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This monthly news bulletin is produced by Sarawak Timber Association (STA) to disseminate information to our counterparts on training, research and other relevant areas.

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Presentation Ceremony of the Certificate to Graduates of the Postgraduate Diploma in Applied Science (*Sustainable Tropical Forest Management/ Sustainable Tropical Plantation Management*)



Photo: Group photo

The Presentation Ceremony of training of various skill sets such as the Certificate to Graduates of the (i) Certificate in Tree Felling-Chainsaw (*Natural Forests*), (ii) Certificate in Log Extraction-Tractor (*Natural Forests*), (iii) Certificate in Log Loading-Front End Loader (*Natural Forests*), (iv) Certificate in Clear-fell Site Preparation-Chainsaw (*Forest Plantation Establishment*), and (v) Certificate in Mechanical Site Preparation-Excavator (*Forest Plantation Establishment*) in accordance with Section 51(1) of the Forests Ordinance, 2015.

In his Welcoming Address, Mr Philip Choo Kwong Hui, Honorary Treasurer of Sarawak Timber Association (STA), accentuated that PGDip is tailored for the personnel holding supervisory and/or managerial roles in the forestry industry. Concurrently, STA through its subsidiary company, STA Training Sdn Bhd, the appointed Training Provider by the Director of Forests, is also actively promoting upskilling for the industry's workforce by conducting

Simultaneously, Professor James McWha, Pro-Chancellor, immediate past Vice-Chancellor of Lincoln University, New Zealand, in his brief address said that what the graduates had achieved is important to the forestry industry as

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well as the State of Sarawak. In line with this, Professor Dr Hugh Bigsby, Dean of the Faculty of Agribusiness and Commerce, added that the PGDip is specifically designed for Sarawak in recognising that many of the people who work in the industry do not have formal training in forestry.

To address this need, the degree covers all aspects of forestry, including silviculture, harvesting, planning, economics, and social factors. It is also recognised that many managers in the forestry industry do not have a

degree and hence the programme includes a number of ways to help these managers to develop skills for postgraduate study. Twelve (12) of the sixteen (16) graduates of the Fourth Cohort of the PGDip received their scrolls and handshakes from the Pro-Chancellor. Two (2) best student awards were also presented to Ms Deborah Elaine Tai Hwe Lan of Subur Tiasa Holdings Bhd for Top Student (Overall) Award, and Ms Amy Wong Mee Ting of Shin Yang Forestry Sdn Bhd for the Top Student (Without First Degree) Award.

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Stakeholders Consultation on the Proposed Forestry Policies



Photo: Chief Minister of Sarawak delivering opening speech

A Stakeholders Consultation on the Proposed Forestry Policies was jointly organised by the Ministry of Urban Development and Natural Resources (MUDeNR), Forest Department Sarawak (FDS), Sarawak Forestry Corporation (SFC), Sarawak Timber Industry Development Corporation (STIDC), Harwood Timber Sdn Bhd (HTSB) and supported by Sarawak Timber Association (STA) from 22 to 23 January 2019 at Imperial Hotel, Kuching.

The Stakeholders consultation was carried out 2 years after the State forestry agencies led by MUDeNR undertake to review and enhance the existing key forestry and timber policies to incorporate current and future needs of forestry and timber industry in Sarawak. STA is grateful that the consultation was carried out to engage with the forestry and timber industry players.

The two-day stakeholder consultation was officiated by the Chief Minister of Sarawak, Datuk Patinggi (Dr) Abang Haji Abdul Rahman Zohari bin Tun Datuk Abang Haji

Openg. The Chief Minister in his speech highlighted the importance of forestry and timber industry to the State's socio-economic development and reiterated that the State is committed to continue to manage its forests in a sustainable manner for the present and future generations. The State Government is rigorously pursuing the transformation of forestry and timber industry in Sarawak by reviewing its existing laws and policies, particularly laws and policies that are obsolete, to streamline with the current development and best practices. He assured all the Stakeholders present that the revised laws and policies will be comprehensive and hoped the Stakeholders consultation will be able to generate useful suggestions to further improve the proposed new policies that the State Government intends to introduce.

The Stakeholders consultation session was conducted in two parts, namely (i) Policies presentations and (ii) Breakout groups. The following eight (8) proposed forestry policies were presented at the Stakeholders consultation:

1. Revised Sarawak Forestry Policy
2. Sarawak Timber Industry Transformation
3. Forest Management Certification
4. Planted Forest Policy
5. Raw Materials for Downstream Timber Industry and Value Added Product
6. Forest Revenue and Other Potential Forest Related Income
7. Proposal to Impose Fee for Export of Timber Products
8. Policy and Mechanism on Rubberwood Extraction

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Did you know that.....

Vietnam became the first country in the Asia-Pacific region to complete the Warsaw Framework for (REDD+) after fulfilling the United Nations Framework Convention on Climate Change (UNFCCC) safeguards requirements. This means that Vietnam is now eligible to receive REDD+ results-based payments. Whereas for Malaysia, report on Summary of Information on how REDD+ Safeguards are Addressed and Respected was submitted in 2017 and Reference Level for REDD+ Results Based Payments was submitted to the UNFCCC in 2018 and 2019 respectively.

Source: People and Forests E-News: REDD+. Available at <https://us1.campaign-archive.com/?u=a79eee76ce1869204bc04a12d&id=5beaac1384>

Did you also know that....

Ban on export of logs alone will not solve the issue of shortage of raw materials to local mills. This was proven in Sabah where factories in the state continues to face shortage of raw materials, despite the ban on export of logs from Sabah since May 2018. It was reported that the wood-based factories in Sabah had to import timber from Peninsular Malaysia to ease the shortfall of raw materials. The Chief Minister pointed out that support from government and other agencies are crucial towards the success of the policy.

Source: Shortage Despite Log Export Ban. Available at: <http://www.theborneopost.com/2019/01/18/shortage-despite-log-export-ban/>



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Photo: Datuk Amar Abdul Hamed Bin Haji Sepawi sharing his opinion from years of experience in the industry

Among some of the concerns highlighted by upstream and downstream industry players were;

- (i) lack of baseline data such as State-wide forest inventory, clear land use policy as well as feasibility study on developing furniture industry in Sarawak,
- (ii) drastic increase in royalty rates for natural logs and the imposition of export fees as a means to increase the State's revenue,
- (iii) security of land usage, in particular to the requirement for State Land within FTLs to obtain FMC,
- (iv) complicated land claim issue by natives and labour issues faced by LPF holders that remained unresolved,
- (v) labour shortage,
- (vi) not all natural logs are suitable to produce furniture due to the varying characteristics such as color, density and hardness of the different timber species available in the State, and
- (vii) the ban on export of natural logs.

The upstream and downstream industry players also made the following suggestions to the State Government and forestry agencies;

- (i) to carry out an accurate and updated baseline study which reflects actual situation of forestry and timber industry in Sarawak,
- (ii) to revise the proposed royalty rates to be based on the study result to ensure the continuous relevancy of the timber industry as well as its ability to still contribute to the State's revenue collection,
- (iii) to set up a working committee comprising relevant forestry agencies, STA and industry players to resolve

issues related to certification,

(iv) to resolve land issues in a speedy and effective manner and maintain the existing allowable oil palm plantation in LPF area because income from oil palm component has proven to be able to partially support the tree planting activities,

(v) to revise the State's labour policy to allow the extension of Work Permit from 5 years to 10 years and beyond,

(vi) to establish a one-stop centre to coordinate the recruitment of foreign workers to reduce bureaucracies and recruitment costs,

(vii) to establish supporting industries to supply items such as finishings, skilled carpenters and port facility, and

(viii) to conduct a comprehensive study on the availability and suitability of raw materials in Sarawak for furniture industry.

Although the industry players had benefited from the harvesting of logs from natural forests since 1970s, the industry had also contributed significantly to the State's economy through contributions of premiums and royalty, creation of hundreds of thousands of jobs, assistance rendered to thousands of students to further their studies, building of countless roads to connect with the interior, upgrading of people's livelihood, etc. The State Government should protect the interests of forestry and timber industry and safeguard the needs of the industry players, so that contributions from the sector to the State's revenue remain intact. The effect of the proposed new policies will be State-wide and therefore, STA is appealing to the State Government to thoroughly consider the gravity of these changes to all stakeholders.

The Stakeholders consultation was declared closed by Datuk Amar Awang Tengah Ali Hasan, the Deputy Chief Minister of Sarawak. In his closing remark, he was very pleased to note that the industry players articulated their issues and proposals and gave his assurance that the inputs gathered from the Stakeholders consultation session will be considered and further deliberated in follow-up workshops involving all relevant forestry agencies, STA and timber industry players. He also hoped a strong collaboration between forestry agencies and STA to ensure sustainable development of forestry and timber industry in the State.

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Licence for Planted Forests Holders' Quarterly Meeting No1/2019

Forest Department Sarawak (FDS) called a *Licence for Planted Forests (LPF) Holders' Quarterly Meeting No1/2019* on 25 January 2019 at Nu Hotel in Bintulu. The Meeting, chaired by Mr Wong SiongKuan, Senior Assistant Director of Forests, FDS was attended by representatives of LPF holders and staff of LPF Division, FDS.

Mr Wong informed the Meeting that the planting target set by the State Government in year 2018 was not met. Therefore, he advised the LPF holders to speed up their tree planting plan and carry out proper maintenance throughout the planting period to maximise productivity during harvesting.

He also advised the LPF holders to convert unplantable area to forest timber licence. In this Meeting, Mr Wong clarified that the Key Performance Indicator (KPI) for the LPF holders are laid in the LPF's licence condition i.e. the Tree Planting Plan. Meanwhile, the planting target set by the State Government is the KPI to be achieved by the staff of FDS.

Mr Wong also informed the Meeting that FDS will be engaging Universiti Putra Malaysia (UPM) to come up with the standing tree volume tables for royalty assessment on the major tree species planted in Sarawak; namely *Acacia mangium*, *Falcataria moluccana* (Batai), *Eucalyptus pellita* and *Neolamarckia cadamba* (Kelampayan).

The Meeting then discussed at length issues related to forest landscape restoration (FLR) as well as other matters related to forest plantation such as the study on pests and diseases in forest plantations in Sarawak, and the Finance Act 2018 which restricts the carry forward of the unabsorbed business losses, unutilised reinvestment allowances and investment allowances to seven (7) years only.

Such restrictions in the Finance Act 2018 will have significant impact to the companies involved in forest plantations as these companies may not be able to offset future income against the unabsorbed business losses accrued during the long gestation period of tree planting.

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