

# Rimbunan Hijau – About the company

## A. Brief History

Rimbunan Hijau was established as a timber contractor in Malaysia by Tiong Hiew King in 1975. Over the past 30 years, Rimbunan Hijau has become a multinational company spanning six continents, with business interests in Japan, Hong Kong, Australia, Canada, the United States, New Zealand, Singapore, China, Russia, Papua New Guinea (PNG), Equatorial Guinea, Brazil and British Guyana. Rimbunan Hijau has expanded beyond timber exports and processing to cover reforestation, finance, media, IT, mining, aquaculture, agriculture (oil palm plantation), and property development.

In Malaysia, Rimbunan Hijau has become one of the largest manufacturers and exporters of plywood. There are three publicly listed companies under the Group: Subur Tiasa, Jaya Tiasa and Sin Chew Media Corporation. Rimbunan Hijau's Ming Pao Group has successfully listed in Hong Kong.

## B. Papua New Guinea

Rimbunan Hijau commenced operations in PNG in 1989, initially as a logging and marketing contractor in the timber resources industry. Presently, it is the permit holder or logging contractor for 17 forestry concessions. Its business operations in PNG include timber extraction, timber processing, media publications, general trading, shipping, travel, and property development. In less than a decade, Rimbunan Hijau has transformed from a small timber and logging business venture into a multinational conglomerate with a wide range of business investments.

### **Downstream processing**

The downstream processing operations of commercial timber resources have been Rimbunan Hijau's most important establishments in Papua New Guinea. The Panakawa Veneer Mill began operations in 1997 at a strategically-centred site in Western Province. It is a state-of-the-art downstream processing facility which illustrates Rimbunan Hijau's commitment to sustainable forest management. The establishment of the mill has led to increased production of value-added timber products, and technology transfers. It provides direct employment and training to over 3,000 PNG citizens, whilst further 1,000 are employed on a contract basis.

Rimbunan Hijau has also established five downstream processing operations. Sawmills are located in Teredau (Gulf Province), Kamusie (Western Province), Edevu (Central Province) and Sagarai-Gadaisu (Milne Bay Province). These downstream processing plants are export-orientated and represent significant investments; the sawmill at Teredau alone represents a 20 million Kina (K) outlay.

Rimbunan Hijau sells veneer mainly to South Korea; round logs to China, Japan, South Korea, Taiwan; and sawn timber to Australia, New Zealand, China, Japan, and Taiwan.

### **Infrastructure and Social Benefits**

Rimbunan Hijau has spent over 16 million Kina on infrastructure in PNG since 1996. This includes ten all-weather airstrips, numerous main and artery all-weather roads, and more than 70 health centres, schools and churches in its areas of operation. In addition, Rimbunan Hijau has engaged doctors to provide medical services to people and training to local health workers, as well as free medical supplies. The absence of Government provision of social services and basic infrastructure in rural and remote locations increases the importance of the services and infrastructure provided by Rimbunan Hijau.

In June 2003, Rimbunan Hijau set up the Vailala Development Trust, with the aim to promote and foster integrated architecture, infrastructure and community development in the Vailala Block 2 & 3 Timber Permit Area. In January 2005, Rimbunan Hijau facilitated a second Development Trust at the Vailala Block 1 Timber Permit area, which has already distributed K320,000 for the first phase of the *Kerema to Ihu* road construction project.

At Teredau and Panakawa, women are employed at the end of the processing stage, and wages exceed the level required by provincial legislation. Rimbunan Hijau pays for employees' relocation costs, provides free meals and supplies the provincial government with timber for housing. At Kamusi, a school has been established which caters for over 200 children of plant workers. Shops have been built (including some owned by locals), as well as an airstrip, medical aid posts, and police facilities. Workers have free accommodation and free electricity.

### **Financial Contributions**

From 1993 – 2005, Rimbunan Hijau has contributed K1.08 billion (approx AU\$507.5 million) to Papua New Guinea. This contribution has come in terms of wages (K138 million), salary tax (K56 million), premiums and levies (K146 million), royalty payments (K11 million), export duty (K568 million), income and corporate tax payments (K30 million), infrastructure (K25 million), and miscellaneous payments (K2.7 million).

Rimbunan Hijau has also contributed goods and finance to the Port Moresby general hospital, the PNG Diabetes Association and the PNG Red Cross, amongst other ventures.