moni is likely to total around 11 million kina (close to AUD\$4.5 million), based on sales values of similar second-hand vehicles available online or from Port Moresby dealerships.¹ On top of this, both of those non-bank lenders have provided finance backed by land leases with an unknown value.

While Hastings Deering has provided equipment on credit to at least six logging companies, there is no information provided publicly about what equipment has been provided or its value.

This financing raises money laundering risks. Money laundering occurs where property generated through criminal activities is disguised or cleaned in order to be incorporated into the legal economy – including where money is passed through the banking system. Illegal logging has been flagged as a significant money laundering threat in the Bank of PNG’s 2017 *Money Laundering and Financing of Terrorism National Risk Assessment*.² The National Risk Assessment argued that “there are strong indicators of large-scale corruption and illegal logging in the forestry sector in PNG, which result in high levels of proceeds of crime”, and that “it is widely accepted that the problem is widespread and the lost revenue is extensive”.³ For financial institutions and vehicle lenders, exposure to the logging sector comes with the risk of handling proceeds of crime.

Companies financing logging companies are also at risk of indirectly supporting human rights abuses and environmental destruction. Government inquiries and other reports have documented a wide range of environmental, social and human rights impacts from logging in PNG.⁴ Recognising this, international and domestic banks have implemented policies to ensure that they are not financing tropical forest logging, or that they undertake additional due diligence to avoid financing operators engaging in unsustainable logging or logging without the consent of indigenous landowners. However, none of the three companies covered in this report were able to provide evidence of any policy on engaging with the forestry sector. First Investment Finance told us they have policies to guide their lending operations that cover “all aspects and industry verticals for finance in PNG”, it did not provide them when requested. Hastings Deering sets out its performance on climate change and modern slavery in its annual report, but advised that “Forestry is not a key area for Hastings Deering in PNG and as such there isn’t a standalone policy”. Heduru Moni did not respond to our requests for information.

As PNG’s financial services sector grows and becomes more diverse, it is important that smaller lenders do not provide a loophole to channel money to the illegal, environmentally destructive or socially harmful activities that the bigger banks refuse to finance.

RECOMMENDATIONS

Act Now! and Jubilee Australia recommend that all non-bank lenders in PNG, including Heduru Moni, First Investment Finance and Hastings Deering do the following:

1. **Stop funding logging:** end all financing relationships with corporate groups involved in tropical forest logging in PNG, including not providing vehicles or equipment on credit, loans or any other finance for property or vehicles.
2. **Adopt strong policies:** develop strong Environmental, Social and Governance policies that clearly prohibit providing lending or any other financial services to companies involved in PNG’s tropical forest logging industry. These policies must be made publicly available.
3. **Transparency:** publish information on current relationships with PNG’s logging sector and what steps are being taken to exit relationships with companies linked to illegal logging.
4. **Remedy:** commit to providing redress and remedy to communities affected by logging operations, where lenders have caused, contributed to, or been directly or indirectly linked to human rights abuses through their business relationships.

Act Now! and Jubilee Australia also recommend that the Government of PNG, particularly the PNG Forest Authority, does the following:

5. **Address money laundering risks:** develop and publicly release a strategy for addressing the risks of money laundering associated with the forestry sector, as committed in the 2017 National Money Laundering Strategy.

INTRODUCTION

The world's tropical rainforests play an essential role in regulating the climate and weather, storing carbon, protecting biodiversity and supporting the lives and livelihood of millions of people. In 2021, 127 countries recognised this vital role by signing the Glasgow Leaders' Declaration on Forests and Land Use. The Declaration commits the signatories to work collectively to halt and reverse forest loss and land degradation by 2030 and to "[f]acilitate the alignment of financial flows with [this] international goal".⁵

Papua New Guinea (PNG) is one of the signatories to the Declaration, with Prime Minister Marape emphasising the need to "move beyond words and take action".⁶ As home to part of the world's third-largest tropical rainforest, PNG has a critical role in preventing and reversing global forest loss.

Yet large-scale tropical forest logging has been rife in PNG for decades and shows no signs of slowing and PNG is the world's largest exporter of tropical non-plantation round logs.⁷ The logging industry is also accused of widespread illegality and human rights abuses. While almost all logging in PNG is licenced in some way, there are reports of frequent breaches of the law in the granting of permits and permit extensions, and in the conduct of logging operations. Multiple official reports and court decisions have documented logging concessions being granted without the required free, prior and informed consent of customary landowners, despite the fact that 97% of PNG's land is customarily owned.⁸

There is also extensive evidence of licences and permits being issued, extended or applied in ways that directly contravene the law, and of logging companies exporting more than their allowed cut, or logging in prohibited areas.⁹ Studies have pointed to evidence of transfer mispricing and tax avoidance by logging companies, and a national inquiry in 2013 also found evidence of bribery and corruption.¹⁰ PNG's Central Bank has labelled the logging sector a "significant money laundering threat", and international think tank Chatham House suggested in 2014 that the majority of timber production in PNG was illegal.¹¹



Illegal practices are widespread, and the weight of available information (including independent reviews commissioned by the government, and the views of private sector experts surveyed by Chatham House) suggests that the majority of timber production in PNG is illegal in some way.

CHATHAM HOUSE
2014

[T]here are strong indicators of large-scale corruption and illegal logging in the forestry sector in PNG, which result in high levels of proceeds of crime.

BANK OF PAPUA NEW GUINEA
2017

In 2021, Act Now! and Jubilee Australia published *The Money Behind the Chainsaws* which documented how commercial banks support destructive logging in Papua New Guinea. The report found that each of PNG's four commercial banks had been involved in providing financing to logging companies, and that its two domestic banks – Bank of South Pacific (BSP) and Kina Bank – were still doing so.¹²

Since the publication of that report, BSP and Kina Bank have both taken positive steps towards ending their financing for destructive forest logging. Kina Bank released an Environmental & Social Management System policy in April 2022 that prohibits financing for commercial logging operations in primary tropical moist forests.¹³ It has also taken steps to review its exposure to logging in general and close logging company accounts. BSP also published an Environmental and Social Risk Management Disclosure Statement in June 2022 and took steps under its anti-money laundering regime to close the accounts of at least 30 logging companies.¹⁴

However, although PNG's commercial banks are taking steps to move away from supporting the destructive logging industry, PNG's non-bank lenders show no signs of following this lead. In PNG, as elsewhere, there are a number of consumer and commercial loan providers and vehicle lenders that provide loans or equipment on credit to logging companies. A 2022 review of PNG's Personal Property Securities registry revealed 46 loan transactions between non-bank lenders and logging companies, some of whom have faced credible allegations of illegal activity.

This report explores these transactions in more detail. Part 1 provides background on the three non-bank lenders that are the focus of this report: Heduru Moni, First Investment Finance and Hastings Deering Limited. Part 2 looks at how each of these companies has provided support to logging companies, via loans secured on vehicles or properties. Part 3 discusses the implications of this support and how non-bank lenders may be complicit in supporting illegal or unsustainable logging. Part 4 sets out a series of recommendations for lenders and the PNG Government.



Logging camp and forest clearance next to Min River on New Hanover, New Ireland Province, April 2016 (c) Global Witness

THE NON-BANK LENDERS FINANCING FOREST DESTRUCTION

The PNG financial services sector includes four commercial banks (Bank of South Pacific, Kina Bank, ANZ Bank and Westpac), thirteen Licenced Financial Institutions (LFIs), and sixteen Savings and Loan Societies.¹⁵ LFIs include finance companies (which can provide personal loans, business loans and term deposits), as well as microfinance institutions.¹⁶

In recent years, there has been a growth in PNG's lending sector and there are a large number of organisations involved in lending and credit (including more than 280 payday loan operations) that are not among the 13 LFIs registered on the Bank of PNG website.¹⁷

This report focuses on two of the LFIs registered with the Bank of PNG: Heduru Moni and First Investment Finance, as well as Hastings Deering – a vehicle and heavy equipment sales and maintenance company that appears to offer trucks and logging equipment on credit.

HEDURU MONI

Founded in 1998, Heduru Moni Limited, which trades as Moni Plus, is a finance company focused on personal loans, asset financing, term deposits and foreign currency payments. Originally established as a small financial intermediary, it became a Licenced Financial Institution in 2006 and expanded from a focus on personal loans to include asset finance. In 2012, it was also licenced as a foreign exchange dealer.¹⁸

Heduru Moni is a privately-held company owned by individual shareholders, some of whom have past or current links to logging companies.¹⁹ In 2016, it was targeted for a reverse takeover by a Singaporean firm, Jaya Holdings, but the deal fell through.²⁰

Heduru Moni has expanded its operations significantly in recent years. In 2021, the company's personal loans business was reported to have grown by 65.5% and it announced an overall net profit after tax of K106.9 million – an increase of nearly 25% on its 2020 results.²¹ Heduru Moni has signalled its intention to apply for a full Commercial Bank licence, which would expand the range of financial services it could provide.²²

FIRST INVESTMENT FINANCE

First Investment Finance Limited is a PNG-based finance company that offers loans – including corporate, personal and property loans – guarantees and deposits.²³ It is a subsidiary of the Kenmore Group of Companies, which also owns a major steel producer and manufacturer, a property operation, car dealerships, PNG Air Freight and the PNG branch of Daikin air conditioners and refrigerators.²⁴ Kenmore Group's website states it has over 1400 staff around PNG, with sales in excess of K430 million annually.²⁵

First Investment Finance was founded in 1987 as a wholly-owned subsidiary of Dylup Investment Corporation Ltd.²⁶ Dylup, which has now merged its operations with Kenmore, was originally part of the PNG operations of controversial Australian businessman Rene Rivkin.²⁷ According to company filings, First Investment Finance is still ultimately owned by Dylup Investments Limited, which in turn is held by two investment funds registered in tax havens.²⁸

HASTINGS DEERING

Hastings Deering (Australia) Limited is an Australian company specialising in the sale, rental, provision of parts, and repair of heavy earthmoving equipment and vehicles used across a range of industries, including mining and forestry.²⁹ The company is headquartered in Queensland, and through the Hastings Deering Group, has expanded into the Northern Territory, New Caledonia, Papua New Guinea, and the Solomon Islands.³⁰

The PNG branch of the Hastings Deering Group was established over 70 years ago in Lae in the Morobe Province.³¹ The company's presence in PNG has grown substantially from three employees in 1947, to 320 as of 2019 and it has operations in Kimbe, Kokopo, Lihir, Port Moresby and Tabubil. This expansion has been concurrent with the growth in the mining sector.³²

Both Hastings Deering (Australia) and Hastings Deering (PNG) Limited are ultimately owned by Sime Darby Berhad, a Malaysian- headquartered multinational agribusiness.³³ Hastings Deering now falls under the industrial division of Sime Darby (SDIA),³⁴ and comprises a quarter of its operations.³⁵

Sime Darby Berhad was, until 2017, also the ultimate parent of palm-oil operation New Britain Palm Oil Limited (NBPOL), one of PNG's largest palm oil operations.³⁶ Greenpeace has reported that NBPOL is considered a stronger performer in meeting ethical obligations and practices.³⁷ NBPOL's operations are now part of a separate subsidiary, Sime Darby Plantation Limited.³⁸

The Hastings Deering group sells a range of Cat brand machinery, ranging from excavators to trucks, dozers, and drills and states that it is among the "top 5 Cat dealers globally and the largest in Australia by revenue".³⁹ The Cat brand is owned by US-based Caterpillar Inc.⁴⁰ All of Hastings Deering stock is Cat, and financing and warranty options are Cat branded. Additionally, Hastings Deering operates as a second-hand retailer for Cat equipment. Hastings Deering also sells Cat parts, and offers repairs for Cat machinery. It is evident that the two companies have a formalised corporate relationship.

In addition to Hastings Deering itself, Sime Darby Industrial (the branch of Sime Darby that owns Hastings Deering) has its own relationship with Cat, marketing themselves as "one of the world's largest Caterpillar dealers".⁴¹ The two companies have been in a partnership "for over 90 years".⁴²

HOW NON-BANK LENDERS ARE SUPPORTING LOGGING

Jubilee Australia and Act Now! reviewed records on PNG's Personal Property Securities Registry and found evidence that Hastings Deering, First Investment Finance and Heduru Moni have had 46 financing arrangements with companies actively involved in harvesting and exporting tropical forest logs in PNG. Most of these arrangements are or were secured against vehicles and may represent loans for the purchase of those vehicles. Vehicles financed range from one Toyota Landcruiser to eleven Mercedes Benz and Kenworth logging trucks, which could be worth several million kina.

The overall value of these financing arrangements is significant. While the PPSR does not show the monetary value of these arrangements, they are likely to total as much as 11 million kina (close to AUD\$4.5 million), based on sales values of similar second-hand vehicles available online or from Port Moresby dealerships.

On top of the vehicle loans, Heduru Moni and First Investment Finance have also provided loans secured by mortgages over properties in Port Moresby and Kimbe in West New Britain. One of those apparent mortgages covers seven lots in a Port Moresby development.

Act Now! and Jubilee Australia do not suggest that their analysis of the PPSR shows that Heduru Moni, First Investment Finance or Hastings Deering knew of or sanctioned any illegal logging activity in PNG. However, it appears from this analysis that non-bank lenders have been financing multiple aspects of PNG's destructive rainforest logging – from properties owned by the logging companies, to the bulldozers used to clear forests and the logging trucks used to cart away the felled trees.

HEDURU MONI

Analysis of the PPSR shows that Heduru Moni has provided finance to eight logging companies: KK Connections Limited, its sister company KL Connections Limited, Low Impact Logging Limited, Stettin Bay Lumber Co Limited and four members of the Rimbunan Hijau group: Niugini Lumber Merchants Limited, Rimbunan Hijau (PNG) Limited, Saban Enterprises Limited and Timbers PNG Limited. This finance is primarily for vehicles although appears to also include two property mortgages in East New Britain province.

Heduru Moni provided financing to Rimbunan Hijau companies covering eleven logging trucks – primarily Mercedes – and three Landcruisers, with an estimated value of 4.63 million kina (AUD\$1.85 million). Heduru Moni also has a current loan or financing arrangement with Rimbunan Hijau subsidiary Timbers PNG Limited secured by a property in Kimbe, West New Britain – the value of this loan is unknown but may be substantial.

Heduru Moni has provided financing to KK Connections and its related company KL Connections for 28 Toyota Landcruisers and four Isuzu trucks. The value of these financing arrangements is likely to be over 6 million kina (AUD \$2.5 million). Heduru Moni has also provided finance to Stettin Bay Lumber Co secured by property at Kimbe, West New Britain. The value of this is unknown.

KK CONNECTIONS

KK Connections and its related companies were responsible for exporting 1.7 million cubic metres of round logs from 2020-22. As of 2022, they are the largest logging group in PNG by export volume.⁴³

Companies in the KK Connections group of companies held Forest Clearance Authority licences in the Makolkol and Dengnenge concessions in East New Britain province.⁴⁴ A Forest Clearance Authority can only be granted to allow land clearing for agricultural planting or road construction. However, Global Witness analysis of satellite data in 2018, supported by field evidence, found activity taking place in in both concessions that resembled selective logging rather than agricultural clearing.⁴⁵ In response to Global Witness's allegations, law firm responding on behalf of KK Connections Ltd. stated that the two FCAs had been obtained after acquiring landowner consent and presenting applications to the Provincial Forest Management Council and National Forest Board. It did not respond to allegations about the type of logging activity.⁴⁶

KK Connections is also one of several companies that appear to have been exporting logs on land where the agreement with landowners has expired (see box, below).

THE CORPORATE CLUSTERS BEHIND PNG'S LOGGING SECTOR

Murky corporate ownership and governance structures make it difficult to identify who is really behind the export of PNG's logs. In PNG's logging sector, companies that initially appear to be separate entities often share the same directors or shareholders. Previous research by ActNow! and Jubilee Australia suggested that while 80 separate companies exported logs from PNG in 2019-21, over half of these companies belonged to one of ten corporate "clusters", based on their shareholding and directorships.⁴⁷ These same "clusters" often include companies engaged in non-logging businesses, particularly palm oil, timber processing and shipping, but also sometimes retail and hospitality.

This report focuses on the non-bank lenders' exposure to the forestry companies directly engaged in tropical forest logging. However, there is also evidence of non-bank lenders providing finance to other companies that appear to be in the same corporate "cluster" as the logging companies discussed in this report. For example, in 2022, Heduru Moni provided finance to shipping company Elite Marine Limited, secured by a 45 metre steel cargo vessel, as well as the company's other assets and undertakings.⁴⁸ Elite Marine appears to be part of the same corporate cluster as logging companies Summit Agriculture, Continental Alliance and Global Elite, who have exported logs from the rainforests of East and West Sepik.⁴⁹

FIRST INVESTMENT FINANCE

First Investment Finance has provided finance to two companies in the Rimbunan Hijau corporate group. It has provided Rimbunan Hijau (PNG) Limited with a mortgage covering seven separate lots located at Section 169 in Boroko in the centre of the National Capital District.

The Rimbunan Hijau group is a multi-industry Malaysian company and one of the largest timber groups in Southeast Asia.⁵⁰ It has a variety of interests in PNG including mining, oil palm, retail, property, Tropic Air airline and *The National* newspaper. There are 60 or more companies in PNG identified as being owned and controlled by the Rimbunan Hijau Group or its associates, of which 30 are connected to logging businesses.⁵¹ Rimbunan Hijau timber companies have been linked to multiple reports of illegal logging and human rights abuses.⁵²

First Investment Finance has also provided financing for two Mitsubishi Canter trucks to Rimbunan Hijau subsidiary Sinar Tiasa (PNG) Limited.

ILLEGAL LOGGING IN PNG: LOGGING UNDER EXPIRED AGREEMENTS

Under PNG law, logging operators require government authorisation under one of several different licence types. One of the oldest types of licence still in operation is the Timber Rights Purchase (TRP). Many TRP licences were granted in the 1970s or 1980s under an old, pre-independence law that offered little protection for the rights of customary landowners. New versions of the law no longer include this licence type, but have grandfathered in existing TRPs, allowing them to operate until the expiry of their licence term.

In recent years the agreements with landowners underpinning many of those TRP licences have expired but logging companies have continued to operate under them. According to Australian National University academic Colin Filer, almost two thirds of logs exported from Timber Rights Purchase areas during 2019-21 were from areas where the TRP has expired. As Filer has highlighted, since there is no provision in the legislation to extend those agreements, these logging operations appear to now be illegal.⁵³

Companies that appear to have exported logs from expired concessions over that period include KK Connections and KL Connections (customers of Heduru Moni), Cakara Alam Limited (a customer of Hastings Deering), and Saban Enterprises and Timbers PNG Limited (customers of Heduru Moni Limited).⁵⁴

In June 2021, the National Court of PNG issued a court order ordering a ban on logging in all Timber Rights Purchase Areas throughout PNG until the government provides the court with more information.⁵⁵ Act Now and Jubilee Australia understand that this information has not yet been provided and the ban remains in effect. Despite this, logs have been exported from 31 TRP logging operations since the ban was imposed.⁵⁶

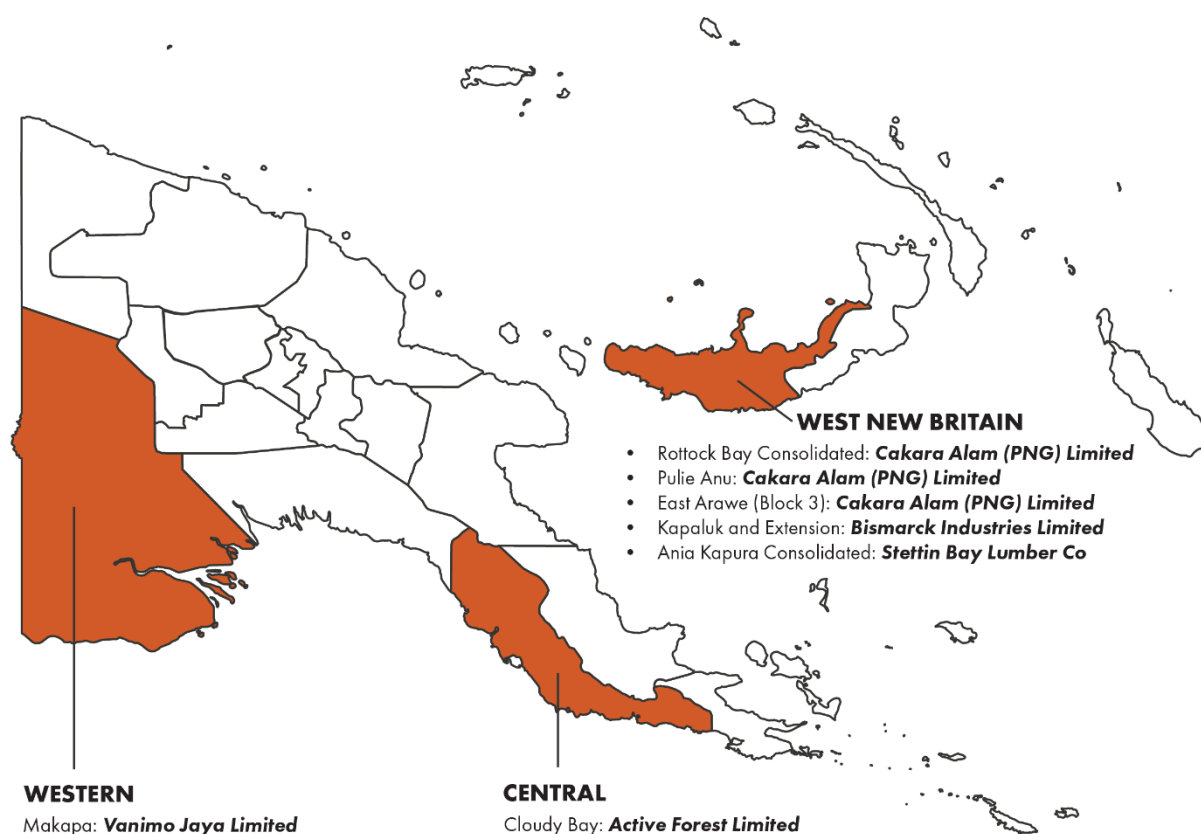
HASTINGS DEERING

Equipment manufacturer Hastings Deering is currently providing credit to at least six different logging companies, including some of PNG's largest exporters of tropical round logs.⁵⁷ Details about the financing relationship between Hastings Deering and these companies are sparse – in each case, Hastings Deering has registered a charge over “[a]ll goods and parts sold, leased, rented, bailed or otherwise made available to the debtor by the secured party including but not limited to civil engineering and mining equipment and ancillary items.”

The value and the type of equipment Hastings Deering has provided to these companies is unknown, it may include equipment used in logging. Hastings Deering sells and rents a variety of new and used equipment that may be used in logging operations, such as bulldozers and loaders.⁵⁸

What the Cat dragged in: locations of the companies working with Hastings Deering in PNG

Five of the logging companies that appear to have received equipment on credit from Hastings Deering are currently operating logging concessions in tropical rainforests across PNG



* All locations are approximate

[^] Free Vector Maps, 'Map of Papua New Guinea with Provinces' URL: <http://freevectormaps.com/papua-new-guinea/PG-EPS-02-0002>, accessed on 21/02/2023.

WHAT ARE THE RISKS - AND WHAT IS BEING DONE TO PREVENT THEM?

For PNG's non-bank lenders, there are two major risks associated with lending to the logging sector. The first is that providing financing for logging risks those institutions being implicated in money laundering or handling proceeds of crime. The second is that lending to the logging sector could in effect see lenders indirectly enabling illegal activity by providing either the financing used to support logging operations, or the actual vehicles used in carrying out forest destruction.

MONEY LAUNDERING

Money laundering occurs where property generated through criminal activities is disguised or cleaned in order to be incorporated into the legal economy – including where money is passed through the banking system.

While non-bank lenders are not deposit-taking institutions, they can be involved in money laundering where borrowers use proceeds of crime to pay back loans. For example, Australian watchdog AUSTRAC has received suspicious activity reports relating to customers in Australia unexpectedly paying out a loan for prestige vehicles early, with lenders suspicious that criminal proceeds were being used to pay out the loan. This in effect allows the customer to buy an expensive asset with proceeds of crime.⁵⁹



AUSTRAC

Loans are well-established vehicles for money laundering, particularly when the loan is used to purchase high-value assets in which the proceeds of crime can be invested through loan repayments.

AUSTRAC has also noted that, while the value of criminal proceeds that can be stored in a vehicle is relatively low, vehicle loans can be attractive for money-laundering because there is less due diligence required to buy or sell a vehicle than there is for real estate.⁶⁰

Illegal logging has been flagged as a significant money laundering threat in the Bank of PNG's 2017 *Money Laundering and Financing of Terrorism National Risk Assessment*.⁶¹ The National Risk Assessment argued that "there are strong indicators of large-scale corruption and illegal logging in the forestry sector in PNG, which result in high levels of proceeds of crime", and that "it is widely accepted that the problem is widespread and the lost revenue is extensive".⁶² The assessment also reported that more than 40 logging ports around the country are outside effective customs control and these are known to be used for people movement, the export of flora and fauna and laundering. Despite this, the assessment found no evidence that any investigation into breaches of forestry laws had resulted in a successful prosecution of a timber operator or an individual associated with the industry (although this was disputed by the PNG Forest Authority (PNGFA)).⁶³

Many logging companies are also part of broader corporate groups which often include wood processing or sawmilling companies, shipping companies, palm oil companies and retail

operations. Understanding the flow of funds in logging operations (and establishing that those funds are not linked to illegal activity) is made more complex by the possibility that funds could be moved between operators within a corporate group.

It is therefore important that any organisation dealing with customers who are part of PNG's logging sector exercise due diligence. PNG's *Anti-Money Laundering and Counter-Terrorist Financing Act 2015* (AML-CTF Act) requires financial institutions to undertake due diligence on their customers and enhanced due diligence on customers in high-risk industries. "Financial institution" is broadly defined, and includes entities engaged in lending – including consumer credit and mortgage lending – and financial leasing.⁶⁴ Both Heduru Moni and First Investment Finance are registered as reporting entities for AML-CTF with Bank of PNG's Financial Analysis and Supervision Unit (FASU).⁶⁵

Act Now! and Jubilee Australia asked both companies to advise how they are addressing the money laundering risks associated with providing financing to the logging industry. Heduru Moni did not respond. First Investment Finance stated "FIFL does & always conducts AML / KYC [anti-money laundering/know-your-customer] – ie. screens all customers for all new and existing for lending and FX and deposits". On its response to the 2017 National Risk Assessment, First Investment Finance noted "FIFL, like all Banks' and FI's conducted relevant reviews, training sessions with staff and ongoing discussions with BPNG and FASU". However, it declined to provide further detail on its screening criteria and lending policies, directing us to PNG's Central Bank for further information.⁶⁶ It is therefore not clear whether its customer screening systems consider the specific risks associated with the logging sector.

The AML-CTF Act also applies to a set of 'Designated Non-Financial Businesses or Professions', which includes motor vehicle dealers.⁶⁷ These businesses are required to apply the same due diligence requirements as financial institutions, but only in specific circumstances. At present the legislation does not include any circumstances in which motor vehicle dealers have to undertake customer due diligence. The latest list of entities registered with FASU as Reporting Entities under the AML-CTF Act includes four motor vehicle dealers but not Hastings Deering (PNG) Limited.⁶⁸ Given that Hastings Deering appears not to be registered with FASU and therefore does not have any specific requirements to undertake AML-CTF due diligence, then it is likely that it does not subject customers to the same due diligence and screening requirements as commercial banks or finance companies. Hastings Deering did not respond to queries about its approach to the money laundering risks associated with financing for forestry in PNG.

Beyond the obligations of individual financial institutions, there is also a need for a comprehensive national approach to addressing the identified money laundering risks associated with the forestry sector. PNG's *National Anti-Money Laundering and Counter Terrorism Financing Strategic Plan 2017-22* included an action for the PNGFA to conduct a sector risk assessment and develop a strategy for mitigation based on the most significant risks identified.⁶⁹ This document, if developed, does not appear to be publicly available. Addressing the risks to the financial sector from forestry requires a clear, publicly available forestry-specific AML strategy.

ENVIRONMENTAL AND SOCIAL IMPACTS

As discussed above, court decisions, government inquiries and other reports have documented a wide range of environmental and social impacts from logging in PNG. Recognising this, international and domestic banks have implemented policies to ensure that they are not financing tropical forest logging, or that they undertake additional due diligence to avoid financing operators engaging in unsustainable logging or logging without the consent of indigenous landowners.

For example, Westpac's Agribusiness Position Statement clarifies that it will not provide products and services to any activities giving rise to 'Land Grabbing' – large-scale land acquisition that violates human rights, flouts the principle of free, prior and informed consent or does not have a thorough assessment of environmental and social impacts.⁷⁰ On top of this, Westpac aims for its customers in the timber sector to support FSC or PEFC certification and show progress towards such certification within a reasonable time.⁷¹ This applies to Westpac's lending and transaction account businesses in PNG.

As discussed earlier in this report, BSP and Kina Bank have also taken recent steps to strengthen their environmental, social and governance (ESG) policies. Kina Bank's policy, in particular, prohibits it from providing financing to companies engaged in "commercial logging operations or the purchase of logging equipment for use in primary tropical moist forests or old-growth forests".⁷²

In contrast, neither First Investment Finance nor Heduru Moni have publicly available ESG policies on their websites. Heduru Moni's website includes a section on corporate social responsibility which lists the sporting clubs and community initiatives it supports financially, but is silent on how Heduru Moni ensures its operations do not cause harm. Act Now! and Jubilee Australia put questions to Heduru Moni about its ESG policies but did not receive a response.

First Investment Finance responded to queries from Act Now! and Jubilee Australia, noting "FIFL does have policies guiding our lending operations that covers all aspects and industry verticals for finance in PNG". However, it declined to provide copies of those policies, stating "as they are governed by the prudential standards of BPNG – we do not release or provide to anyone".⁷³



Sustainability is at the heart of everything we do. We put health and safety first, we are environmentally responsible, we respect human rights and we are passionate about supporting the communities in which we operate.

HASTINGS DEERING

As an equipment supplier, Hastings Deering arguably has the potential to be more directly implicated in unsustainable logging, as they sell logging trucks and equipment. Its website articulates its four corporate values: no harm, integrity, transparency and care, and notes “Fundamental to our culture, is our primary commitment to not harm our people, environment, community, customers and business”.⁷⁴ It also includes on its website a commitment to sustainability.

In response to questions from Act Now! and Jubilee Australia regarding its involvement in logging and its ESG policies, Hastings Deering pointed to its parent company Sime Darby’s ESG blueprint and strategy, set out in its annual report, but commented that “[f]orestry is not a key area for Hastings Deering in PNG and as such there isn’t a standalone policy”. A spokesperson for Hastings Deering also pointed to the company’s various community support initiatives in PNG.⁷⁵

While Sime Darby’s ESG Blueprint includes emissions targets, these only apply to Scope 1 and 2 emissions – any emissions relating to deforestation caused by use of Cat vehicles would fall under Scope 3. The company has also committed to monitor compliance with modern slavery provisions, but again, the report on this only looks at upstream operations and avoiding modern slavery in its supply chain, not on avoiding the use of its vehicles in human rights violations.⁷⁶

Given the potential for its equipment to be used in deforestation – and the mounting evidence of human rights abuses in PNG’s logging industry – it would seem important for Hastings Deering to address the potential inconsistency between its customers’ activities and its commitments to sustainability and human rights, and explicitly set targets and binding commitments relating to deforestation and the downstream human rights impacts of its operations.



Logging roads in East New Britain Province (c) Paul Hilton
Greenpeace

RECOMMENDATIONS FOR ACTION

As PNG's financial services sector grows and becomes more diverse, it is important that smaller lenders do not provide a loophole to channel money to the illegal, environmentally destructive or socially harmful activities that the bigger banks refuse to finance.

Act Now! and Jubilee Australia recommend that all non-bank lenders in PNG, including Heduru Moni, First Investment Finance and Hastings Deering do the following:

1. Stop funding logging: end all financing relationships with corporate groups involved in tropical forest logging in PNG, including not providing vehicles or equipment on credit, loans or any other finance for property or vehicles.
2. Adopt strong policies: develop strong Environmental, Social and Governance policies that clearly prohibit providing lending or any other financial services to companies involved in PNG's tropical forest logging industry. These policies must be made publicly available.
3. Transparency: publish information on current relationships with PNG's logging sector and what steps are being taken to exit relationships with companies linked to illegal logging.
4. Remedy: commit to providing redress and remedy to communities affected by logging operations, where lenders have caused, contributed to, or been directly or indirectly linked to human rights abuses through their business relationships.

Act Now! and Jubilee Australia also recommend that the Government of PNG, particularly the PNG Forest Authority, does the following:

5. Address money laundering risks: develop and publicly release a strategy for addressing the risks of money laundering associated with the forestry sector, as committed in the 2017 National Money Laundering Strategy.

APPENDIX: BANK CHARGES

CHARGES IN FAVOUR OF HEDURU MONI

	Company	Charge registration no.	Date	Details of charge	Date discharged or expiry date if active
1.	K L Connections Ltd	1004373203	14/12/2019	Toyota Landcruiser Pick-up, Engine #: 1HZ-0932067, Registration #: RAT 841	Discharged 14/04/2021
2.	K L Connections Ltd	1004373315	14/12/2019	Toyota Landcruiser Pick-up, Engine #: 1HZ-0929610, Registration #: RAT 844	Discharged 14/04/2021
3.	K L Connections Ltd	1004373427	14/12/2019	Toyota Landcruiser Pick-up, Engine #: 1HZ-0927244, Registration #: RAT 845	Discharged 14/04/2021
4.	K L Connections Ltd	1004375551	18/12/2019	Toyota Landcruiser Pick-up, Engine #: 1HZ-0929231, Registration #: RAT 843	Discharged 14/04/2021
5.	K L Connections Ltd	1004384664	31/12/2019	Toyota Landcruiser Pick-Up, Engine #: 1HZ-0929133, Registration #: RAT 842	Discharged 14/04/2021
6.	K L Connections Ltd	1004184866	5/06/2019	Toyota Landcruiser P/Up ute, Engine # 1HZ 0916728, Regn # RAT 227	Discharged 11/11/2020
7.	K L Connections Ltd	1004184642	5/06/2019	Toyota Landcruiser 5 Dr DLX Wagon, Engine # 1HZ 0922605, Rego # RAT 559	Discharged 11/11/2020
8.	KK Connections Ltd	1003548344	20/10/2017	Isuzu NPS Dump Truck, Eng.#: 4HG1-602603, Rego #: RAS 244	Discharged 22/08/2019
9.	KK Connections Ltd	1003550604	20/10/2017	Isuzu NPS 700P 4x4 3.5 ton Cargo Truck, Eng.#: 4HG1 574101, Rego #: RAS 302	Expired - 20/10/2022
10.	KK Connections Ltd	1003550828	20/10/2017	Isuzu NPS 700P 4x4 3.5 ton Cargo Truck, Eng.#: 4HG1 606082, Rego #: RAS 301	Expired - 20/10/2022
11.	KK Connections Ltd	1003551053	20/10/2017	Isuzu NPR 700P 4x2 3.5 ton Cargo Truck, Eng.#: 4HG1 612938, Rego #: RAS 303	Expired - 20/10/2022
12.	KK Connections Ltd	1003796068	31/05/2018	Toyota Landcruiser Pick-up, Engine #: 1HZ-0893172, Regn #: RAS 597	Discharged 22/08/2019
13.	KK Connections Ltd	1003796282	31/05/2018	Toyota Landcruiser Pick-up, Engine #: 1HZ-0891841, Regn #: RAS 591	Discharged 22/08/2019

14.	KK Connections Ltd	1003796406	31/05/2018	Toyota Landcruiser Pick-up, Engine #: 1HZ-0893550, Regn #: RAS 590	Discharged 22/08/2019
15.	KK Connections Ltd	1003796518	31/05/2018	Toyota Landcruiser Pick-up, Engine #: 1HZ-0891744, Regn #: RAS 592	Discharged 22/08/2019
16.	KK Connections Ltd	1003796620	31/05/2018	Toyota Landcruiser Pick-up, Engine #: 1HZ-0893051, Regn #: RAS 593	Discharged 22/08/2019
17.	KK Connections Ltd	1003797631	31/05/2018	Toyota Landcruiser Pick-up, Engine #: 1HZ-0892267, Regn #: RAS 595	Discharged 22/08/2019
18.	KK Connections Ltd	1003798192	31/05/2018	Toyota Landcruiser Pick-up, Engine #: 1HZ-0892912, Regn #: RAS 596	Discharged 22/08/2019
19.	KK Connections Ltd	1003798204	31/05/2018	Toyota Landcruiser Pick-up, Engine #: 1HZ-0892784, Regn #: RAS 598	Discharged 22/08/2019
20.	KK Connections Ltd	1003801698	4/06/2018	Toyota Landcruiser Pick-up, Engine #: 1HZ-0890503, Regn #: RAS 599	Discharged 22/08/2019
21.	KK Connections Ltd	1003801700	4/06/2018	Toyota Landcruiser Pick-up, Engine #: 1HZ-0893438, Regn #: RAS 594	Discharged 22/08/19 & 18/09/19 (two discharged registered over same charge)
22.	KK Connections Ltd	1003826331	20/06/2018	Toyota Landcruiser Pick-up, Engine #: 1HZ-0902199, Regn #: RAS 937	Discharged 29/10/2018
23.	KK Connections Ltd	1003826443	20/06/2018	Toyota Landcruiser Pick-up, Engine #: 1HZ-0901875, Regn #: RAS 938	Discharged 23/12/2019
24.	KK Connections Ltd	1003900586	24/08/2018	Toyota Landcruiser Pick-up 4WD, Engine #: 1HZ-0866116, Regn.#: RAR 566	Discharged 27/06/2019
25.	KK Connections Ltd	1003901485	28/08/2018	Toyota Landcruiser Pick-up 4.2 4WD, Engine #: 1HZ-0865052, Regn #: RAR 565	Discharged – 27/06/2019
26.	KK Connections Ltd	1003901597	28/08/2018	Toyota Landcruiser Pick-up, Engine #: 1HZ-0864792, Regn #: RAR 564	Discharged - 27/06/2019
27.	KK Connections Ltd	1003901609	28/08/2018	Toyota Landcruiser Pick-up 4.2 4WD, Engine #: 1HZ-086512, Regn #: RAR 560	Discharged - 27/06/2019
28.	KK Connections Ltd	1003901711	28/08/2018	Toyota Landcruiser Pick-up 4.2 4WD, Engine #: 1HZ-0866122, Regn #: RAR 567	Discharged - 27/06/2019
29.	KK Connections Ltd	1003901823	28/08/2018	Toyota Landcruiser Pick-up, Engine #: 1HZ-0864909, Regn #: RAR 562	Discharged - 27/06/2019

30.	KK Connections Ltd	1003901935	28/08/2018	Toyota Landcruiser Pick-up, Engine #: 1HZ-0865036, Reg #: RAR 563	Discharged - 27/06/2019
31.	KK Connections Ltd	1003902610	29/08/2018	Toyota Landcruiser Pick-up, Engine #: 1HZ-0899588, Regn #: RAT 031	Expiry - 29/08/2023
32.	KK Connections Ltd	1003902834	29/08/2018	Toyota Landcruiser Pick-up, Engine #: 1HZ-0901799, Regn #: RAT 032	Discharged - 12/02/2020
33.	Low Impact Logging	1003932972	4/10/2018	Toyota Landcruiser 10 Str Wagon, Engine #: 1HZ-0906411, Regn #: LBU 326	Discharged - 10/08/2021
34.	Niugini Lumber Merchants Ltd	1003877178	7/08/2018	Toyota Landcruiser Pick-up, Engine #: 1HZ-0901151, Regn #: BEL 106	Expiry - 07/08/2023
35.	Niugini Lumber Merchants Ltd & Timbers PNG & Rimbunan Hijau (PNG) Limited	1004328758	23/10/2019	1. Mercedes Benz 3836K/38 Logging truck with trailer & attachments, Engine #: 355969-00-209623 2. Mercedes Benz 3836K/38 Logging truck with trailer & attachments, Engine #: 423905-20-837318 3. Kenworth C520R-60 Logging truck with peerless trailer, Engine #: 11603998 4. Kenworth C520R-60 Logging truck with peerless trailer, Engine #: 11551384 5. Kenworth C500-200 Logging truck with peerless trailer, Engine #: 11058785 6. Mercedes Benz 3836K/38 Logging truck with trailer & attachments, Engine #: 423-905-10-074041 7. Mercedes Benz 3836K/38 Logging truck with trailer & attachments, Engine #: 423-906-10-107093 8. Mercedes Benz 3836K/38 Logging truck with trailer & attachments, Engine #: 440-990-10-971565 9. Mercedes Benz 3836K/38 Logging truck with trailer & attachments, Engine #: 423905-20-926522 10. Mercedes Benz 3836K/38 Logging truck with trailer & attachments, Engine #: 423907-10-049698 11. Mercedes Benz 3836K/38 Logging truck with trailer & attachments, Engine #: 423907-10-047899	Discharged – 14/03/2023
36.	Saban Enterprises Ltd	1003876279	6/08/2018	Toyota Landcruiser Pick-up, Engine #: 1HZ-0902322, Regn #: FAD 000	Expiry - 06/08/2023

37.	Saban Enterprises Ltd	1004057964	6/02/2019	Toyota Landcruiser 10 Str Wagon, Engine No: 1HZ-0908977, Registration No: FAD 027	Expiry - 06/02/2024
38.	Stettin Bay Lumber Co Ltd	1004518106	24/04/2020	Property Mortgage over Allotment:2, Section: 61, Kimbe	Expiry - 24/05/2025
39.	Timbers (PNG) Ltd & Rimbunan Hijau PNG Ltd	1004535973	15/05/2020	Property at Allotment 9 Section 48 Kimbe, West New Britain Province - State Lease Volume 121 Folio 56	Expiry - 15/05/2025

CHARGES IN FAVOUR OF FIRST INVESTMENT FINANCE

	Company	Charge registration no.	Date registered	Details of charge	Date discharged or expiry date if active
1	Rimbunan Hijau (PNG) Limited	1001155927	09/05/2016	1. Property Mortgage over Section 161, Lot 4, Boroko, NCD 2. Property Mortgage over Section 169, Lot 8, Boroko, NCD 3. Property Mortgage over Section 169, Lot 9, Boroko, NCD 4. Property Mortgage over Section 169, Lot 10, Boroko, NCD 5. Property Mortgage over Section 169, Lot 17, Boroko, NCD 6. Property Mortgage over Section 169, Lot 18, Boroko, NCD 7. Property Mortgage over Section 169, Lot 19, Boroko, NCD	Expiry – 12/02/2024
2	Sinar Tiasa Limited	1003839602	02/07/2018	2 x Mitsubishi Canter trucks	Expiry – 02/07/2048

CHARGES IN FAVOUR OF HASTINGS DEERING

	Company	Registration number	Date registered or made	Description of Collateral	Date of discharge or expiry
1	Active Forest Limited	1001907865	09/05/2016	"All goods and parts sold, leased, rented, bailed or otherwise made available to the debtor by the secured party including but not limited to civil engineering and mining equipment and ancillary items."	Expiry – 26/10/2046
2	Bismarck Industries Limited	1002041972	09/05/2016	"All goods and parts sold, leased, rented, bailed or otherwise made available to the debtor by the secured party including but not limited to civil engineering and mining equipment and ancillary items."	Expiry – 26/10/2046
3	Cakara Alam (PNG) Limited.	1002015092	9/05/2016	"All goods and parts sold, leased, rented, bailed or otherwise made available to the debtor by the secured party including but not limited to civil engineering and mining equipment and ancillary items."	Expiry - 26/10/2046
4	Stettin Bay Lumber Co Limited	1002011160	09/05/2016	"All goods and parts sold, leased, rented, bailed or otherwise made available to the debtor by the secured party including but not limited to civil engineering and mining equipment and ancillary items."	Expiry - 26/10/2046
5	Vanimo Forest Products Limited	1001922496	09/05/2016	"All goods and parts sold, leased, rented, bailed or otherwise made available to the debtor by the secured party including but not limited to civil engineering and mining equipment and ancillary items."	Expiry - 26/10/2046
6	Vanimo Jaya Limited	1001922272	09/05/2016	"All goods and parts sold, leased, rented, bailed or otherwise made available to the debtor by the secured party including but not limited to civil engineering and mining equipment and ancillary items."	Expiry - 26/10/2046

ENDNOTES

- ¹ Throughout this report, the exchange rate 1AUD = 2.5 kina will be used.
- ² Bank of PNG, *Money Laundering and Financing of Terrorism National Risk Assessment*, Port Moresby: Government of PNG available at: https://www.bankpng.gov.pg/wp-content/uploads/2019/04/National-Anti-Money-Laundering-and-Counter-Terrorist-Financing-Strategic-Plan-2017-2022_-3.pdf, at p. 17.
- ³ Bank of PNG, *Money Laundering and Financing of Terrorism National Risk Assessment*, p. 91.
- ⁴ See for example, 2003-4 Review Team for the Inter-agency Forestry Committee (2004) *Towards Sustainable Timber Production – A review of existing logging projects; Main Report – Observations and recommendations*; Chief Commissioner John Numapo (2013) *Commission of Inquiry into the Special Agricultural and Business Lease (SABL): Final Report* (“Numapo Report”); Chief Commissioner Nicholas Mirou (2013) *Commission of Inquiry into the Special Agricultural and Business Lease (SABL) - Report* (“Mirou Report”). Sam Lawson (2014) ‘Illegal Logging in Papua New Guinea’, *Energy, Environment and Resources EER PP 2014/04*, London: Chatham House; Global Witness (2018) *A Major Liability: Illegal logging in Papua New Guinea Threatens China’s Timber Sector and Global Reputation*. London, Washington and Brussels: Global Witness, available at: <https://www.globalwitness.org/en/campaigns/forests/major-liability-illegal-logging-papua-new-guinea-threatens-chinas-timber-sector-and-global-reputation/> and ActNow! And War on Want (2018) *The SABL Land Grab: Papua New Guinea’s Ongoing Human Rights Scandal*, <https://actnowpng.org/blog/new-report-highlights-sabl-human-rights-abuses>.
- ⁵ Glasgow Leaders’ Declaration on Forests and Land Use, 2 November 2021, available at: <https://ukcop26.org/glasgow-leaders-declaration-on-forests-and-land-use/>
- ⁶ Robert Finlayson, “New forest pledges welcomed, but real action needed”, *Landscape News*, 9 November 2021, available at: <https://news.globallandscapesforum.org/55732/day-1-at-glf-climate-new-forest-pledges-welcomed-but-real-action-needed/> (accessed 30 March 2023).
- ⁷ International Tropical Timber Association (ITTO) (2020) *Biennial Review and Assessment of the World Timber Situation, 2019-2020*. Yokohama: ITTO. Available at: https://www.itto.int/annual_review/ at p. 19. The term ‘tropical logs’ is used throughout this report. The UN definition of tropical timber is broad and refers to “tropical wood for industrial uses, which grows or is produced in the countries situated between the Tropic of Cancer and the Tropic of Capricorn”. In this report, we use ‘tropical logs’ to refer to non-plantation logs harvested from tropical forests in PNG.
- ⁸ For a detailed discussion of these sources, see Act Now! and Jubilee Australia Research Centre, *Illegality and Human Rights Abuses in PNG’s Logging Industry*, 2021, available at: <https://actnowpng.org/publications/factsheets>
- ⁹ See *Apoi v Pouru* [2015] PGNC 56 at [20], available at: <http://www.pacii.org/cgi-bin/sinodisp/pg/cases/PGNC/2015/56.html>; 2003-4 Review Team for the Inter-agency Forestry Committee (2004) *Towards Sustainable Timber Production – A review of existing logging projects; Main Report – Observations and recommendations*, p. 84-85; Global Witness (2018) *A Major Liability*, at p. 7-8 and 13-14; Numapo Report, p. 242; Lawson, ‘Illegal Logging in Papua New Guinea’, at p. 21.
- ¹⁰ Frederic Mousseau and Peiley Lau (2016) *The Great Timber Heist: the Logging Industry in Papua New Guinea*, Oakland: The Oakland Institute; ActNow! (2021) ‘IRC adds more financial crimes to logging companies’ charge sheet’, Act Now Blog, available at: <https://actnowpng.org/blog/blog-entry-irc-adds-more-financial-crimes-logging-companies%E2%80%9999-charge-sheet> (accessed 30 March 2023); Mirou Report; Numapo Report; Act Now! and War on Want, (2018) *The SABL Land Grab*.
- ¹¹ Bank of PNG (2017) *Money Laundering and Financing of Terrorism National Risk Assessment*, at pp. 17, 91; Lawson, ‘Illegal Logging in Papua New Guinea’, at p. 21.
- ¹² Act Now! and Jubilee Australia Research Centre (2021) *The Money Behind the Chainsaws: How commercial banks support destructive logging in Papua New Guinea*, <https://www.jubileeaustralia.org/resources/publications/banks-logging>
- ¹³ Kina Bank, “Kina Bank’s Environmental and Social Management System (ESMS) Policy”, https://investors.kinabank.com.pg/FormBuilder/_Resource/_module/n3fyS58U7kCjX2Pn-157KA/doc/Kina_Bank_Environmental_Social_Management_System_Policy.pdf (accessed 8 February 2023).
- ¹⁴ BSP, *Environmental and Social Risk Management (ESRM) Disclosure Statement*, <https://www.bsp.com.pg/media/1cvncpzp/environmental-and-social-risk-management-disclosure-statement.pdf> (accessed 8 February 2023). For discussion of both banks’ progress in detail, see: Act Now! and Jubilee Australia, “Banks move to stop logging finance but gaps remain”, Act Now! Blog, <https://actnowpng.org/blog/blog-entry-banks-move-stop-logging-finance-gaps-remain> (accessed 8 February 2023).
- ¹⁵ Bank of PNG, “Licenced Financial Institutions”, <https://www.bankpng.gov.pg/licensed-financial-institutions-lfi/> (accessed 9 December 2022). Note webpage last updated as at 30 June 2021. In addition to the four currently –

operating commercial banks, two financial institutions (Teachers Savings and Loan Society - TISA and Credit Corporation Limited) are in the process of transitioning to become full Commercial Banks.

¹⁶ Peter Biggs, “The financial sector in Papua New Guinea – A good case of reform” (2007) *Economic Round-up* 73-94 at 75, available at: https://treasury.gov.au/sites/default/files/2019-03/04_The_financial_sector_in_PNG.pdf; World Bank (2019) *Papua New Guinea Financial Consumer Protection Diagnostic 2018*, available at: <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/541911540390928999/papua-new-guinea-financial-consumer-protection-diagnostic-2018> at pp 17-18.

¹⁷ World Bank, *Papua New Guinea Financial Consumer Protection Diagnostic 2018* at p. 7.

¹⁸ Moni Plus, Homepage, <https://www.moniplus.com/> (accessed 11 December 2022).

¹⁹ PNG Investment Promotion Authority, *Application for re registration of company – Heduru Moni Limited*, 22 February 2023. For logging company links, see Sarawak Report, *Sarawak’s Logging Tycoons in Papua New Guinea*, 2020, available at: [https://sarawakreportdocs.s3.eu-west-2.amazonaws.com/Sarawak's+Logging+Tycoons+In+Papua+New+Guinea+by+Sarawak+Report_FINAL\(1\).pdf](https://sarawakreportdocs.s3.eu-west-2.amazonaws.com/Sarawak's+Logging+Tycoons+In+Papua+New+Guinea+by+Sarawak+Report_FINAL(1).pdf)

²⁰ Jaya Holdings Limited, “Proposed acquisition of the entire issued and paid up share capital of Heduru Moni Limited”, Investor Announcement, 18 May 2016, available at: https://www.moniplus.com/investor-announcements/Jaya_Holdings_SPA_Announcement_18May2016.pdf (accessed 7 February 2023); Ann Williams, “Jaya Holdings to be delisted, must make exit offer after Heduru Moni acquisition attempt fails”, *The Straits Times*, 3 October 2017, <https://www.straitstimes.com/business/companies-markets/jaya-holdings-to-be-delisted-must-make-exit-offer-after-heduru-moni> (accessed 7 February 2023);

²¹ Central Banking Act Independent Advisory Group (IAG), *Phase II Issues Paper*, 22 August 2022, at p. 9.

²² Central Banking Act Independent Advisory Group, at p. 4.

²³ First Investment Finance, Homepage, <https://www.fifl.com.pg/> (accessed 11 December 2022).

²⁴ Kenmore Group, Homepage, <https://www.kenmore.com.pg/> (accessed 11 December 2022).

²⁵ Kenmore Group, “About Us”, <https://www.kenmore.com.pg/about-us> (accessed 11 December 2022)

²⁶ Peter Le Gras, “Key man in Rivkin’s PNG push resigns”, *Australian Financial Review*, 16 December 1987, available at: <https://www.afr.com/politics/key-man-in-rivkins-png-push-resigns-19871216-k2l02> (accessed 11 December 2022; PNG Investment Promotion Authority, ‘First Investment Finance Limited’, available at: <https://www.ipa.gov.pg/Corp/EntityProfile.aspx?id=7e12fd99-eae3-4303-92f4-b26b708e4604> (accessed 30 March 2023).

²⁷ Peter Le Gras, “Key man in Rivkin’s PNG push resigns”; Sarah Mills, “Oilmet sells Dylup stake for \$11.68 million”, *Australian Financial Review*, 4 June 1990, <https://www.afr.com/politics/oilmet-sells-dylup-stake-for-11-68m-19900604-k3yzh> (accessed 11 December 2022).

²⁸ First Investment Finance is wholly owned by Dylup Holdings Limited, which is in turn owned by Dylup Investment Corporation Limited. Dylup Investment Corporation has two shareholders: Neptune Enterprises Inc and Dragon Holdings International Ltd. Neither company appears to be registered in PNG, however Neptune Enterprises appears to be a British Virgin Islands company, and Dragon Holdings a Bermuda company, according to leaks from the Panama Papers. See: PNG IPA, “Entity Search: First Investment Finance Limited” (accessed 30 March 2022); PNGi Portal “Dylup Investment Corporation Limited”,

<https://pngiportal.org/search?q=DYLUP+INVESTMENT+CORPORATION+LIMITED&exact=1> (accessed 11 December 2022); ICIJ Offshore Leaks Database, “Neptune Enterprises Inc”, <https://offshoreleaks.icij.org/nodes/10055097> (accessed 11 December 2022); ICIJ Offshore Leaks Database, “Dragon Holdings International Limited”, <https://offshoreleaks.icij.org/nodes/12221622> (accessed 11 December 2022).

²⁹ Hastings Deering, “About Hastings Deering”, <https://www.hastingsdeering.com.au/our-business/about-us> (accessed 30 March 2023).

³⁰ Hastings Deering, “About Hastings Deering”

³¹ Patrick Niato Tom, “Hastings Marks 70 years in PNG”, *Post Courier*, 5 July 2019, available at: <https://postcourier.com.pg/hastings-marks-70-years-png/> (accessed 30 March 2023).

³² PNG Report, “Cat® dealer keeping PNG industry moving”, <https://www.pngreport.com/company-profiles/partner-content/1373196/cat%C2%AE-dealer-keeping-png-industry-moving> (accessed 30 March 2023).

³³ Hastings Deering, “Our History”, <https://www.hastingsdeering.com.au/our-business/about-us/our-history> (accessed 3 April 2023). Note, Hastings Deering (PNG) Limited is owned by Singaporean entity Sime Darby Eastern Limited, which is in turn controlled by Malaysian company Sime Darby Industrial Holdings Berhad. See PNGi Portal “Hastings Deering (PNG) Limited”, Business Profile (Company) of Sime Darby Eastern Limited (197601247G)(Singapore) (accessed 31 March 2023).

- ³⁴ *Joint Modern Slavery Statement of of Sime Darby Industrial Australia Pty Ltd and Hastings Deering (Australia) Limited* (undated) available at: <https://modernslaveryregister.gov.au/statements/file/2253620a-dcc7-401d-9341-1a9769a5914a/> (accessed 2 April 2023).
- ³⁵ Optus (2018) “Hastings Deering constructs a digitally secure environment with Optus Business”, https://www.optus.com.au/content/dam/optus/documents/enterprise/case-studies/Hastings_Deering_Customer_Story.pdf (accessed 3 April 2023).
- ³⁶ Sime Darby Plantation, “Sime Darby Plantation Completed NBPOL Acquisition”, Press Release, 2 March 2015 <https://sime-darby-plantation-completed-nbpol-acquisition/> (accessed 30 March 2023).
- ³⁷ Greenpeace (2013) “Certifying Destruction: Why consumer companies need to go beyond the RSPO to stop forest destruction”, available at: <https://www.greenpeace.org/static/planet4-sweden-stateless/2019/01/69d1a6b8-69d1a6b8-rspo-certifying-destruction.pdf>
- ³⁸ K Nagrath, et al, *Sustainability performance assessment of palm oil producers*, at p. 20.
- ³⁹ Hastings Deering, “Equipment”, available at: <https://www.hastingsdeering.com.au/products/new> (accessed 30 March 2023); Hastings Deering, “About Us”.
- ⁴⁰ Caterpillar Inc, ‘About Caterpillar’, <https://www.caterpillar.com/en/company.html> (accessed 23 March 2023).
- ⁴¹ Sime Darby Industrial, website, <http://www.sime-darby-industrial.com/> (accessed 3 April 2023).
- ⁴² *Joint Modern Slavery Statement of of Sime Darby Industrial Australia Pty Ltd and Hastings Deering (Australia) Limited*, at p. 5.
- ⁴³ SGS (2023) *Log Export Monitoring, Monthly Report – December 2022*, available at: <https://pngforests.com/sgs/> at p. 4.
- ⁴⁴ PNGforests, “Makolkol”, available at: <https://pngforests.org/licence/makolkol> and “Dengnenge 'A' Int. Agric Project”, available at: <https://pngforests.org/licence/dengnenge-a-int-agric-project> (accessed 3 April 2023).
- ⁴⁵ Global Witness (2018) *A Major Liability*, at p. 13.
- ⁴⁶ Global Witness, *A Major Liability*, p. 14. KK Connections’ full response is available at page 30.
- ⁴⁷ Act Now! and Jubilee Australia (2022) *The New Timber Barons: the companies logging the rainforests of Papua New Guinea*, available at: https://actnowpng.org/sites/default/files/publications/The%20New%20Timber%20Barons%20-%20October%202022_o.pdf.
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- ⁶⁵ Bank of PNG (2020) *Public Notice: Registration with Financial Analysis and Supervision Unit*, available at: <https://www.bankpng.gov.pg/wp-content/uploads/2020/09/20200903-FASU-public-notice-fullPage.pdf> (accessed 8 February 2023).
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- ⁶⁷ AML-CTF Act (PNG) section 5.
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- ⁶⁹ Bank of PNG (2017) *National Anti-Money Laundering and Counter Terrorism Financing Strategic Plan 2017-22*, available at: https://www.bankpng.gov.pg/wp-content/uploads/2019/04/National-Anti-Money-Laundering-and-Counter-Terrorist-Financing-Strategic-Plan-2017-2022_-3.pdf, at p. 54.
- ⁷⁰ Westpac, *Agribusiness Position Statement*, September 2020. Land Grabbing is fully defined as : ‘large-scale land acquisition or concession which does one or more of the following: violates human rights, particularly those of women; flouts the principle of free, prior, and informed consent; takes place without or disregards a thorough assessment of social, economic, and environmental impacts; avoids transparent contracts with clear and binding commitments on employment and benefit sharing; or eschews democratic planning, independent oversight, and meaningful participation’
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- ⁷⁴ Hastings Deering, “Our Values” <https://www.hastingsdeering.com.au/our-business/about-us/our-values> (accessed 10 February 2023).
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