Forest Tenure in Alberta

AAFMP Study Session
Spring, 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

- A FMA is the ONLY form of tenure in Alberta that gives the tenure holder rights to standing timber. All other tenures limit the rights to harvested timber.

- Quotas and permits can overlap FMAs
  - eg. Manning FMA for conifer has DMI DTAs
  - eg. Alberta-Pacific FMA has multiple CTQs
The Agreement

- Each FMA contains the following sections:
  - Definitions
  - Forest Management Area
  - Withdrawals
  - Rights over the Land
  - Forest Management
    - General Provisions
    - Reforestation
    - Forest Protection
The Agreement [continued]

- Records and Scaling
- Charges and Dues
- Facility Operation
- General Provisions
- Appendices

- The overview of each section following is not exhaustive.
Definitions

- As the name would suggest this section defines terms used within the agreement
- Important elements such as the “commencement date”, duration and the Company’s entitlement to renew are contained in this section as well

Forest Management Area

- Outlines the physical area the Agreement covers.
- References “Appendix A” map
- Outlines what is not part of the FMA Area
Withdrawals

- Outlines how land can be withdrawn from the FMA area by both industrial users, such as oil and gas, or by the Crown [either provincial or federal]
- Describes when compensation would be payable.
  - For industrial withdrawals the FMA holder receives compensation for all lands withdrawn typically through the Timber Damage Assessment [TDA] process.
  - For Crown withdrawals there is a percentage or hectare threshold that the Crown can withdrawal without compensation unless the Company has “improvements” on the lands being removed. The Company is eligible for compensation for improvements regardless if over or under this threshold.
Rights over the Land

- Outlines the rights the Company has:
  - Establish, grow, harvest and remove timber
  - Carry out planting and other activities
  - Can construct roads and other installations necessary

- Further outlines the items the Minister has reserved rights to things such as:
  - Rights of others to hunt, trap, fish and recreate
  - Geological/Geophysical exploration
  - Issue timber dispositions to others [quotas, CTPs etc.]
The Agreement [continued]

- Forest Management
  - General Provisions
    - Requirements for forest management plans
    - Forest Inventory/Growth and Yield Program
    - Ground rule development
  - Reforestation
    - Reforestation obligations
  - Forest Protection
    - Minister will provide organization to protect the forest
The Agreement [continued]

- **Records and Scaling**
  - Link to the specifics contained within Timber Regulation, Scaling Regulation and Scaling Manual
  - Reporting/submission requirements of timber volumes and record keeping
  - Allows for collection of market data
The Agreement [continued]

- **Charges and Dues**
  - Holding and Protection Charge
  - Timber Dues
  - Enhancement Fund

- **Facility Operation**
  - Notification requirements if reducing production or closing
  - Allows for Crown to issue short-term permits to others
  - Possible FMA cancellation
The Agreement [continued]

- General Provisions
  - Default and cancellation
  - Dispute mechanisms
  - Assignment parameters
  - Data submission requirements
  - Confidentiality of submitted information
Appendices
  ◦ Appendix A
    • The Map
  ◦ Appendices B&C [if required]
    • List embedded CTQs and DTAs

Some older Agreements contain a “Forest Management” Appendix as they predated the creation of the Planning Standard
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
Timber Quotas – Coniferous and Deciduous

- Currently 120+ quotas in Alberta
- 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
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.)
Quotas are **not** public documents but template is available online.

Certificate outlines the **Terms and Conditions** including *(not exhaustive)*:
- Renewal opportunity
- Wood supply
- Production/Chargeability
- Requirement to participate in forest management planning
- Outlines responsibilities around integration
CTQ and DTA Documents

- **Schedule “A”**
  - Authorized Production and Utilization Standard

- **Schedule “B”**
  - Quadrant Authorized Allowable Cut

- **Schedule “C”**
  - Any special operating conditions

- **Schedule “D”**
  - Forest Management Unit Map
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
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, $5 issuance charge
- Personal use only; tag is harvest authority
- 20 transplants < 2.5 m height, 3 Christmas trees or 5 m$^3$ green volume (firewood, posts, rails, etc.)
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.
<table>
<thead>
<tr>
<th>Forest Tenure Type</th>
<th>Base</th>
<th>Term</th>
<th>Allocation Method</th>
<th>Use</th>
<th>Legal Tenure Document</th>
<th>Harvest Authority</th>
<th>Forest Management Planning Responsibility</th>
<th>Annual Operating Plan Required</th>
<th>Reforestation Description</th>
<th>Annual Allowable Cut</th>
<th>Ground Rules</th>
<th>Public Consultation</th>
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</thead>
<tbody>
<tr>
<td>Forest Management Agreement</td>
<td>Area</td>
<td>20 year, renewable every 10 years</td>
<td>Request for proposal</td>
<td>Commercial</td>
<td>FMA</td>
<td>FMA is, once FMP and AOP approved</td>
<td>Tenure Holder</td>
<td>Yes</td>
<td>Yes, tenure holder</td>
<td>Forest Management Plan</td>
<td>Negotiable and FMA specific</td>
<td>Yes</td>
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<tr>
<td>Timber Quota: Coniferous Timber Quota</td>
<td>Area or Volume</td>
<td>20 year, renewable</td>
<td>Auctions, tenders or direct sales</td>
<td>Commercial</td>
<td>Quota Certificate</td>
<td>Licence is, once AOP approved</td>
<td>Imbedded in FMA planning</td>
<td>Yes</td>
<td>Yes, tenure holder if 10,000 m³ or greater. If under, can reforest or pay levy to FRIAA</td>
<td>Area or volume based Forest Management Unit</td>
<td>Provincial or FMA specific</td>
<td>Yes</td>
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<tr>
<td>Timber Quota: Deciduous Timber Allocation</td>
<td>Area or Volume</td>
<td>20 year, renewable</td>
<td>Auctions, tenders or direct sales</td>
<td>Commercial</td>
<td>DTA Certificate</td>
<td>Licence is, once AOP approved</td>
<td>Imbedded in FMA planning</td>
<td>Yes</td>
<td>Yes, tenure holder if 10,000 m³ or greater. If under, can reforest or pay levy to FRIAA</td>
<td>Area or volume based Forest Management Unit</td>
<td>Provincial or FMA specific</td>
<td>Yes</td>
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<tr>
<td>Commercial Timber Permit</td>
<td>Volume within specified area, generally under 5,000 m³</td>
<td>1 to 5 years, no renewal</td>
<td>Auctions, tenders or direct sales</td>
<td>Commercial</td>
<td>Permit</td>
<td>Permit</td>
<td>Provincial</td>
<td>Yes</td>
<td>If not held by FMA or Quota holder, must pay levy for reforestation to FRIAA</td>
<td>N/A</td>
<td>Provincial or FMA specific</td>
<td>Yes</td>
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<td>Coniferous Community Timber Permit</td>
<td>Volume, generally under 5,000 m³</td>
<td>Up to 5 years, no renewal</td>
<td>Direct Sales</td>
<td>Commercial: small historic community operators</td>
<td>Permit</td>
<td>Permit</td>
<td>Provincial</td>
<td>Yes</td>
<td>If not held by FMA or Quota holder, must pay levy for reforestation to FRIAA</td>
<td>N/A</td>
<td>Provincial or FMA specific</td>
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<td>Local Timber Permit</td>
<td>Volume, up to 50 m³, higher if salvage</td>
<td>1 year, no renewal</td>
<td>Non-competitive</td>
<td>Non-commercial</td>
<td>Permit</td>
<td>Permit</td>
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<td>No</td>
<td>No, however permit holder pays levy to FRIAA</td>
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<td>Provincial or FMA specific</td>
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<td>Forest Products Tag</td>
<td>Volume, up to 5 m³</td>
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<td>Non-commercial</td>
<td>Permit</td>
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<td>No</td>
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