

Forest Tenure in Alberta

AAFMP Study Session
September 27, 2018

Alberta's Forest Tenure System

Why do we have tenure?

- ▶ Province issues forest tenure to companies and individuals in exchange for:
 - Stumpage & royalties
 - In-kind services (roads, reforestation, etc.)
 - Employment & taxes
 - Facility development

Alberta's Forest Tenure System

Three forms of tenure:

- ▶ Forest Management Agreement (FMA)
- ▶ Quotas / Licenses
 - Coniferous Timber Quota (CTQ) & CTL
 - Deciduous Timber Allocation (DTA) & DTL
- ▶ Permits
 - Commercial Timber Permit
 - ◆ Coniferous & Deciduous
 - Coniferous Community Timber Permit (CCTP)
 - Local Timber Permit (LTP)
 - TM66 – firewood, Christmas trees

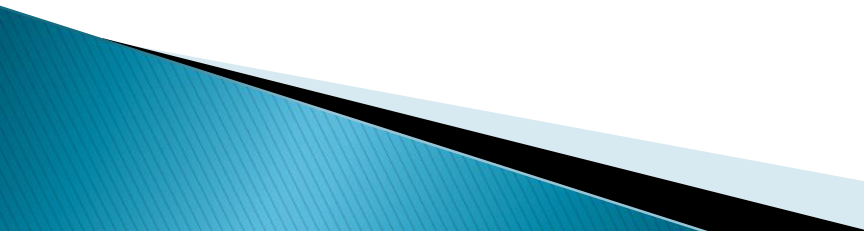
Forest Management Agreement

- ▶ Area-based agreement, not volume-based
- ▶ Negotiated between Gov't & Company
- ▶ 20-year term, can be renewed every 10 years
 - Renewal criteria directed by Cabinet decision (Nov 2005)
- ▶ Company responsible for own forest management planning and reforestation
- ▶ AAC set through approved FMP
- ▶ Company negotiates own ground rules
- ▶ FMA becomes harvest authority once FMP is approved
 - **BUT** Need approved Annual Operating Plan (AOP) to conduct activities

Forest Management Agreement

- ▶ *TRIVIA* – First FMA signed June 8, 1951 with Northwestern Pulp and Power in Hinton
 - now West Fraser Mills Ltd.
- ▶ Currently 20 FMAs in Alberta, covering most of the productive forest land
- ▶ Currently 130+ quotas in Alberta
- ▶ Quotas and permits can overlap FMAs
 - ie. Manning FMA for conifer has DMI DTAs
 - ie. Alberta Pacific FMA has multiple CTQs

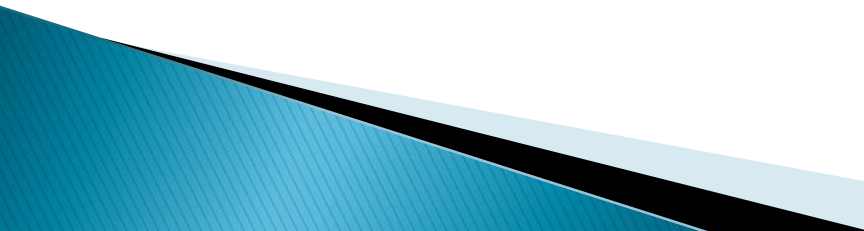
Timber Quotas – Coniferous and Deciduous

- ▶ Coniferous Timber Quotas (CTQ)
 - volume or area based tenure
 - typically a percent of coniferous AAC in FMU
 - ▶ Deciduous Timber Allocations (DTA)
 - area or volume-based
 - typically a portion of deciduous AAC in FMU
 - ▶ Typically issued through historic grant or competitive sale by Minister
 - ▶ 20-year term with renewal opportunity after 20 years
 - ▶ Historically, Province did planning, but now companies are responsible for it
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Timber Quotas – Coniferous and Deciduous

- ▶ Embedded CTQ & DTA holders participate in FMA forest management plan development & implementation
- ▶ Subject to provincial Ground Rules if outside FMA or FMA-specific ground rules if embedded in FMA
- ▶ Timber license is harvest authority, but need approved AOP to operate
 - *The quota is only a right to volume, NOT a right to harvest*
- ▶ All Crown charges set by Timber Management Regulation (e.g. timber dues, holding & protection, etc.)

Coniferous (CTL) and Deciduous Timber (DTL) Licenses

- ▶ CTLs and DTLs are issued under the authority of the timber quotas and are the dispositions that allow a quota holder to harvest their volume of timber.
 - ▶ Area based tenure
 - ▶ Length – medium term (5 – 10 years typically), can be renewed
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Commercial Timber Permit and Coniferous Community Timber Permit

- ▶ CTPs typically sold by sealed tender or open competition, by Minister
 - Any body, anywhere can bid
- ▶ CCTPs issued directly in Miscellaneous Timber Use (MTU) and Community Timber Program areas
 - Support local community & operators
- ▶ Volume based, generally in a specified area
- ▶ Length – short-term (i.e. 1–5 years typically)

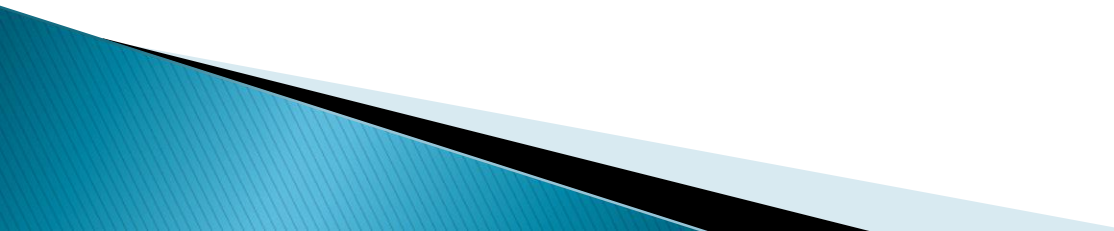
Commercial Timber Permit and Coniferous Community Timber Permit

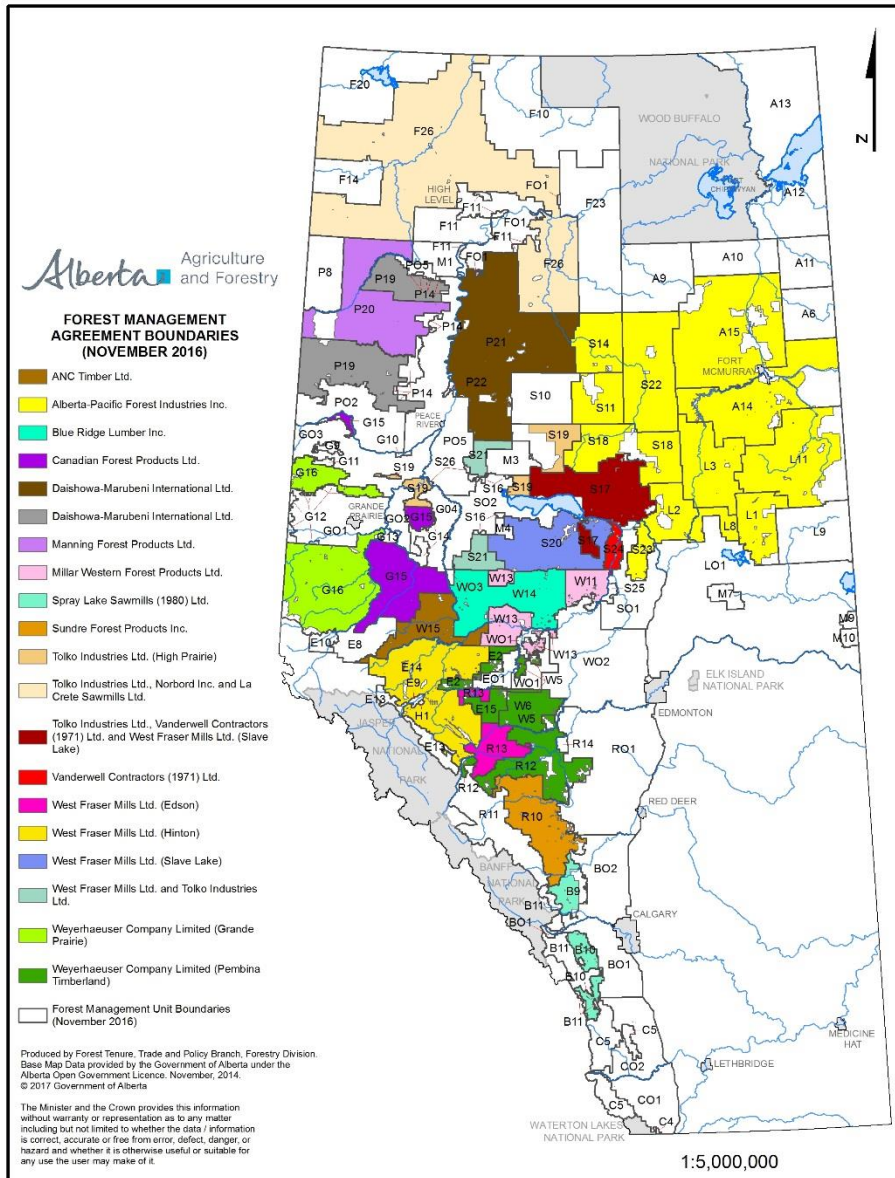
- ▶ In past, Province did all planning and layout
- ▶ Crown charges defined by Timber Management Regulation (e.g. timber dues, holding & protection, etc.)
- ▶ Regulation rate of dues or bid rate on competitively sold permits
- ▶ Subject to provincial Ground Rules as a standard
 - *Local area may require the higher standard of an FMA OGR*
- ▶ Need an approved AOP to operate
 - *The permit is a right to volume, NOT a right to harvest*

Local Timber Permits

- ▶ 1-year term; expire April 30 the year in which it is issued, \$20 issuance charge, plus FRIAA reforestation levy – varies by conifer/decid and geographic location
- ▶ Maximum 50 m³ green volume or larger amounts under emergency salvage situations
- ▶ Personal use only and first come – first served basis on green permits
 - *Not for commercial use ie. Selling of firewood...*
- ▶ Permit is harvest authority
 - *Permit is the right to volume & the right to harvest*
- ▶ Dues are base rate as described in Timber Management Regulation

Forest Products Tag (TM66)

- ▶ 30-day term, \$5 issuance charge
 - ▶ Personal use only; tag is harvest authority
 - ▶ 20 transplants < 2.5 m height, 3 Christmas trees or 5 m³ green volume (firewood, posts, rails, etc.)
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FMA & Quotas can overlap:

- 1 - Manning FMA (P20) is a conifer FMA that has DTAs held by DMI
- 2 - High Level FMA (F26) has 3 holders for conifer and deciduous, with multiple DTA holders

FMA & Quota Boundaries:

- 1 - FMAs cover one or many FMUs (e.g. Alberta-Pacific)
- 2 - quota can only cover 1 FMU

AND...

An FMA holder CAN hold a quota within their FMA - result of FMA holder buying out one of the quota operators.

Forest Tenure Type	Base	Term	Allocation Method	Use	Legal Tenure Document	Harvest Authority	Forest Management Planning Responsibility	Annual Operating Plan Required	Reforestation	Annual Allowable Cut	Ground Rules	Public Consultation
Forest Management Agreement	Area	20 year, renewable every 10 years	Request for proposal	Commercial	FMA	FMA is, once FMP and AOP approved	Tenure Holder	Yes	Yes, tenure holder	Forest Management Plan	Negotiable and FMA specific	Yes
Timber Quota: Coniferous Timber Quota	Area or Volume	20 year, renewable	Auctions, tenders or direct sales	Commercial	Quota Certificate	Licence is, once AOP approved	Imbedded in FMA planning	Yes	Yes, tenure holder if 10,000 m3 or greater. If under, can reforest or pay levy to FRIAA	Area or volume based Forest Management Unit	Provincial or FMA specific	Yes
Timber Quota: Deciduous Timber Allocation	Area or Volume	20 year, renewable	Auctions, tenders or direct sales	Commercial	DTA Certificate	Licence is, once AOP approved	Imbedded in FMA planning	Yes	Yes, tenure holder if 10,000 m3 or greater. If under, can reforest or pay levy to FRIAA	Area or volume based Forest Management Unit	Provincial or FMA specific	Yes
Commercial Timber Permit	Volume within specified area, generally under 5,000 m3	1 to 5 years, no renewal	Auctions, tenders or direct sales	Commercial	Permit	Permit	Provincial	Yes	If not held by FMA or Quota holder, must pay levy for reforestation to FRIAA	N/A	Provincial or FMA specific	Yes
Coniferous Community Timber Permit	Volume, generally under 5,000 m3	Up to 5 years, no renewal	Direct Sales	Commercial: small historic community operators	Permit	Permit	Provincial	Yes	If not held by FMA or Quota holder, must pay levy for reforestation to FRIAA	N/A	Provincial or FMA specific	Yes
Local Timber Permit	Volume, up to 50 m3, higher if salvage	1 year, no renewal	Non-competitive	Non-commercial	Permit	Permit	Provincial	No	No, however permit holder pays levy to FRIAA	N/A	Provincial or FMA specific	No
Forests Products Tag	Volume, up to 5 m3	30 days, no renewal	Non-competitive	Non-commercial	Permit	Permit	Provincial	No	No	N/A	N/A	No

Forest Tenure in Alberta

- ▶ Questions?

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