

LEVY ON INSPECTION OF FOREST-PRODUCT MEASURING AND VERIFICATION
(Region Regulation of the East Java Province No. 3/2003 dated October 13, 2005)

BY GRACE OF GOD THE ALMIGHTY
THE GOVERNOR OF EAST JAVA

Considering:

- a. that in the framework of obtaining an optimal benefit from forest areas to social life and environmental conservation, concrete measures of utilization and supervision over the distribution of forest products are needed;
- b. that pursuant to the authority of provinces in natural resource management, particularly in the forestry sector as meant in Law No. 22/1999 on regional administration jo. Government Regulation No. 25/2000 on the authority of the government and the authority of provinces as autonomous regions as well as Law No. 41/1999 on forestry, it is necessary to supervise and foster in the framework of ensuring the smooth distribution of forest producing coming into and out of the East Java Province;
- c. that in connection with the considerations in letters a and b, the provisions need to be mentioned in a regional regulation;

In view of:

1. Law No. 2/1950 on the Establishment of East Java Province jo. Law No. 18/1950 on the Amendment to Law No. 2/1950 concerning the Establishment of East Java Province (Statute Book of 1950 No. 32);
2. Law No. 8/1961 on Criminal Code (Statute Book of 1981 No. 76, Supplement to Statute Book No. 3209);
3. Law No. 18/1997 (BN No. 6161 pages 6A - 18A and so on) on Regional Taxes and Levies (Statute Book of 1997 No. 41, Supplement to Statute Book No. 3685) jo. Law No. 34/2000 (BN No. 6582 pages 8A - 12A and so on) on the Amendment to Law No. 18/1997 concerning Regional Taxes and Levies;
4. Law No. 22/1999 (BN No. 6361 pages 1A - 5A and so on) on Regional Administration (Statute Book of 1999 No. 60, Supplement to Statute Book No. 3839);
5. Law No. 41/1999 (BN No. 6412 pages 1A - 6A) on forestry (Statute Book of 1999 No. 167, Supplement to Statute Book No. 3888);
6. Government Regulation No. 27/1983 on the Implementation of Law No. 8/1981 concerning Criminal Code (Statute Book of 1981 No.6, Supplement to Statute Book No. 3258);
7. Government Regulation No. 66/2001 (BN No. 6678 pages 2A - 7A) on Regional Levies (Statute Book of 2001 No. 119, Supplement to Statute Book No. 4139);
8. Presidential Decree No. 44/1999 on Technique of Formulation of Legislation and Models of Bills, Draft Government Regulation and Draft Presidential Decree (Statute Book of 1999 No. 70);
9. Decree of the Minister of Home Affairs No. 174/1997 on Guidelines on Procedures for Collecting Regional Levies;
10. Decree of the Minister of Home Affairs No. 175/1997 on Guidelines on Procedures for Auditing in the Regional Levy Sector;
11. Decree of the Minister of Forestry No. 126/KPTS-II/2003 on Administration of Forest Products;
12. Decree of the Minister of Forestry No. 127/KPT-II/2003 on Administration of Forest Product Coming from Working Areas of Perhutani for Provinces in Java;
13. Joint Decree of the Minister of Transportation, Minister of Forestry and Minister of Industry and Trade No. KM3/2003, NO. 22/KPTS-II/2003 and NO. 33/MPP/Kep./I/2003 (BN NO. 6873 pages 4A - 6A) on Supervision over the Transport of Wood through Ports;
14. Regional Regulation of the East Java Province No. 4/1986 on Civil Servant Investigators within the East Java Provincial Government;
15. Regional

15. Regional Regulation of the East Java Province No. 33/2000 on East Java Provincial Forestry Service;

With the approval of:

THE EAST JAVA PROVINCIAL LEGISLATIVE COUNCIL

DECIDES :

To stipulate :

THE REGIONAL REGULATION OF THE EAST JAVA PROVINCE ON LEVY ON INSPECTION OF FOREST-PRODUCT MEASURING AND VERIFICATION

CHAPTER I
GENERAL PROVISION

Article I

Referred to in this regional regulation as:

1. Provincial Government shall be the East Java Provincial Government.
2. Governor shall be the Governor of East Java.
3. Service shall be the East Java Provincial Forestry Service.
4. Head of Service shall be the Head of the East Java Provincial Forestry Service.
5. Body shall be a group of people and/or capital being a unit, whether undertaking business or not, which covers limited liability company, joint company, other company, state-owned enterprises or regional administration-owned enterprise in whatever name and form, firm, joint venture, cooperative, pension fund, partnership, group, foundation, mass organization, social and political organization or other organization of the same kind, institution, permanent establishment as well as other form of body.
6. Forest products shall forest products in the form of logs, processed timber and rattan coming from state forests.
7. Distribution of Forest Products shall be traffic of forest products in both mainland and sea.
8. Inspection shall be a series of activities of forest-product measuring and verification.
9. Measuring of Forest Products shall be an activity to stipulate volume in unit of m³ for timber, weight in unit of ton for rattan.
10. Verification of Forest Products shall be an activity to stipulate kind and size of forest products.
11. Forest Product Administration shall be a system of administration in the form of recording, issuance of documents and reporting, which covers activities of planning, production, exploitation, processing and distribution of timber.
12. Log shall be part of tree becoming cuts (stalks free from branch or twig).
13. Processed Timber shall results of direct processing of logs into swan timber, chip/pulp, veneer, plywood and laminating veneer lumber.
14. Document shall be certificate of legitimacy of forest products and/or other certificates.
15. Certificate of Legitimacy of Forest Products (SKSHH) shall be a state document functioning as evidence of legality of the transportation, controlling and/or ownership of forest products.
16. Levy Payer shall be individual or body, which according to the levy legislation, is obliged to pay levy, including the collection or withholding of certain levies.
17. Regional-Levy Object Registration Document, hereinafter abbreviated to SPdORD, shall be a document used by levy payer to report levy objects and levy payers as the basis for calculation and payment of levy, which according to regional levy legislation, becomes due.
18. Regional Levy Assessment, hereinafter called SKRD shall be a document of stipulation of levy, which sets forth the amount of principal levy.

19. Criminal Investigation in the Regional Levy Sector shall be a set of actions carried out by civil servant investigators, hereinafter called investigators, to find as well as collect evidences making crime in the regional levy sector clear as well as to find suspects.

CHAPTER II
GOAL AND OBJECTIVE

Article 2

The goal and objective of inspection of forest-product measuring and inspection are to ensure orderly and smooth service for the distribution of forest products in the framework of protecting state rights related to forest products.

CHAPTER III
INSPECTION OF FOREST PRODUCTS

Article 3

- (1) The transportation, control or ownership of forest products shall be equipped collectively by Certificate of Legitimacy of Forest Products.
- (2) Before Certificate of Legitimacy of Forest Products is issued, the forest products shall be inspected.
- (3) The forest products as meant in paragraph (2) shall be inspected in Timber Hoarding Places (TPK) and Warehouses and/or Forest-Products Collecting Places.
- (4) The inspection of forest products shall include activities of inspection of kind, number of stalk/piece/bundle, size and volume of forest products.
- (5) The inspection of forest products during the transportation shall be only applicable in destination place of SKSHH.

CHAPTER IV
NAME, OBJECT, SUBJECT AND KIND OF LEVY

Article 4

- (1) In the name of levy on inspection of forest-product measuring and verification, the inspection of forest-product measuring and verification shall be subject to levy.
- (2) Levy object shall be forest-products, which will be

carried by individuals or bodies.

- (3) Levy subject shall be individuals or bodies planning to carry forest products.
- (4) The levy as meant in paragraph (1) shall be a kind of general service levy.

CHAPTER V
STRUCTURE AND TARIFF OF LEVY

Article 5

- (1) The structure of tariffs of levy on inspection of forest-product measuring and verification shall be set for every m³ (cubic meter) in the case of logs or processed timber and every ton in the case of rattan.
- (2) The tariffs of levy as meant in paragraph (1) shall be set as follows:

a. Log	: Rp 3,000.00/m ³
b. Processed timber	: Rp 5,500.00/m ³
c. Rattan	: Rp 4,500.00/m ³

CHAPTER VI
PROCEDURES FOR COLLECTING LEVY

Article 6

- (1) Levy shall become due upon stipulating SKRD or other documents treated such that.
- (2) Levy payers shall complete SPdORD.
- (3) SPdORD as meant in paragraph (2) shall be completed clearly, truthfully and completely as well as signed by levy payers or their proxies.
- (4) Based on SPdORD already completed clearly, truthfully and completely as well as signed by levy payers or their proxies, levy shall be stipulated by issuing SKRD or other documents treated such that.
- (5) The Governor shall further stipulate model, content as well as procedures for completing and conveying SPdORD and SKRD shall be further stipulated by the governor.
- (6) Levy shall be settled wholly in advance.

(7) The Governor shall further stipulate procedures for payment, remittance, payment places of levy.

CHAPTER VII
SHARING OF REVENUE

Article 7

(1) Revenue from the levy as meant in Article 5, after being subtracted by operational costs, shall be shared as follows:

- a) 70% to the province;
- b) 30% to regental/municipal government.

(2) The sharing of revenue from levies outside the authority of the provincial government, after being subtracted by operational costs, shall be as follows:

- a) 70% to the province;
- b) 30% to regental/municipal government.

(3) The sharing of revenue as meant in paragraphs (1) and (2) shall be further regulated by a decision of the Governor.

CHAPTER VIII
PENAL PROVISION

Article 8

(1) Whoever violates the provision as meant in Article 5 paragraph (2) shall be liable to imprisonment for 6 (six) months and/or a fine of Rp 5,000,000.00 (five million rupiahs) at the maximum.

(2) The crime as meant in paragraph (1) shall be a violation.

(3) Whoever violates the provision as meant in Article 3 paragraph (1) shall be liable to penalty and/or penal sanction in accordance with the provisions of laws in force.

(4) The crime as meant in paragraph (3) shall be a crime.

CHAPTER IX
INVESTIGATION

Article 9

Certain civil servant officials within the Provincial Government shall be given special authority to investigate crime in the regional levy sector as meant in

Law No. 8/1981 on Criminal Code.

Article 10

(1) Authority of the investigators as meant in Article 9 shall be:

- a. receiving, searching, collecting and examining information or reports related to crime in the regional levy sector in order to make the information or reports complete and clear;
- b. examining, searching and collecting information about individuals or bodies with regard to the truth of actions committed in connection with the regional levy crime;
- c. asking information and evidences from individuals or bodies in connection with crimes in the regional levy sector;
- d. examining books, records and other documents related to crimes in the region levy sector;
- e. ransacking with a view of obtaining evidences of bookkeeping, recording and other documents as well as confiscating the evidences;
- f. asking assistance from experts in the framework of executing the tasks of investigation into crimes in the regional levy sector;
- g. asking someone to stop or prohibiting the relevant from leaving room or place upon the inspection is underway as well as examining identities of persons or the carried documents as meant in letter e;
- h. taking photograph of someone related to regional levy crime;
- i. summoning persons for testifying and examining as suspects or witnesses;
- j. discontinuing investigation;
- k. taking necessary actions, which are legally accountable, to ensure the smooth investigation into crime in the regional levy sector.

(2) The investigators as meant in paragraph (1) shall notify the moment when the investigation starts and convey results of the investigation to public prosecutor in accordance with the provisions regulated in Law No. 8/1981 on Criminal Code.

CHAPTER X
CONCLUSION

Article 11

The regional regulation shall be implemented effectively on January 2004.

Article 12

Matters not yet regulated sufficiently in this regional regulation shall be further ruled by a decision of the Governor as long as they are related to the implementation of this regulation.

Article 13

The regional regulation shall come into force as from the date of promulgation.

For public cognizance, the region regulation shall be promulgated by placing it Regional Book of East Java Province.

Stipulated in Surabaya

On October 13,2005

THE GOVERNOR OF EAST JAVA

Sgd

IMAM UTOMO.S

Promulgated in Surabaya

On October 13,2005

THE REGIONAL SECRETARY OF

THE PROVINCE OF EAST JAVA

Sgd

H. SOEKARWO, SH, M.Hum

REGIONAL BOOK OF EAST JAVA PROVINCE

YEAR 2003 NO. 1/2003 SERIES C

ELUCIDATION**ON**

**REGIONAL REGULATION OF
THE EAST JAVA PROVINCE NO. 3/2003
CONCERNING**

**LEVY ON INSPECTION OF FOREST-PRODUCT
MEASURING AND VERIFICATION**

I. GENERAL

Forest as Indonesia's natural wealth has been proven to contribute greatly to the development. Various products collected from forests have been able to

provide business opportunities for communities.

In line with the realized development activities, the existing forest resources turn out to trigger illegal logging. Illegal logging has been proven to bring about serious impacts ecologically in the form of degradation of forest resources and also economically in the form of the decreasing state income from the forestry sector.

Measuring and verification of forest products constitute a process of administration of forest products, namely a procedure for recording and reporting forest products collected from state forests. The administration of timber businesses will be able to provide certainties about legality of ownership and control over forest products as well as security for state revenue from the carried forest products.

II. ARTICLE BY ARTICLE**Articles 1 and 2**

Sufficiently clear

Article 3**Paragraphs (1) and (2)**

Sufficiently clear

Paragraph (3)

- Forest products are inspected in place where the would-be carried forest-products are located, be it Timber Hoarding Place (TPK), warehouse, collecting place or other place.
- Forest products cannot be inspected in log pond, aboard carriers, such as truck, ship or in container.

Paragraph (4)

- Inspection of forest products constitutes a series of initial activity related to the issuance of SKSHH.
- Inspection is only applied to logs and processed timber as well as rattan coming from state forests.
- Technique of inspection of logs:
 - a. calculating the number of stalks of all log portion (100%) and examining completeness of initialing (no. diameter, length and kind) as well as initialing mark of marking hammer DK;
 - b. taking samples randomly from the total stalks with the provision as follows:

- 1) In the case of the number of stalks from one portion being less or the same as 100 stalks, the number of samples is 100%;
 - 2) In the case of the number of stalks from one portion ranging from 101 to 1,000 stalks, the number of samples is 100 stalks;
 - 3) In the case of the number of stalks from one portion being more than 1,000 stalks, the sample is 10%.
- c. Crosschecking the kind and size to the sample and inserting the results into a Log Inspection List (DPKB).
 - d. Calculating and comparing kinds and sizes of logs resulting from the inspection to kinds and sizes written in DHH;
 - e. Results of the calculation are used the basis for making Inspection Account (BAP) of logs.
 - f. In the case of results of inspection in BAP showing:
 - a. no difference in kind of logs and calculation of volume < 5%, the log portion is declared true and P2SKSHH can issue SKSHH after signing DHH first;
 - b. no difference in kinds of logs but calculation of volume > 5%, all stalks in the log portion must be re-measured wholly by log owner;
 - c. After completing the re-measuring of the log portion as meant in point 2), P2SKSHH subsequently re-inspects by procedures in accordance with the provisions until the inspection result is declared true;
 - d. To log portions already inspected and declared true as meant in point 3), new DHH must be made and P2SKSHH subsequently issues SKSHH.
- Technique of inspection of sawn timber:
- a. Examining kind and size by taking sample randomly and representing every sort and kind with the provision as follows:
 - 1) Portion 1 - 35 pieces, sample is 100%
 - 2) Portion 36 - 500 pieces, sample is 35 pieces;
 - 3) Portion 501 - 1,000 pieces, sample is 60 pieces;
 - 4) Portion 1,001 - 2,000 pieces, sample 80 pieces;
 - 5) Portion 2,001 - 3,000 pieces, sample is 125 pieces;
 - 6) Portion more than 3,000 pieces, sample is 5%.
 - b. Tolerance of difference in size permitted in the inspection is as follows:
 - 1) Standard thickness < 3 cm, tolerance < 3 mm
 - 2) Standard thickness > 3 cm, tolerance < 6 mm
 - 3) Standard width < 8 cm, tolerance < 3 mm
 - 4) Standard width > 8 cm, tolerance < 3 mm
 - 5) Standard length < 1 m, tolerance < 25 mm
 - 6) Standard thickness > 1 m, tolerance < 50 mm
 - c. Results of the measuring are subsequently included into Sawn Timber Inspection List (DPKG).
 - d. In the case of on the basis of inspection of the sample portion, the excess of size not exceeding the permitted tolerance, physical dimension of the timber is categorized passing test, namely the thickness and length have no less or fit timber, while the width is permitted to have fit and less timber (< 5 mm), as long as the number of pieces is only < 10% of the total samples of sawn timber.
 - e. In the quantity of sawn timber passing test makes up 90% of the total samples or more, the submitted DHH is declared true.
 - f. Based on the inspection, Inspection Account (BAP) of sawn timber is subsequently made.
 - g. In the case of output being found above the tolerable limit as meant in letter b on the basis of the inspection, owner/recipient of the processed timber is obliged to measure 100%.
 - h. After the measuring of the timber portion as meant in letter g is completed, P2SKSHH later undertakes re-inspection by procedures in accordance with the provisions until the inspection result is declared true;
 - i. To timber portion already inspected and declared true as meant in letter h, new DHH must be made and P2SKSHH later issues SKSHH.
 - j. The used inspection-tools include metering tape, pulling period, knife and loup.
- Technique of inspection of plywood:
- a. Examining kind and size by taking sample randomly and representing every sort and kin, with the provision as follows:
 - 1) Portion 1 - 35 pieces, sample is 100%
 - 2) Portion 36 - 500 pieces, sample is 35 pieces;
 - 3) Portion 501 - 1,000 pieces, sample is 60 pieces;
 - 4) Portion 1,001 - 2,000 pieces, sample 80 pieces;

- 5) Portion 2,001 - 3,000 pieces, sample is 125 pieces;
- b. Tolerance of difference in size permitted in the inspection is as follows:
- 1) Length and width, tolerance 0.00 mm and + 1.50 mm.
 - 2) Thickness for size > 3 cm, tolerance \pm 6 mm
 - 3) Thickness for size 3 cm - < 6 mm, tolerance \pm 0.20 mm
 - 4) Thickness for size 6 mm - < 12 mm, tolerance \pm 0.30 mm
 - 5) Thickness for size 12 mm - < 20 mm, tolerance \pm 0.40 mm
 - 6) Thickness for size > 20 cm, tolerance \pm 0.50 mm
- c. The inspection result is later included into a Plywood Inspection List (DPKL).
- d. In the case of on the basis of result of inspection of sample, deviation remaining in the permitted tolerable limit, dimension/size of the plywood is categorized passing test.
- e. If the quantity of plywood passing test as meant in letter d makes up 90% of the total samples or more, the submitted DHH is declared true.
- f. Based on the inspection result, Inspection Account (BAP) of Plywood is subsequently made.
- g. In the case of output being found above the tolerable limit as meant in letter b on the basis of the inspection, owner/recipient of the plywood is obliged to measure 100%.
- h. After the measuring of the timber portion as meant in letter g is completed, P2SKSHH later undertakes re-inspection by procedures in accordance with the provisions until the inspection result is declared true;
- i. To timber portion already inspected and declared true as meant in letter h, new DHH must be made and P2SKSHH later issues SKSHH.
- j. The used inspection-tools include metering tape, pulling period, knife and loup.
- Technique of inspection of rattan:
- a. counting the number of bundle/stalk;
 - b. examining kind of rattan;
 - c. weighing with sample 5%;
 - d. Result of physical inspection of rattan as meant in point c is included into BAP.

- e. If the results are deemed already suitable to the submitted DHH on the basis of the physical inspection, SKSHH can be issued promptly.

Article 4

Paragraph (1)

The name of Levy on Inspection of Forest-Product Measuring and Verification is abbreviated to Levy on P3HH.

Paragraphs (2) and (3)

Sufficiently clear

Article 5

Paragraph (1)

- The tariff of inspection of forest-product measuring and verification is not differentiated by kind of timber.
- Rattan stipulated as levy object is rattan in the form of raw material, such as mixed rattan whether or not smoked or polished.

Paragraph (2)

Sufficiently clear

Article 6

Sufficiently clear

Article 7

Paragraph (1)

Operational costs are incentives given to officers inspecting the measuring and verification of forest products in accordance with the provisions of legislation in force.

Paragraph (2)

Working areas of forest-product inspection becoming authority of the East Java Provincial Government are in accordance with stipulation in Regional Regulation of the East Java Province No. 26/2001 on Description of Tasks and Functions of Technical Executive Units of the East Java Provincial Forestry Service.

Article 8 up to article 13

Sufficiently clear

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