

# Masalai i tokaut

*Number Twenty Four Addendum: 10 January 2004*

## Minister's explanation full of lies and misinformation

*In October 2003 **Masalai** published an article about the illegal conspiracy between the logging company Tutuman Developments and forestry officers to defraud landowners and the State by under-pricing log exports.*

*In response the Minister for Forests produced a three-page denial of the allegations made by **Masalai**. This document is so full of lies and misinformation that **Masalai** has decided to reply to the Minister and expose how he and the Forest Authority are deceiving the public.*

*Also included is the full text of the original **Masalai** story, 'Conspiracy to defraud: Yet more corruption in the logging industry'*

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In October 2002, **Masalai** detailed how Tutuman Developments was being allowed to export logs from Kaut in New Ireland at prices that were substantially below markets rates. This allows the company to secretly hide its profits overseas, deprives the State of tax revenues and defrauds the landowners.

This fraud is only possible through a conspiracy that involves both forestry officers and the Forest Minister as every log export must be checked and approved before it can be shipped. The Forest Minister personally signs each export permit which includes a statement of the log price.

The Ministers three-page denial of these serious allegations, his exoneration of the logging company and forestry officials and his justification of the log prices is completely flawed. It is not only full of untruths and misinformation but it also reveals the involvement of the Forest Authority in further serious illegalities.

Critically, the Minister does not deny the accuracy of the log price information

published by **Masalai**. He accepts that the log export prices for logs from Kaut are way below the figures for other logging operations PNG and that the log export prices are approved by forest officers and that he signs the export permits.

The Minister seeks to justify the low prices on the basis that the logs being exported from Kaut are of low grade and therefore have to be sold for lower prices than better quality logs from other logging operations.

This is simply untrue.

1. The prices quoted by **Masalai** were for first grade 'saw/veneer' quality logs exported by Tutuman, not for low grade logs. This has been verified by SGS.
2. In the first five months of 2003, Tutuman Developments exported 10,481 cubic metres of logs. **None** of these logs were of low grade.
3. In contrast, other logging operations that were achieving much **higher** prices than Tutuman were exporting significant quantities of low grade logs in the same period
4. Tutuman did export some low grade logs in June 2003, but still the percentage of low grade logs exported by Tutuman is less than one-third of their total exports.
5. SGS, the independent log export monitor, has told the Forest Authority of its concern that even the logs that Tutuman does export as low grade include *'logs which could have been classified as saw/veneer'*:

The Minister's 'facts' are simply incorrect. He is deceiving the public to cover up a clear case of fraud.

Other specific instances of misinformation in the Minister's statement include:

- *"The Minister has not signed any document that defrauds the State in any way'.*

**This is not true. In fact he has signed every single export permit for Tutuman Developments**

- *'The prices quoted by **Masalai** were for low-grade logs'.*

**This is not true. These prices were for saw/veneer grade logs exported in January 2003.**

- *'SGS does the inspections and confirms the status'.*

**This is correct. But the Minister fails to tell the public that SGS says that most of the logs are not low grade and are under-priced**

- *'SGS inspectors are to report to PNGFA any discrepancy in log quality and measurements'.*

**This is indeed correct, however SGS have raised their concerns about Tutuman on several occasions but the PNGFA have not taken any action**

The Ministers denial of wrongdoing also includes the statement that Tutuman is in

fact conducting a salvage clearfell logging operation for future oil palm planting.  
**This activity is totally illegal.**

Tutuman is the logging contractor employed by Bosoma Holdings which holds a Timber Permit for the Kaut area. This permit allows only 'sustainable logging operations' under an old Timber Rights Purchase.

Any clear-felling for agricultural purposes requires a Timber Authority, the processes for which include strict guidelines to ensure that the operation is genuine and environmentally acceptable.

In conclusion, not only is Tutuman defrauding the State and landowners; its logging operation is completely illegal. Worst of all, this is occurring with the complete complicity of the Minister for Forests, Mr Patrick Pruaitch.

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