



BRIEFING PAPER

LOANI BWANABWANA FOREST CLEARANCE: ANOTHER BOGUS AGRICULTURE PROJECT?

AUTHOR AND CONTACT DETAILS

ACT NOW Limited,
PO Box 5218, Boroko, NCD
Tel: +675 7715 9197
Email: info@actnowpng.org

Date of publication: August 2024

Cover image: Log stack on Sideia island, Milne Bay Province. © David Mitchell

INTRODUCTION

A new large-scale logging operation began on Sideia island in Milne Bay Province in early 2024 as part of the Loani Bwanabwana Integrated Agro-Forestry Project

Operated by Malaysian company, Millennium Corporation, the project is promising 36,700 hectares of new agriculture planting across the islands of Sideia and Basilaki and on the mainland. Promised crops include balsa trees, cocoa, vanilla and rice. To make way for the agriculture planting, 1.2 million cubic metres of logs will be harvested over a 10-year period, with 75% destined for export.

But there are serious questions about the authenticity of the agriculture plans and the nature and scale of the intended logging activities. There are also considerable doubts over whether local people have given their informed consent to the project and whether mandatory processes and procedures under the *Forestry Act* have been correctly followed.

The logging operations have been approved under a controversial type of logging licence called a Forest Clearing Authority. There are numerous well documented reports of FCA licences being unlawful used to facilitate large-scale selective logging operations under the guise of bogus agriculture plans.¹

A GENUINE AGRICULTURE PROJECT?

An analysis of documents submitted by the Millennium Corporation company in support of its logging licence application reveals a number of red flags that raise serious concerns.

These red flags include:

- No business plan with the costs and projected returns from the agriculture projects; only for the logging operation;
- No detailed map showing the proposed locations for the agriculture planting;
- No analysis of the suitability of the soils, terrain and climate for the different crops;
- Planned 16,000 hectares of balsa tress will represents a 10-fold increase in PNG's total balsa production, but there is no evaluation of current balsa operations or the market potential;
- Planned 10,000 ha of cocoa despite the crop suitability map showing only 2,700ha of land moderately suitable for cocoa planting and the other 93% classified as marginal or not suitable (see map below);
- No details of the location, size, fuel sources and costs for the cocoa fermentaries that will be required to process the cocoa;
- No bank guarantee letter confirming the company has sufficient funds to finance the agriculture establishment costs;
- No track record in establishing or managing agriculture projects, only large-scale logging.

A6. INTEGRATED AGRICULTURE DEVELOPMENT PLANS

Project area	Gross Area (Ha)	Cons area (Ha)	Net Area (Ha)	Cropping system	Area allocation (Ha)
LOANI	32,200	7,330	24,870	Cocoa	10,000
				Balsa	6,775
				Rice	4,138
				Vanilla	2,200
				Alienated land	1,849
SIDEIA	9,810	5,133	4,667	Balsa	3,072
				Rice	1,500
BASILAKI	10,700	4,698	6,002	Balsa	4,432
				Rice	1,500
TOTAL	52,710	17,161	35,539		35,374

The areas allocated for each crop component may be less when buffers and other forest constraints are factored in

IMAGE: According to the FCA application, almost 60% of the island of Basilaki and almost half the island of Sideia will be planted with balsa and rice.

None of these deficiencies or anomalies were pointed out to local people by Department of Agriculture officials despite a public hearing held as part of the compulsory project development process. At that meeting the DAL representative informed the gathering the project submission was well prepared and presented and followed due process. None of the obvious flaws were mentioned.

A similarly lax approach is evident in the DAL letter endorsing the Agro-Forestry Project.

The letter states ‘most of the compliance requirements have been fulfilled’ but does not specify which have not been fulfilled or set out any steps or timetable for remediation.

The letter also refers to an ‘independent biophysical evaluation’ as confirming the moderate to high potential for commercial cocoa, vanilla and rice cultivation. But this independent evaluation was not included in the FCA application and is contradicted by the evidence that was included.

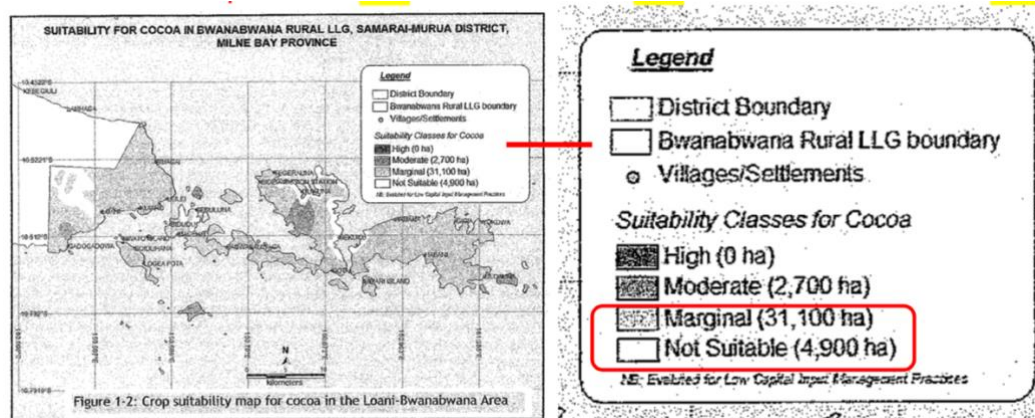


IMAGE: The FCA application promises almost 10,000ha of cocoa plantation but discloses only 2,700ha of the whole project area is moderately suitable with the remaining area marginal or not suitable.

The approval also refers to other compulsory documentation as having been submitted despite it not being included as part of the FCA application.

These documents include:

- implementation schedule showing precise areas for land use development and detailed start and completion dates for all activities;
- details of costs of the agriculture project;
- bank certification that full funding is available
- map showing areas of slope over 30% and other areas unsuitable for agriculture;
- verification of ownership and consent of each resource owning clan;
- details of suitable equipment and manpower and past experience

A LACK OF INFORMED CONSENT?

As well as the obvious deficiencies in the agriculture plans there are strong indications the project may not have the informed consent of local communities.

The landowner consent and verification forms show only one out of seven clans on Sideia island gave approval for the project and on Basilaki only 3 out of 12 clans. There are also questions over the level of approval on the mainland, with missing and duplicate forms in the FCA application. It is also reported logging operations were due to begin on the mainland at the same time as on Sideia island but have been delayed by landowner opposition.

PROJECT DOCUMENTS
APPEAR TO SHOW
ONE PERSON SIGNED
ON BEHALF OF
MULTIPLE PEOPLE

SCHEDULE 1-List of resource owners				Signature.
Name				
256	3651	Kulowa	Landowner	Alota
257	MILEKA	Kulowa.	Landowner	Alota
258	J TERIAN	Kulowa	Landowner	Alota
259	MAUREEN	Kulowa	Landowner	Alota
260	OKEY	Kulowa	Landowner	Alota
261	DANSEL (JR)	Kulowa	Landowner	Alota
262	MELANI	Kulowa	Landowner	Alota
263	Julie	Kulowa	Landowner	Alota
264	Lelei (Kamo)	Kulowa	Landowner	Alota
265	PAULYN	Kulowa	Landowner	Alota
266	CLERINA	Kulowa	Landowner	Alota
267	MARGAN	Kulowa	Landowner	Alota
268	Jeanne	Kulowa	Landowner	Alota
269	Shiea Shenna	Kulowa	Landowner	Alota
270	Nina	Kulowa	Landowner	Alota
271	Lelei (Tr)	Kulowa	Landowner	Alota
272	Laumalai	Kulowa	Landowner	Alota
273	Nakita	Kulowa	Landowner	Alota
274	Frank	Kulowa	Landowner	Alota
275	Natasha	Kulowa	Landowner	Alota
276	Julian	Kulowa	Landowner	Alota
277	Dalton	Kulowa	Landowner	Alota
278	Jericho	Kulowa	Landowner	Alota
279	Morgan	Kulowa	Landowner	Alota
280	Jeremiah	Kulowa	Landowner	Alota
281	Hazel	Kulowa	Landowner	Alota

Perhaps crucially, it appears the wrong paperwork may have been used to verify the consent of landowning clans and signatures were not witnessed by the correct official. Rather than using Form 253 to verify consent, Forms 267 were submitted as part of the FCA application and many are not countersigned by a Village Court Magistrate or land mediator. In a 2019 decision, the National Court ruled an FCA invalid and void for failure to comply with the mandatory and 'critical' requirement to use Form 253 and ensure the counter signature of the correct officials.²

Further, while the Department of Agriculture did fulfil its obligation to hold a public hearing for affected communities to inform them of the agriculture plan and gauge their views, the hearing was held in the Provincial capital Alotau and not in the project area. The meeting report provides no details of which clans were represented at the meeting. There were also no Provincial or District officials present at the meeting as its timing clashed with election duties.

Also of concern is that the FCA application states the logging company will have exclusive rights to 5,000 hectares of the balsa planting. Yet there is no indication that they have secured any long-term tenure rights to the 50 square kilometres of land this will require.

A recent report from the Milne Bay Public Health Department confirms the concerns over landowner consultation and approval. The report notes that participants in an environmental health assessment 'expressed limited awareness of the proposed logging operations and anticipated benefits. There was also concern about the lack of consultation from logging companies and government stakeholders leading to uncertainty among communities.

The report also states, that once the health team had explained the potential negative environmental, health and social impacts of the logging, 'the majority (72%) disagreed with logging and only 18% agreed.'

There is also an interesting anomaly in the stated political support for the project. Although the local Member of Parliament, Hon. Isi Henry Leonard issued a letter on 17 February 2022, stating the project has been endorsed by the local District Development Authority (which he chairs), the records of the DDA shows otherwise. The official record of the DDA shows only that the decision was made to 'accept the policy submission paper in principal and endorse for further public consultation'.

Finally, the locally registered company, Go Corporation Limited, that has a signed Memorandum of Agreement with Millennium Corporation for the implementation of the 'Loani Integrated Agroforestry Project, has been de-registered by Investment Promotion Authority and therefore has ceased to exist. In its MOA the company claims to represent the two clans who are landowners over the 32,460 hectares project area on the mainland. No MOA with landowners on Sideia and Basilaki was filed with the FCA application.

LARGE-SCALE SELECTIVE LOGGING?

Rather than clearing forest for a genuine agriculture project, there is a high-risk Millennium Corporation intends to carry out a large-scale selective logging operation.

The type of logging licence granted to Millennium Corporation, known as a Forest Clearing Authority, is only supposed to be used for the clearing of discrete areas of forest for agriculture planting or other land use changes, however the FCA documentation reveals a number of serious anomalies,

Firstly, the approved five-year logging plan allows the company to log 22,315 hectares of forest, but the proposed agriculture planting will only cover 17,600ha.

Secondly, the FCA application divides the whole of Sideia and Basilaki islands into five logging coupes. Of a gross area of 20,000 ha, the Millennium Corporation has rights to log 11,855 ha, or 60% of the total area over the first five years. In addition, the company has rights to log a further 10,460 ha on the mainland (Loani).

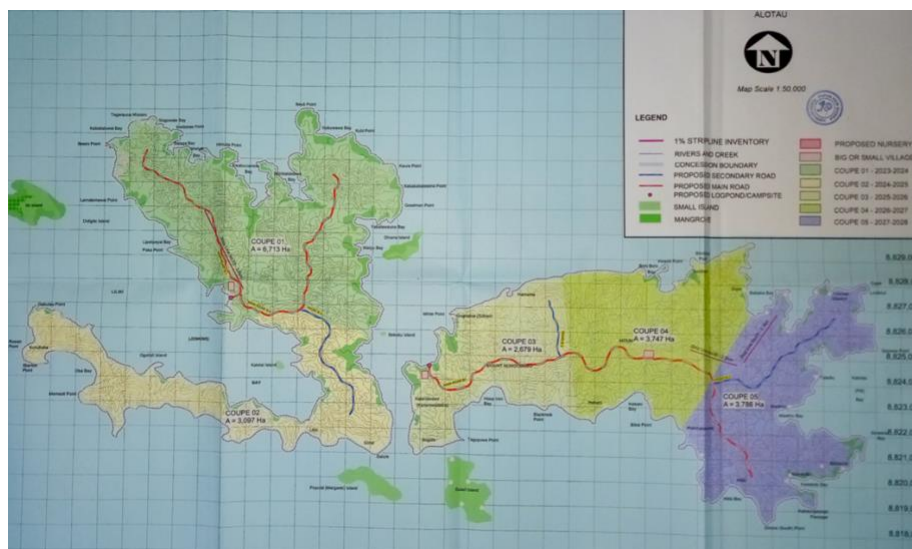


IMAGE: The whole of Sideia and Basilaki islands have been divided up into logging coupes.

This is despite the company's pledge in its FCA application that it will clear the land for planting in phases of 500ha at a time with the blocks being progressively planted and the boundaries of each block being marked out prior to clear felling of the trees.

A recent field inspection has found evidence to support the thesis that what is intended is just a large-scale selective logging operation.

The inspection found that the road construction is suitable only to support short-term logging operations with the routes following the ridge lines and only temporary log bridges.

There is no access being created to the low-lying and flatter areas that could be suitable for agriculture planting. There was also no evidence of proper draining and culverts as needed if the roading is to support long-term agriculture and as required in the Logging Code of Practice.

MILLENNIUM CORPORATION

Compounding all the concerns noted above, it appears Millennium Corporation has no documented history of involvement in agriculture.

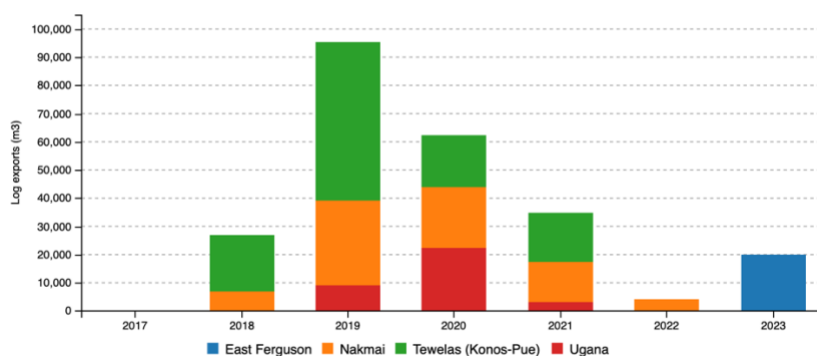
The company was first registered in 2016. Since then, it has been involved in large-scale logging in three areas in New Ireland Province and on East Ferguson Island in Milne Bay.

Millennium Corporation has a single director, Malaysian Pak Cheng Wong. It is owned by a parent company, Eatonwood Limited, registered in the British Virgin Islands, an offshore tax haven.

Province	Concession	Area (Ha)	Licence Type	Licence Number	Year(s) Acquired	Period (years)	Contractor/Exporter	Parent Company	Log Exports
Milne Bay	East Ferguson	31,254	TRP	04-04	1987	40	MILLENNIUM CORPORATION	EATONWOOD LIMITED	19,914
New Ireland	Tewelas (Konos-Pue)	n/a	TRP	16-32	n/a	n/a	MILLENNIUM CORPORATION	EATONWOOD LIMITED	111,251
New Ireland	Nakmai	109,403	LFA	16-01	1974	20	MILLENNIUM CORPORATION	EATONWOOD LIMITED	77,667
New Ireland	Ugana	9,015	LFA	16-02	1976	20	MILLENNIUM CORPORATION	EATONWOOD LIMITED	34,338

TABLE: Millennium Corporation large-scale logging operations in PNG. Source: PNGiForests

Log Exports by Concession



GRAPH: Millennium Corporation has exported a total of 243,170 cubic metres of logs from its four logging concessions. Source: PNGiForests

RIGHT OF REPLY

Details of the analysis and findings in this Briefing Paper were sent to Millennium Corporation at their registered address and to Mr Wong Kee Chiew, Millennium general manager, inviting their response; no replies were received.

Details were also sent to the Managing Director of the Papua New Guinea Forest Authority, with copies to the Chair of the National Forest Board and Minister for Forests; no replies were received.

ENDNOTES

¹ See for example, [1] Ten Years Without a Crop: The Wammy Rural Development Project, ACT NOW and Jubilee Australia, 2023. [2] A New Forest Grab: The Mengen Integrated Agriculture Project, ACT NOW, 2023. [3] Where's the Beef? The Wasu 'Cattle Farm' Project, ACT NOW, 2023.

² Simakade Holdings Limited & others v National Forest Board & others (2018) OS (JR) No.144.

