

Masalai i tokaut

Number Thirty Two: 20 September 2004

Review findings highly critical of Rimbunan Hijau logging projects

The latest review of logging projects is highly critical of Malaysian logging giant, Rimbunan Hijau. It reveals that RH is heavily involved in-

- *Illegal logging*
- *Widespread environmental destruction*
- *Human rights abuses*
- *Labour abuses*
- *Contractual breaches; and*
- *Various criminal activities*

These findings confirm the results of earlier studies by academics, scientists and non-government groups.

Of course Rimbunan Hijau and its puppet newspaper, The National, would have us all believe that absolutely everyone including the Australian Government, World Bank, PNG Government, landowners, logging workers, academics and researchers and the NGOs are all conspiring together to make up report after report about their illegal activities.

The reality and the truth is much more straight forward. Rimbunan Hijau is an evil and rapacious trans-national company that is ruthlessly exploiting the people and forests of PNG and which has corrupted senior government minister and public servants.

Rimbunan Hijau dominates the logging industry in Papua New Guinea through a network of subsidiary companies that operate in East and West New Britain, Manus, Morobe, Milne Bay, Central, Gulf and Western Provinces.

Unfortunately, despite the findings by the government sponsored review, it is very unlikely that Rimbunan Hijau will be subjected to any official sanction as a result.

RH has long demonstrated its ability to operate almost completely outside the law and has high level political protection while the Department of Environment and

Conservation and PNG Forest Authority have almost no capacity to monitor logging operations and enforce the law.

Rimbunan Hijau routinely uses threats and its economic muscle to silence criticism and corruption to avoid scrutiny.

In June 2003 the Government of Papua New Guinea set up an independent Review to investigate the operations of logging companies across the country.

The review team comprised three senior Papua New Guineans and one expatriate forester from Australia with extensive PNG experience. The review was implemented under the Department of National Planning and Monitoring.

The reviewers' criss-crossed Papua New Guinea for eight months, visiting fourteen logging projects and holding extensive consultations with logging company executives, logging company employees, local landowners and government representatives.

The review team was also granted wide access to the files and officers of the PNG Forest Authority and consulted widely with other government departments.

The review process was totally transparent. The terms of reference were negotiated with the logging industry, field visits were notified in advance, the draft review findings circulated for comment and public forums were held to discuss the review results.

FOREWORD

The Terms of Reference for this Review of Existing Logging Projects provide a broad mandate to examine the operation of logging companies within their legal and contractual obligations, and the framework within which forestry activities are planned, monitored and controlled by the relevant Government Departments/Authorities. The Review is focused on future improvements in the actions of stakeholders, and not on the pursuit of instances of poor or non-performance. Of key concern are the future achievement of sustainable timber production within a stable regulatory framework; effective environmental guidelines for logging and associated roading; adequate attention to and mechanisms for forest conservation; and sound long term benefits for the forest resource owners.

Given this broad mandate, and the extensive requirements set out in the legal and contractual documents governing each logging project, the Review Team has by necessity focussed on identifying and exploring meaningful issues. This Final IPRR focuses on project specific areas of concern, and will be used as input for the Review Team's draft Observations and Recommendations Report.

The Terms of Reference for the Review

This Review came on the back of the totally separate 2003 Review of Disputed Forest Allocations that found three new Rimbunan Hijau logging permits and permit extensions issued in 2002 and 2003 were unlawful.

That Review concluded that:

- ***“The robber barons are now as active as they ever were. They are not only free to roam, but are in fact encouraged to do so by persons whose proper role is to exercise control over them”.***
- ***“There is little evidence of effective controls being put in place to contain the clear abuses or to remedy their effect”***
- ***“It has been observed that officers of the PNG Forest Authority have acted in the company's interest, and not those of landowners or the nation”***

- *“Only a Commission of Inquiry could hope to unearth the entire picture and unravel the web of deceit”*
- *“The time has come for a full investigation of the affairs of Rimbunan Hijau. They should be compelled to produce documents and to account for their actions. Their relations with resource owners should be thoroughly investigated. So too should their relations with officers of the PNG Forest Authority”.*

It is against this inauspicious background that the latest review began its work studying the performance of logging companies in their on going operations. Following are a series of extracts from these reports.

West Coast Manus

In July 2003 the Review Team visited Rimbunan Hijau’s logging operation on the West Coast of Manus.

PAPUA NEW GUINEA	
REVIEW OF CURRENT LOGGING PROJECTS	
CARRIED OUT UNDER THE AUSPICES OF THE DEPARTMENT OF NATIONAL PLANNING AND MONITORING	
Office: At National Forest Service, Frangipani Street, Hohola Ph 327 7980 Fax 327 7973	
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<u>FINALISED INDIVIDUAL PROJECT REVIEW REPORT No 2.</u>	
TIMBER PERMIT (TP)	: TP 18-2 WEST COAST MANUS
TP HOLDER	: KEI BESEU KAMPANI LTD
LOGGER AND MARKETER (L&M)	: SEAL (MANUS) LTD
L&M PARENT COMPANY (If Different)	: RIMBUNAN HIJAU (PNG) LTD
DATE OF FIELD REVIEW	: JULY 2003
DATE OF FINAL REPORT	: MARCH 2004
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The cover page of the Review report for West Coast Manus

The review found that:

- Current logging operations are illegal as the timber permit has expired
- Any extension of the timber permit would be unlawful under the Forestry Act
- Rimbunan Hijau has never lawfully acquired the logging rights from the previous logging company
- In breach of the law there is no current environmental plan
- In breach of contract Rimbunan Hijau has not established a veneer mill
- In breach of contract many other infrastructure obligations remain unfulfilled
- Many Key Standards in the PNG Logging Code of Practice are being ignored or routinely breached
- The Environmental Plan has been ignored and approval conditions breached
- Environmental damage is not limited to the forest but includes water pollution, clearance of coastal mangroves and excavation of coral reefs
- Employees complained of low wages, no employment benefits, no safety equipment and unhygienic housing and unsanitary toilet facilities

- Landowners do not understand their rights and responsibilities despite 15 years of logging and there is general dissatisfaction with the benefits from logging
- There has been 'virtually no' reforestation activities and the supply of timber cannot be sustained
- "There was general and serious concern expressed over the behaviour of some expatriates employed by the logging company"

Of particular concern for the people of Manus is the fact that Rimbunan Hijau has totally failed to provide two key infrastructure benefits.

- Two key infrastructural benefits which are in The Timber Permit and Deed of Agreement have not eventuated. These are;
 - The township at N'drahukei and associated facilities; and
 - The Veneer Mill.

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These two promises from the logging company were the key reasons why they were granted a logging permit in the first place. The failure of Rimbunan Hijau to fulfil these promises undermines the whole legitimacy of their logging operation and illustrates very clearly that the company is not to be trusted to provide promised benefits.

In its response to the initial draft report of the review team, Rimbunan Hijau did not dispute the substance of the review findings and it offered no evidence or explanations regarding the unlawful nature of its whole logging operation.

Vailala Block 1

In October 2003 the Review Team visited Rimbunan Hijau's logging operation in Vailala Block 1 in Gulf Province.

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<u>FINALISED INDIVIDUAL PROJECT REVIEW REPORT No 7.</u>	
TIMBER PERMIT (TP)	: TP 2-14 VAILALA BLOCK 1
TP HOLDER	: CHINA LONG KONG (PNG) INDUSTRY LTD
LOGGER AND MARKETER (L&M)	: NIUGINI INTERNATIONAL CORPORATION LTD
L&M PARENT COMPANY (if Different)	: RIMBUNAN HIJAU (PNG) LTD
DATE OF FIELD REVIEW	: OCT 2003
DATE OF FINAL REPORT	: APRIL 2004
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The cover page of the Review report for Vailala Block 1

The review found that:

- Current logging operations are illegal as there is no documentation giving Rimbunan Hijau any timber harvesting rights
- The extension of the timber permit in 1997 was unlawful under the Forestry Act
- In breach of the law Rimbunan Hijau does not have a current approved environmental plan
- In breach of the permit conditions Rimbunan Hijau has not established a sawmill or carried out a reforestation programme
- In breach of contract many other infrastructure obligations remain unfulfilled

The Review Team found no evidence of compliance with the Project Agreement with respect to the bridges mentioned above.

Other non compliance with the Project Agreement observed by the Review Team were:

- Lack of permanent culverts;
- Lack of sawmill;
- Lack of maintenance of roads and bridges in areas that have been logged out;
- Lack of establishment of an urban development (section 4.4).

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Many Key Standards in the PNG Logging Code of Practice are being ignored or routinely breached:

Other Key Standards requirements observed that were not being complied with were:

- Lack of vine cutting (photo1);
- Some commercial size trees not marked for felling;
- Buffer zones not marked to the required width (e.g. Hihoho River);
- Logging operation within buffer zones of Class 1 & 2 rivers/streams (photo 7);
- Skidders causing excessive damage to young residuals and opening up large gaps in the canopy because of not following defined skid tracks;
- Excessive soil pushed into watercourses by bulldozers;
- Debris not removed from streams or watercourses;
- In some areas where crossings/ bridges were required, log clusters were observed (photo2);
- Lack of decommissioning within set-ups (Log landings/skid tracks/roads including temporary crossings);
- Lack of chains for the loaded jinkers/ trucks (photo 4); and
- Construction of river dumps or sub-log ponds along the Vailala River bank without proper approval process (photo 5).

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- The logging operation is not sustainable
- Environmental damage was not limited to the forest and includes river and ground pollution
- Employees complain that Rimbunan Hijau is failing to meet basic employment conditions
- Employees conditions are unhygienic and unsanitary

- Employees and their wives were concerned that the employer has failed to provide proper toilets and shower facilities for all in the camp. There is only one shower facility and a water tap for laundry for over 200 people. It should be noted that while most people can do their washing in the river during the day, it is dangerous to wash in the river at night because of crocodiles.

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Vailala Block 2&3

In October 2003 the Review Team inspected Rimbunan Hijau's logging operation in Vailala Blocks 2&3.

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<u>FINALISED INDIVIDUAL PROJECT REVIEW REPORT No 8.</u>	
TIMBER PERMIT (TP)	: TP 2 –16 VAILALA BLOCKS 2,3
TP HOLDER	: FRONTIER HOLDINGS LTD
LOGGER AND MARKETER (L&M)	: FRONTIER HOLDINGS LTD
L&M PARENT COMPANY (if Different)	: RIMBUNAN HIJAU (PNG) LTD
DATE OF FIELD REVIEW	: OCT 2003
DATE OF FINAL REPORT	: APRIL 2004
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The cover page of the Review report for Vailala Blocks 2&3

The review discovered that:

- Current logging operations are illegal as the timber permit has expired and the extension granted in 2002 was unlawful under the Forestry Act and procedurally incorrect
- In breach of the law there is no current environmental plan
- In breach of contract many infrastructure obligations remain unfulfilled
- Many Key Standards in the PNG Logging Code of Practice are being ignored or routinely breached

Key Standards requirements observed as not being complied with were:

- Lack of appropriate toilet facilities at the transit camps;
- Toilet for the national employees located too close to the Vailala River. Some employees do not use the toilets resulting in human waste being observed along the riverbank;
- Water tanks provided by the company were insufficient for safe drinking and cooking water. The prolonged dry season experienced during our visit left some of the national employees with no choice but to use the Vailala River for their water supply;
- Substandard and unhealthy housing facilities for the national employees;
- National employees accommodation located too close to the Vailala River;
- Lack of proper waste disposal method observed at the national employees housing areas;
- Lack of bund containment for the power generator shed;
- Lack of safety gear for employees; and
- Lack of appropriate septic system for the expatriate quarters. Employees of the national quarters nearby have complained about foul-smell from the toilet over-flooding onto their quarter's area during rainy periods.

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- The Environmental Plan has not been followed and approval conditions breached
 - Environmental damage was not limited to the forest and included river pollution
 - Employees complain of low wages, no employment benefits, no safety equipment, unhygienic housing and unsanitary toilet facilities and other labour abuses
 - Village people accuse Rimbunan Hijau of using the police force to harass and intimidate them
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- A most important issue raised in the meeting at Paivera was the accusation by villagers of the use of the Police Task Force by the permit holder, Frontier Holdings Ltd. Landowners expressed concern that the permit holder is able to access the Police Task Force to silence complaints by the landowners, for example destruction of places of cultural significance.

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Wawoi Guavi

In April 2004 the Review Team was finally able to visit Rimbunan Hijau's logging operation at Wawoi Guavi.

An earlier attempt to visit the logging operation was prevented by a mob of people at the airstrip organised and paid by Rimbunan Hijau.

The review found that:

- Current logging operations are illegal as the timber permit has expired and the extension granted in 2002 was unlawful under the Forestry Act and procedurally incorrect
- In breach of the law there is no current environmental plan

- In breach of contract many infrastructure obligations remain unfulfilled or are of very poor quality
- Logging is unsustainable and the timber resource will be exhausted within 2 or 3 years
- Many Key Standards in the PNG Logging Code of Practice are being ignored or routinely breached
- The Environmental Plan has not been followed and approval conditions breached
- Environmental damage is extensive and includes river pollution
- Employees complain of low wages, no employment benefits, no safety equipment and unhygienic housing and unsanitary toilet facilities
- Local people and company staff accuse Rimbunan Hijau of using the police force to harass and intimidate them
- Local people and company staff accuse Rimbunan Hijau of trading in guns and illegal drugs

Community Affairs and Labour Officers from the Department of Community Development and Department of Labor also visited Wawoi Guavi with the review team to conduct their own inspections of company facilities and interview workers, company management and local people.

These Government Officers have bravely reported on a chilling catalogue of abuses by Rimbunan Hijau that the company workers have to endure and which also impact on their families and the local people.



DEPARTMENT FOR COMMUNITY DEVELOPMENT
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GENDER AND DEVELOPMENT DIVISION

INDIVIDUAL PROJECT REVIEW REPORT

COMPANY: RIMBUNAN HIJAU
LOGGING SITES: (MIDDLE FLY - WESTERN PROVINCE)
DATE OF FIELD TRIP: 17 – 21 APRIL 2004

The cover page of the Community Development report

According to the Department of Community Development wages paid by Rimbunan Hijau are criminally low – just 63 toea an hour (that’s about 15 US cents). And wages have not increased for more than ten years. Most of what is paid is stolen back by the company as they force workers to buy all their food and other supplies in company canteens. Here the prices are not displayed and the workers only find out how much they have been charged when they receive their wages with the money already deducted.

According to the Department of Labor, the prices charged are “exorbitantly high” and “this is absolutely cheating and dishonesty by the company”.

Rimbunan Hijau also does not provide leave fares for its workers from outside the Province and wages are “totally insufficient” for workers to pay their own travel expenses, so they spend their leave time trapped inside the camp.

Local people and workers families are also prevented by the company from opening their own stores, and anyone who tries to trade is beaten up by the local police squad who enforce only ‘company laws’.

The workers are also forced to endure very cramped and unhygienic accommodation. Two families are forced to share a four metre square room with only a curtain to separate them and a single switch for the one light and one fan. For single workers, they are forced to live seven to a room. Conditions are “**appalling, with overcrowding and are totally unsafe**”.

Women allege that they are forced to have sex with the company bosses and overseas workers. Some Indonesian women are also brought in to the camps (illegally) as sex workers. These workers suffer appalling abuse as “**Malaysians who have been involved are said to have put ball bearings into their private parts to boost their sexual desires, however, this has had very severe effects on the females they have sexual contact with**”.

The Community Development report ends with a plea for the Government to urgently address the situation of landowners, workers and the community at large.



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INSPECTION REPORT

COMPANY: WAWOI GUAVI TIMBERS
SITE OF OPERATION: (Western Province)
DATE OF INSPECTION: Saturday 17th to Wednesday 21st March 2004

The cover page of the Department of Labour report

The Department of Labor report confirms that Rimbunan Hijau uses large numbers of illegal foreign workers in its logging operations, has no interest in the training and development of local workers and implements no health and safety practices to protect its workers.

At Wawoi Guavi Rimbunan Hijau employs at least one hundred and ten foreign workers while there is just one Papua New Guinean in a management role. In fact the company has approval for only 59 non citizen positions, meaning that “there are more non-citizens employed than positions approved”. This situation is made even more serious, as only thirty one out of one hundred and twelve non citizens identified in the logging camps, are legally employed by the logging company.

The Department of Labor concludes, “the company has total disrespect for the Employment of Non Citizens Act” and the report identifies the “management’s ignorance and disrespect for the law”.

The Department report calls for the 81 illegal foreign workers, including the Operations Manager, to be deported.

The Labor Department report is also very critical of Rimbunan Hijau’s attitude towards staff training. “Training, training implementation and localization is non existent” says the report. And these are just a few quotes from the report on health and safety issues:

“The level of safety practices and implementation is appalling and cannot be measured against any standard”,

“Safe working practices is non existent”

There are ***“absolutely no regard for safety and safe working practices”*** and ***“Working conditions are “very hazardous and appalling”***.

The report concludes ***“the behavior by the company is totally unacceptable and must be penalized”***.
