



PUBLIC ACCOUNTS COMMITTEE

NATIONAL PARLIAMENT OF SOLOMON ISLANDS

COMMITTEE TRANSCRIPT

Ministry of Forestry

12 March 2008, 9:30am

Mr Chairman: Good morning ladies and gentlemen. At the outset, I would like to take this opportunity once again to welcome everyone to the third day of the Public Accounts Committee hearing into 2008 Draft Estimates.

Today we will have the privilege of reviewing the Budget Estimates of the Ministry of Forestry. The officials are here with us. Yesterday the Committee had a very successful day, for which I was impressed at the efforts taken by ministries and departments in preparing for these hearings, not only in their submissions but the documents they tabled.

We were particularly impressed by the caliber of presentation of the Ministry of Public Service yesterday where we had an unusual but pleasure of the presence of the Minister for Public Service, Hon Milner Tozaka. The Minister's presence was a display of his commitment to the process of good governance and accountability and his attendance had been duly acknowledged by this Committee.

On the other extreme, we were unable to receive proper submissions from the Ministry of Rural Development and Indigenous Business Affairs, whose Permanent Secretary was notably absent from the proceedings and whose representatives was unable to answer questions asked of him by this committee.

All Ministries must realize what these hearings have on our nation and must make the requisite sacrifice to attend to answer to this committee.

One of the issues the Committee would like to highlight from these hearings so far is the common complaint by Permanent Secretaries that the amount given to their ministries in these estimates have been drastically reduced in comparison to what they actually need to run their ministries and achieve their goals.

The Committee is of the opinion that this argument is unnecessary and it diverts attention from the real issue at hand. These hearings are designed to solicit explanation from ministries on how they will utilize what has been given to them and not on what they do not have. We hope that ministries will focus on this issue today.

In any event, let me thank all the senior officials and staff of each ministry and departments that appear before the Committee today. We thank you for the level of presentation that you have made to satisfy the purposes of these hearings. Everyone should now be aware that these hearings are recorded and open to both the public and the media. Nonetheless we always anticipate honest submissions and expect nothing less from today's hearings.

On that note I welcome the Permanent Secretary and representatives of the Ministry of Forestry to the table and invite you to make an open statement to the committee on matters relating to the 2008 budget estimates that relates to your Ministry. Thank you.

Mr Under Secretary: Thank you, Chairman. Firstly, I would like to give the apologies of my Permanent Secretary who is not here, as he is still on compassionate leave.

The Ministry of Forests used to be part of the Ministry of Forests, and Government Conservation. But this year as you can rightly see, it is a standalone Ministry.

I will just briefly give you what we did last year and then I will ask our Chief Accountant to comment on the actual budget.

Last year, the Ministry of Forests has a lot of issues, and one of the issues is the difficulty with logistics and manpower. As you will know, forestry is one of the productive sectors and it is responsible for not only a portion of the current revenue but also foreign earnings coming into the country.

Last year we had difficulty with logistics and also manpower. In terms of logistics, unfortunately, we don't really have OBM fuel to actually carry out activities mandated of us both by the Act and also through the policies of the government.

In terms of log monitoring, we tend to concentrate more on monitoring and surveillance of logs and less of field inspection - doing auditing and that stuff.

Last year log exports exceeded \$1.4million - this is a provisional figure. Unfortunately for the past two or three years the number of staff remains the same. This year you would note that we will be recruiting a lot of reforestation extension staff, and this is to ensure government policy on reforestation is implemented. This is something we very much welcome.

I will now ask the Chief Accountant to comment on the Budget. Thank you very.

Chief Accountant: The budget last year, as commented on by the US, does not cater to carry out the functions of the ministry. The budget of this year compared with last year is not much of a difference, maybe just a slight increase.

But as we might understand when the Ministry has an extension in the provinces extensive expenses are incurred. But that is the area that is not catered for when submissions were made to the Ministry to Finance. Therefore, our budget always remains the same again this year. As we will be going through this budget, hopefully we will highlight some issues that do not really reflect the functions of the Ministry this year.

Mr Chairman: Have you got a copy of the recurrent estimates? May be you should highlight more specifically the areas that you have concern on?

Chief Accountant: Where it is specifically indicated in 2007 is subhead 250 - field. When we talk about extension in the Forestry Sector, it means forestry officers are in the provinces - the field, and so when we make projections we include the provincial sector. However, the figure reflected here does not really cover the whole provincial sector that forestry represents.

If you look at subheads 268 and 286 there is a slight increase there. That increase happens when we make virement to cater for the field workers. That is one. The other one is the traveling expenses of those officers. Head 270 caters for the traveling expenses of field workers. In 2007 it was \$128,000 but in 2008 it is \$89,000. This means we would not be able to fully perform the functions of mandated of the Ministry.

Those are the two specific areas I would like to highlight to show that in 2007 we did not really carry out the functions required of us. Allocation for this is further reduced this year, which means we would not be able to carry out our functions, and this we are very concern about.

Hon Sogavare: Mr Chairman, we are hearing again the same problem, and I think it is going to be the same common concern that ministries are going to raise when it comes to under allocation of certain items. I think that issue should be best taken up with the Budget Unit. I think it is good to consult with them again, but again there is a mechanism in the budgetary process for supplementary appropriation, which will be sometimes in June.

But I think the point raised by you is that this budget is supposed to implement government priorities. But it is really hard for officials to get back to the Ministers and say this is what you all said as a government but this is what we need. And if you do not give us money on this area then we will not be advancing your political ideas or your intentions or programs. It is important that there is consultation between officials and Ministers so that appropriate allocations are made. I guess it now comes to a stage where may be all those consultations have happened.

But the way ministries are presenting their budgets shows there have not been enough consultations done between Ministers with their officials in connection with Cabinet and the Budget Unit. These three areas of consultations must be very aggressive as it is all about setting priorities, and the first priority should have more weight on it. Get attention from the political government.

Mr Chairman: Page 243 and 245 on the recurrent estimates. Is Budget Unit here, if they can reproduce some of these copies for other ministries?

Mr Bob: If I could make a comment. What I think happened is that last year they were different accounting code numbers and the same items. So the document gives zero estimates for 2008 against the former items, and then next year it gives correct estimates against the revised estimates. These are new accounting codes for the Ministry.

I think for discussion may be you should go to page 245, and may be we could get back later with some explanation from Finance as to why this is this way, it is confusing for the committee.

Mr Chairman: Have you got a copy of the Development Estimates? Do you want to make comments on that? You have one consolidate and the other non-consolidate, if you can brief the Committee on both of them.

US: According to the Development we have here \$12million from SIG Strategic support to reforestation for milling and the other one is for harvesting for another \$8million.

Regarding this reforestation, I think we've already come up with the activities on how to spend this \$8million. We are told that the National Forests Development

program for this \$8million and the other one for the \$4million dollars, I think this is mostly for downstream processing.

Mr Chairman: Is that for 2008?

US: That is right.

Mr Chairman: If you are still on the same page, under the first one - Strategic Support to Reforestation, in 2007 you have an allocation, and yet when you look at the actuals in 2007 you spent about \$6million. Further down when you look at Strategic Support to Reforestation there is \$4million there but you did not spend it.

You have money in one and you did not spend it and you do not have money in the other account but you spend money. How do you explain this?

Mr Chief Accountant: Under the 2007 estimates, for purposes of our report we only spent \$2.1million, and that is \$4,000 we take out from that project. What is reflected here as \$6million we do not know how it comes out to \$6million because under the formula last year we only committed \$2.1million, and that is according to our records.

Mr Chairman: Would that be regularized when there is a Supplementary Appropriation for last year?

CA: That is what we spent last here, and is supposed to come under ROC funding. Somehow there was a provision provided by the SIG to cater for the start of this project, and then we committed only \$2.1million.

Mr Chairman: The point I'm trying to raise here is that you did not have any budgetary allocation in 2007, but in your actual spending you spent \$6million. Where did you get that money that you spent?

Mr CA: I think we will leave it to the Ministry of Finance to explain this.

US: I think what my Chief Accountant is trying to say is that according to our records we only spent about just slightly more than \$2million, but it appears here as \$6million. We do not know how this figure came about derived. According to our Ministry' records we spent far more less than what is shown here.

Mr Chairman: That is interesting.

Hon Sogavare: Mr Chairman, the explanation of the officials is straightforward. I think those additional expenditures come from additional contingency warrants that were raised by the former Minister of Finance. This is a matter that should go before a so that we can establish the true position of how that fund comes about.

I think the Ministries' explanation can be accepted because they only spent about \$2million but the other part of this expenditure is incurred by the Ministry of Finance.

Mr Chairman: So this year you have \$12million in the development budget. How do you manage that? Have you got any program in place for that?

Can you just highlight what you anticipate this year? How are these funds going to be managed and how are they going to be accessed by people in the villages

PS: My Chief Forestry Officer will outline the activities.

CF: In our program for reforestation this year 2008, we came up with a budget of \$12million. Last weeks docket hand out you will see the breakdown of our costing or summary expenses on that for this year 2008.

Concerning the management of the entire program to make it effective when implementing the program, we have developed some mechanisms and systems that we will use and apply to ensure we deliver services to the rural areas. The handout is simply a project document, details of what we submitted to the National Planning Unit. And the we have National Forestry Plants and Operation Manual, and that is this manual here, both of these manuals, this is for the management program and this is for village extension officers to manage situations in the fields.

It is also to transfer skills that we want officers to deliver to the rural service. We produce this village manual which they will be using as a handbook to transfer skills to the local people.

That is basically the management system and mechanisms put in place. We are pretty confident that if these programs are implemented we will probably see a difference in the reforestation program that we put in place. Thank you.

Mr Chairman: Yes, this has to be tabled in Parliament. Can you also expand the non-consolidated part because is it part of the forest management project. Can you also brief the Committee?

PS: The first management project is AUSAID funded project, which will actually come to an end about September this year. It is coming to an end and it mostly involved training of forestry based extension officers. That is what they mostly did in the past year and what they are going to doing now is just to assist the forestry leader. As the project is coming to an end they will not be doing much.

Under Forestry STABEX 1998, I think forestry is not directly responsible in managing these funds. It only appears here because it is under the forestry sector but Forestry is not responsible for those harvesting. The sustainable forestry and conservation program under STABEX 98 is to assist the KFPL build the malaina plantation of about \$4million. They are trying to fund about 4,000 hectares

The other assistance is for Tetepari Land Lease and also assistance to small farmers through purchase of a barge to transport their forest products to a certain place where for export. Those are assistances that come under STABEX 98. Thank you Chairman.

Mr Chairman: I am a little bit confused Permanent Secretary. A few days ago a number of village based tree farmers approached a number of Members of parliament for

recommendation on applications to be submitted to the Ministry of Forests. Which funding are these people applying for?

Under Secretary: I think they must be confused. I am not sure what they are applying for but if they are applying for the \$12million then we continue to advise them that although the mechanisms are already in place we have to wait until the budget is approved before this program is implemented. So I did not really know which funds they are trying to apply for whether it is STABEX '98 or another one. But if it is STABEX '98 then they have to apply to a different organization and not through Forestry.

Hon Sogavare: Mr Chairman, may be this is related to the 12million. How would people access this funding? Do they apply to the Ministry?

Mr Chairman: Members there is a real breakdown of the \$12million.

US: If people are confused about that, I think it is very clear in the project document that no handouts will be given. Solomon Islanders have to comply with that because we found that giving handouts does not work at all. We tried it in past programs and we failed, and so the only way to ensure reforestation is done is through this mechanism that we put.

Mr Chairman: So village based farmers will be assisted through equipment or seedlings, training or workshops?

US: Not only that but they will have access to high quality seeds not just to pick from any tree.

Mr Chairman: For free or are they still going to buy?

US: It will be free, and also appropriate tools like handsaws and all those things.

Mr Chairman: If you are going to be supplying seedlings, where is the allocation in this breakdown?

Chief Forestry Officer: Mr Chairman, under this budget you will see there our operational costs which will actually support the entire reforestation program, and in which we have components of seed collection, tree pruning programs and all these other things that involved high cost to implement. That money will cater for seed supply that will be given out to the local people.

Mr Chairman: Officials, I am raising this issue because the government is preaching more on reforestation but it looks like the allocations on the breakdown you are giving here will be use up in office expenditures, staff travel, and logistics and there is going to be little emphasis on supplying of seeds, tools, equipment.

I agree with reducing of this handout mentality and more emphasis given to encourage farmers to supply seeds but there is legal provision for the Ministry of Forests

to cover the nine provinces. How are you going to do it? Is tree planting going to be done by all provinces or only a few provinces?

US: I think the program will cover all of our provinces and there will be provision for forestry extension workers, whose responsibility is to distribute the seeds and the tools. Our workers are going to be based in the provinces and in the villages throughout the country on contract basis.

Mr Chairman: But I was expecting some of these expenditures to be in the recurrent estimates, and not in the development. These are supposed to be recurrent expenditures. I am simply raising this issue.

Chief Forestry: I think the system we are trying to implement within the department initially is to have forestry extension officers contracted on the basis that we would be able to monitor their performance in the fields. If we do not do that it will be a similar story like the field officers of agriculture who are not monitored and stay in the village level without performing sometimes. We would like to counteract that situation so that whoever does not perform in the field will be told off and replaced with another one. They can be terminated on the spot as stipulated in the contract and the contract has been accepted and adopted by the Public Service.

Mr Chairman: I think it still raises a lot of uncertainty in terms of sustainability and continuity of these programs because we may have money from ROC this year and next year we may not have it, and if that is the situation is the program going to continue. That is why it is important that continuing and recurring programs should be in the recurrent.

US: I think you have raised a very good point. For this year 2008, since it is a start of all the programs it will be under the development budget, but as of next year, as you rightly said, for sustainability and continuity it will be in the recurrent budget. That is what we will think about for next year. This is not a project but this is a program and we will make sure that it continues.

You may not see it under the recurrent budget this year but as of next year it should be reflected there.

Mr Chairman: We have to convince the Ministry of Finance Budget Unit to allocate some money.

US: I think I should also reveal that out of the eight outputs of the forestry sector two of them relates to reforestation. That is the policy and as officials we have to implement that. I believe to ensure that the policy is carried out we have to negotiate with the Budget Unit to ensure it is catered for in the 2009 budget.

Hon Sogavare: On sustainable harvesting, are you saying that last year we exported 1.4million cubic meters on logs?

US: Mr Chairman, last year about 1.4million cubic meters was exported, and that is about four times more.

Hon Sogavare: What is the prospect of that saying 'going down to that level'? What is the Ministry going to do?

US: Our current legislation unfortunately does not cater for that. Although one of the policies of the government is to put a moratorium on the issuing of licenses unfortunately there is no provision for that in the current legislation. History tells us that in 1997 a similar policy was also introduced unfortunately it was not applied because the High Court ruled that it was illegal, the Ministry of Forests does not have power or the Government does not have power to impose the moratorium.

What we are going to do now is that we are working with the Attorney General's Chambers to try and sort this issue. We know that unless there is provision in legislation we will not have sustainable management of the forest. And so we are currently working with the AG's Chambers to try and put certain clauses within the current legislation for us to sustainably manage the forests.

Mr Chairman: Can you honestly confirm to this Committee the remaining logable forests? As we can see from the Ministry of Finance's revenue, forestry accounts for the biggest source. How much longer will forestry carry this country with the number of operators and the volume which is more than sustainable?

US: From 2006 to 2007 the rate of harvesting is more than 1million cubic metres, and so you are looking at only five years

Mr Chairman: Then all our forests will be wiped out?

US: That is not true. What it means is that there will be no commercial harvesting of logs. The small saw-mill operations would continue but not big logging companies in the country. By that time our forests resources will be depleted. I think we have a frightening scene ahead. The industry here is the national forests but we have the plantation sector, which I believe is sustainable.

Mr Chairman: This is why we really want to encourage village based planting of trees, and as indicated by your program today, it is more or less like an act on an ad hoc basis.

US: You are right. Our natural resources will be exhausted in five years time, the maximum, and so we have to do reforestation.

Mr Chairman: You need to put more money; you need to supply more seeds, more tools to farmers and any incentives to farmers.

US: The message in here is that we have to start, and start now, and that is why this program. We cannot delay replanting any further because the moment we delay to next year we are delaying it by one year of harvesting, and so we have to start soon.

Hon Sogavare: Mr Chairman, we have been talking about planting for years, and the concern raised by the Commissioner of Forests is quite serious, and we need to aggressively address replanting. We have not been doing that.

This leads me to this timber levy issue, which is a self-operating mechanism placed in the budget to finance things like reforestation. I think it was initially introduced to reforest government forests but then it slowly moved to customary land, and suddenly it disappears. It would be a good idea to continue with it and get reforestations financed by loggers, not through the government budget. You collect tax and then finance reforestation. It should really be financed by loggers. This is where we must decide that it should be reintroduced to fund a sustainable reforestation program.

Mr Chairman: On manpower planning, staffing, yes public service?

Mr Mendo: There are 48 vacancies there.

US: You would note that we put an advertisement in the Solomon Star last week, which expired on the 29th of last month. Now we are waiting for applications to come in and then we will be doing short listing and working with the Public Service to appoint the officers.

Mr Chairman: Good. Any further comments from members?

Mr M. Kemakeza: If you look at the development estimates two of allocations are the Forest Management Project Phase II, but if you look under 2008 there is an increase of more than \$4million. If you look at forestry STABEX 98-019 there was a substantial increase to \$10million, from \$1million to \$10million. Can the US explain to us where is this development undertaken? And what are the major components of this increase, and this is under the non appropriate funds?

US: As I've already said those are projects under the forestry sector but unfortunately they do not really come under the Ministry of Forest. The Ministry of Forests is not actually responsible for this, and so I cannot really explain why there is an increase or decrease. It is a project although under the forestry sector but has its own management

Mr Chairman: It does not come under the Ministry of Forests but may be planning.

Mr Official: I think the immediate major purchase is the big barge for smallholders, and that is why it is jumping from \$1.7million to \$2.5million. This year is the year to purchase the big barge, which is slightly an expensive vessel. Another thing is that last year and this year is implementation, and so the majority expenditure will pick up this year.

Mr Chairman: How is the barge going to be used?

PS: Regarding the barge, KFPL will act as the agent to export the forest products and the barge will probably be used to transport logs from those small holders to KFPL.

Mr Chairman: From Temotu Province or all the provinces?

US: There is only one barge allocation for that job. This year there is not much harvesting and so we are looking at may be in five years time when we should really be concern about because that is the time when most of our plantations will be ready for harvesting.

Mr Chairman: So this barge targets forestry plantations, and not those on customary land?

US: Those are the ones but only small-scale plantations.

Hon M.Kemakeza: Mr Chairman, if that is the intention of this allocation then what is the KFPL going to do with this fund directly coming from a source, and not monitored or accounted for by the responsible ministry?

US: You would note that although KFPL is the recipient of that fund, every year they have to reconcile. I believe the Sustainable Forest and Conservation Project is dealing with that. It has to reconcile the funds before any other disbursement will be given to KFPL.

Hon M. Kemakeza: Mr Chairman, the second part of my question is that KFPL is not only the plantations existing in the country. What about others who have also been planting plantations as well?

US: That is a very good point raised by the honorable. Eagon, which is another forest plantation, will be assisted under the STABEX 98 forestry and the Stainable Forestry Conservation Project will assist Eagon to attain a certification system - the Fellowship Steward Council Certification. That is what we are trying to do.

Currently, the KFPL is the only plantation company in the Pacific. We want to extend that to to ensure there is something positive regarding the forestry sector in this country.

Hon Sogavare: What does the certification involve?

Mr US: Certification involves an independent assessor having to come into the country to assess Eagon against certain environments, economic and social aspects of the country. In other words, Eagon has to manage its plantation forests, meaning sustainable forest management, and certification is just icing of the cake. They first have to ensure they have sustainable forest management after which is attainment of the certification.

There is a document already presented by the Sustainable Forest and Conservation Project to bring in a specialized person outside of the country to start the work to ensure that it is equally certified.

Hon Kemakeza: I am still on the KFPL. Apart from this assistance, are there other funding assistance from other sources also given to KFPL?

The concern I have here is that Eagon too has been struggling for the past many years, it has never been given any support of such an extent like this, especially when there is already these uneconomical purchase of a barge, which I think is not relevant to the operations of the KFPL. I am aware of this because I was a former Minister of Forestry.

What I am saying is that there are other small holders which should be given such funds. Why do we have to buy this barge? We should just consider equitable distribution of that fund to other provinces?

Mr US: That is a very good point raised by the former Minister of Forests. I know last year when he was Minister he also raised this concern, and that is why he is now raising it again.

I can only say that the decision to buy the barge is not my decision. It is not something of my making. Why the Stabex Fund has to be used to buy the barge and using the barge to transport logs to KFPL to be exported from there, is not my decision, and so I cannot answer that question. But I note that to do that work is not an easy work. For KFPL to undertake that responsibility, it has to be convinced because that is another thing apart from managing its own forest resources. And I don't know whether any other company might be willing to assist our small-scale holders to do that service for them. However, all I can say is that I note the point by the honorable MP for Ngella. I can only say that those decisions were made higher than us.

Mr Chairman: The KFPL obviously has received numerous supports from Stabex Funds. It received such a support last year and there is indication that, that support will continue in 2009 to 2010. Is KFPL doing downstream processing now or is it planning to do downstream processing?

Mr US: What do you mean by downstream processing, is another good question that we need to look at. Whether sawmilling is what we would consider as downstream processing or actually going down and building furniture and such stuff. If downstream processing means sawmilling then KFPL is already doing that. It is converting some of its logs into sawn timber and using premium markets, niche locations to export its sawn timbers.

Mr Chairman: But taking on where you left it into furniture. Are there plans by KFPL to do that?

Mr US: Currently, I do not think it is planning to do that. But that is something it will need to consider.

Mr Chairman: If you look at the furniture markets here, a lot of it is coming in from Indonesia, Malaysia, and they are all made of soft wood. The timbers are tinted to make them look strong but if that is malaina or sort wood like the KFPL is currently milling, I do not see any difficulty in KFLP going into that venture.

Mr US: That would be a business decision by KFPL.

Mr Chairman: Since a number of government funding is tied up with its operations, that kind of decision can be put forward to KFPL for serious consideration.

Mr US: Your point is taken

Hon Sogavare: And all other lobbying. For years we have been talking about downstream processing. The Solomon Islands Forest Association has also made an issue on it as well. It made exactly the point that you raised that what do we mean by downstream processing and where do we stop. If we stop at sawn timber then the argument is that we gain more by exporting logs than sawn timber because of a lot of wastages. Logging is basically selling the whole tree by measuring it.

I think there has to be some analysis made as to how far do we think downstream processing, wood pulp should be taken, and that would end back to our logs.

This is an issue that we really need to properly analyze, but as you said this a business decision, and so you are talking about investors who come in willing to invest and government participate by way of incentives and all that. So a whole lot of things that needs to be put in before we talk about the sustainable downstream processing of our forest resources. But at this point in time we gain more by exporting logs than exporting timber.

Hon Kemakeza: If you look at the summary of this expenditure, the payroll is also included. Since you have the recurrent here and this is capital development, how can that be put to the development estimates?

What I understand is that, that funding is purposely for reforestation, it is capital development in which it is expected that allocation of \$12million should be injected into what it was submitted for.

Mr US: I think we are going back to the same page. Legally, this payroll we already said that to ensure this program works we have to contract the village based extension officers, and we have to cater for them, and so that is the allocation for and that is why it comes under payroll. It is not a charitable organization that they will be working under, but they are expected to be paid. That is the reason why payroll is put there.

Hon Kemakeza: But I thought that, that should be the responsibility of the Ministry, especially when there are 48 vacant posts from the Public Service's information. Why don't we utilize those vacant posts?

Mr US: The payroll of the FAO, a project in the development project has to be cleared as a development project portion of it, and that would be reflected in next year's budget. With the increase of 48 vacant posts in the Ministry, we decided that would cater for this year.

The Ministry of Finance would not give us a bigger portion of it, so taking care of the increase for this year we then decide that the portion of the FAO payroll should flow in with the development estimates since this is a new establishment for this year, and that would reflect back to the current estimates.

Hon Soalaoi: I have three comments to make, and some of them might sound like questions. My apologies for coming late.

I think the Ministry of Forestry is the most important ministry in terms of government revenue. I also believe that the Ministry needs to be extremely careful in the planning of its programs, especially when it comes to sustainable development.

I just heard that we have about five years left and we will begin moving away from commercial logging, and that in a way mean a reduction in our revenue. If we are talking about a reduction in five years time, then if that is an effort going to be sustainable or trying to sustain some of our forests, we don't actually know what species we have and what type of species is depleting very fast, and what type of species are not allowed to be exported - what you might call prohibited species. These kinds of information will definitely help our rural people to say yes or no to some of the attractive negotiations by those who want to log in the rural areas.

Can the Ministry inform the Committee on what species is almost depleted and what species is plentiful and what species are not allowed to be exported out from the country? I think this has been a long standing issue with some of the communities where logging is taking place. It would be good also for all of us to assist the Ministry in gathering of information on whether companies are really following regulations that are in place for them to comply with. That is my first question. If you could allow me to finish and then you respond.

The other question is if you look at the summary of expenditures of \$12million, at the end of the day you will only have about one sixth of that \$12million left for the actual purchase of seeds for those interested in reforestation to apply for. I think that is the problem we are trying to address when you have funds intended for projects and then we find it somehow absorbed in the ministry in terms of other costs.

The way I look at it, after all the trainings and other activities in this summary, we will only have one about one sixth that will be left for interested people to apply for or provide seedlings for people to start the actual planting of trees. That is a concern I have.

If this \$12million is passed when the budget is passed it will somehow draw a lot of expectations from those interested in reforestation. This \$12million is a lot of money.

I just want to impress on the ministry if there are other ways you can reduce other expenses and ensure at least more than one sixth of the funds is left for you to be able to provide seedlings for the actual implementation to take place.

The third concern and the last one I have is, I think in terms of policy whatever government is in place, we already heard that there is moratorium on the issuing of licenses, and the problem is with the legislation as you have said. But I also believe that being a responsible ministry looking after our forests, given the fact that it is the legislation that stops the issuing of licenses, it is good for us to really see whether it is good for us to issue licenses or not. What I mean is you can tell when you should not be issuing licenses, when to stop when we see the forest running out, it is a signal that we should start thinking about the number of licenses we are issuing to the logging companies.

Before I finish, I believe the Ministry of Forestry, unlike other ministries seem to be the most important ministry that is supporting the budget, and it is good for us to impress on the ministry to be extremely cautious and responsible in the planning of activities. I must congratulate you for presenting your programs for this year 2008.

Mr US: Thank you for the important points raised by the honorable Member. I would just like to respond as follows. Regarding the harvesting of prohibited species, in the country we have what we called prohibited species and restrictive species. Prohibited species are species that we cannot export, we cannot fell. In other words, it is what we called protective species and this includes tubi, and other species. We also have what we call restrictive species, which are species that can be felled but must be exported in timber boats like rosewood, kwila, vitex, insebasugha, - these are species that can be felled but not exported as round logs.

In terms of pressure on those prime species, yes too much pressure has been placed on species like kwila, rosewood and vitex. The Ministry is aware of this and is encouraging landowners to plant some of those species.

Regarding the \$12million for the National Forest Development Program, I would like to assure everyone that this is a new program, and that is why you would see a lot of capital expenditures. I can only say that the Forestry Department will ensure that our people in the rural will do the right thing with this \$12million. They will plant quality seeds and also look after their plantations. Because it is one thing putting the trees into the ground and another thing maintaining them. Through this program our officers will be down there in the villages to ensure this program is implemented.

Let me inform the Committee that currently we have 12,700 out growers throughout the country and therefore we cannot allow or cater for handouts. If we are to give handouts to assist those people who through their own initiative do reforestation activities, we are looking at \$65million if we are to support them financially. But I think that is too much. And not only that, it would not work. We have to ensure that something that did not work in the past should not be repeated. We have to come up with new mechanisms that we know will have an impact on the ground, hence this system we put in place.

Regarding legislation on the stop issuance of licenses, it is the same old issue. I have already said that currently the legislation does not allow the Commission of Forests, even if the area is free, to say no, you cannot apply. If the Commissioner of Forests can only say to an application, if the area has already been covered with a felling license or has already been covered with a standard logging agreement, then the Commissioner of Forests can reject the application.

Therefore, it comes back to the point that my Ministry needs to work on this to come up with a legal provision in the Act so that if we need to stop issuing of licenses then we have to stop through legal means. But currently it is unfortunate that we cannot do that.

Whilst also talking on legislation we may also need to have a new legislation on plantations. Our current legislation on the Forestry Act does not cater for plantation development, but since this is now a new era where we are encouraging and promoting reforestation and plantation development, definitely we would need to come up with a bill to cater for plantation development. Thank you.

Mr Chairman: Of the 12,000 smallholder farmers, do any of them has ever concentrate his or her efforts in planting local trees.

Mr US: Yes, some do

Mr Chairman: Are they in good numbers?

Chief Forestry Officer: I would like to make it clear that at this point in time we are trying to cater for the cut that we created on logging. We are taking this stand to implement this program drastically so that we could close the gap that we anticipate by 2015 where we may have a collapse of the resource. From 2015 up to 2032 there is a gap there that if the engine is continuing, we can be rest assured that there will be no logging after that in the forest natural resources. But if we put in place this resource that we are trying to implement in this program then be rest assured that the gap will be closed and in twenty times we will have the resource that will accommodate that need and we will have revenue coming in for the next 20 years time.

With this program we do have assistance for people who want to plant natural indigenous trees where we are looking at more than 50 years of harvesting in comparison to the current major species that we are working on because we are looking at 12 to 20 years and we can harvest within a short time period. It is not because we are discouraging local species to be planted but we are also working on some of those areas with interested growers and preaching enrichment of areas that are environmentally important in areas where we log. There have been areas where we carelessly damaged and that kind of problem will come in. We are also liaising with some of these organizations like WWF and other NGOs working in the country to encourage them because they also have the same interest as you raised. We will cater for that as well.

Mr Chairman: Any final comments from anyone?

Mr US: Just to add on to what the Chief Forestry Officer has said, one of the reasons why many people are not planting local species is that when local species are planted in a plantation, it is more susceptible to but when it grows naturally in the forests it isbut once you put them in the plantation it is very high in

In addition to that as explained by the Chief Forestry Officer, whilst you can harvest trees like teak, mahogany, may be for more than 19 years you have to wait for more than 45 years to harvest..... Those are things that

Having said these, I would just like to say that on behalf of the Ministry, we are very grateful to be here to answer some of your questions. If you need further information you know where we stay, just give us a call.

On behalf of my team thank you very much.

Mr Chairman: On behalf of the members, we thank the officials for your presentation this morning.