

Republic of the Philippines
Ministry of Natural Resources
OFFICE OF THE MINISTER
Diliman, Quezon City

MNR ADMINISTRATIVE)
ORDER NO. 105 :
Series of)

APR 27 1983

SUBJECT: Interim Guidelines Governing
the Gathering and Utilization
of Woodwastes.

Pursuant to Section 9 and 31 of Presidential Decree No. 705, as amended, and pending the completion of the study being undertaken by the Government under its Wood Utilization Project, the following interim guidelines governing the gathering and utilization of woodwastes are hereby promulgated for the information and guidance of all concerned:

CHAPTER I

BASIC POLICY, TITLE AND DEFINITION OF TERMS

SECTION 1. Declaration of Policy. It is the policy of the government to encourage and assist holders of commercial timber licenses and owners of wood processing plants to gather the wood wastes generated in their operations and to utilize and convert such wastes into finished wood products and derivatives or for the generation of energy. Likewise, it is the policy of the government to optimize the utilization of the timber resource by encouraging timber concession holders to adopt measures designed to increase their utilization efficiency and providing incentives therefor.

SECTION 2. Definitions. For purposes of this Order, the following terms shall be understood or interpreted as defined hereunder:

- a. Woodwastes - is the collective term for logging and processing wastes.
- b. Logging Wastes - wood residues generated in the course of normal logging operations. These include tree tops, branches, stumps, trimmings, and knocked down trees not within the definition of merchantable log.

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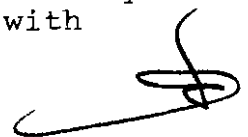
- c. Processing Wastes - wood residues generated in the process of converting wood materials into goods for consumption or commerce. These include saw dusts, slabs, edgings, log core, trimmings, clippings, product rejects, shavings, and sander dusts.
- d. Accredited Forester - refers to a registered forester of good standing and accredited by the Bureau of Forest Development to undertake forestry activities normally exercised by Forest Officers.
- e. Stack Volume - refers to the volume of logging wastes of various diameter and length, and stacked into a rectangular form. The gross stack volume shall be ascertained by multiplying the dimensions (L x W x H) of the stack. To ascertain the solid content or net volume of the stack, multiply the gross stack volume by 0.80. However, weight scaling may be authorized with the use of a certified weighbridge after a weight to volume factor has been established and validated and approved for use by the Commissioner of Internal Revenue upon the recommendation of Director of the Bureau of Forest Development.
- f. Processed Wood Products - shall mean all processed timber which can be readily used for specific purposes or commerce. These include besides sawn lumber, all timber hewn or otherwise worked, house posts, ship keels, mine props, ties, trolley poles, bancas, trough, bowls, cart wheels, table tops, chips, pulp, paper, veneer, plywood, louver doors, further processed lumber, door jambs, woodworks, brush backs, and such other articles which have passed mechanical or chemical processing.

CHAPTER II

PERMIT TO GATHER AND APPLICATION REQUIREMENTS

SECTION 3. Permit to Gather and Utilize Woodwastes. The gathering and utilization of woodwastes shall be rationalized and shall be authorized under a permit issued by the Director of Forest Development in conformity with provisions of this Order.

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SECTION 4. Who May Apply. Permit to utilize logging wastes may be granted to the following:

- a. Holders of existing Timber License or Permits;
- b. A Corporation organized by the Timber License concerned for the utilization of logging and/or milling wastes;
- c. Samahang Kabuhayan (SK) association duly accredited by the Kilusang Kabuhayan at Kaunlaran (KKK);
- d. Any individual Filipino citizen qualified under existing laws, rules and regulations.

The holder of an existing Timber License shall be given the priority option to apply for the gathering and utilization of logging wastes within his concession, which option shall be exercised within a period of six (6) months reckoned from the effectivity of this Order. Failure to exercise this option within the period specified herein shall be deemed as waiving such option within the period and applications that may be filed by qualified and interested parties shall be considered.

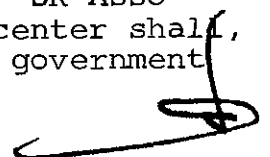
The permittee and licensee shall be co-equally and solidarily responsible in seeing to it that existing Bureau of Forest Development rules and regulations including the terms and conditions of the permit are properly complied with.

SECTION 5. Formation of a New Corporation. A holder of an existing Timber License may form a new corporation with other investors for purposes of utilizing the logging wastes generated within the licensee's timber concession area in the process of logging operation, Provided, that a timber license holder shall warrant the proper compliance with government rules and regulations in the operation of the area covered by the permit.

Should the Corporation fail to carry out the terms and conditions stipulated in the permit, the timber license holder shall lose any rights that he may have in his timber license including the wood waste utilization permit.

SECTION 6. KKK Accredited SK Association. SK Association duly accredited by the KKK coordinating center shall, in consonance with the livelihood program of the government

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be given equal preference in availing of the privilege for the utilization of wood waste generated in the normal logging operations, provided, that the wood waste material gathered under the permit that may be issued shall be channeled to such industries as may be approved by the KKK coordinating center.

SECTION 7. Where to Apply. The application shall be filed in the prescribed form at the Office of the District Forester concerned.

SECTION 8. Application Requirements. All applications shall be accompanied by the following:

- a. Application Fee;
- b. Proof of compliance with PD 1153;
- c. Extraction and utilization plan prepared and/or duly attested/acknowledged by an Accredited Forester.

SECTION 9. When an Application is Considered Filed. An application is considered filed on the date of receipt of the latest communication containing information necessary for action on the application.

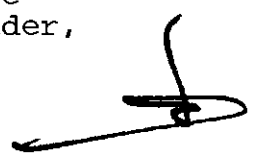
SECTION 10. Authorized Volume. The volume of logging waste that may be authorized under a permit shall be determined on the basis of the report of logging waste inventory conducted within the area under license.

- a. Logging Waste Inventory - the inventory of logging wastes shall be undertaken by a Bachelor of Science in Forestry graduate, occupying at least a forester position, and shall be in consonance with the guidelines prescribed for the purpose by the Director. In the absence, however, of qualified personnel in the Regional or District Office available for the purpose, the inventory may be undertaken by Accredited Forester, who shall submit the desired report in conformity with these regulations.

SECTION 11. Schedule of Fees and Bonds.

- a. Application Fee - minimal application fee following the schedule prescribed hereunder, shall be collected for each application:

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<u>Volume, Cu.M.</u>	<u>Application Fee</u>
Up to 10,000	P100
10,000 to 20,000	150
than 20,000	200

b. Permit Fee - permit fee, the computation of which is prescribed hereunder, shall be paid upon the issuance or renewal of the Logging Waste Permit:

$$P = 5\% (V \times SP)$$

Where:

- P = Permit Fee
- V = Authorized Volume in cu m
- SP = Specific tax for logging wastes which is P2.00 per cu m in accordance with Batas Pambansa Blg. 83.

c. Specified Taxes - holders of logging waste permit shall pay the specific tax as provided for under Batas Pambansa Blg. 83 as implemented under Revenue Regulations No. 2-81.

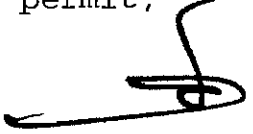
d. Schedule of Bonds - holders of permits to gather and utilize logging wastes shall post bonds either in cash or surety at the rates indicated below:

<u>Authorized Volume, Cu.M.</u>	<u>Cash Bond</u>
Up to 10,000	P1,000
10,000 to 20,000	1,500
Over 20,000	2,000

PROVIDED, That a surety bond maybe posted in lieu of cash bond, but in such a case, it shall be increased by not less than 25 per cent (25%) nor more than 75 per cent (75%) at the discretion of the Director of Bureau of Forest Development.

e. Forfeiture of Bond - a bond filed pursuant to the provisions of this Order shall be forfeited for any of the following causes:

- 1) For failure to comply with terms and conditions embodied in the permit;

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- 2) For violation of Forest and Internal Revenue Laws, Rules and Regulations covering the permit;
- 3) For misleading or fraudulent statements made leading to the issuance of the permit;

CHAPTER III

ISSUANCE AND TENURE OF PERMITS

SECTION 12. Tenure of Permit. The tenure of a permit to collect, transport, dispose, and utilize logging wastes subject to the terms and conditions of the original permit, to such additional rules, terms and conditions as the Director of Forest Development may prescribe, and to these guidelines shall be as follows:

- a. Holder of a Timber License Agreement -
Co-terminus with the tenure of the Timber License Agreement.
- b. Non-Holder of a Timber License Agreement -
One (1) year, renewable every year.

SECTION 13. When Permits May Be Issued. A permit under these guidelines may be issued only after the application has been duly evaluated and that the Director of Forest Development is satisfied that the issuance of such permit shall not be inconsistent with existing laws and regulations or prejudicial to public interest, and that necessary permit fees, bond deposit and other requirements of the Bureau of Forest Development have been paid and complied with.

SECTION 14. Expiration of Permit. A permit shall expire on the date specified thereon or upon the death of the permittee, or in case of corporation, company or association, upon dissolution of the same unless sooner suspended, revoked or otherwise duly terminated by the Director of Forest Development. In all cases of expiration of a permit, the Director of Forest Development shall collect from the bond of the permit any damage caused therein before such performance bond is cancelled or expired.

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SECTION 15. Requirements for Renewal of Permit. Within sixty (60) days before a permit expires, the permittee shall file his application, on the prescribed form, with the Director of Forest Development, through the local and regional offices, with the following required papers and/or documents:

- a. Application and Permit Fee in Postal Bank Money Order or Certified Check payable to the Director of Forest Development, Quezon City.
- b. Surety Bond - if old surety bond is to be used, proof that the premium for the succeeding period to be covered by the permit renewal has been duly paid.
- c. A certificate of the BIR Collection Agent and/or Municipal/City Treasurer concerned attested to by the local officer in charge and/or District Forester showing the amount in cubic meters manifested under the corresponding payments made, and those still pending payment. The statement should also include whether or not the permittee has old forestry account still pending payments. This statement shall be verified and certified correct by the District Forester or Officer In Charge who shall see to it that all auxiliary invoices submitted to the collecting agencies against the permit are accounted for.

SECTION 16. Permit Is Non-Transferable. A permit issued by the Director of Forest Development shall be non-transferable; provided that in case of death of the permittee, the surviving spouse or heirs may be authorized by the said Director to use the same permit for the rest of its unexpired term upon filing of a new bond and settlement of unpaid account of the permittee.

SECTION 17. Privilege under a Permit. The permit shall, subject to its terms and conditions, confer upon the permittee only the privilege to gather and utilize the woodwastes in the quantity and area described therein and for the purpose stated in the permit thereon.

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CHAPTER IV

SUB-CONTRACTS, DISPOSITIONS OF WOODWASTES

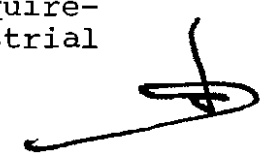
SECTION 18. Sub-Contracts. Holders of existing timber licenses authorized to gather and dispose logging wastes within their areas of operation may sub-contract out to third parties subject to prior approval of the Director of Forest Development within the area covered by the permit on condition that the licensee/permittee shall be held liable and responsible for any of the operation of his agents or contractors; Provided, that said sub-contracts shall be approved by the Director of Bureau of Forest Development or his authorized representative.

SECTION 19. Incentives. The following incentives shall be granted to holders of permit to collect, transport, dispose and utilize woodwastes:

a. Logging Wastes

- 1) The volume allowed under the permit to collect, transport, dispose and utilize logging wastes shall not be charged against the annual allowable cut under the License Agreement.
- 2) If the licensee is the permittee, he shall be exempted from paying permit fees as provided above except for the payment for application fees and forest charges under Batas Pambansa Blg. 83.
- 3) Permittees not holders of Timber Licenses but own/operate licensed forest products processing plants, shall pay only, in addition to application fees and forest charges, fifty percentum (50%) of the permit fees.
- 4) Permittees who utilize or shall utilize logging wastes as fuel in running power plants, as fuelwood for industrial purposes in such a manner that logging wastes constitute at least fifty percentum (50%) of the total fuel requirements of the power plants or industrial

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processing plants or as raw materials for the manufacture of wood products and its derivatives shall be exempted from paying the required annual and permit fees in seeking the necessary permit to establish, expand, integrate or relocate forest products processing plants or the license to operate said processing plants.

b. Milling Wastes

- 1) The utilization, transportation and/or disposition for commercial purposes of milling wastes by owners/operators of forest products processing plants shall not require permits or payment of regulatory fees.
- 2) Owners/operators of forest products processing plants who utilize or shall utilize milling wastes as fuel running power plants, as fuelwood for industrial purposes or as raw materials for the manufacture of wood products and its derivatives shall be exempted from paying the required annual and permit fees in seeking the necessary permit to establish, expand, integrate or relocate forest products processing plants or the license to operate said processing plants.

CHAPTER V

PENAL PROVISIONS

SECTION 20. Suspension And/Or Cancellation of Permit. Any infraction, violation or non-compliance with provisions of these regulations shall be penalized in accordance with applicable Forest and Internal Revenue Laws and the Provisions of this Order.

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CHAPTER VI

IMPLEMENTING CIRCULARS, REPEALING
CLAUSE AND EFFECTIVITY

SECTION 21. The Issuance of Implementing Circulars And Instructions. The Director of Forest Development is hereby authorized to issue such circulars and instructions as maybe necessary for the effective implementation of this Order.

SECTION 22. Repealing Clause. This Order supercedes all other orders, circulars, and instructions inconsistent herewith.

SECTION 23. Effectivity. This Order shall take effect immediately.


TEODORO Q. PEÑA
Minister

Recommending Approval:


EDMUNDO V. CORTES
Director