

DENR Memorandum Order

No. 96-09

April 01, 1996

**SUBJECT : Additional Guidelines Governing
the Issuance of Permits to Establish
and Operate Mini-Sawmills**

Pursuant to Republic Act No. 460, Presidential Decree No. 705, as amended, and Executive Order No. 192 dated 10 June 1987, and in line with the sustainable forest resource management policy of the Government, the following rules and regulations governing the issuance of permits to establish and operate mini-sawmills are hereby issued:

Sec. 1 Statement of Policy and Objectives. To assure the availability and sustainability of the timber resource to meet the demands of a growing population and the economy is the state adopted policy. In consonance with this policy, the following objectives are sought to be attained:

- 1.1 Maximize wood recovery from the forest and tree plantations;
- 1.2 Optimize wood utilization through the establishment and operations of more value-added wood processing facilities;
- 1.3 Establishment of low-capital but labor-intensive wood processing plants in rural areas close to the raw material source owned and operated by cooperatives and community organizations.

Sec. 2 Definiton of Terms. As used in this Order, the following terms shall be understood and interpreted as follows:

2.1 Mini-Sawmill - a sawmill consisting of a single headrig with a flywheel diameter not exceeding 106 cm. (42 inches), a bandsaw blade with thickness not exceeding three (3) mm. And width of not more than 127 mm. (5 inches), with or without a carriage, and a daily rated capacity of not more than eighteen (18) cu.m. or 8,000 log carriage or its equivalent, the carriage shall have a gross length of not more than 3.2 m. (10.5ft.)

A portable sawmill which conforms with the foregoing specifications is considered a mini-sawmill.

2.2 Headrig - a collective term consisting off a pair of flywheels and a sawing blade.

2.3 Daily Rated Capacity - the maximum volume of output that a sawmill plant can produce in one shift of 8 hours based on the actual performance of the machinery/equipment. This is sometimes referred to as the true rated capacity.

2.4 Log Carriage - a movable platform, manually or mechanically operated, equipped with a setwork mechanism, upon which log or timber to be fed to the headrig is loaded and controlled.

2.5 Logging Waste/Residue – wood section(s) generated in the course of normal logging operations and shall include stumps, log trimmings, tops, branches, and tree poles, provided that the scaling dimensions shall not exceed 15 cm for diameter and 1.5 m for length.

2.6 Plantations/Planted Trees – timber producing tree species which have been planted insde private lands, or

inside forest lands under the community-based management program(s), the national forestation program, or in compliance with the reforestation requirements of a timber license agreement (TLA).

Sec. 3 Ownership and Operation of a Mini-sawmill. A mini-sawmill shall be licensed to operate only under the following conditions:

- 3.1** When it is owned and/or operated by TLA/IFMA holders with log supply, both planted and logging residues, coming from its licensed areas;
- 3.2** When it is owned and/or operated by a Cooperative or Community Organization duly registered with the Cooperative Development Authority (CDA) and Community Based Forestry Program of the DENR, or under a joint venture agreement with the owner of an existing mini-sawmill, under a permit issued by the DENR, located within or around the vicinity of the CBFMA site, with log supply coming from legitimate sources of plantation species or naturally grown trees authorized to be processed under these regulations;
- 3.3** When it is owned and operated by an entrepreneur, partnership, and corporation but non-holders of timber licenses issued by the DENR using only legitimate planted species as raw materials;

New applicants and holders of existing mini-sawmill permits are encouraged to form cooperatives or similar associations and/or federations among themselves and establish a common mini-sawmill to process available plantation timber and other raw materials coming from areas specified in subsection 4.3 hereof. The Community Environment and Natural Resources Office (CENRO) in the locality to determine whether or not the available raw

materials are adequate and sufficient to warrant the continued operations of these existing or proposed to be established mini-sawmills.

Sec. 4 Limitations. A mini-sawmill to be allowed to operate shall observe the following limitations:

- 4.1 The transformer directly supplying the electric power for the mini-sawmill from the main transmission lines should have maximum capacity of 30 KVA, or if supplied by an independent power generating unit, the generator should have a capacity rating or not more than 40 KVA;
- 4.2 The ownership of the mini-sawmill is limited only to those qualified under Section 3 hereof;
- 4.3 The raw materials for the mini-sawmills shall be limited to the following sources only:
 - 4.3.1 Planted trees in private lands and A & D areas;
 - 4.3.2 Planted trees from forest lands under government plantation development lease/contracts;
 - 4.3.3 Planted trees managed and developed under the community-base forest management program(s) of DENR;
 - 4.3.4 Naturally grown timber harvested by CBFMA holders authorized under DENR Memorandum Circular No. 95-18, provided that, said raw materials are processed by the mini-sawmill owned and operated by the concerned organization or

under a joint venture agreement with the owner of an existing mini-sawmill located within or around the vicinity of the CBFMA site.

The owner of a mini-sawmill who is not himself the owner of a tree plantation to supply the raw material requirement of the mill shall enter into Log Supply/Purchase Agreement (LSPA) with tree plantation owners or tree farmers to warrant continuous normal wood processing operations. Logging waste/residues from naturally grown timber shall only be processed by the concerned TLA/IFMA holder in their processing plant.

The volume of plantation timber that may be allowed to be supplied and/or committed by the log supplier/s who are either TLA or IFMA holders should be within the annual allowable cut authorized under the approved Integrated Annual Operations Plan (IAOP) for the year, less the log requirements of their own processing plant, if there is any.

Sec. 5 Permit Issuance; Tenure. Permit to operate a mini-sawmill and/or the renewal of same shall be issued under the authority provided in DAO No. 38, Series of 1990; PROVIDED that, the applicant has complied with the requirements herein provided and that the mill establishment conforms with the approved Regional Mini-sawmill Rationalization Plan pursuant to Sec. 10 hereof; PROVIDED FURTHER THAT, no mini-sawmill permit shall be issued or renewed unless there is an assured supply of raw materials equivalent to not less than fifty percent (50%) of its annual log requirement (ALR), as determined by DENR; PROVIDED FURTHERMORE that, approval of the LSPA by the RED for plantation timber shall be based on the 100% timber inventory undertaken by a Private Registered Forester, duly filed checked/validated by the CENRO concerned; PROVIDED FINALLY that, the validity or tenure of mini-sawmill permits shall not exceed a period of one(1) year.

Sec. 6 Plant Location of Mini-Sawmill.

A mini-sawmill shall only be established and located in any of the following sites:

- 6.1 Within industrial location specified by the DENR Regional Office concerned and approved by appropriate local government units;
- 6.2 Outside logging ban and moratorium areas; PROVIDED that, any mini-sawmill established and operated within the said areas shall be supplied with legitimate logs from plantation areas, and with prior clearance from the Secretary of Environment and Natural Resources (SENR).

Sec. 7 Terms and Conditions of a Mini-Sawmill Permit.

Terms and conditions of the mini-sawmill permit issued shall include, but not limited to, the following:

- 7.1. The permittee shall display the permit on the premises of the wood processing plant in a prominent place exposed to the public view;
- 7.2. The permittee shall maintain a registry book showing raw materials purchases in chronological order and a book for sales and/or disposition of outputs;
- 7.3. No additional sawing implements, machinery and equipment shall be installed unless priorly authorized by the issuing authority;
- 7.4. A monthly raw materials purchase and production mill output shall be submitted to the CENRO concerned;

- 7.5. The permittee shall issue commercial sales invoice for every sale of output;
- 7.6. Mill and processing wastes shall, as much as possible, be utilized/reused or disposed of in accordance with pertinent rules and regulations;
- 7.7. The permittee shall adopt and implement measures to safeguard the health of processing plant workers and employees;
- 7.8. Compliance with applicable DENR rules and regulations.

Sec. 8 Monitoring and Evaluation of Mini-Sawmills. The CENRO concerned shall directly be responsible for the proper monitoring of the operational activities of mini-sawmills within his assigned area of responsibility and shall consists, among others, of the following:

- 8.1 Control, record, monitor the log deliveries and check the volume of same against the approved LSPA and the accompanying shipping/transport documents required under extant regulations;
- 8.2 Continually check the volume committed by log suppliers as against the volume authorized by the DENR;
- 8.3 Periodically check the volume of outputs against the log inputs;
- 8.4 Regularly check and verify the wood supply to ensure that the timber sources are those specified in Sectin 4.3 thereof.

Sec. 9 Compliance with Environmental Impact Statement System (EIS). No application for a new mini-sawmill permit or renewal of same shall be considered unless accompanied by the Checklist EIA as shown in “Annex A” hereof. A permit to operate may only be granted after the issuance of the Environmental Clearance Certificate (ECC) based on the favorable result of the review and evaluation of the checklist EIA submitted for the purpose.

Sec 10 Regional Mini-Sawmill Rationalization Plan. As an essential component of the sustainable forest resource management program of government, a Regional mini-sawmill Rationalization Plan (RMRP) shall be prepared by the Regional Environment and Natural Resources Offices (RENROs) which shall be submitted to the SENR, thru the Undersecretary for Field Operations, for review and approval. No permit shall be issued until the approval of the RMRP. The RMRP shall include, among others, the following basic information:

- 10.1 Regional situation and analysis;
- 10.2 Location, ownership, and ALR of existing mini-sawmills;
- 10.3 Location and ALR of proposed mini-sawmills;
- 10.4 Location, volume (projected through time), and type (plantation timber, natural grown timber, logging waste/residue) of available wood /timber supply;
- 10.5 Distance and mode of access (land; water) to wood/timber supply;
- 10.6 Market/disposition of wood products/products lines;

- 10.7 Impacts (Environmental, Socio-economic, Political, Regional/Local Security);
- 10.8 Other information which the RENRO may deem essential to guide DENR management in its subsequent action(s) on the matter.

In addition, a multi-sectoral agreement shall be entered into among the DENR, LGU concerned, PNP, etc., indicating therein their commitments to ensure rationalization and revitalization of the mini-sawmill operations. The association of mini-sawmill operators shall institute measures to police the performance of its members.

Sec. 11 Penalty Clause. The owner of a mini-sawmill found and verified to have operated without the corresponding DENR permit, or in violation of the provisions of this Order or the terms and conditions of the permit, and other applicable DENR rules and regulations shall be penalized in accordance with existing laws and regulations on the matter, and all illegally cut or transported timber, whether sawn or unsawn, found in the premises shall be subject to confiscation and disposition in accordance with extant laws, rules and regulations.

Likewise, DENR officials who have been found and verified to have violated, or abetted in the violation of the provisions of this Order, shall be meted the corresponding sanctions and penalties as may be warranted under existing Civil Service and other laws and regulations.

Failure to register the permit with the FMB within fifteen (15) days from approval/issuance thereof will render the same null and void. The issuing officer/s who fail to register the approved permit will be subjected to appropriate administrative action.

Sec. 12 Implementing Instructions. The Undersecretary for Field Operations is hereby authorized to issue supplementary guidelines and instructions for the effective implementation of this Order.

Sec. 13 Repealing Clause. All existing Memorandum Orders, Circulars, and instructions which are inconsistent herewith are hereby amended accordingly.

Sec 14 Effectivity. This Order shall take effect immediately.

VICTOR O. RAMOS
Secretary