

**PUBLIC SUMMARY OF ASSESSMENT OF TERENGGANU FMU
FOR FOREST MANAGEMENT CERTIFICATION AGAINST THE REQUIREMENTS OF
*MC&I(2002)***

Date of Public Summary: June 2008

Certification Body

Malaysian Timber Certification Council (MTCC)
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Assessor

The assessment of the Terengganu FMU for forest management certification against the requirements of the *MC&I(2002)* was conducted by an accredited certification body:

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Assessment Team:

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Verification Visit:

Mr. Salahudin Yaacob (Lead Auditor)
Dr. Lim Hin Fui

Date of Assessment

Assessment: 3-7 September 2006
Verification Visit: 23-27 March 2008

1. INTRODUCTION

To qualify for the award of the *Certificate for Forest Management* under the Malaysian Timber Certification Scheme (MTCS) operated by MTCC, a forest management unit (FMU) must comply with the requirements of the *Malaysian Criteria and Indicators for Forest Management Certification* [or in short *MC&I(2002)*] based on an assessment conducted by an independent assessor accredited with the Department of Standards Malaysia, the national accreditation body (AB).

This Public Summary contains general information on the FMU, the assessment process involved, information on the Corrective Action Requests (CARs) raised during the assessment, as well as the decision on certification under the MTCS. Maintenance of the *Certificate* will be dependent upon the ability of the FMU to continue comply with the requirements of the *MC&I(2002)* to be verified through surveillance visits to be conducted annually.

2. GENERAL INFORMATION

2.1 Name of the Forest Management Unit (FMU)

Terengganu FMU

2.2 Manager of the FMU (Client)

Tn. Hj. Naaman Jaafar
Director

2.3 Contact Address

Terengganu State Forestry Department
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2.4 Size of the FMU

545,817 ha

2.5 Forest Resource

As of December 2007, the total Permanent Reserved Forest (PRF) in the Terengganu FMU amounted to 545,817 ha which represents 42% of total land area of the State of Terengganu. Administratively, the Terengganu FMU is divided into three forest districts with 189,884 ha under the administration of South Terengganu Forest District, 245,299 ha West Terengganu Forest District and the remaining 110,634 ha under the North Terengganu Forest District. In terms of forest types, 526,905 ha of the PRF are designated as Dry Inland Forest, 13,757 ha as Peat Swamp Forest, 1,295 ha as Mangrove Forest and the remaining 3,860 ha as forest plantations. The FMU also has 77,507 ha of its natural forest classified as conservation area and gazetted as the National Parks.

3. ASSESSMENT PROCESS AND CERTIFICATION DECISION

The assessment of the Terengganu FMU for forest management certification against the requirements of the *MC&I(2002)* was conducted on 3-7 September 2006 by an assessment team comprising of three auditors from SGS (Malaysia) Sdn. Bhd. (“SGS”). The scope of the assessment was confined to the overall forest management system and practices within the PRFs of the Terengganu FMU.

Based on the assessment, the auditors had identified several aspects of the forest management practices which were deemed not in compliance with the *MC&I(2002)*, resulting in the issuance of seven (7) Major and seven (7) Minor Corrective Action Requests (CARs).

The draft *Report on Assessment of Terengganu Forest Management Unit for Forest Management Certification* prepared by SGS was subjected to the Client’s comment as well as a review process by two Peer Reviewers. The client comments and peer review were subsequently submitted to SGS for its consideration in finalizing the Assessment Report. Taking into consideration the comments made by the Client and the Peer Reviewers, SGS agreed to downgrade five (5) Major CARs into Minor CARs resulting in the final issuance of two (2) Major and twelve (12) Minor CARs.

The finalized Assessment Report [Ref: F122-283 dated 20 December 2006] prepared by SGS incorporating the comments of the Client and two Peer Reviewers, were tabled for the consideration and decision of MTCC Certification Committee during its Forty-Third Meeting on 18 January 2008. As Major CARs were issued, the Committee concurred with the recommendation made by SGS that the Terengganu FMU was not eligible to be awarded a new *Certificate for Forest Management* against the requirements of the *MC&I(2002)*.

The Terengganu State Forestry Department was therefore requested to take the appropriate actions to address the Major and Minor CARs raised and inform MTCC once actions have been taken so that verification by the independent assessor to close-out the two Major CARs could be undertaken.

The verification of the Terengganu FMU to address the Major and Minor CARs was conducted by SGS on 23-27 March 2008. As a result of the verification, a total of two Major and nine Minor CARs were closed-out, three Minor CARs remained outstanding and one new Minor CAR issued. As the remaining Minor CARs do not preclude the FMU from being recommended for certification, SGS has recommended that the Terengganu FMU be issued with a new *Certificate for Forest Management* against the requirements of the *MC&I(2002)*.

The *Report on Verification of Terengganu FMU for Forest Management Certification* [Ref: F122-351 dated 28 June 2008] was tabled for the consideration of the Forty-Ninth Meeting of the MTCC Certification Committee held on 30 June 2008. The Certification Committee concurred with the recommendation made by SGS and agreed to issue a new *Certificate for Forest Management* to the Terengganu FMU.

The Committee also agreed that the new *Certificate for Forest Management* issued to the Terengganu FMU will be valid for five years with surveillance visits carried out every twelve months to ensure the continued compliance to the requirements of the *MC&I(2002)*.

A summary of the CARs raised and their closed-out details is as shown in **Table 1**.

Table 1: Summary of Corrective Action Requests (CARs)

CAR No.	Principle	Indicator	Status of CAR	Nature of CAR	Close-Out Details
TER-001	4: Community Relations and Worker's Rights	4.2.2: Availability of management policies addressing the health and safety of forest workers and their families in accordance with current legislation and/or regulations.	Minor	Inadequate level of awareness among contractors on occupational safety and health requirements.	It was observed during the verification that the Terengganu Forestry Department has established a Committee on Safety and Health for its forest workers. Policy statement on Occupational Safety and Health in the form of posters was displayed in workers quarters of the contractors. The level of awareness among contractors on occupational safety and health requirements has evidently improved and workers were also observed with adequate personal protection equipments (PPEs). Minor CAR TER-001 was closed on 27 March 2008.
TER-002	4: Community Relations and Worker's Rights	4.2.4: Forest managers should maintain up-to-date safety records in compliance with all applicable laws and/or regulations covering health and safety of forest workers.	Minor	Lack of records on occupational safety and health of forest workers.	The Department of Occupational Safety and Health (DOSH) confirmed through a letter that there were no accidents in the forestry sector between January 2007 to March 2008. Records of accidents involving forest workers were maintained by the contractor and forwarded to DOSH for information. Minor CAR TER-002 was closed on 27 March 2008.
TER-003	4: Community Relations and Worker's Rights	4.4.1: Forest managers should evaluate, through consultations, social impact of forest operations directly affecting communities, and the people and	Minor	Lack of social impact evaluation including consultation with stakeholders, identification of communities and proposed measures to mitigate potential impacts.	The Terengganu Forestry Department has started to conduct social impact evaluation (before issuance of harvesting licence and after harvesting) through the use of a questionnaire to obtain information and feedback from the local communities living nearby to the area being harvested.

			groups directly affected by the forest operations should have access to information on the results of the social impact evaluations.				The draft FMP provides description on social scenario of Terengganu FMU and identifies indigenous communities living near forest areas. Minor CAR TER-003 was closed on 27 March 2008.
TER-004	5: Benefits from the Forest	5.2.1: Application of forest management practices to encourage the optimal use of forest resources.	5.2.1: Application of forest management practices to encourage the optimal use of forest resources.	Minor	Lack of determination on sustainability of non-timber forest produce (NTFPs).		No permits were issued for harvesting of NTFPs in Terengganu in 2007. The draft FMP contains information on NTFPs available in Terengganu gathered through the Fourth National Forest Inventory (IHN4). Minor CAR TER-004 was closed on 27 March 2008.
TER-005	5: Benefits from the Forest	5.6.1: Rate of harvest shall not be greater than estimated regrowth of the residual stand based on permanent sample plots within a pre-defined cutting cycle.	5.6.1: Rate of harvest shall not be greater than estimated regrowth of the residual stand based on permanent sample plots within a pre-defined cutting cycle.	Minor	Lack of records on growth measurement of sample plots at the FMU level and the determination of mean commercial annual increment (MCAI).		Data obtained from the nine Growth Plots in the Terengganu FMU were analysed and the results projected good indicative growth rates and sufficient regeneration of residual trees for the next harvest cycle. Minor CAR TER-005 was closed on 27 March 2008.
TER-006	6: Environmental Impact	6.1.1: Assessment of environmental impacts are carried out, including landscape level considerations, as well as the impacts of on-site processing facilities, appropriate to the scale and intensity of forest management, prior to commencement of forest operations in the PRFs for Peninsular Malaysia	6.1.1: Assessment of environmental impacts are carried out, including landscape level considerations, as well as the impacts of on-site processing facilities, appropriate to the scale and intensity of forest management, prior to commencement of forest operations in the PRFs for Peninsular Malaysia	Minor	Lack of environmental evaluation/assessment at FMU level to identify the potential impacts and mitigate measures.		Under current legal requirement, only logging licence area covering more than 500 ha requires the conduct of an EIA, which in the case of Terengganu FMU is normally not exceeded. However the FMU has appointed a consulting company to conduct an EIA at the FMU level. As the EIA has yet to be conducted, the Minor CAR is maintained. Minor CAR TER-006 is maintained.

TER-007	6: Environmental Impact	<p>and forest management areas for Sabah and Sarawak.</p> <p>6.1.2: Assessment of environmental impacts are carried out, including the potential impacts on endangered, rare and threatened species of flora and fauna, and the need for biological corridors in the PRFs for Peninsular Malaysia and forest management areas for Sabah and Sarawak, appropriate to the scale and intensity of forest management.</p> <p>6.1.3: Forest management plans should incorporate measures to mitigate the environmental impacts identified in the assessments.</p> <p>6.2.1: Availability and implementation of guidelines to identify and protect endangered, rare and threatened species of forest flora and fauna, including features of special biological interest such as seed trees, nesting and feeding areas in the PRFs for Peninsular Malaysia and forest management areas for</p>	Minor	<p>Incomplete listing of endangered, rare and threatened (ERT) species, its description and presence in the FMU.</p>	<p>The Draft FMP contains a description and listing of ERT species found in the Terengganu FMU. A number of studies, research and expeditions were conducted in cooperation with various agencies to document the presence of and subsequent protection of such species.</p> <p>Minor CAR TER-007 was closed on 27 March 2008.</p>
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TER-008	6: Environmental Impact	Sabah and Sarawak.	6.3.1: Availability and implementation of management guidelines to assess post-harvest natural regeneration, and measures to supplement natural regeneration, where necessary, in the PRFs for Peninsular Malaysia and forest management areas for Sabah and Sarawak.	Minor	Lack of implementation of post-felling inventory in Kumpulan Pengurusan Kayu Kayan Terengganu (KPKKT) concession since 2000.	The KPKKT has started to conduct post felling forest inventory (Post-F) in its concession in 2007. Post F was conducted in two compartments in 2007 and five other compartments have been scheduled to be inventorised in 2008. Minor CAR TER-008 was closed on 27 March 2008.
TER-009	6: Environmental Impact		6.5.1: Availability and implementation of harvesting procedures to protect the soil from compaction by harvesting machinery and erosion during harvesting operations	Major	Inadequate implementation of road specifications and RIL guidelines to minimise erosion and environmental damage.	It was observed that there was improvement in all forest districts visited where feeder roads were observed with proper drainage structure and appropriate machineries evidently used in its construction. Skid trails were also observed to have adequate erosion control (water bar). Major CAR TER-009 was closed on 27 March 2008.
TER-010	6: Environmental Impact		6.7.2: Containers, liquid and solid non-organic wastes including fuel and oil should be disposed of in an environmentally appropriate and legal manner.	Minor	Inadequate management prescription and implementation of waste management and handling of diesel and other hazardous materials in the FMU.	During verification, the audit team observed adequate implementation of the guidelines where most wastes were collected and disposed outside of forest reserves. Areas surrounding the logging camps were observed to be free of

TER-011	7: Management Plan	7.1.1: Implementation of forest management plan prepared in accordance with existing regional guidelines and relevant provisions listed in Principle #1 covering items (a) to (i) in Criterion 7.1.	Major	Lack of a current Forest Management Plan for 2006 – 2015 at the FMU level to guide / justify forest operations.	inorganic waste such as plastic, bottles etc. Minor CAR TER-010 was closed on 27 March 2008. The final draft FMP for the period of 2006 – 2015 has been completed. The document contains description of the resource and plans for operation including the social, environmental and financial aspects of forest operations. Major CAR TER-011 was closed on 27 March 2008.
TER-012	8: Monitoring and Assessment	8.2.1: Forest managers should gather the relevant information, appropriate to the scale and intensity of the forest management operations, needed to monitor the items (a) to (e) listed in Criterion 8.2.	Minor	Lack of prescription and implementation for monitoring of social and ecological impacts of forest operations.	The FMU has designed a simple questionnaire to obtain feedback from the local communities with regard to the social impact of forest harvesting before and after harvesting. Minor CAR TER-012 is maintained.
TER-013	7: Management Plan 8: Monitoring and Assessment	7.4.1: A summary of the primary elements of the forest management plan as prepared and implemented under Indicator 7.1.1 should be made available to the public. 8.5.1: A summary of the results of monitoring indicators, including those listed in Criterion 8.2, should be made available to the public.	Minor	Lack of public summary of the FMP that incorporate results of monitoring activities.	A summary of the FMP is now available on the FMU's website. Minor CAR TER-013 was closed on 27 March 2008.

TER-014	9: Maintenance of High Conservation Value Forest	<p>9.1.1: Forest managers should conduct an assessment of HCVFs in accordance with relevant national and regional legal and regulatory frameworks, appropriate to scale and intensity of forest management operations in the PRFs for Peninsular Malaysia and forest management areas for Sabah and Sarawak, and in consultation with relevant stakeholders and experts.</p> <p>9.2.1: Forest managers should provide the assessors with a list of relevant stakeholders who have been consulted regarding the HCVFs.</p> <p>9.3.1: Measures to demarcate, maintain and/or enhance the HCVF attributes are documented in the forest management plan and effectively implemented.</p>	Minor	Lack of assessment, identification and documentation of HCVFs in the FMU carried out in consultation with relevant stakeholders and experts.	<p>Currently, the HCVF classification is based on the functional classification based on the National Forestry Act, 1984. There is a need for further identification and description of HCVF areas within the FMU through consultation with experts and stakeholders.</p> <p>Minor CAR TER-014 is maintained.</p>
TER-015	1: Compliance with Laws and FSC Principles	<p>1.5.2: Control of encroachment, illegal harvesting, hunting, and settlement, and other unauthorised activities in managed areas of the PRFs for Peninsular Malaysia and forest management areas for Sabah and Sarawak by</p>	Minor	There is encroachment in Ulu Setiu Forest Reserve (which is located near to a village) where a total of five balau trees have been felled and cut to produce planks.	<p>New Minor CAR raised during verification.</p>

			forest managers, and forested areas outside the PRFs for Peninsular Malaysia by other regulatory agencies.				
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