

STA e-Review – November 2008

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Wishing all Members and Readers

**A Merry Christmas
&
A Happy New Year**

**From the Chairman, Council Members
and Management of STA**



69TH STA COUNCIL MEETING

STA Council Members held their 69th Meeting on 24 November 2008 at RH Hotel, Sibu. Twenty-two Council Members, with full attendance from the office-bearers, were present at the Meeting. Datuk Wong Kie Yik, the Chairman, presided the Meeting.

The Meeting deliberated on issues related to DF Circular No. 5/2008 – *Revised First Schedule of the Forests Ordinance [Section 52(2)] on rates of royalty for produce taken under licence*; Malaysia-European Union Forest Law Enforcement, Governance and Trade-Voluntary Partnership Agreement (Malaysia-EU FLEGT-VPA); proposed amendments to the Memorandum and Articles of Association of the Association; the 2009 Annual Budget, including administrative as well as financial matters of the Association and its wholly owned

Companies.

On DF Circular No. 5/2008, the Meeting resolved to support the new royalty system, which is a flat royalty rate of RM65 per cubic metre for all logs with diameter of 30cm and above which will be effective from 1 January 2009. Due to the current market condition, the Meeting further resolved for the Association to appeal to the State Government, represented by the Forest Department Sarawak, for a reduction in the royalty rate, a rebate for logs harvested from agri-conversion areas and deferment on payment of royalty bills by up to three months upon the implementation date.

The Meeting noted that the Association represented by its Certification Committee is currently addressing the Association's views on the Malaysia-EU FLEGT-VPA with the relevant authorities.

For the proposed amendments to the Memorandum and Articles of Association of the Association ("the M&A"), the Council had achieved the Unanimous Assenting Vote by the virtue of a Circular Resolution. The Association will call an Extraordinary General Meeting of Members on Tuesday, 31 March 2009 at Wisma STA, Kuching for the purpose of considering and approving the proposed amendments to the M&A. The Council also resolved for the Association to call its Annual General Meeting on the same day.

The Council after taking consideration of the recommendation tabled by its Certification Committee had resolved to fund a research project by the Wildlife Conservation Society Malaysia on the use of the natural salt licks by the wildlife in timber production forests. The Association also approved the financial contributions to the following applicants, to be disbursed through its wholly owned Companies, namely STA Training Sdn Bhd and STA Mutual Sdn Bhd:

- Sarawak United Associations of Private Chinese Secondary School Management Board;
- Institut Teknologi Riam;
- SJK Chung Hua Bakam Miri;
- United Association of Private Chinese Secondary School, Sibul Division; and
- Committee of Management of Kuching Chung Hua Middle School No. 1, 3 & 4.

The Meeting took note of the message from the Department of Labour Sarawak urging private companies to carry out their corporate social responsibilities in accordance with their ability to lighten the financial burden of the society.

10TH TRI-NATION MEETING

The 10th Joint Meeting APKINDO-JLIA-JPMA-MPMA/STA was hosted by APKINDO at the Shangri-La Hotel, Jakarta on 11 November 2008. Twenty-one participants from the four Associations attended the Meeting, led by Bapak Abbas Adhar of the Association of Indonesian Wood Panel Producers (APKINDO), Mr. Akira Sekimoto of the Japan Lumber Importers' Association (JLIA), Mr. A. Inoue of the Japan Plywood Manufacturers' Association (JPMA) and Mr. Stephen Lau of the Malaysian Panel-Products Manufacturers' Association (MPMA)/STA.

The Meeting, recognising the importance of mutual understanding and cooperation to improve the current plywood market in Japan, had an open and frank exchange of market information.

The Meeting also deliberated on the issues pertaining to Russia Government's decision to increase its log export tax by 80% with effect from 1 January 2009 and the impact of this

implementation on the global supply of logs.

For the first nine months of 2008, the total plywood supply to Japan was 4.66 million m³. Out of this, imported plywood took a share of 58% and domestic plywood, 42%. Malaysian plywood constituted 56.3% of the total imported plywood into Japan market, followed by Indonesia 24.6%, China 16.6% and the remaining countries 2.5%. Malaysia mainly exports Concrete Panel (32.9%), Floor Base Panels(25.1%), Structural Plywood (11.4%) and General Plywood (17.6%) to Japan whereas Indonesia's main items to Japan are Floor Base Panels(33.3%), General Plywood (28.1%) and Usumono (16.5%). About 70% of the combined total of Malaysia/Indonesian export to Japan come from Malaysia.

All parties agreed to monitor the market closely in view of the current global economic downturn.

STA CERTIFICATION COMMITTEE MEETING

The STA Certification Committee met on 14 November 2008. The meeting was presided by Mr. Yong Nyan Siong, the Vice-Chairman, in the absence of the Committee Chairman.

The Committee was updated on the latest development in the EU FLEGT-VPA. Other issues discussed were Environmental Impact Assessment, Terms and Guidelines for Financial Contribution by STA to its Members, illegal logging and High Conservation Value Forest.

The Committee met again on 18 and 19 December 2008 where they were briefed further by Datuk J. C. Fong and Puan Dayang Nena Abang Bruce of the Sarawak Timber Industry Development Corporation on the progress of Malaysia-EU FLEGT-VPA.

11TH NATIONAL STEERING COMMITTEE MEETING ON FOREST MANAGEMENT CERTIFICATION (FOREST PLANTATIONS)

The 11th National Steering Committee (NSC) Meeting held on 25 November 2008 adopted the Malaysian Criteria and Indicators for Forest Management Certification (Forest Plantations) or in short the MC&I(Forest Plantations) as a standard for certification of forest plantations in Malaysia.

The adoption of the MC&I(Forest Plantation) marks another milestone in the work of the NSC which in 2004 had adopted the Malaysian Criteria and Indicators for Forest Management Certification or in short the MC&I(2002) as the standard for certification of natural forests in Malaysia.

The need to develop a standard for certification of forest plantations was mooted by the NSC at its Fourth Meeting held in 2002, taking cognisance of the importance of forest plantations as source of raw materials for the wood-based industry in Malaysia. And it was mandated by the Ninth Meeting of the NSC held on 16 February 2006 to develop the draft standard of MC&I(Forest Plantations). To facilitate the work, a consultant was appointed to prepare Working Document of the draft standard up to the verifier level in March – April 2006. The Working Document was subjected to review by an expert group meeting in May 2006 prior to submission for the consideration of the Technical Working Group (TWG). Following this, the TWG formulated the first draft of the MC&I (Forest Plantations). This first draft was subsequently subjected to deliberation by relevant stakeholder groups at three regional consultations i.e. Sarawak (18-19 September 2006), Sabah (11 – 12 October 2006) and Peninsular Malaysia (15 – 16 November 2006).

The development of the MC&I(Forest Plantations) has been subjected to rigorous scrutiny in the form of deliberations through five TWG meetings, three regional consultations, one public consultations as well as three field tests, over the period from February 2006 to November 2008.

STA TEA TALK: BIOFUELS AND MELAMINE

STA organised a STA Tea Talk on 22 November 2008 at Wisma STA, Kuching. The talk covering the topics Biofuels and Melamine attracted a crowd of 64 participants. The invited speakers were Professor Dr. Lau Seng who spoke on Biofuels and Mr. Sim Hang Thiew who spoke on Melamine.

Professor Dr. Lau is a Professor of Environment Chemistry and the Director of Centre for Water Research, Institute of Biodiversity and Environment Conservation (IBEC), Universiti Malaysia Sarawak (UNIMAS) while Mr. Sim is a retired Chemistry Department Director and is currently attached to Chemsain Consultant Sdn Bhd

Biofuels are any solids, liquids or gaseous fuels that originated from recent biological materials. The development of biofuels has been hastened recently due to the oil price crisis. The production of ethanol and biogas was discussed without most of the technical details. This talk featured the definition and some historical development of biofuels, types of biofuels, impact of biofuels on the environment and its conflicts with food production. The impact on global warming and climate change was also discussed.

Melamine is the issue behind the recent controversies over tainted milk products and contaminated eggs in China. It has a variety of industrial applications including the production of plastics, kitchenware and etc. This talk provided an explanation to the reasons why children in China fell ill after consuming melamine tainted milk.

Exemption from Malaysian Laboratory Accreditation Scheme (Skim Akreditasi Makmal Malaysia) - Registration of Heat Treatment Facility

STA had received a letter from the Department of Agriculture Sarawak (HQ) ref PQS.69/Vol12(1) dated 11 November 2008 informing that The Plant Protection and Quarantine Division, Department of Agriculture, Kuala Lumpur had agreed to give exemption to Syarikat Sime-Sirim Technology Sdn Bhd and Wehaya Sdn Bhd. This means that the Department of Agriculture (DoA), Sarawak would recognize the calibration service provided by them for registering heat treatment facility.

However, DoA Sarawak (HQ) has advised these two companies to register with the Malaysian Laboratory Accreditation Scheme (Skim Akreditasi Makmal Malaysia) as when the said Scheme is fully implemente. DoA Sarawak (HQ) will only recognise calibration done by companies registered with SAMM.

REVISED PLASTIC TAGS FOR LOGS AND POLE SIZE TIMBER

STA received a copy of a letter from Forest Department Sarawak ref DF.681.76(VI)-19 dated 21 November 2008 addressed to the Managing Director Sarawak Forestry Corporation with reference to DF Circular No. 6/2008 on plastic tags for logs and pole size timber.

The Forest Department Sarawak had received feedbacks from licensees with regards to their existing stock of printed plastic tags in the old format. Thus the Department has given licensees a grace period to exhaust their existing stock of plastic tags until 30 June 2009.

However, the usage of plastic tags will differ for each region.

For Sibul, licensees are allowed to use the old format plastic tags stock (Log Production Identity [LPI], Block & Coupe, Royalty Assessment Tag and Pole Size Timber Tag) until their stock is finished.

For Kuching, Bintulu and Miri, licensees are allowed to use the old format plastic tags stock (Block & Coupe, Royalty Assessment Tag and Pole Size Timber Tag) until their stock is finished. Licensees must print and use the new format LPI Block and Coupe Tag as directed by DF Circular No. 6/2008 when their stock is finished or after 30 June 2009. This is to enable the implementation of Log Tracking System (LOTS) throughout Sarawak on 1 January 2009.

A copy of the letter and Circular is available for reference from the STA website at www.sta.org.my.

MEF NATIONAL CONFERENCE 2008 – MANAGING PERFORMANCE FOR BUSINESS EXCELLENCE

On 5 and 6 November 2008, members of the STA Labour & Industrial Relations Committee attended the MEF National Conference 2008 which was held at The Ritz Carlton Hotel, Kuala Lumpur. The Conference was inaugurated by the Minister of Human Resources, Y.B. Datuk Dr S. Subramaniam.

The Minister in his keynote address informed that with tough challenges and uncertainties, as well as opportunities, the way forward to sustain growth and prosperity is to assist and facilitate the engines of growth and to enhance the creation of employment, decent work, wealth and social well-being. He mentioned based on statistics, the country needs to create approximately 300,000 job creations annually. He felt that wages in the country have to be decent in order to enable employers to retain workforce and provide upward mobility. The Minister also informed that the Government is sensitive to the needs for greater flexibility for business to manage human resources but he stressed that the flexibility in business should be balanced with the security aspect of the affected workforce.

Prominent speakers had been invited to share their experiences and give insightful and informative presentation in the Conference. The speakers and the topics presented by them were as follows:-

- a) *Cultivating A Loyal Workforce* by Encik Abdul Jalil Md Taib, General Manager, International Human Resource, Human Resource Management Division, PETRONAS
- b) *Managing Occupational Safety and Health Towards Competitiveness* by Y. Bhg Tan Sri Dato' Lee Lam Thye, Chairman of National Institute of Occupational Safety and Health (NIOSH)
- c) *Work-Life Balance* by Cik Norita Wan Mat, Human Resources Director of Agilent Technologies (M) Sdn Bhd
- d) *Managing Performance Problem* by Encik Dagang Mohd Yunus, Deputy Director Human Resource Management of Malaysian Agricultural Research and Development Institute (MARDI)
- e) *Hiring Secrets – The Strategies for Future Workforce* by Mr. Eric Sito, General Manager of Jobstreet.com Sdn
- f) *How to develop HR Scorecard* by Ms. Sharmini Ann Jacob, Associate Director, HR Advisory KPMH Malaysia
- g) *Next Generation in HR* by Encik Adzhar Ibrahim, Head of Human Resources

Development, Digi Telecommunications Sdn Bhd

- h) *Workplace Wellness* by Dr. Sulaiman Nawawi, Occupational Health Specialist
- i) *Enhancing the Business Performance Management System for More Effective Business and Talent Management* by Mr. Kenny Ong, Vice President Group Strategy & Development Division, CNI Holdings Bhd
- j) *Employment-related Obligations and Considerations in a Merger and Acquisition Exercise* by Mr. Sivabalah N, Partner of Shearn Delamore & Co
- k) *Managing a Critical Workforce in the Aviation Industry* by Encik Abdul Rashid Sharif, Manager Staff Affairs & HR, Malaysia Airlines (MAS).

Note: Members who are interested to learn more about the Conference may refer to STA Secretariat for the materials of any the above stated topics distributed at the Conference.

ASEAN HUMAN RESOURCES SUMMIT

STA participated in the ASEAN Human Resources Summit (“Summit”) organized by the Singapore Ministry of Manpower on 22 October 2008 in Singapore. The Summit aimed to promote the adoption and development of progressive human resource practices within ASEAN region. Over 400 representatives from the Government, unions and employers attended the event.

Prominent speakers from the member countries were invited to share their respective experiences on human resources development and human resources management with the participants to enhance the competitiveness in ASEAN and many issues concerning industrial relations of the region had also been highlighted in the Summit by the speakers.

Dr. Soeung Rathchavy, Deputy Secretary-General ASEAN in her presentation entitled “Human Resource Development in ASEAN” informed the Summit that the ASEAN Charter has been fully ratified by all ten ASEAN Member States and the Charter will become effective on the 30th day after the deposit of this 10th “Instrument of Ratification” by Indonesia. [*Note: The ASEAN Charter is a constitution for ASEAN*].

The Summit was informed that Mercer, a leading global provider of consulting, outsourcing and investment services had been commissioned by Singapore to conduct a study on “Progressive Labour Practices to Enhance the Competitiveness of ASEAN countries”. The objective of the study was to identify areas in which ASEAN countries could prepare their labour markets and develop their human capital in order to maximize the benefits from regional integration and address political challenges. The findings of the study were presented by Ms Wong Su-Yen, Managing Director, ASEAN, Mercer. The key findings of the study among others were that progressive labour practices are a key factor influencing business and foreign direct investment decisions, and that ASEAN must review its labour practices to create a more favourable investment environment.

Dr. Gyorgy Sziraczki, Senior Economist, International Labour Organisation (ILO) Regional office for Asia and the Pacific in his presentation entitled “Labour and Social Trends in ASEAN – Driving competitiveness and prosperity with decent work” highlighted some major labour and social trends together with some key policy challenges related to those developments.

Mdm. Halimah Yacob, Deputy Secretary-General, Singapore National Trades Union Congress in her presentation entitled “Role of Trade Unions and Tripartism” informed the Summit that the Industrial Relations system in Singapore is grounded on a strong tripartite partnership of Government, employers and unions which is a comparative advantage for Singapore and acknowledged by ILO as a useful model, particularly in Asian context. The reason for the success, as emphasized by her, was that these 3 parties regard each other as

equal partners and there is consensus among them that economic growth and job creation are common goals and they also have common understanding of challenges facing businesses, workers and the nation.

Dr. Bambang Widiyanto, Indonesia Deputy Minister for the Evaluation of Development Performance in his presentation entitled "Lessons Learnt from Developing Industrial Relations" informed the Summit that under the Labour Law Reform undertaken by Indonesia, excessive government regulations were introduced and these have great impact on the country. Provisions affording job security, expensive lay off payment and minimum wages setting had been introduced and these made the labour market highly inflexible because minimum wage has become the main mechanism for setting wages; high cost of severance payment has deterred employers from hiring new workers on permanent basis, recruitment becomes increasingly restrictive. These have reduced new permanent job opportunities, increased youth unemployment, increased shift from fixed term contracts and outsourcing, resulted workers feeling insecure, inhibited development of unionism, etc. and this had also resulted the economic growth in Indonesia not in parallel with its employment growth and seems to bring about a 'job-less growth' phenomena in Indonesia.

The Philippines representative, Prof. Maragtas Amante, Professor, College of Economics and Business Administration, Hanyang University, Republic of Korea in his presentation entitled "Labour Law & Practices" enlightened the Summit on the human resources landscape in Philippines and focus was made on the legal framework and the practice of the industrial relations and human resource.

Malaysia representative, Mr. Mohd Dzulghifly, General Manager of Sime Darby (Malaysia) in his presentation "Talent Management in Sime Darby", enlightened the Summit on the implication of the external and internal environment to business performance, the talent management and performance, etc.

The Thailand representative, Ms. Ampika Chanviriyawut, HR Manager, AsPac Oil (Thailand) spoke about "HR Practices in AsPac Oil" and in her presentation, talked about stereotypical management and the role that the human resource can play.

The Vietnam representative, Ms. Dung Truong Ngoc, HR Team Leader, Phu My 3 Bot Power Company Ltd in her presentation entitled "HR Practices in Phu My 3 BOT" enlightened the Summit on the challenges faced by company and the human resource practices of the company. |

Note: Members who are interested to learn more about the Summit may refer to STA Secretariat for the materials of any the above stated topics distributed at the Summit.

STA Membership Renewal

Members are reminded that all STA Membership will expire on **31 December 2008**.

All payments are due on **1 January 2009**. However, in accordance to Article 4(d) of STA Memorandum and Articles of Association [*page 22 of Tenth Printing, September 2003*], members are given a grace period of 30 days that is, until 31 January 2009 to effect payment.

STA Membership will only be renewed once all the required supporting document(s) and the correct subscription payment are received. Payment should be by a crossed cheque made payable to "Sarawak Timber Association".