

STA Review

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March 2007

STA Annual General Meeting

Mesyuarat Agung Tahunan STA telah diadakan pada 30 Mac 2007 di Wisma STA, Kuching yang dihadiri oleh 33 wakil dari 103 syarikat ahli.

Datuk Leo Chai, Pengerusi, memberi laporan tentang aktiviti-aktiviti Persatuan bagi tahun 2006. Ini diikuti oleh laporan penyata kewangan persatuan oleh Bendahari Kehormat, Encik Patrick Teng.

Mesyuarat juga berbicara tentang hal-hal berkaitan dengan empat anak syarikat Persatuan iaitu STA Entreprises Sdn Bhd, STA Training Sdn Bhd, STA Mutual Sdn Bhd dan STA Ventures Sdn Bhd.

■ The Annual General Meeting (AGM) of the Sarawak Timber Association was held on 30 March 2007 at Wisma STA, Kuching. The AGM was attended by 33 representatives from 103 member companies.

The Chairman, Datuk Leo Chai, presented his report on the activities of the Association for the year 2006. This was then followed by a detailed report of the Association's audited accounts for the year 2006 by the Honorary Treasurer, Mr. Patrick Teng.

The meeting also dealt with matters related to the Association's four wholly owned companies, STA

Enterprises Sdn Bhd, STA Training Sdn Bhd, STA Mutual Sdn Bhd and STA Ventures Sdn Bhd.

The following is the Chairman's Annual Report for 2006:

"1. INTRODUCTION

Thank you for your support and attendance at our AGM especially those members from outstation. Although it is not unusual for some members not to attend AGM when it is not an election year or when they have no particular interests on the Agenda on issues of concern to them, I hope they will continue to support the Association.

I am concerned that personal

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Picture: Datuk Leo Chai (centre) presenting the Association's report for the year 2006

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conflict among some members would lead to polarization of members into factional groups and the formation of new associations representing particular interest groups. It is more effective when dealing with the international communities and Government Agencies on issues directly affecting the timber industry and trade that the members are represented by one Association like STA.

2. ACTIVITIES OF WHOLLY-OWNED COMPANIES

2.1 STA Enterprises Sdn. Bhd

Established in 1996, this is the property holding company of STA. It is currently 90% occupied and there is little doubt that the building will be fully occupied this year. A private company has confirmed rental of approximately half of the only vacant floor left. It is in the process of confirming the actual space it wants to rent.

2.2 STA Training Sdn. Bhd.

STAT a wholly owned company of STA was incorporated on 26 March 2002 with the primary objective of setting up a training structure and program to produce 'skilled forest workers' in accordance with Sector 54B of the Forests Ordinance. FITEC (Forest Industry Training & Education Council) of New Zealand an agency that is involved in running a similar training program was engaged as a consultant to draw up a modular training scheme for forest workers.

STAT will continue to assist the industry to train their workers and will offer specialized courses. Unfortunately there is still no agreement with the Forest Department, Sarawak Forestry Corporation,

STIDC, etc on who should be the Industry Training Organisation (ITO), the accreditation and administrative agency, responsible for renewal of Certificates. Hopefully the rules for implementing the training would be ready soon and all trainees who had successfully completed their courses would be accredited with proper certificates.

2.2.1 STA's Own Training programme

With the departure of the Contract Trainers from New Zealand on the Tree Felling and Log Extraction (Tractor Driving), the local trainers who had undergone training in New Zealand in 2004 took up the challenge of training trainers from member Companies in the 'Trainer Development Programme'. In 2006, training was extended to small and medium sized Member Companies. In addition a new skill set, namely Log Loading was initiated with the engagement of a contract trainer from New Zealand. Another skill set on planted forest establishment was planned but this programme could not take off as the contract trainer identified for this skill declined our offer of engagement due to personnel reasons.

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Pictures: Members mingling before the AGM start



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The Company had also engaged the services of the National Moderator from FITEC to develop assessing capabilities within the pool of trainers we had trained last year. A total of 20 trainers attended this Course.

2.2.2 Post Graduate Diploma in Applied Science (Sustainable Tropical Forestry Management)

This is a joint programme with the Lincoln University of New Zealand. The Post Graduate Diploma course was launched by the Second Minister of Planning and Resource Management YB Dato Sri Haji Awang Tengah Ali Hassan in October 2006. 27 students comprising officers of STA Member Companies and 3 staff members of our Association are enrolled in this programme. This course is offered on a part-time basis. There will be 6 subjects taught over a 30-month period. Upon graduation these participants especially those from STA Member Companies will be able to assist in the implementation of the certification programme of their companies more effectively.

2.2.3 Financial Contribution to Educational Institutions

In 2005 the STA Council approved a financial contribution of RM200,000.00 to the Riam Institute of Technology. This Institute has been training technicians who have been employed by many of our Member Companies. Following the financial contribution this Institute had, at our request launched a Certificate Course in Forest Plantation Practices for Field Supervisors with the course syllabus drawn up jointly with the Forest Department Sarawak, the Sarawak Forestry Corporation and our Association. During the first course offered 19 participants enrolled. These first batch of students are expected to graduate in April 2007.

2.2.4 Research & Development Financial Contributions

In addition to training, STAT is also providing financial contributions for R&D into development of improved planting materials for Member Companies involved in the establishment of planted forests. So far STAT had signed MoUs with three organisations and will sign another one soon. Financial contributions for R&D had been provided to the following organizations:

- Borneo Tree Seeds & Seedlings Supplies Sdn. Bhd
- Grand Perfect Sdn. Bhd.

- Sarawak Forestry Corporation

2.3 STA Mutual Sdn. Bhd.

As you may recall, this company together with STA Training Sdn Bhd was launched on 16 May 2005 by YAB Pehin Sri Abdul Taib Mahmud, Ketua Menteri Sarawak when he declared opened our Exhibition Centre on the Fourth Floor.

The primary objective is to provide social and financial assistance to communities adversely affected by logging activities, natural disasters like flood, fire, strong winds, landslide etc. STAM also provides scholarships to needy student to attend colleges and universities. All requests for donations are being channeled to this company for consideration. I regret it is impossible to consider all requests for donation and other assistance.

3. REPORT ON GLOBAL ISSUES

3.1 Legality issues - Illegal Timber & Associated Trade

Legality issues continued to plague our timber industry. There is a perception that our country is serving as a conduit for illegal timber from neighbouring countries. While it cannot be denied that illegal logging does occur, I believe the scale is not as bad as reported by the media. STA does not support nor condone illegal logging.

3.1.1 Forest Law Enforcement Governance & Trade (FLEGT) - Voluntary Partnership Agreement (VPA)

In this regard, the Federal Government is negotiating with the European Union on a Voluntary Partnership Agreement under the Forest Law Enforcement Governance & Trade (FLEGT) initiative. Legality is also the main topic of discussion of a roadshow by the Timber Trade Federations of the United Kingdom (TTF) and of the Netherlands (VVNH) during their Roadshow to Sarawak in January this year. With regard to legality many countries especially those in the European Union as well as Japan are revising their national timber procurement policies to insist that timber being procured for government projects are legally sourced. We had been informed that private sector procurement policies are likely to be re-aligned with those of national governments. The legality verification process for our timber products entering Japan had been adopted with the assistance of the Sarawak Timber Industry Development Corporation and the Royal Customs

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Picture: Representatives from Member Companies at the AGM

Department.

3.2 Timber Certification

Timber Certification continues to be hotly debated in the international arena. The International Tropical Timber Organisation (ITTO) realises that it is difficult for many countries especially those in the developing world to achieve timber certification and as a result has recommended the adoption of a phased approach towards certification.

The Ministry of Plantation Industries and Commodities headed by YB Datuk Peter Chin continues to organise missions to overseas countries to publicise and promote the certification scheme of the Malaysian Timber Certification Council. Our Association participated one such mission to Belgium, the Netherlands and Germany last year. The MTCC is working towards compatibility with such other timber certification schemes such as the Forest Stewardship Council.

During the year there was a Selling Mission to Vietnam which was attended by our Vice Chairman Mr. Lau Swee Nguong and other members and a staff member of the Secretariat.

3.3 New International Standards relevant to Timber Trade

The timber industry in Sarawak continues to face ever-changing international standards with

regard to the export of timber products. Such new standards include ISPM 15 - International Standard on Packaging Materials and CE Marking for Structural Timber entering the EU. ISPM15 requires wood packaging materials to be either fumigated or heat-treated. Staff members of our Association are involved in the auditing process of heat treatment facilities set up by our member Companies to conform to these standards, including the training of heat treatment operators. The STA Secretariat staff attend Conference on these new standards and report changes to Members.

4. LOCAL ISSUES

4.1 Definition of Hollow Logs

There was serious concern on this issue when the Sarawak Forestry Corporation amended the definition of 'hollow logs'. The issue was successfully resolved with the Forest Department of Sarawak and Sarawak Forestry Corporation and there was a reversion to the original definition.

4.2 Importation of Logs

Some sectors of our timber industry are facing a shortage of logs and had applied to the Government for approval to import logs. The importation of logs from overseas is being considered on a case by case basis. Detailed procedures for the application for importation logs are being drawn up by the State Ministry of Planning and Resource Management. The STA Secretariat will keep in touch with the Ministry and inform members of the procedures once these have been finalised by the Ministry.

4.3 Timber Certification

4.3.1 Financial Contribution to Members Achieving Certification

I am glad to report that the STA Council had last year set aside a sum of RM 1 million as financial contribution to member companies achieving timber certification based on a quantum proposed by the Timber Certification Committee and endorsed by the Council. Applications and disbursement of this contribution will be made on a first come first served basis.

4.3.2 Incentives from State Government for Member Companies achieving Timber Certification

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In addition to the provision of financial contribution, our Association is considering to request the State Government to provide certain incentives to Member Companies achieving certification. This will be taken up at a later date.

4.4 Sarawak Labour Ordinance

The amendments to the Sarawak Labour Ordinance have serious implications to our timber industry. As a result a Working Group on the Sarawak Labour Ordinance was set up last year to examine these implications. Included in this Working Group are our legal advisor, financial and tax consultants. The Working Group had prepared a submission requesting the Federal Ministry of Human Resource to consider granting approval to the forest and timber industry to be exempted from the application on seven sections of the ordinance. The Ministry insisted on the appointment of an Independent Panel to verify the submissions of the Association. The work of this Independent Panel is on-going with technical assistance on field data collection and interviews provided by specialists from the University of Malaysia Sarawak (UNIMAS) whose costs will be borne by the Association. The Panel is expected to submit its report before the end of May 2007.

4.5 Sarawak Labour Ordinance (Industrial Court)

As a result of various concerns raised by our members over labour issues in the recent years, a committee "STA Labor (Industrial Court) Committee" was formed in August 2005 with the task of examining the views of the members regarding the resolution process of labour and workmen disputes under the Industrial Relations Act 1967 (Act 177) (Revised 1976) and the Labour Ordinance (Sarawak Cap. 76).

The Committee has been very active in addressing members' concerns. Through this Committee, our Association has written letters to the Ministry of Human Resources on our concerns over the recent labour issues and requested our Association be consulted so that we can participate in the process to ensure our members' views are heard. Together with our legal advisor had also conducted a survey to collate problems faced by members and to recommend ways to address the present shortcomings for the improvement of labour and workmen dispute resolutions. The Committee is in the process of preparing a report presenting our views and recommendations to the

relevant Ministry for consideration.

The Council had supported the Committee's recommendation to join the Malaysian Employees Federation (MEF) in its 60th meeting held on 28 February 2007 with the view that the Committee can work with MEF in addressing some labour issues.

4.6 Goods & Services Tax

Another issue that is going to impact heavily on our forest and timber industry is the introduction of the Goods & Services Tax by Government. Another Working Group was formed to study the impact with our Tax Consultants, Ernst & Young and PricewaterhouseCoopers. As a result of this study a submission on the proposed treatment of certain elements of the GST was submitted to the Tax Review panel. The Tax Review Panel had a dialogue with our Association on 27 March 2007 at Wisma STA.

4.7 Other issues

Our Association also has participated in the following two issues by contributing our comments:

- The Special Purpose Vehicle of RM200 million for Forest Plantation Development
- The National Timber Policy (NATIP)

5. CONCLUSION

I have to thank Mr. Lau Swee Nguong, Vice Chairman, Ms. Loretta Lau, Hon. Secretary, Mr. Patrick Teng, Hon. Treasurer and all the Committee Chairmen and Council Members for their support and cooperation. I have similarly to thank the Forest Department, Sarawak Forestry Corporation (SFC), STIDC, NREB, DoE for their support.

I have also to thank Dr. Lee Hua Seng, CEO and Dr. Peter Kho, General Manager and the Secretariat for their tolerance and cooperation without which it would be impossible to manage the Association.

Once again thank you for your attendance."

14th STA Panel Product Committee Meeting

■ Chaired by Mr .Stephen Lau, the STA Panel Products Committee met on 23 March 2007 at Wisma STA, Kuching. The meeting

exchanged market information and discussed the current log situation in Sarawak. ❁



Picture: Meeting in progress

10th Meeting on the National Steering Committee on Certification

■ The 10th meeting of the National Steering Committee (NSC) took place on 27 March 2007 in Grand Seasons Hotel, Kuala Lumpur. The meeting discussed the outcomes of the three Regional Consultations and recommendations made by the Technical Working Group (TWG) on the *Malaysian Criteria and Indicators for Forest Management Certification (Forest Plantations)* or *MC&I (Forest Plantations)*. It was attended by sixteen members of the NSC.

The meeting considered and adopted the amendments proposed by the TWG. One of the main amendments is the deletion of

Criterion 10.9 which reads "Plantations established in areas converted from natural forests after November 1994 normally shall not qualify for certification. Certification may be allowed in circumstances here sufficient evidence is submitted to the certification body that the manager / owner is not responsible directly or indirectly of such conversion".

The draft MC&I (Forest Plantations) will be available on MTCC's website for public comment over a period of sixty (60) days. A national consultation and subsequent field tests will follow suit. ❁

Jawatankuasa Hasil-hasil Panel STA telah bermesyuarat pada 23 Mac 2007 di Wisma STA, Kuching yang dipengerusikan oleh Encik Stephen Lau. Ahli-ahli jawatankuasa bertukar maklumat pasaran hasil-hasil panel dan berbincang keadaan kayu balak di Sarawak.

Mesyuarat ke-10 Jawatankuasa Pemandu Nasional telah diadakan pada 27 Mac 2007 di Kuala Lumpur. Topik perbincangan termasuk keputusan tiga Rundingan Wilayah dan cadangan Kumpulan Kerja Teknikal tentang Kriteria dan Indikator Malaysia untuk Pensijilan Pengurusan Hutan (Perladangan Hutan) atau MC&I (Perladangan Hutan).

Draf MC&I (Perladangan Hutan) boleh didapati di laman web MTCC untuk ulasan awam dalam jangkamasa 60 hari.

Assessor Workshop

■ Assessor Development is the next step after Trainer Development in the implementation process of the *Sarawak Modular Training Framework* which was recommended by STA's Training Consultant, the Forest Industries Training (FITEC) of New Zealand, to satisfy Section 54B of the Forests Ordinance (Sarawak Cap 126).

In response to this, the first Assessor Workshop was held at Bukit Kana Field Station, Tatau, Bintulu from 5 to 9 March 2007. This Workshop aimed to develop assessor skills among the pool of trainers, who had successfully completed the Trainer Development Programme. The facilitator of the Workshop was Mr. John Macredie, the National Moderator - Forestry, from Forest Industries Training (FITEC) and he was assisted by STAT's Log Loading Trainer, Mr. Dennis Te Tuhi, who is also a qualified trainer and assessor. This Workshop was attended by a total of 20 candidates; 6 trainers from STA Training Sdn. Bhd. (STAT) and

14 candidates from Member Companies of STA.

The participants of this Workshop were introduced to the purpose of assessment, theory of assessment, practical assessment and understanding the Standards of the module skills set, preparing a candidate for assessment, legal and company compliance, understanding how to use the Assessment Document, how to ask questions to get information, make assessment decisions and procedures for an assessment. All participants were given the opportunity to observe the "Demonstrate Knowledge Of" (DKO) and *Practical assessments* conducted by selected trainers from STAT.

Subsequently, participants were divided into two smaller groups. This is to enhance the effectiveness of delivery, giving the participants opportunity to review their comments, analyse and comment on the strengths of each other's assessment. ❁

Pembangunan Penilai merupakan langkah seterusnya dalam Pembangunan Pelatih dengan pelaksanaan proses Rangka Latihan Modular Sarawak yang disyorkan oleh Penasihat Latihan STA, Latihan Industri Hutan New Zealand (FITEC), untuk memenuhi keperluan Seksyen 54B Ordinan Hutan (Sarawak Bab 126).

Bengkel Penilai pertama telah diadakan di Stesen Lapangan Bukit Kana, Tatau, Bintulu dari 5 hingga 9 Mac 2007. Bengkel ini bertujuan membangunkan tahap penilai d kalangan pelatih yang telah menjalani Program Pembangunan Pelatih. Encik John Macredie dari FITEC telah mengendalikan bengkel tersebut.



Left: Mr. John Macredie, facilitating the Workshop

Right: Candidates from the Assessor Workshop having a practical session on workplace assessment



Universiti Malaysia Sabah Visit to STA

■ STA hosted a group of 23 students (final-year students from the Forestry and Forest Plantation Programme) and a lecturer from Universiti Malaysia Sabah from 2 to 5 March 2007. Their visit to Sarawak was to gain an overview of the forest and timber industries in Sarawak especially in the area of marketing.

On 2 March, the group visited STA where a series of briefings were given by speakers from the Forest Department Sarawak, the Sarawak Forestry Corporation Sdn Bhd, the Sarawak Timber Industry Development Corporation and STA.



Picture:
The students
visiting the STA
Exhibition
Centre

Post Graduate Diploma in Applied Science

■ The Post Graduate Diploma in Applied Science (Sustainable Tropical Forestry Management), is a course that was jointly developed by STA and Lincoln University, New Zealand. The first subject of the course was offered in October 2006. Over the next three one-week modules, students will be exposed to Tropical Forest Biology and Silviculture. The first module for this subject was delivered from 26 to 30 March 2007 at Wisma STA, Kuching. This session was conducted by Mr. Mark Bloomberg, a lecturer in silviculture from Lincoln University.

In this first module, the students attended both lectures in the classroom followed by practical sessions in the field. Practical sessions were carried out at the Semenggoh Nature Reserve and the Sama Jaya Nature Reserve where the students were assigned to take readings from the sample plots. Mr. John Sabang, a soil specialist, attached with the Applied Forest Science and Industry Development Unit of Sarawak Forestry Corporation was on hand to explain to the students on the procedure in identifying soils in both sites.

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STA menjadi tuan rumah kepada sekumpulan 23 orang pelajar (tahun terakhir Program Perhutanan and Perladangan Hutan) dan seorang pensyarah dari Universiti Malaysia Sabah dari 2 hingga 5 Mac 2007. Ini merupakan lawatan sambil belajar untuk mengetahui industri hutan dan kayu di Sarawak terutamanya dari segi pemasaran.

Kursus usaha sama antara STA dan Universiti Lincoln New Zealand, iaitu Diploma Lepas Graduat dalam Sains Gunaan (Pengurusan Hutan Tropical Mampan), telah memulakan modul 1 untuk subjek keduanya, Biologi dan Silviculture Hutan Tropika. Ia telah diadakan dari 26 hingga 30 Mac 2007 di Wisma STA yang dikendalikan oleh Encik Mark Bloomberg, pensyarah dari Universiti Lincoln.

Dalam sesi tersebut, para pelajar menjalani ceramah dalam kelas diikuti oleh sesi amali di Rezab Semulajadi Semenggoh dan Sama Jaya.

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Above: Mr. Mark Bloomberg explaining to students what is required of their trip

Below: Mr. John Sabang doing soil identification with the students



International Seminar on Utilisation and Marketing of ACACIAS

Perbadanan Kemajuan Perusahaan Kayu Sarawak (PUSAKA) dengan kerjasama Jabatan Hutan Sarawak dan STA akan menganjurkan satu Seminar Antarabangsa tentang Penggunaan dan Pemasaran *Acacia* yang bertema "Potensi dan Cabaran Penggunaan dan Pemasaran *Acacia*" dari 11 hingga 12 Jun 2007 di Hotel Hilton, Kuching. Untuk maklumat lanjut, sila hubungi Bahagian Pembangunan Dagangan PUSAKA.

■ The Sarawak Timber Industry Development Corporation (STIDC) in collaboration with the Forest Department Sarawak and STA will be organising an International Seminar on the Utilisation and Marketing of *Acacias* with the theme "The Potentials and Challenges of Utilisation and Marketing of *Acacias*". Details as follow:

Date: 11 - 12 June 2007

Venue: Hilton Hotel, Kuching

Registration Fee:

RM300.00 (Malaysian participant)

US\$90.00 (Foreign participant)

(Registration fees charged are inclusive of seminar materials, lunch and refreshments)

Closing Date for Registration:
25 May 2007

The seminar will highlight on;

- Global perspective of the utilisation and marketing of *Acacias*;
- Furniture market outlook;

challenges and opportunities in utilising *Acacias*;

- *Acacias* as a supplement to natural timber;
- Enhancing competitiveness through research and development of *Acacias*;
- Sustainable production and supply of *Acacias* in Sarawak; and
- Incentives of forest plantation project.

For further enquiries, please contact:

The General Manager
PUSAKA
Wisma Sumber Alam, Jalan Stadium,
Petra Jaya, 93050 Kuching, Sarawak,
Malaysia
(Attn: Trade Development Division)

Tel: + 60 82 443 477 ext 300

Fax: + 60 82 442 691

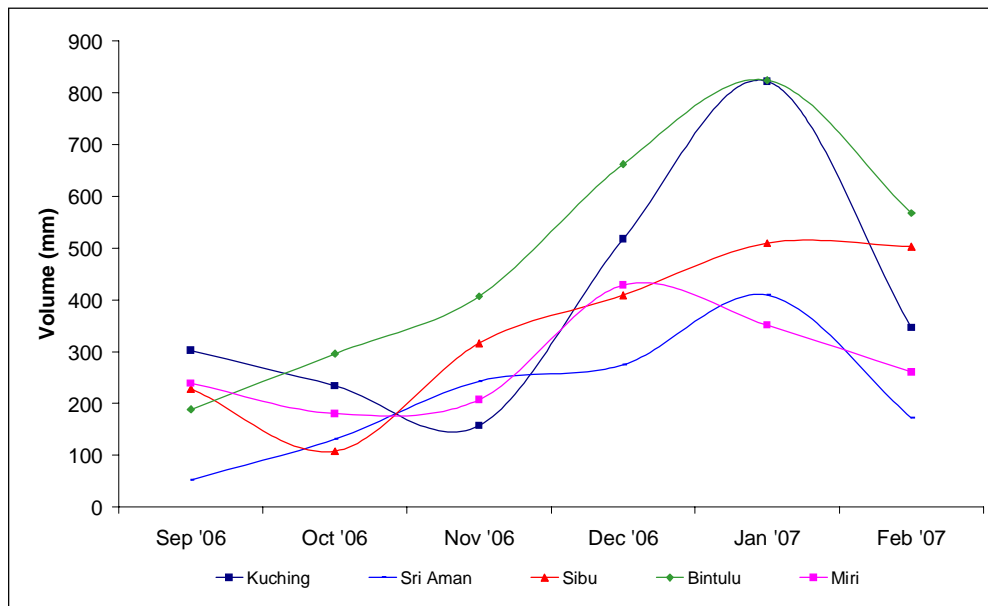
Email: nenab@pusaka.gov.my
edae@pusaka.gov.my

Staff Change at STA

Please be inform of the movement of staff at STA:

1. Mr. Barney Chan retired as General Manager STA with effect from 22 February 2007.
2. Dr. Peter C. S. Kho has been appointed as the General Manager STA with effect from 1 March 2007.
3. Mr. Brian Yeo has been appointed as Group Finance & Administrative Manager STA with effect from 1 March 2007.
4. Mr. William Tan has been appointed on probation as Manager of STA Enterprises Sdn Bhd with effect from 2 April 2007.

Rainfall : September '06 - February '07 Kadar Hujan Bulanan



Source : Malaysian Meteorological Services.

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11 Floor, Wisma STA, 26, Jalan Datuk Abang Abdul Rahim, 93450 Kuching, Sarawak, Malaysia.
Tel: ++ (60 82) 332 222 ■ Fax: ++ (60 82) 487 888, 487 999 ■ Email: sta@sta.org.my ■ Website: www.sta.org.my

Printed by: Lee Miing Press Sdn Bhd
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