

**PROCEDURE ON THE IMPOSING OF ADMINISTRATIVE SANCTIONS
ON BUSINESS PERMIT HOLDERS OF
FOREST PRIMARY WOOD INDUSTRY PRODUCTS**

(Forestry Minister Regulation No. P.17/Menhut-II/2009, dated March 6, 2009)

WITH THE BLESSING OF THE ONE AND ONLY GOD
THE FORESTRY MINISTER,

Considering :

- a. that based on Article 115 and Article 116 of Government Regulation No. 6 Year 2007 in conjunction with. No. 3 Year 2008, holders of Business Permit of Forest Primary Wood Industry Products (IUIPHHK = Izin Usaha Industri Primer Hasil Hutan Kayu) has certain obligations and prohibitions, and shall be imposed to administrative sanctions if it committed any violation pursuant to Article 135;
- b. that basically, all obligations to the state on forest primary wood industry products where its raw material comes from a state forest, had been settled thru official assessment, and had become private goods as is the case with raw material from a right to a forest;
- c. Article 139 of Government Regulation No. 6 Year 2007 in conjunction with. No. 3 Year 2008 states that provisions of procedure on the imposing of administrative sanctions to business permit holders of forest primary industry product is regulated with a regulation of the Minister;
- d. that related with the above issues, it is deemed necessary to stipulate a procedure on the imposing of administrative sanctions on business permit holders of forest primary wood industry products with a regulation of the Minister.

In view of:

1. Law No. 41 Year 1999 (**BN No. 6412 pages 1A-6A etc**) concerning Forestry (Statute Book of the Republic of Indonesia Year 1999 No. 167, Supplement to Statute Book No. 3888) which had been amended by Law No. 19 Year 2004 (**BN No. 7143 pages 26A-29A**) concerning Stipulation of Government Regulation In Lieu of Law No. 1 Year 2004 concerning Amendment to Law No. 41 Year 1999 concerning Forestry to become a Law (Statute Book of the Republic of Indonesia Year 2004 No. 86, Supplement to Statute Book No. 4412);
2. Law No. 32 year 2004 (**BN No. 7183 pages 1A-11A etc**) concerning the Regional Government (Statute Book of the Republic of Indonesia Year 2004 No. 125, Supplement to Statute Book of the Republic of Indonesia No. 4437) which had been amended by Law No. 8 Year 2005 concerning Stipulation of Government Regulation In Lieu of Law No. 3 Year 2005 (**BN No. 7218 pages 20A-21A etc**) concerning Amendment to Law No. 32 Year 2004 concerning the Regional Government to Become a Law (Statute Book of the Republic of Indonesia Year 2005 No. 108, Supplement to Statute Book of the Republic of Indonesia No. 4548);
3. Government Regulation No. 6 Year 2007 (**BN No. 7529 pages 1A-21A etc**) concerning (Statute Book of the Republic of Indonesia Year 2007 No. 22, Supplement to Statute Book of the Republic of Indonesia No. 4696) which had been amended by Government Regulation No. 3 Year 2008 (**BN No. 7676 pages 10A-25A etc**)

- (Statute Book of the Republic of Indonesia Year 2008 No. 16, Supplement to Statute Book of the Republic of Indonesia No. 48140);
4. Government Regulation No. 38 Year 2007 concerning Division of Government Affairs between the Government, Provincial Governments, and Regency/City Governments (Statute Book of the Republic of Indonesia Year 2007 No. 82, Supplement to Statute Book of the Republic of Indonesia No. 4737);
 5. Presidential Decree No. 187/M Year 2004 (***BN No. 7128 pages 30A-31A***) concerning Formation of Indonesia United Cabinet having been amended several times, lastly by Presidential Decree No. 31/P Year 2007;
 6. Presidential Regulation No. 9 year 2005 (***BN No. 7182 pages 2A-23A***) concerning Position, Mission, Functions, Organizational Structure, and Work Mechanism of State Ministries of the Republic of Indonesia, having been amended several times, lastly by Presidential Regulation No. 20 Year 2008;
 7. Presidential Regulation No. 10 year 2005 concerning Organization Units and Missions of Echelon-I Agencies of State Ministries of the Republic of Indonesia having been amended several times, lastly by Presidential Regulation No. 50 Year 2008;
 8. Forestry Minister Decision No. 6884/Kpts-II/2002 concerning Evaluation Criteria and Procedure on Forest Primary Wood Industry Products;
 9. Forestry Minister Decision No. 303/Kpts-II/2003 concerning Procedure on the Assessment of the Performance of Forest Primary Wood Industry Products in conjunction with Forestry Minister Regulation No. P. 17/Menhut-II/2004;
 10. Forestry Minister Regulation No. P.13/Menhut-II/2005 concerning Organization and Work Mechanism of the Department of Forestry having been amended several times, lastly by Forestry Minister Regulation No. P.64/Menhut-II/2008;
 11. Forestry Minister Regulation No. P.51/Menhut-II/2006 concerning the Use of Statement Letter on Origin (SKAU = Surat Keterangan Asal Usul) for the transportation of forest wood products originating from right on forest, having been amended several times, lastly by Forestry Minister Regulation No. P.33/Menhut-II/2007 (BN No. 7703 pgs 15B-17B);
 12. Forestry Minister Regulation No. P.55/Menhut-II/2006 concerning the Administering of Forest Products Originating from a State Forest which had been amended by Forestry Minister Regulation No. P.63/Menhut-II/2006;
 13. Forestry Minister Regulation No. P.16/Menhut-II/2007 concerning Plan on the Fulfillment of Industry Raw Material (RPBBI = Rencana Pemenuhan Bahan Baku Industry) for forest wood product primary industries;
 14. Forestry Minister Regulation No. P.35/Menhut-II/2008 in conjunction with Forestry Minister Regulation No. P.9/Menhut-II/2009 concerning Business Permit for Forest Product Primary Industries;
 15. Forestry Minister Regulation No. P.58/Menhut-II/2008 concerning Competence and Certification of Technical Manpower on the Management of Everlasting Forest Production (State Gazette of the Republic of Indonesia Year 2008 No. 52).

D E C I D E S :

To stipulate :

FORESTRY MINISTER REGULATION CONCERNING PROCEDURE ON THE IMPOSING OF ADMINISTRATIVE SANCTIONS ON BUSINESS PERMIT HOLDERS OF FOREST PRIMARY WOOD INDUSTRY PRODUCTS

CHAPTER I
GENERAL PROVISIONS

Article 1

In this Regulation, definitions used are:

1. *Administrative violation is an act that can be imposed with an administrative sanction on business permit holders of forest primary wood industry products beyond provisions of Article 78 of Law No. 41 Year 1999 concerning Forestry.*
2. *Forest primary wood industry product (IPHH = Industri Primer Hasil Hutan) is an industry on the processing of logs and/or small logs into half finished goods or finished goods in the form of sawn timber, wood chips, veneer, plywood and Laminated Veneer Lumber (LVL).*
3. *Business Permit for Forest Primary Wood Industry Product (IUIPHHK = Izin Usaha Industri Primer Hasil Hutan Kayu) is a permit to process logs and/or small logs to be one or several kinds of products in a certain location provided to a permit holder by the authorities.*
4. *Permit Holder is a holder of a business permit on forest primary wood industry products.*
5. *Director General is the Director General assigned with duties and responsibilities in the aspect of the Administering of Forestry Production.*
6. *Provincial Service is a Service assigned with duties and responsibilities in the aspect of forestry in a province region.*
7. *Regency/City Service is a Service assigned with the duties and responsibilities in the aspect of forestry in a regency/city region.*
8. *Board is a Monitoring Board on the utilization of forest produce of a local region.*

CHAPTER II
PROCEDURE ON THE IMPOSING OF SANCTIONS

Part One

Sanction in the form of Temporary Cessation of the
Provision of Services

Paragraph 1

Types of Violation

Article 2

- (1) A Permit Holder will be imposed to a sanction in the form of temporary cessation of the provision of services if it:
 - a. *did not compile and submit a plan on the fulfillment of industry raw material (RPBBI = Rencana Pemenuhan Bahan Baku Industri) every year;*
 - b. *did not compile and submit a monthly report on the realization of the fulfillment and use of raw material and production;*
 - c. *did not compile and submit a Log Mutation Report (LMKB = Laporan Mutasi Kayu Bulat);*
 - d. *did not compile and submit Mutation Report On Forest Processed Products (LMHHO = Laporan Mutasi Hasil Hutan Olahan);*
 - e. *did not report its activities and gains of its industry periodically to the permit provider and the agency assigned the authority on the administering and development of forest product primary industry.*
- (2) Types of the services referred to in paragraph (1) are in the form of:
 - a. *Commissioning and stipulation of registration number of Issuer of Log Transportation Invoice (FA-KB = Faktur Angkutan Kayu Bulat), and Stipulation of registration number of Issuer of Processed Wood Transportation Invoice (FA-KO = Faktur Angkutan Kayu Olahan) by the Head of the Board;*

- b. Commissioning of the Issuer of Processed Wood Transportation Invoice (FA-KO) by the Head of Provincial Service;
- c. Stipulation of serial number of FA-KB forms by the Director of Forestry Retribution Administration and Circulation of Forest Products on behalf of the Director General;
- d. Recommendation on the stipulation of serial number of FA-KB forms by Provincial Service.

Paragraph 2

Procedure on the Imposing of Administrative Sanction in the form of Temporary Cessation of the Provision of Services to Permit Holders

Article 3

- (1) Imposing of the sanction meant in Article 2 paragraph (1) shall be based on results of evaluations performed by Provincial Service or Regency/City Service or the Board, and its result shall be reported to the Head of Provincial Service.
- (2) Based on the report referred to in paragraph (1), the Head of Provincial Service shall perform coordination on the evaluation of re-checks with related parties including companies concerned, and in the event of a violation, the result there-of shall be set forth in a report.
- (3) Based on the report referred to in paragraph (2), the Head of Provincial Service will issue a decision concerning a sanction in the form of temporary cessation of provision of services (SPSPP = Sanksi Penghentian Sementara Pemberian Pelayanan) with copies to the Director General, Head of Regency/City Service, and Head of the Board.
- (4) The sanction referred to in paragraph (3) shall be imposed without prior warning, and is valid for a period of one (1) year from the imposing of the sanction.

- (5) If the Permit Holder had executed his obligations within the one (1) year period, the Head of Provincial Service shall issue a decision on the cancellation of the sanction in the form of temporary cessation of provision of services (SPSPP) as meant in paragraph (3), and the Permit Holder has the right to receive services again.

Article 4

- (1) If the one (1) year period referred to in Article 3 paragraph (3) elapsed and the Permit Holder did not fulfill his obligations, the Head of Provincial Service shall issue a First Warning Letter (SPPt = Surat Peringatan Pertama) to the Permit Holder.
- (2) If within 30 (thirty) work days from the date of receiving the First Warning Letter (SPPt) the Permit Holder did not respond, or provide a response but the substance there-of is unacceptable, the Head of Provincial Service shall issue a Second Warning Letter (SPKd = Surat Peringatan Kedua).
- (3) If within a period of 30 (thirty) work days from the date of receiving the Second Warning Letter (SPKd), the Permit Holder did not respond, or provide a response but the substance there-of is unacceptable, the Head of Provincial Service shall issue a Third Warning Letter (SPKt = Surat Peringatan Ketiga).
- (4) The warning letters referred to in paragraphs (1) thru (3) shall be given by the Head of Provincial Service with copies to the Director General, Governor, Head of Regency/City Service and Head of the Board.
- (5) If the substance of the response of each level of warning is acceptable, the Head of Provincial Service shall issue a cancellation of the SPPt or SPKd or SPKt, and if within a period of 14 (fourteen) work days from receiving the substance of the response and a cancellation was not issued, the

SPPt or SPKd or SPKt is declared cancelled by law.

- (6) If within a period of 30 (thirty) work days from the date of receipt of the Third Warning Letter (SPKt) the Permit Holder did not respond, or gave a response but its substance is unacceptable, the Head of Provincial Service shall propose for a revocation of permit to the :
- a. Minister, for industries with a capacity above 6.000 (six thousand) cubic meters annually;
 - b. The Governor, for industries with a capacity of up to 6.000 (six thousand) cubic meters annually;
 - c. Regent/Mayor, if the provision of permit for industries is for a capacity of up to 2.000 cubic meters annually delegated by the Governor to the Regent/Mayor.
- (7) On the above proposal, the Minister or Governor or Regent/Mayor shall issue a Decision Letter on the revocation of industry business permit.

Part Two

Sanction in the Form of Temporary Cessation of

Industry Business

Paragraph 1

Types of Violation

Article 5

A Permit Holder will be imposed to a sanction in the form of temporary cessation of industry business if:

- a. it did not employ or did not possess a certified manpower for the survey and testing of forest products if the industry has a capacity of up to 6.000 (six thousand) cubic meters annually.
- b. it did not possess a certified manpower for survey and testing of forest products if the industry has a capacity of more than 6.000 (six thousand) cubic meters annually,

Paragraph 2

Procedure on the Imposing of Sanction in the form of Temporary Cessation of Industry Business

Article 6

- (1) Imposing of the sanction meant in Article 5 is based on the result of evaluations performed by the Board.
- (2) The Board shall perform evaluations on the obligations of Permit Holders to employ or to possess manpower for the survey and testing of forest products having certificates of GANISPHPL Log Testing (GANISPHPL-PKB = GANISPHPL Pengujian Kayu Bulat) and/or GANISPHPL Sawn Wood Testing (GANISPHPL-PKG = GANISPHPL Pengujian Kayu Gergajian) and/or GANISPHPL Plywood Testing (GANISPHPL-PKL = GANISPHPL Pengujian Kayu Lapis) and/or GANISPHPL Chip Testing (GANISPHPL-PChip = GANISPHPL Pengujian Chip) for industries with a capacity of up to 6.000 (six thousand) cubic meters annually.
- (3) The Board shall perform evaluations on the obligations of Permit Holders to possess manpower for the survey and testing of forest products having certificates of GANISPHPL Log Testing (GANISPHPL-PKB) and/or GANISPHPL Sawn Wood Testing (GANISPHPL-PKG) and/or GANISPHPL Plywood Testing (GANISPHPL-PKL) and/or GANISPHPL Chip Testing (GANISPHPL-PChip) for industries with a capacity of more than 6.000 (six thousand) cubic meters annually.
- (4) On the result of the evaluations referred to in paragraph (2) or paragraph (3), a report shall be compiled and submitted to the Head of Provincial Service.
- (5) Based on the report referred to in paragraph (3), the Head of Provincial Service shall impose a sanction in the form of Temporary Cessation of Industry Business (SPSUI = Sanksi Penghentian Sementara Usaha Industri) with copies to the Director General, Head of Regency/City Service, and Head of Board.

- (6) The sanction meant in paragraph (5) shall be imposed without prior warning and valid for a period of one (1) year from the issuance of the sanction.
- (7) If within a period of one (1) year the Permit Holder fulfilled its obligations and reported to the Head of Provincial Service, the Head of Provincial Service shall issue a cancellation of the SPSUI, and if within a period of 14 (fourteen) work days a cancellation was not issued, the imposing of the sanction meant in paragraph (4) is cancelled by law.

Article 7

- (1) If after passing the one (1) year period meant in Article 6 paragraph (5) the Permit Holder did not fulfill his obligations, the Head of Provincial Service shall issue a First Warning Letter (SPPt) to the Permit Holder.
- (2) If within a period of 30 (thirty) work days from the date of receipt of the First Warning Letter (SPPt) the Permit Holder did not respond, or gave a response but its substance is unacceptable, the Head of Provincial Service shall issue a Second Warning Letter (SPKd).
- (3) If within a period of 30 (thirty) work days from the date of receipt of the Second Warning Letter (SPKd) the Permit Holder did not respond, or gave a response but its substance is unacceptable, the Head of Provincial Service shall issue a Third Warning Letter (SPKt).
- (4) The warning letters referred to in paragraphs (1), (2) and (3) are issued by the Head of Provincial Service with copies to the Director General, the Governor, Head of Regency/City Service and Head of the Board.

- (5) If the substance the response to each level of warning is acceptable, the Service Head shall issue a cancellation of the SPPt or SPKd or SPKt, and if within a period of 14 (fourteen) work days from receiving the response substance, a cancellation is not issued, the SPPt or SPKd or SPKt is declared cancelled by law.
- (6) If within a period of 30 (thirty) work days from the date of receipt of the Third Warning Letter (SPKt), the Permit Holder did not respond, or gave a response but its substance is unacceptable, the Head of Provincial Service shall propose for a revocation of permit to the :
 - a. Minister, for industries with a capacity of more than 6.000 (six thousand) cubic meters annually;
 - b. The Governor, for industries with a capacity of up to 6.000 (six thousand) cubic meters annually;
 - c. Regent/Mayor, in the event the provision of permit for industries with a capacity of up to 2.000 cubic meters annually is delegated by the Governor to the Regent/Mayor.
- (7) On such proposal, the Minister or Governor or Regent/Mayor shall issue a decision letter on the revocation of the industry business permit.

Part Three

Sanction in the Form of Revocation of

Industry Business Permit

Paragraph 1

Types of Violation

Article 8

- (1) A Permit Holder will be imposed to an administrative sanction in the form of permit revocation if :
 - a. performing industry business not in accordance with the permit it possessed;

- b. did not submit for a permit on an extension, if it performed an extension of production exceeding 30% (thirty percent) of the permitted production capacity;
 - c. performing industry business activities not in accordance with those stipulated in the permit;
 - d. extending industry business without a permit;
 - e. removing the location of industry business without a permit;
 - f. performing activities likely to cause pollution and damages to the living environment exceeding the limit of environment standard quality;
 - g. receiving, accommodating, or processing raw material of forest products originating from illegal sources; or
 - h. performing industry activities not in accordance with the provided permit.
- (2) Imposing of the revocation sanction referred to in paragraph (1) shall be made by the permit issuing official.

Article 9

The administrative sanctions referred to in Article 8 paragraph (1) letters b, d, and e are not applicable for Wood IPHH if based on an audit, all of its raw material comes from a right to a forest and/or rejuvenation of Plant Estate.

Paragraph 2

Procedure on the Imposing of Sanction in the Form of
Revocation of
Permit Issued by the Minister

Article 10

- (1) Imposing of the revocation sanction meant in Article 8

paragraph (1) on Wood IPHH with a capacity more than 6.000 (six thousand) cubic meters annually shall be based on a result of an Investigation by a Team established by the Director General, and its result is be set forth in an Investigation Report.

- (2) If the result of the investigation set forth in the Investigation Report proved that the Permit Holder committed the violation meant in Article 8 paragraph (1) letters a thru h, the Director General on behalf of the Minister shall issue a First Warning Letter in writing.
- (3) On the written warning meant in paragraph (2), the Permit Holder shall respond with reasons in accordance with the substance of the warning before the expiry of the First Warning Letter period.
- (4) If the Permit Holder did not respond within the stipulated period, or gave a response but stating reasons not in accordance with the substance of the warning, then a Second Warning Letter shall be issued with a time interval of 30 (thirty) work days.
- (5) If the Permit Holder did not respond within the stipulated period, or gave a response but stating reasons not in accordance with the substance of the warning, then a Third Warning Letter shall be issued with a time interval of 30 (thirty) work days.
- (6) If the substance of the response is acceptable, the Director General on behalf of the Minister shall issue a cancellation of the SPPT or SPKd or SPKt, and if in a period of 14 (fourteen) work days from the acceptance of the substance of the response and a cancellation was not issued, the SPPT or SPKd or SPKt is declared cancelled by law.

- (7) If the Permit Holder did not respond within the stipulated period, or gave a response but stating reasons not in accordance with the substance of the warning, the Director General shall propose for a revocation of the permit to the Minister, accompanied with a draft of a decision for the revocation with the SPPT, SPKd, and SPKt.
- (8) Based on the proposal referred to in paragraph (7), the Minister will issue a decision on permit revocation.

Article 11

- (1) In the event there is a suspected violation as meant in Article 8 paragraph (1) letter g with sufficient evidences, the Director General will request for an Investigator, preferably a Civil Government Investigator, (PPNS = Penyidik Pegawai Negeri Sipil) to perform an investigation in accordance with prevailing provisions.
- (2) Based on the result of the investigation referred to in paragraph (1) and if sufficient evidences are found on the suspected violation referred to in Article 8 paragraph (1) letter g, it shall be followed-up with an investigation and recording of the case.
- (3) During the investigation and recording period, the Investigator shall propose to the Director General to exercise a Temporary Freezing of Operations (PSO = Pembekuan Sementara Operasional).
- (4) Based on the proposal of the Investigator referred to in paragraph (3), the Director General shall issue a

Letter on Temporary Freezing of Operations (PSO) for a maximum of 40 (forty) days.

- (5) If before the 40 (forty) days, the Investigator states that there was not enough proof, the Investigator shall propose for a cancellation of the PSO to the Director General, and the Director General shall issue a letter on the cancellation of the PSO.
- (6) Cancellation of the PSO referred to in paragraph (5) shall not stop the investigation process by the Investigator.
- (7) If an industry business permit holder is stated as proved to have committed the criminal violation referred to in Article 8 paragraph (1) letter g proved by a court decision, the business permit of its industry will be revoked by the Minister without any prior warning.

Paragraph 3.....

(To be continued)

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**PROCEDURE ON THE IMPOSING OF ADMINISTRATIVE SANCTIONS
ON BUSINESS PERMIT HOLDERS OF
FOREST PRIMARY WOOD INDUSTRY PRODUCTS**

(Forestry Minister Regulation No. P.17/Menhut-II/2009, dated March 6, 2009)

{Continued from Business News No. 7877 pages 27A-34A}

Paragraph 3

Procedure on the Imposing of Sanction in the Form of
Revocation of
Permit Issued by the Governor

Article 12

- (1) Imposing of sanction in the form of permit revocation as meant in Article 8 paragraph (1) letters a thru h on Wood IPHH having a capacity of up to 6.000 (six thousand) cubic meters annually shall be based on the result of an Investigation Team established by the Head of Provincial Service and its result is set forth in an Investigation Report.
- (2) If the result of the investigation set forth in the Investigation Report proved that the Permit Holder committed the violation meant in Article 8 paragraph (1) letters a thru h, the Head of Provincial Service shall issue a First Warning Letter (SPPt) in writing.
- (3) On the written warning referred to in paragraph (2), the Permit Holder shall respond with reasons in accordance with the substance of the warning before the expiration of the First Warning Letter (SPPt) period.
- (4) If the Permit Holder did not respond within the stipulated period, or gave a response but stating reasons not in accordance with the substance of the warning, a Second Warning Letter (SPKd) will be issued with a time interval of 30 (thirty) work days.
- (5) If the Permit Holder did not respond within the stipulated period, or gave a response but stating reasons not in accordance with the substance of the warning, then a Third Warning Letter (SPKt) will be issued with a time interval of 30 (thirty) work days.
- (6) If the substance of the response is acceptable, the Head of Provincial Service will issue a cancellation of the SPPt or SPKd or SPKt, and if within a period of 14 (fourteen) work days from receiving the substance of the response a cancellation was not issued, the SPPt or SPKd or SPKt is declared cancelled by law.
- (7) If the Permit Holder did not respond within the stipulated period, or gave a response but stating reasons not in accordance with the substance of the warning, the Head of Provincial Service shall propose for a revocation of the permit to the Governor accompanied with a draft of decision for the revocation with all of the SPPt, SPKd, and SPKt.
- (8) Based on the proposal meant in paragraph (7), the Governor shall issue a decision on permit revocation.

Article 13

- (1) In the event there is a suspected violation as meant in Article 8 paragraph (1) letter g, the Head of Provincial Service will request for an Investigator, preferably a Civil Government Investigator, (PPNS) to perform an investigation in accordance with prevailing provisions.
- (2) Based on the result of the investigation referred to in paragraph (1), and if there are sufficient evidences on the suspected violation stated in Article 8 paragraph (1) letter g, it shall be followed-up with an investigation and recording of the case.
- (3) During the investigation and recording period, the Investigator shall propose to the Head of Provincial Service to issue a letter on Temporary Freezing of Operations (PSO).

- (4) Based on the proposal of the investigator referred to in paragraph (3), the Head of Provincial Service shall issue a Letter on Temporary Freezing of Operations (PSO) for a maximum of 40 (forty) days.
- (5) If before the end of the 40 (forty) days the Investigator states that there are not enough evidences, the Investigator shall propose for a cancellation of the PSO to the Head of Provincial Service, and the Head of Provincial Service shall issue a letter on the cancellation of the PSO.
- (6) Cancellation of the PSO referred to in paragraph (5) shall not stop the investigation process by the Investigator.
- (7) If an industry business permit holder is stated as being proved to have committed the criminal violation referred to in Article 8 paragraph (1) letter g by a court decision, then the business permit of its industry will be revoked by the Governor without any prior warning.
- issue a First Warning Letter (SPPt) in writing.
- (3) On the written warning meant in paragraph (2), the Permit Holder shall respond with reasons in accordance with the substance of the warning before the expiration of the First Warning Letter (SPPt) period.
- (4) If the Permit Holder did not respond within the stipulated period, or gave a response but stating reasons not in accordance with the substance of the warning, a Second Warning Letter (SPKd) shall be issued with a time interval of 30 (thirty) work days.
- (5) In the event the Permit Holder did not respond within the stipulated period, or gave a response but stating reasons not in accordance with the substance of the warning, then a Third Warning Letter (SPKt) shall be issued with a time interval of 30 (thirty) work days.
- (6) If the substance of the response is acceptable, the Head of Regency/City Service shall issue a cancellation of the SPPt or SPKd or SPKt, and if within 14 (fourteen) work days from receiving the substance of the response no cancellation is issued, the SPPt or SPKd or SPKt is declared cancelled by law.
- (7) If the Permit Holder did not respond within the stipulated period, or gave a response but stating reasons not in accordance with the substance of the warning, the Head of Regency/City Service shall propose for a revocation of the permit to the Regent, accompanied with a draft of the cancellation of the decision with all of the SPPt, SPKd, and SPKt.
- (8) Based on the proposal referred to in paragraph (7), the Regent will issue a decision on permit revocation.

Paragraph 4

Procedure on the Imposing of Sanction in the Form of Revocation of Permit Issued by a Regent/Mayor

Article 14

- (1) In the event the provision of permit for Wood IPHH with a capacity of up to 2,000 (two thousand) cubic meters annually is delegated to the Regent/Mayor, imposing of the sanction referred to in Article 8 paragraph (1) letters a thru h on Wood IPHH shall be based on the result of an Investigation Team established by the Head of Regency/City Service, and its result is set forth in an Investigation Report.
- (2) If the result of the investigation set forth in the Investigation Report proved that the Permit Holder committed the violation meant in Article 8 paragraph (1) letters a thru h, the Head of Regency/City Service shall

Article 15

- (1) In the event there is a suspected violation as meant in Article 8 paragraph (1) letter g, the Head of Regency/City Service will request for an Investigator, preferably a Civil Government Investigator to perform an investigation in accordance with prevailing provisions.

- (2) Based on result of the investigation stated in paragraph (1), and if there are sufficient evidences on the suspected violation stated in Article 8 paragraph (1) letter g, it shall be continued with an investigation and recording of the case.
 - (3) During the investigation and recording period, the Investigator shall propose to the Head of Regency/City Service to issue a Letter on Temporary Freezing of Operations (PSO).
 - (4) Based on the proposal of the investigator referred to in paragraph (3), the Head of Regency/City Service will issue a Letter on Temporary Freezing of Operations (PSO) for a period of a maximum of 40 (forty) days.
 - (5) If before the end of the 40 (forty) days the Investigator states that there are not enough evidences, the Investigator shall propose for a cancellation of the PSO to the Head of Regency/City Service, and the Head of Regency/City Service shall issue a letter on the cancellation of the PSO.
 - (6) Cancellation of the PSO referred to in paragraph (5) shall not stop the investigation process by the Investigator.
 - (7) If an industry business permit holder is stated as being proved to have committed the criminal violation referred to in Article 8 paragraph (1) letter g by a court decision, then the business permit of its industry will be revoked by the Regent/Mayor without any prior warning.
- a. Title.
 - b. Day, date, month, and year of investigation.
 - c. Basis of the performance of investigation (Duty Order Letter from the authorities).
 - d. Names and positions of Investigating Team members.
 - e. Names and positions of Permit Holder Party accompanying the investigation.
 - f. Results of investigation, covering among others:
 1. Object of investigation;
 2. Location of investigation;
 3. Time of investigation;
 4. Method of investigation;
 5. Kind of actions.
 - g. Closing phrases.
 - h. Signatures of the Investigating Team and the Investigated Party accompanying the investigation.
- (2) BAP must contain definite matters and not those that are suspected having a nature that are still as an estimate; e.g. about, probably, more or less, etc on violations that must undergo a survey/testing of woods log by log or piece by piece.

Article 17

- (1) Before signing the result of the investigation set forth in the BAP, the BAP must be read in the appearance of the parties to sign the investigation result so as to know its content, and then to sign it. Example of the compilation of BAP is as set forth in Attachment - I of this Regulation.
- (2) If the investigated party refuse to sign the Investigation Report, then a Closing Report shall be compiled stating the reasons for the rejection. Example of the compilation of a BAP Closing Report is as set forth in Attachment - II of this Regulation.

CHAPTER III

INVESTIGATION REPORT (BAP)

Article 16

- (1) The Investigation Report (BAP = Berita Acara Pemeriksaan) referred to in Article 10 paragraph (1), Article 12 paragraph (1), and Article 14 paragraph (1) shall be compiled with the following contents:

CHAPTER IV
CLOSING PROVISIONS

Article 18

With the stipulation of this Regulation, Decision of the Forestry Minister No. 6887/Kpts-II/2002 in conjunction with No. 10031/KPTS-II/2002 and No. 59/Kpts-II/2003 concerning Procedure on the Imposing of Administrative Sanctions on Violations of Business Permit on the Utilization of Forest Products, Permit for the Collection of Forest Products, and Business Permit for Forest Product Primary Industry, - to the extent it involves sanctions on Wood IPHH and IUIPHHK -, is declared as not valid any more.

Article 19

This Forestry Minister Regulation commences to come to effect from the date of stipulation.

For public cognizance, this Forestry Minister Regulation shall be announced in the State Gazette of the Republic of Indonesia.

Stipulated in Jakarta

On March 6, 2009

FORESTRY MINISTER,

sgd.

H. M.S. KABAN

Enacted in Jakarta

On March 24, 2009

MINISTER OF LAW AND HUMAN RIGHTS

OF THE REPUBLIC OF INDONESIA,

sgd.

ANDI MATTALATTA

STATE GAZETTE OF THE REPUBLIC OF INDONESIA

YEAR 2009 NO. 47

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