

**DECREE OF THE MINISTER OF FORESTRY
NUMBER: 12/KPTS-II/1996; DATED: JANUARY 9, 1996**

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**THE OBLIGATION OF FOREST CONCESSIONAIRES TO PROVIDE AND SELL
PART OF THEIR PRODUCTION YIELDS FOR REGIONAL DEVELOPMENT
AND/OR COMMUNITY PURPOSES**

THE MINISTER OF FORESTRY

Considering:

- a. that in the framework of better bolstering regional development, it is necessary to have sufficient stock of timber for development purposes to the interest of the facilities of first-level regions, Second-Level Region, or the community.
- b. that in order that the need for timber as referred to in point a may be fulfilled, it is necessary to obligate Forest Concessionaires to set aside part of their production yields for the said purposes:
- c. that to connection with the above mentioned matter it is deemed necessary to lay down a stipulation on the Obligation of Forest Concessionaires to Provide and Sell Part of Their Production Yields for regional development and/or Community Purposes in a Decree of the Minister of Forestry.

Bearing in mind:

1. Act No 5 of 1967;
2. Government Regulation No.64 of 1957;
3. Government Regulation No. 21 of 1970 jo. Government Regulation No. 18 of 1975;
4. Government Regulation No 33 of 1970;
5. Government Regulation No. 28 of 1985;
6. Presidential Decree No. 15 of 1993 jo. Presidential Decree No. 58 of 1993;
7. Presidential Decree No. 96/M/1993;
8. Joint Decree of The Minister of Agriculture, the Minister of Industry and the Minister of Trade and Cooperatives No. 290/KPTS/UM/5/79 79/MSK/5/79 and No. 370/KPTS/5/1979.

In view observing of:

The Conclusion of the Working Meeting of the Minister of Forestry and Commission IV of the House of Representatives on September 25, 1995

HAS DECIDED

**To stipulate: THE DECREE OF THE MINISTER OF FORESTRY ON THE
OBLIGATION OF FOREST CONCESSIONAIRES TO PROVIDE AND SELL PART OF THEIR
PRODUCTION YIELDS FOR REGIONAL DEVELOPMENT AND/OR COMMUNITY PURPOSES.**

**CHAPTER I
GENERAL PROVISION
Article 1**

Referred to in this Decree as:

- a. A Forest Concessionaire shall be an Indonesian Legal Entity which the Minister grants a forest concession (HPH).
- b. A Region shall be the community domiciled in the province where the HPH area is found or in another province.
- c. The community shall be the community domiciled in the province where the HPH area is found or in another province.
- d. Regional Development or community purposes shall be purposes in the interest of the construction of house, government buildings, buildings for social institutions such as mosques, churches, schools and another buildings for social purposes.

**CHAPTER II
OBLIGATION
Article 2**

- (1) A Forest concessionaire shall be obligated to provide and sell part of its timber production for regional development or community purposes under a domestic self-use scheme in the form of sawn timber and or other processed timber
- (2) The timber which a forest concessionaire shall be obligated to make available as referred to in paragraph (1) shall be at least 5%, (five per cent) of the total production.
- (3) To make available sawn timber and or other processed timber a forest concessionaire may cooperate with a timber-processing industrial undertaking owned by another company.

**CHAPTER III
LEVIES
Article 3**

- (1) Logs which are made available as referred to in Article 2 paragraphs (1) and (2) shall remain subject to the imposition of levies in the form of forest Produce Contribution (IHH), Reformation Fund (DR) and other levies pursuant to the prevailing laws.
- (2) A forest concessionaire concerned shall be obligated to pay and deposit the levies as referred to in paragraph (1).
- (3) The imposition, payment and depositing of IHH and DR on log as referred to in paragraphs (1) and (2) shall be implemented pursuant to the Act enforced on log for self-use by a forest concessionaire.

**CHAPTER IV
CONTROL AND NURTURING
Article 4**

- (1) The supervision/control over the implementation of the provision, sale and distribution of timber as referred to in this decree shall be conducted by a local First-Level region Forestry Service and or a Local Second-level Region Forestry and Land Conservation Service.
- (2) The nurturing of the implementation of the activities as referred to in paragraph (1) shall be conducted by a local Provincial Office of the Ministry of Forestry.

**CHAPTER V
REPORTING
Article 5**

- (1) A forest concessionaire shall be obligated to make a report on the implementation of the provision and sale of sawn timber/other processed timber periodically (monthly, Quarterly and annually) and submit it to the Head of the First-Level Region Forestry Service with a carbon copy to be submitted to the Head of the Local Provincial Office of the Ministry of Forestry in the form of a report which shall be regulated by the Director General of Forest Management.
- (2) The head of the First-Level region Forestry service shall submit a report on the outcome of its supervision/control as referred to in Article 4 paragraph (1) to the Governor/First-Level Region Head with a carbon copy to be submitted to the Head of the local Provincial Office of the Ministry of Forestry.
- (3) The head of a Provincial Office of the Ministry of Forestry shall submit a report on the nurturing activities as referred to in Article 4 paragraph (2) periodically (quarterly and annually) to the Director General of Forest Management with a carbon copy to be submitted to the Government/First-Level Region Head.

**CHAPTER VI
REMINDER AND SANCTION
Article 6**

- (1) A forest concessionaire not fulfilling the obligation as referred to in Article 2 of this decree either partially or wholly shall be served a reminder or a warning.
- (2) If within a period of 60 days after the first reminder is served, the forest concessionaire concerned has not responded to or heeded the said reminder/warning, it shall be served a second reminder.

(3) If within its period of 60 days, after the second reminder as referred to in paragraph (2) is served the forest concessionaire concerned has not responded to or heeded the said reminder/warning, it shall be served a third reminder and shall be subject to a sanction under which the service of granting SAKB/SAKO shall be terminated.

(4) The reminders as referred to in paragraphs (1), (2) and (3) and the sanction as referred to in paragraph (3) shall be issued by the local Provincial Office of the Ministry of Forestry.

Article 7

If within its period of 60 days after the third reminder as referred to in Article 3 paragraph (3) is served the forest concessionaire concerned has not responded to or heeded the said reminder/warning, the head of the local Regional Office of the Ministry of Forestry shall propose to the Minister of Forestry that the said forest concession should be revoked.

CHAPTER VII CLOSING PROVISION

Article 8

Matters not yet regulated in this decree shall be regulated further by the Director General of Forest Management.

Article 9

This decree shall take effect as from the date of stipulation.

Stipulation in: Jakarta
On: January 9, 1996

THE MINISTER OF FORESTRY
sgd
DJAMALUDIN SURYOHADIKUSUMO