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FORESTRY AND PLANTATIONS

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DEPARTMENT OF FORESTRY AND PLANTATIONS

**DECREE OF THE MINISTER OF FORESTRY AND PLANTATIONS
NO. 538/Kpts-II/1999 ; DATED JULY 12, 1999**

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THE PERMIT TO UTILIZE TIMBER

MINISTER OF FORESTRY AND PLANTATIONS,

- Considering** :
- a. that based on the Decree of Minister of Forestry No. 227/Kpts/II/1998, procedures and requirements for applying for the permit to utilize timber have been stipulated;
 - b. that due to the developments of policies and conditions, the Decree of Minister of Forestry as referred to in point a should be improved;
 - c. that in connection with the above matter, it is deemed necessary to stipulate the Decree of Minister of Forestry and Plantations on the permit to Utilize Timber.
- Bearing in mind** :
1. Act No. 5 of 1967;
 2. Government Regulation No. 6 of 1999;
 3. Government Regulation No. 33 of 1970;
 4. Presidential Decree No. 15 of 1984 jo Presidential Decree No. 58 of 1993;
 5. Presidential Decree No. 29 of 1990 jo. Presidential Decree No. 53 of 1997, No. 32 of 1998;
 6. Presidential Decree No. 30 of 1990 jo. Presidential Decree No. 41 of 1993 jo. Presidential Decree No. 67 of 1998;
 7. Presidential Decree No. 96/M/1998;
 8. Decree of Minister of Forestry No. 58/Kpts-II/1996;
 9. Decree of Minister of Forestry and Plantations No. 138/Kpts-II/1990 jo. Decree of Minister of Forestry No. 245/Kpts-II/1999.

H A S D E C I D E D :

To stipulate : **DECREE OF MINISTER OF FORESTRY AND PLANTATIONS ON PERMIT TO UTILIZE TIMBER.**

**CHAPTER I
GENERAL PROVISIONS**

Article 1

In this Decree referred to as :

1. The permit to utilize timber, hereinafter referred to as IPK shall be the permit to fell and use timber from forest areas which have been determined or in areas for other uses for the development of crop forests or non-forestry purposes.
2. The land for non-forestry purposes shall be the land in the forest area which is relinquished or lent & used for the development outside the sector of forestry.
3. Areas for other uses shall be the areas outside the sector of forestry.
4. Reservation of forest areas shall be the forest which have been approved in principle of relinquishment by the Minister of Forestry and Plantations.
5. Reservation of areas for other uses shall be the areas outside forest areas which have obtained recommendation from the Governor of the First Level Region.
6. The relinquishment of forest areas shall be the conversion of status of forest areas for outside forestry purposes.
7. Lending and using of forest areas shall be the giving be the giving up to use of forest areas both already appointed and stipulated, to another party for the purpose of the development outside forestry without converting the status, appropriation and functions of the forest areas.
8. IPK principle approval shall be the approval issued by the Director General of Production Forest Exploitation or Head of Provincial Office of the Ministry of Forestry and Plantations to issue the IPK.

Article 2

1. IPK is a continuation of the process of relinquishing forest areas by the Minister of Forestry and Plantations or lending and using of forest areas or reservation of areas for other uses to develop non forestry or Crop Forests.
2. Forest areas for which IPK can be applied are :
 - a. Forest areas relinquished for the development of non-forestry.
 - b. Forest areas lent and used by another party.
 - c. Forest areas for development of crop forests.
 - d. Adat (custom based) forest areas which actually exist and are recognized.
 - e. Reservation of areas for other uses by the Governor, Head of the First level Area.

**CHAPTER II
PROCEDURES FOR APPLICATION
Article 3**

Applicants who can apply for IPK are :

1. State Enterprises engaged in Forestry
2. Provincial State Enterprises
3. Private Enterprises
4. Cooperatives
5. Individuals for transmigration purposes.

Article 4

profits earned from IPK issued to cooperatives/companies are used as working capital of the cooperatives of the local people as the participation of share for the development of gardens or crop forest and the development of catch crops in the form of food crops or other crops.

Article 5

1. The application for IPK is submitted to the Head of the provincial Office, Ministry of Forestry and plantations with the copies sent to :
 - a. Director General of Production Forest Exploitation.
 - b. Head of Forestry Service of the First Level Region.
2. The application as referred to in paragraph (1) is supplemented by :
 - a. Principle approval of relinquishment/lending & using of forest areas from the Minister of Forestry and Plantations or the approval of crop forest from the Minister of Forestry and Plantations or the approval of reserving land by the Governor, Head of First level region in areas for other used.
 - b. feasibility Study of non-forestry which is approved by the authorized agency.
 - c. The evidence of delineation of the areas renquished or lent & used or areas for other uses reserved.
3. Based on the application as referred to in paragraph 1, the Head of provincial Office of the Ministry of Forestry and Plantations conducts evaluation of applicant's documents.
4. The application which is not or not yet complete is rejected by the Head of provincial office of the Ministry of Forestry and Plantations at the latest 14 (fourteen) work days as of the receipt of the application.
5. In the event that the application has fulfilled the adequacy, the Head of the Forestry Service of the First Level Region together with the applicant with the coordination of the Head of provincial Office, the Ministry of Forestry and Plantation conducts the following matters:
 - a. Examination of the forest areas applied for to observe the physical condition in the field.
 - b. Timber cruising to observe the potential of tree stumps.

Article 6

1. The cost of inspecting the IPK blok forest areas and the timber cruising as referred to in Article 4 paragraph 5 is charged to the applicant.
2. The report on the forest inspection and trees counting as referred to in Article 4 paragraph 5 is contained in the inspection Account.
3. Based on the Account as referred to in paragraph 2, the Head of the Forestry Service of the First Level Region provides IPK technical consideration for the Head of provincial office, Ministry of Forestry and Plantations and the applicant works out and submit the plan for utilization of timber in the form of a work chart within a period of 14 (fourteen) days as of the date of the report from Team.
4. Based on the technical consideration from the Head of Forestry Service of the First level Region and by taking into account the Inspection account, the Head of Provincial Office, Ministry of Forestry and plantations decides to reject or to approve the application.
5. In the event that the application is rejected, the Head of Provincial Office of, Ministry of Forestry and Plantations shall notify at the latest 14 (fourteen) work days after the receipt of the technical consideration from the Head of the Forestry Service of the First level Region.

Article 7

1. In the event that the application is approved, the Head Office, Ministry of Forestry and Plantations requests the principle approval from the Director General of Production Forest Exploitation at the latest 14 (fourteen) work days as of the receipt of the technical consideration of the Head of the Forestry Service of the First Level Region.
2. On the basis of the application for the principle approval as referred to in paragraph 1, the Director General of Production Forest Exploitation can approve or reject the application at the latest 14 (fourteen) work days as of the receipt of the letter from the Head of provincial Office, Ministry of Forestry and Plantations.
3. In the event that the applications is rejected by the Director General of Production Forest Exploitation, the Head of the Provincial Office, Ministry of Forestry and Plantations notifies the applicant at the latest 14 (fourteen) work day as from the receipt of the rejection letter.

Article 8

1. In the event that the Director General of Production Forest Exploitation issues the principle approval, the Head of the Provincial office, Ministry of Forestry and plantations instructs the applicant to carry out the following matters :
 - a. Paying the Reforestation Fund (DR) and commission of Forest Resources (PSDH) of timber in accordance with the production target established.
 - b. Paying funds for the Promotion of Human Resources and the Development of Science and Technology.
 - c. The procedures for paying bank guarantees for DR, PSDH and Funds for the

Promotion of Human Resources and the Development of Science and Technology will be further stipulated by the Director General of Production Forest Exploitation.

- d. Putting delineation for the felling block of IPK.
2. The applicant reports to the Head of the provincial Office Ministry of Forestry and Plantations about the realization of bank guarantees for DR, PSDH and funds for the Promotion of Human Resources and Science and Technology at the latest 14 (fourteen) work days after paying the bank guarantees as referred to paragraph (1) and letters a and b.
3. The delineation as referred to in paragraph 1 letter b is carried out by the company and examined by the Head of Provincial Office, Ministry of Forestry and Plantations and completed at the latest 30 (thirty) work days as from the date of issue of the letter of order for delineation by the Head of District Office, the provincial Department of Forestry and Plantation.
4. The delineation for IPK is conducted in accordance with the existing regulations.
5. IPK is issued for a maximum of one year as of the date of issue of the decision of IPK and it can extended once.

Article 9

The Director General of Production Forest Exploitation can transfer the authority of issuing the principle approval to the Head of the Provincial Office, Ministry of Forestry and Plantations.

CHAPTER III PRIORITY OF TIMBER UTILIZATION

Article 10

1. The priority of issuing IPK in Forest Concessions (HPH) areas is regulated as follows :
 - a. In the case of IPK locations originating in HPH areas whose validity period has not expired, the IPK priority is given to the HPH holder concerned.
 - b. In the case of IPK locations coming from the HPH areas managed by the joint-venture between Forestry State Enterprises and the Private sector, the IPK priority is given to Forestry State Enterprises in which the implementation can be transferred to the joint-venture company.
 - c. In the case of IPK locations coming from HPH areas which have expired and not been extended or have been revoked, the IPK priority is stipulated by the Director General of Production Forest Exploitation.
 - d. In the case that holder of HPH or State Enterprises as referred to in letters a and b do not use the opportunity to utilize timber from the forest areas the issuance of IPK is stipulated by the Director General of Production Forest Exploitation.
2. The Head of the Provincial Office, Ministry of Forestry and Plantations is obliged to inform the HPH holders whose areas will be used to develop crop forests or for the development of non-forestry to express the willingness to carry out the utilization of timber with the

notification copies sent to :

- a. Director General of Production Forest Exploitation.
 - b. Head of the Forest Service of the First Level Region.
3. In the event that within a period of 30 (thirty) work days as from the notification for HPH holder as referred to in paragraph 2, they do not reply, they are considered having no interest in utilization of timber.
 4. In the event that the HPH holders express willingness to utilize the timber, at the latest in 30 (thirty) days they shall submit the application for IPK.
 5. In the event that during the period as referred to in paragraph 4 the relevant HPH holders have not carried out activities, the Head of the Provincial Office, Ministry of Forestry and Plantations can cancel the IPK process, with the cancellation copies sent to the Head of the Forest Service and the Director General of Production Forest Exploitation, and the Director General of Production Forest Exploitation at the recommendation of the Head of Provincial Office, Ministry of Forestry and Plantations can appoint others.

Article 11

The HPH holders who utilize timber in the areas where trees have not been felled yet and they are located in the RKL block, at the latest 6 (six) months as from the commencement of the utilization of timber are obligated to revise the on-going five year block working plan.

Article 12

The priority of IPK issuance in the areas where there are no HPH is stipulated by the Director General of production Forest Exploitation.

Article 13

1. The Head of Provincial Office, Ministry of Forestry and Plantations is obliged to notify the IPK recipient in the context of utilizing timber on the opening of land for the development of crop forests or non-forestry as referred to in Article 11.
2. At the notification of the Head of the Provincial Office, Ministry of Forestry and Plantations, within a period of 30 (thirty) work days as from the notification, the company which has received the IPK handles the IPK application in accordance with the existing regulation.
3. In the event that within a period of 30 (thirty) work days as from the notification, by the Head of the Provincial Office,, Ministry of Forestry and Plantations does not reply, the IPK recipient is considered having not taken the opportunity of timber utilization.

Article 14

1. The IPK holder is obliged to take into account the principles of conservation in accordance with the existing regulations.
2. The IPK holder is obliged to prepare and submit monthly reports on the implementation of:
 - a. The extent of felling and timber production.
 - b. information on development of timber utilization.

3. The reports as referred to in paragraph 2 are submitted to the Head of Provincial Office, Ministry of Forestry and Plantations with copies sent to :
 - a. Director General of Production Forest Exploitation.
 - b. Head of the Forestry Service of the First Level Region.

Article 15

1. The felling in the area of IPK can be conducted in accordance with the IPK decision.
2. The IPK holder in carrying out the felling is not permitted to fell beyond the areas determined.
3. The IPK holder is not permitted to fell in the protected areas.

Article 16

1. IPK issuance shall be in accordance with the technical capacity and management of the would-be IPK holder.
2. The allocation of utilization of timber resulted from the IPK felling is stipulated by the Director General of Production Forest Exploitation.

Article 17

1. IPK for individual transmigration purpose personally from the area of business is regulated as follows :
 - a. Total maximal volume is set at 5 (five) m³ of log.
 - b. No. DR and other levies are allowed.
 - c. The said timber is only used for own interest and not for trade.
2. IPK as referred to in paragraph 1 is issued by the Head of Forestry Service of the First Level Region or the official appointed by him.

Article 18

1. The Head of the Provincial Office, Ministry of Forestry and Plantation conducts guidance and control over the implementation of the timber utilization in the field.
2. The Head of the Forestry Service of the First Level Region exercises supervises supervision over the implementation of timber utilization in the field.

Article 19

The Head of Provincial Office, Ministry of Forestry and Plantations is obliged to prepare and submit monthly reports to the Director General of Production Forest Exploitation on the activities of IPK in his area.

CHAPTER IV ABOLITION OF IPK Article 20

1. IPK is abolished because :
 - a. The period granted has expired.
 - b. Revoked by the Minister of Forestry and Plantation as the sanction imposed on the IPK holder.
 - c. Given back by IPK the holder to the government before the period has expired.
2. The abolition of IPK based on the paragraph 1 of this Article causes the IPK holder :
 - a. The IPK holder is obliged to pay PSDH and other financial obligations to the Government.
 - b. Implementing all provisions in the context of the expiry of IPK in accordance with the existing regulations.

**CHAPTER V
SANCTION
Article 21**

1. The IPK holder which/who conducts the felling before the Decree on IPK and after IPK expires is subjected to sanctions in accordance with Article 18 paragraph 1 Government Regulation No. 28 of 1985.
2. The IPK holder which/who conducts the felling in the protected areas, areas of natural reserves, or areas of natural conservation is subjected to sanctions in accordance with the Government Regulation No. 28 of 1985 and the existing regulations.

Article 22

1. IPK is revoked because :
 - a. The IPK holder does not pay DR and PSDH for the timber which has been released from the working areas in accordance with the existing regulations.
 - b. IPK holder does not concretely do the business in a period of 90 (ninety) days after IPK Approval has been issued.
 - c. IPK holder abandons the areas before the expiry of the IPK.
2. The revocation of IPK as referred to in paragraph 1 is given 3 (three) consecutive warnings with an interval of 15 (fifteen) days.

**CHAPTER VI
TRANSITIONAL PROVISIONS
Article 23**

With the enactment of this Decree :

- a. IPK which has been issued is still valid until it expires.
- b. Decree of Minister of Forestry and Plantations No. 27/Kpts-II/1998 and other provisions which are against this Decree are declared void.

CHAPTER VII
CONCLUDING PROVISIONS
Article 24

1. Technical guidance over the implementation of this Decree is further stipulated by the Director General of Production Forest Exploitation.
2. This Decree shall come into force as from the date of stipulation.

Stipulated at J a k a r t a
On July 21, 1999

THE MINISTER OF FORESTRY AND PLANTATIONS,
signed

Dr. Ir. MUSLIMIN NASUTION

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