Overview of Forest Tenure

These reading materials provide a roadmap outlining the evolution of tenure in Alberta. Learn how the Crown and tenure holders have specific rights and obligations for each type of tenure and how these tenure types dictate the structure of forest management planning in Alberta.

1. What is “Forest Tenure”

Forest Tenure is an interest in the forest resource granted by the Crown to a third party. In 1930, ownership and administration of Alberta natural resources transferred to the Province of Alberta. The Forests Act and Timber Management Regulation enable the award and administration of forest tenure on public forest land. Economic benefits are derived from the commercial utilization of the timber resource.

2. Rights and Responsibilities of the Crown Related to Forest Tenure

Alberta is both the owner and regulator of Alberta’s forest resource. The rights and obligations for managing Alberta’s forests are stipulated in the Forests Act and Timber Management Regulation. The Forests Act enables the Minister to create regulations governing timber harvesting as well as identifying the terms and conditions of forest tenure.

3. Describe the Types of Tenure

Under the Forests Act, the Crown can dispose of timber pursuant to Forest Management Agreements, Timber quotas and timber permits, Timber dispositions are either area based or volume based. Rights to the land or the timber, the terms, conditions and responsibilities vary by disposition type.

4. Tenure Based Forest Management Planning

Alberta is both the owner and regulator of Alberta’s forest resource. The rights and obligations for managing Alberta’s forests are stipulated in the Forests Act and Timber Management Regulation. The Forests Act enables the Minister to create regulations governing timber harvesting as well as identifying the terms and conditions of forest tenure.

5. Tenure Holder’s Authorities and Responsibilities

Alberta is both the owner and regulator of Alberta’s forest resource. The rights and obligations for managing Alberta’s forests are stipulated in the Forests Act and Timber Management Regulation. The Forests Act enables the Minister to create regulations governing timber harvesting as well as identifying the terms and conditions of forest tenure.

6. Evolution of Tenure in Alberta

Alberta is both the owner and regulator of Alberta’s forest resource. The rights and obligations for managing Alberta’s forests are stipulated in the Forests Act and Timber Management Regulation. The Forests Act enables the Minister to create regulations governing timber harvesting as well as identifying the terms and conditions of forest tenure.
What is “Forest Tenure”

March 2010

What is Forest Tenure and where did it come from?

In 1905 Alberta became a province in the Dominion of Canada. While Alberta had provincial status, the ownership of natural resources on Alberta’s Crown land remained with the federal government. This changed in 1930 with the passage of the federal Natural Resources Act (NRA); the Natural Resources Act transferred ownership and administration of Crown interests in Crown lands (which included most natural resources) from the government of Canada to Alberta. In response to the Natural Resources Act, the Province of Alberta enacted and amended a number of Acts and Regulations that established the authority, rights and obligations of the Crown over Alberta’s public lands and natural resources.

Creation of Forest Tenure Legislation in Alberta

Alberta’s Legislative Assembly enacted the Forests Act setting out the legal framework for the management of Alberta’s forests. The Forests Act describes how the Minister of Agriculture and Forestry may dispose of Alberta’s timber.

The Act describes the tenure methods (Forests Act s.15) that the Minister can use to dispose of Crown timber and sets limits for issuing and administering timber dispositions. New forms of tenure cannot be created without changing the Forests Act and this responsibility lies with the Legislative Assembly of Alberta.

The Timber Management Regulation provides the details within the legal framework for managing the forested lands set out in the Forests Act. The Forests Act describes the subject matter and sections 4 and 5 address those with the authority to make regulations. Any new regulations outside the subject matter described in the Forests Act or approved by someone not empowered by the Forests Act to create the regulation has no legal power. Regulations can be enacted, as per the Forests Act, by Cabinet through the Lieutenant Governor in Council and the Minister of Agriculture and Forestry.

The Forests Act and Timber Management Regulation enable the Minister of Agriculture and Forestry to award and administer forest tenure on public forested lands. Other related legislation includes: Public Lands Act, Forest and Prairie Protection Act and the Forest Reserves Act.
What is ‘Forest Tenure’?

Most of Alberta’s forested lands are owned by the Crown; as such, timber on this land is a publicly owned resource and is managed by the Crown. Currently, the majority of economic benefits from Alberta’s forests are derived from the commercial utilization of the timber resource. The Crown derives these benefits by allocating rights to harvest the resource through various forms of tenure and by collecting stumpage dues, and holding and protection charges.

*Forest tenure is an interest in the forest resource granted by the Crown to a third party.*

"Third parties" can include First Nations, forest industry disposition holders, oil/gas lessees, parks, and private landowners, among others. Tenure may take the form of a long or short term interest, with or without ownership registered with the Crown. Ownership of a form of Forest tenures conveys certain property rights.

Property rights conveyed through tenure can be characterized by key traits (adapted from Haley and Luckert, 1990) including:

**Comprehensiveness:**

**What rights are allocated?** The more comprehensive the rights and economic benefits to the forest tenure holder the more valuable the rights are to the company. In Alberta the Crown limits the rights allocated to tenure holders to the timber resource, not the land itself. In the case of FMAs, the FMA holder acquires the rights to standing timber whereas Quota holders only acquire the rights to the timber upon harvest. Further, for the purposes of the Public Lands Act, an FMA holder is considered an occupant of the land.

**Duration:**

**How long do the rights last?** The longer the tenure holder can enjoy the rights and economic benefits, the more valuable the rights are. In Alberta timber rights can be long term renewable rights - 20 years in the case of FMAs and quotas, or short term, non-renewable - 1 to 5 years (or less) in the case of timber permits.

**Transferability:**

**Can the company transfer or sell the rights?** In Alberta the Minister restricts the ability of the forest tenure holder to transfer or sell timber rights.

**Exclusiveness:**

**Can the forest tenure holder prevent others from using the timber resources?** In Alberta rights are generally species and area specific. This also holds true for most volume based allocations. Once a spatial harvest sequence is approved, all operators are required to follow the approved sequence. Provisions in the tenure documents prohibit the interference of a third party with the lawful operations of the tenure holder.

**Security:**

**What is the strength of the right?** The greater security, the more valuable the tenure arrangement becomes to the forest tenure holder. The Crown retains the right to alter the conditions of tenure arrangements coinciding with tenure renewal, a change in the annual allowable cut or the withdrawal of lands for other uses. In exchange for security come responsibilities imposed by the Crown as conditions of tenure. These responsibilities include forest management planning, reforestation, processing, and harvesting. The greater the degree of security, the greater the responsibilities and the willingness of the forest tenure holders to assume these responsibilities.
Alberta’s Forest Tenure System is a collection of legislation, regulations, policies, agreements and allocations/dispositions that govern the right to access and harvest timber. In Alberta three types of tenure are used: Forest Management Agreements, Quotas and Permits.

Alberta forest does not always authorize the third party to harvest timber. Timber quotas are a timber allocation. In order for the Quota holder to enter upon the land and harvest crown timber they must possess a timber license. Permits and FMAs are both the allocation and the authority to harvest (policy requires an approved AOP prior to any operations). A timber disposition is a contract between the Crown and the disposition holder that grants specific rights and obligations for the disposing of Crown timber to the disposition holder. Timber dispositions are issued and managed by the Forestry Division of Alberta Agriculture and Forestry. Alberta’s multiple use policy is accommodated through the issuance of other resource dispositions under the Public Lands Act (Grazing Leases, Right-Of-Entry, etc.) administered by Alberta Environment and Parks.
Rights and Responsibilities of the Crown Related to Forest Tenure

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I. Ministerial Roles and Responsibilities with respect to Forest Tenure

Alberta is both the owner and regulator of Alberta’s forest resources. Alberta retains the rights and responsibility to manage the forest resources in the best interest of the public (Public Land Model).

Legislation Directing the Role of the Crown

The Province of Alberta supports policies of sustained yield, sustainable resource development, ecosystem management and multiple-use designed to provide ecological, economic, social, and cultural opportunities for the benefit of present and future generations of Albertans. The rights and obligations for managing Alberta’s forests are stipulated in the Forests Act and Timber Management Regulation.

Section 7 of the Forests Act specifies that the Minister of Agriculture and Forestry shall administer and manage timber on public land under his administration. Section 5 of the Forests Act enables the Minister to create regulations governing timber harvesting as well as identifying the terms and conditions of forest tenure. The ability of the Minister to more fully outline the intent of the legislation is met through written policies and directives.
Section 5 of the *Forests Act* authorizes the Minister to make regulations that specify standard terminology and other specifications that must be followed when producing plans, maps and other documents. This allows the Minister to embed key land and resource concepts (sustainable forest management, multiple use, public involvement, reforestation, etc.) in regulation. These key land and resource concepts are implemented through the various forms of forest tenure via various terms and conditions. To ensure stewardship responsibilities are met, the Minister develops guidelines, policies, and legislation related to forest management, forest industry development, resource allocation, forest revenues, export of forest products, and public involvement. The Minister monitors forest industry compliance with Alberta’s statutes, regulations, policies, and agreements through the review and approval of forest management plans, public involvement programs, timber harvest and production audits, and provincial compliance audits.

Section 15 of the *Forests Act* enables the Minister to dispose of Crown timber in one or more of the following ways:

1. Forest Management Agreements
2. Quotas / Licenses
3. Permits

Conversely if the Minister is of the opinion that a timber disposition holder is in contravention of the terms and conditions of the timber disposition or the Minister decides it is in the Public’s best interest, Section 25 of the *Forests Act* allows the Minister to alter, suspend, or cancel timber dispositions.

II. Obtaining Forest Tenure

Forest tenures may be obtained several different ways, largely dependent upon the tenure type. The various forms of tenure and the methods by which they may be procured are outlined as follows:

**Forest Management Agreements**

Forest management agreements (FMAs) are negotiated agreements between the Minister and an interested party with the approval of the Lieutenant Governor In Council as per Section 16 of the *Forests Act*. The negotiation of an FMA is a long process and can span months. Traditionally, negotiation of an FMA included the construction and operation of a large manufacturing facility.

In an FMA, the Province grants the interested party (normally a forest products company) the right to establish, grow, harvest, and remove timber on a perpetual sustained yield basis on the area provided under the FMA. Notwithstanding this and in keeping with Paragraph 8 of most FMAs the Crown retains all land rights on the FMA not specifically given to the FMA holder through the FMA. Retained land rights include the right for:

- public travel, hunting, fishing and recreation;
- geological or geophysical exploration;
- maintenance or enhancement of fish and wildlife resources;
- grazing domestic livestock; and
- issuance of timber permits for community and personal use.
The Minister also reserves the right to withdraw lands from the FMA for purposes he deems essential for human or physical resource developments such as:

- establishment or expansion of parks or wilderness areas,
- Aboriginal land claims,
- buffers around water bodies,
- rights-of-way, and
- road allowances.

**Timber Quotas**

The Minister has the authority to issue timber quotas under Section 17 of the *Forests Act*. The methods by which timber quotas can be issued are listed in Section 3 of the *Timber Management Regulation*. The three methods used include tender, auction, or direct sale. If a timber quota is to be sold by tender or auction, the Minister must advertise the sale by public notice outlining the timber rights being offered, the place and time of the sale, and the conditions and procedures of the sale as per Section 42 of the *Timber Management Regulation*.

Tender refers to selling a timber quota through a sealed tender. In the event that the Minister has unallocated timber in a particular Forest Management Unit (FMU), the Minister may offer the timber for sale. This timber is offered as a percent of the annual allowable cut (AAC) in the FMU for coniferous timber and either as a volume or area for deciduous timber. In Alberta, all deciduous timber allocations have been issued as volume dispositions. It is interesting to note that if there is already a timber quota holder in a particular FMU, the existing quota holder has the right to match the highest tender. If this occurs the sale is immediately continued by auction.

Timber quotas may also be sold by auction to the highest bidder. Anyone interested in purchasing a timber quota by tender or auction will be required to submit a deposit prior to bidding. In addition, potential bidders may also be required to qualify prior to bidding. This includes confirmation that the bidder is an Alberta resident or a corporation registered with Alberta Corporate Registry and in good standing with that Registry, and that the bidder is not indebted to the Crown. The successful bidder will be required to pay at least 10% of the total bid price on the day of the sale and the balance within 10 days. If the balance is not paid, the 10% initial payment and deposit are forfeited to the Crown.

The third and final method a timber quota may be obtained is through a direct award at the Minister’s discretion.
Commercial Timber Permits

Under the authority of Section 22 of the Forests Act, the Minister may grant or sell a permit. Commercial Timber Permits (CTPs) may be sold by tender, auction or direct sale. If a CTP is to be sold by tender or auction, the Minister must advertise the sale by public notice outlining the basic operating conditions, the place and time of the sale, and the conditions and procedures of the sale as per Section 42 of the Timber Management Regulation.

When a CTP is sold by tender or auction, the volume may be sold on a lump sum (one price for the entire volume) or on a per cubic metre basis. In either case, the Minister may establish a “floor” price for the CTP and any bid received that is lower than the floor will not be accepted.

Regardless of the method by which the CTP is sold or purchased, the Minister requires payment of a security deposit. Should a CTP holder default or fail to complete all of the terms and conditions specified with their permit, the Minister may also choose to realize some or all of the security deposit to complete any outstanding obligations.

Coniferous Community Timber Permits

Coniferous Community Timber Permits (CCTPs) are a variant of the CTPs noted above. The CCTP program was designed to ensure a perpetual flow of timber to very small, local manufacturing facilities. CCTPs may be directly awarded to people or companies on the approved list for a particular area. CCTP holders pay a fixed rate of timber dues. All other aspects of the CCTP are similar to that of a CTP.

Local Timber Permits

Under the authority of Section 22 of the Forests Act, the Minister may grant or sell a permit.

Local Timber Permits (LTPs) are sold to individuals for their own private use or for the harvest of endangered timber in the event of industrial salvage. If the LTP is issued for “own-use,” the volume is limited to a maximum of 50 m³. All fees and timber dues for LTPs must be paid prior to issuance of the permit. LTPs may be sold on a draw basis in those areas where subscribers outnumber available timber volume, or on a first-come first-served basis.

Forest Products Tag

Under the authority of Section 22 of the Forests Act, the Minister may grant or sell a permit.

Forest product tags (FPTs) are sold on an as-needed basis for very small, personal-use requirements such as for 20 transplant trees under 2.5 metres tall, 3 Christmas trees under 2.5 metres tall, or for less than 5 m³ of roundwood (usually for firewood but may also include posts and rails). Holders of a forest product tag may be directed to a particular area or even a particular tree to obtain their permitted forest product.
Non-Standard Award Methods

In an effort to garner additional value from Alberta’s forest resources, there are three additional methods that may be used to hold forest resources in abeyance until such time as a disposition is issue. They are a Memorandum of Understanding (MOU), a Letter of Agreement (LOA), and a Request for Proposal (RFP).

For the most part MOUs have been used to develop community capacity in fledging First Nations forestry business interests. The MOU contains the terms and conditions of the tenure that is to be allocated at a later point in time. Traditionally the tenure issued in this circumstance has been a CTP.

LOAs have been used to hold pending rights to forest resources based on a given company’s proposal to construct a new facility or add to an existing facility. LOAs are negotiated documents that provided facility development milestones in exchange for future timber rights, normally a timber quota.

RFPs are solicitations for development of proposals for large blocks of timber. The Minister gathers these development proposals and assesses them to determine the most appropriate development opportunity for Alberta. The Minister may assemble a panel (sometimes called a Blue Ribbon Panel due to the expertise of the panel members) to assist in this assessment. The subsequent timber allocation may either be a timber quota or a forest management agreement.

Each of these three non-standard award methods of allocation is used in conjunction with the Minister’s ability to “direct award” or negotiate forest tenures.

III. Authority to Allocate Timber and Timber Harvesting Rights

The authority of the Crown required to allocate timber and timber harvesting rights through Alberta’s forest tenure system and administer the tenure system is embedded in the various provincial statutes including the Forests Act, Timber Management Regulation and various forest management policies and directives. Sections 6 and 7 of the Forests Act authorize the Minister of Agriculture and Forestry to administer and manage the ability to delegate the power, duty or functions conferred to the Minister through the Forests Act to any employee of his Department or to any ex officio forest officer.

The following list indicates the source of authority required at various levels and where relevant the delegated authority:
**Forest Management Agreements:** Section 15(a) of the *Forests Act* gives the Minister responsible for the administration of Alberta’s forests (the Minister) the right to dispose of Crown timber through an FMA. Section 16(1) of the *Forests Act* gives the Minister the right to enter into Forest Management Agreements with the approval of the Lieutenant Governor in Council. The terms and conditions of an FMA are negotiated between the Minister and the third party and approved by the Lieutenant Governor.

**Timber Quotas:** Section 15(b) of the *Forests Act* gives the Minister the right to dispose of Crown timber through a timber quota. The Minister has delegated the authority to negotiate the terms and conditions of a timber quota and issue the timber quota to the Executive Director of the Forest Management Branch.

**Commercial Timber Permits:** Section 15(c) of the *Forests Act* gives the Minister the right to dispose of Crown timber through a timber permits. The Minister has delegated the authority to negotiate the terms and conditions of the timber permit to the Forest Manager for the forest area in which the timber permit will be issued.

**Local Timber Permit:** Section 15(c) of the *Forests Act* gives the Minister the right to dispose of Crown timber through timber permits. The Minister has delegated the authority to negotiate the terms and conditions of an Local Timber Permit (LTP) and the ability to issue the LTP to a Forest Officer.

**Forest Product Tag:** Section 15(c) of the *Forests Act* gives the Minister the right to dispose of Crown timber through timber permits. The Minister has delegated the authority to negotiate the terms and conditions of a Forest Product Tag (FPT) and issuance of the FPT to a Forest Officer or Administrative Support Staff. FPTs may also be issued by authorized third-party vendors in some areas.

**Long Term Forest Management Plans:** Long-term forest management plans (preliminary and detailed forest management plans) are approved by the Executive Director of the Forest Management Branch.

**General Development Plans:** General Development Plans (GDPs) are approved by the Forest Manager of the Forest Area where the proposed operations will occur.

**Annual Operating Plans:** Annual Operating Plans (AOPs) are approved by the Forest Manager of the Forest Area where the proposed operations will occur.

**Annual Allowable Cuts:** Section 14(2) of the *Forests Act* gives the authority to establish the AACs for FMUs to the Minister. The Minister has delegated the authority to set the AAC for an FMU to the Assistant Deputy Minister of the Forestry Division.

**Forest Management Units:** Section 14(1) of the *Forests Act* gives the authority to create FMUs to the Minister. The Minister has delegated the authority to create an FMU to the Assistant Deputy Minister of the Forestry Division.

**Harvest Planning and Operating Ground Rules:** Section 5 of the *Forests Act* gives the authority to the Minister to create regulations governing planning and harvesting. The Minister has delegated portions of this authority to the Executive Director of the Forest Management Branch.
IV. Legislation referred to in this Article

Forests Act
Section 3
Section 5
Section 7
Section 6
Section 8 (1)
Section 14 (1), 14 (2)
Section 15 (a), 15 (b), 15 (c)
Section 16
Section 17
Section 22
Section 25

Timber Management Regulation
Section 42
Describe the Types of Tenure

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I. Introduction
II. Broad Categories Forest Tenure
III. Description of Timber Dispositions
   1. Forest Management Agreements
   2. Timber Quotas
   3. Licenses
   4. Timber Permits
IV. References

I. Introduction

Forest tenure in Alberta serves the primary purpose of allocating the tenure holder the right to harvest timber. The tenure holder in return gains economic benefits from harvesting the timber. Each form of tenure comes with different obligations and expectations. As tenure systems become more comprehensive, longer, secure, or exclusive, so increases the expectations from the Crown. The responsibilities of the tenure holder also increase.

Forest Management Agreement holders have long-term, secure and extensive area-based rights to the timber resource. In exchange the Province expects the FMA holder to take on the responsibility for forest management planning, forest management activities, and reforestation. The FMA holder is also expected to address social and environmental issues through public consultation. Within the forest management area the FMA holder is expected to address the long-term planning and forest management issues of embedded forest tenure holders.

Quota holders have long-term, secure, volume-based tenure; however the Crown retains the planning and forest management responsibilities. Expectations from the Crown include that the quota holder will follow existing forest management plans and the ground rules for the area from which the timber is harvested, submit General Development Plans (GDPs) and Annual Operating Plans (AOPs) and, after harvesting is complete, reforest the cut-over lands.

Permit holders have a short-term, less secure, volume-based tenure under which the Crown retains the planning and forest management responsibilities. Permit holders are expected to follow the Provincial Timber Harvest Planning and Operating Ground Rules unless authorized to follow the Ground Rules of an overlapping FMA.
II. Broad Categories Forest Tenure

The primary purpose of crown forest tenure is to facilitate logging for commercial purposes. In Alberta, forest tenure can be classified into 2 broad categories: area-based and volume-based.

**Area-based** tenures convey an exclusive right to harvest all merchantable standing timber, except that reserved by the Minister within the area covered by the tenures. In Alberta a Forest Management Agreement is an area-based tenure.

**Volume-based** forest tenures, such as timber quotas or permits convey a right to harvest a specified percent of the annual allowable cut or a fixed volume of timber within a defined area. In Alberta Coniferous Timber Quotas grant the quota holder a percent of the annual allowable cut in a Forest Management Unit at a specified utilization standard. Deciduous quotas (Deciduous Timber Allocations or DTAs) allocate fixed volumes or a specific area where a deciduous quota holder can harvest a fixed volume of deciduous timber (in Alberta, all DTAs are volume based). Timber Permits authorize the permit holder to harvest a specified volume of conifer and/or deciduous timber. A permit specifies the land from which the timber is to be harvested, the amount of timber, the term of the permit and the conditions under which it can be operated. **With both the quota holder and the timber permit holder, the disposition holder does not have any rights to the land or the timber until such time as the timber is harvested.**

There is also another type of quasi area-based timber allocation that has not been commonly used in Alberta - the Community Forest. A community forest disposition was executed in 1966 under the authority of the Public Lands Act. This disposition set aside forested public lands to provide the community a long-term continuous supply of timber for its own use and sale. In 1969 the Lieutenant Governor issued an Order in Council establishing the Blueberry Mountain Community Forest. To harvest the timber, community residents must apply for permits.
III. Description of Alberta’s Timber Dispositions

1. Forest Management Agreements
2. Timber Quotas
3. Licenses
4. Timber Permits
   A. Commercial Timber Permits
   B. Community Coniferous Timber Permit
   C. Local Timber Permits
   D. Forest Product Tags

1. Forest Management Agreements

Forest Management Agreements (FMAs) are authorized under an order-in-council. This is essentially a contract between the Crown and a company that enables that company to enter crown forest lands for the purpose of establishing, growing, harvesting, and removing timber in a manner designed to provide a perpetual sustained yield of timber. An FMA is a long-term area-based agreement that grants the company rights to all standing timber within the land covered by the agreement. FMAs generally cover large areas of land for a long period of time (20 years) and are renewable. Under an FMA there is no transfer of public land.

The FMA forest tenure was created to provide a forest products company the assurance of a long-term timber supply. In return companies would build and maintain large capital-intensive processing facilities and engage in long-term forest management activities. After being allocated an FMA, the company assumes responsibility for forest management planning on the FMA. These responsibilities include enabling public involvement, stewardship reporting, the development of forest management plans, and the integration of other timber disposition holders embedded within the FMA area. The actual authority to harvest is the FMA document but harvest is controlled through an approved AOP.

In summary, the key characteristics of Forest Management Agreements are:

- **Resource Rights**: Exclusive right to establish, grow, harvest, and remove timber on a perpetual sustained yield basis in a specified area.
- **Duration**: 20 years; renewable every 10 years
- **Transferability**: Consent of Minister is required. Must pay assignment fee when transferring right to another party (Timber Management Regulation Section 156). The entire interest in the FMA must be transferred.
- **Exclusiveness**: FMA holders have the rights to standing timber over all other users. The right to harvest is based upon an approved AOP.
- **Security/Responsibility**: Rights, terms and conditions are negotiated and approved by the Lieutenant Governor through an Order-In-Council and is captured in the Forest Management Agreement. FMA holders may lose their rights if they default on terms and/or conditions of the FMA.
Responsibilities include:

- **Forest Management**: Carry out, at their own cost, Forest Management Plans (FMPs), GDPs and AOPs;
- **Public Involvement**: FMA Holders must carry out meaningful public involvement;
- **Reforestation**: Carry out at own expense;
- **Forest Protection**: Provided by Crown; FMA holders must enter into a Fire Control Agreement and work with the Crown for insect and disease control;
- **Charges and Dues**: Pay stumpage charges described in the *Timber Management Regulation* or the individual FMA. Also pay Holding and Protection (H&P) charges. H&P are negotiated and indexed over time to account for inflation;
- **Records and Scaling**: As per *Timber Management Regulation, Scaling Regulation*, and Scaling Manual;
- **Roads**: construct, operate and maintain. Pay royalties on sand and gravel, if not located on proposed rights-of-ways within the FMA.

2. Timber Quotas

The Alberta timber quota system was introduced to Alberta in 1966 to provide timber operators with a long-term secure timber supply. Quotas are allocations that provide the operator with a percentage (volume based) share of the AAC in a specified FMU. In order to actually harvest the timber allocated through the quota, the quota holder, according to the *Forests Act*, must acquire a timber license.

The timber quota system was instituted to provide fibre security to medium to large forest companies as an incentive to invest in small to medium-sized timber processing facilities and encourage local employment and economic development.

The quota grants a percent of the approved AAC (which is translated into a volume) at a specified utilization standard within an FMU or a specified area. Section 17 of the *Forests Act* states that a coniferous timber quota (CTQ) shall specify a percent of the AAC of coniferous timber within an FMU that the quota holder can harvest or area of coniferous timber within an FMA that can be harvested. A deciduous timber quota (DTA), will also specify the volume or area of deciduous timber within an FMU that a quota holder will be entitled to harvest. Currently in Alberta, all coniferous and deciduous timber allocations are volume-based.

**A quota is only a timber allocation. It is not a disposition (i.e. the authority to harvest timber).** According to Section 15(b) of the *Forests Act*, the Minister can dispose of timber the pursuant to the sale of a quota and the issuance of a license. This means that the quota holder must have both to harvest crown timber. The quota is the timber allocation...
and the license is the authority to harvest. Quota holders must also submit an annual operating plan (AOP) prior to harvest.

In summary, the key characteristics of Quotas are:

- **Volume or area-based**
- **Resource Rights**: CTQs: Percent of the AAC for a given FMU; DTAs: fixed volume (both CTQs and DTAs may have a landbase associated with allocation)
- **Duration**: 20 years. Renewable.
- **Transferability**: Consent of Minister is required. Holder must pay an assignment fee when transferring the right to another party (*Timber Management Regulation*, Section 156).
- **Exclusiveness**: Quota holders own the timber once it is harvested. (Authority to harvest comes through timber licenses and harvest is controlled through AOPs.)
- **Security/Responsibility**: The rights, terms and conditions are normally standard but may be negotiated with the Minister and captured on the quota certificate. Quota holders may lose rights if they default on terms and conditions of quota certificate or are in contravention of the Acts and Regulations of Alberta.

Responsibilities include:

- **Forest Management**: In Non-FMA FMUs forest management is responsibility of the Crown. Quota holder must submit GDP and AOPs. In FMA FMUs, the quota holder must follow FMP and may follow the ground rules for that FMA or, failing that, must follow the provincial ground rules.
- **Reforestation**: Quota holders with rights to greater than 10,000 m² are responsible for reforestation. Quota holders with rights to less than 10,000 m² have the option to do reforestation or pay a levy to the Forest Resource Improvement Association of Alberta (FRIA).
- **Forest Protection**: Provided by Crown.
- **Records & Scaling**: As per the *Timber Management Regulation, Scaling Regulation*, and Scaling Manual.
- **Charges & Dues**: Pay stumpage charges described in the *Timber Management Regulation*. Holding and Protection charges are paid as per the *Timber Management Regulation*. Pay FRIP dues if the timber is assessed under Schedules 3 or 5 of the *Timber Management Regulation*.

### 3. Timber License

A timber license is a timber disposition (rather than an allocation) issued pursuant to the Section 21(4) of the *Forests Act* authorizing the person named in it to harvest timber. A timber license describes the land from which the timber may be harvested, states the period in which the timber may be harvested, describes the timber that may be harvested, explains the terms and conditions on which the license is granted, states the rate of timber dues the license holder will pay, and describes the reforestation obligations. There is a $50.00 license issuance fee. A license is required prior to a timber quota holder harvesting timber.

### 4. Permits

A permit is a short-term (up to 5 years), volume-based forest tenure that grants the permit holder the right to harvest a specified volume of timber (conifer, deciduous or both) from a specified area. This type of forest tenure was developed to meet local demand for forest products from smaller operators and community use.
There are 4 types of permits:

A. **Commercial Timber Permits** (CTPs or DTPs) are issued to small sawmill or logging operations for commercial use, milling, resale of green timber and endangered or dead timber salvage.

The main characteristics of CTPs are:

- **Volume-based**
- **Resource Rights**: Fixed volume within a specified area. Created for small commercial operators (loggers / small mill owners.)
- **Duration**: 1-5 years. Non-renewable.
- **Transferability**: Consent of Minister is required. Required to pay and assignment fee of $500 to Minister.
- **Exclusiveness**: Permit holder owns timber once it is harvested. The permit is the authority to harvest and harvest is controlled through an AOP.
- **Security/Responsibility**: Rights, terms and conditions are specified by the Minister on the permit. Authority to harvest is the CTP.

Responsibilities include:

- **Forest Management**: Forest management is responsibility of the Crown.
- **Reforestation**: If CTP holder is not an FMA or quota holder the permit holder pays a levy to FRIAA for all volume harvested. If the CTP holder is an FMA or Quota Holder then the regulations governing the tenure held applies.
- **Forest Protection**: Provided by Crown.
- **Charges & Dues**: Pay stumpage charges determined by the bid price or by regulation rate described in the Timber Management Regulation. Holding and Protection charges are paid as per the Timber Management Regulation.

B. **Coniferous Community Timber Permits** (CCTPs) are very similar to CTPs. The difference is that CCTPs have been developed to provide long-term access to timber for a specified set of small operators. The CCTP program was designed to standardize eligibility criteria (for fairness and ease of administration) and to galvanize an important segment of Alberta’s traditional forest users against future countervailing duty actions. Historic access to timber was considered in assessing eligibility conditions. New members will be added at the invitation of the Minister when an opening arises. These short-term permits have a fixed dues rate ($2.50/m³) for timber harvested and processed by an eligible Community Mill. In addition, there is a $0.50/m³ charge assessed for Forest Resource Improvement Program (FRIP) dues. If timber harvested under authority of a CCTP is not manufactured at an eligible Community Mill, timber dues are assessed at the market rate of dues plus the full FRIP dues prescribed by the Regulation. See Part 2, Division 5 of the Timber Management Regulation.
The main characteristics of CCTPs are:

- **Volume-based**
- **Resource Rights:** Fixed volume within a specified area. Created for specially eligible small commercial operators (loggers / small mill owners.) in specific areas.
- **Duration:** 1-5 years. Non-renewable
- **Transferability:** Non-transferable
- **Exclusiveness:** Permit holder owns timber once it is harvested. The permit is the authority to harvest and harvest is controlled through an AOP.
- **Security/Responsibility:** Rights, terms and conditions are specified by the Minister on the permit. Authority to harvest is the CCP.

Responsibilities include:

- **Forest Management:** Forest management is responsibility of the Crown.
- **Reforestation:** The CCTP holder pays a levy to FRIAA for all volume harvested.
- **Forest Protection:** Provided by Crown.
- **Records & Scaling:** As per *Timber Management Regulation*, *Scaling Regulation*, and Scaling Manual.
- **Charges & Dues:** Pay stumpage charge as described in the *Timber Management Regulation*. Holding and Protection charges are paid as per the *Timber Management Regulation*. Holding and Protection charges are paid as per the *Timber Management Regulation*.

C. **Local Timber Permits** (LTPs) are issued for personal, non-commercial use to meet local demand for a variety of products building logs and clearing fence lines around grazing dispositions. LTPs may also be issued to provide for the disposal of timber resulting from industrial salvage.

Attributes of LTPs include:

- **Volume-based**
- **Resource Rights:** Fixed volume from a specified area. Allocation for harvest (removal) of small volumes endangered timber or personal use (up to 50 m$^3$) or a volume specified by the permit for industrial salvage.
- **Duration:** Up to 1 year Non-renewable. Expires on April 30.
- **Transferability:** Cannot be assigned.
- **Exclusiveness:** Specified volume within a specified area. The timber becomes the permit holders once it is harvested (or removed).
- **Security/Responsibility:** Rights, terms and conditions are specified by the Minister on the permit. Authority to harvest is the LTP. The LTP must be present at the harvest site during active operations.

Responsibilities include:

- **Forest Management:** Forest management is responsibility of the Crown.
- **Reforestation:** Reforestation Leves are assessed on permit volume and are described in the *Timber Management Regulation*.
- **Records & Scaling:** No required submissions of records related to permit.
- **Charges and Dues:** $20 issuance fee and timber dues reforestation Levy as per *Timber Management Regulation*.
D. **Forest Product Tags:** are permits to remove primary timber products for personal use (Christmas trees, transplant trees, firewood and fence posts) (Timber Management Regulation Sections 67-69). Forest Product Tags (FPTs) are sold to meet the needs of Albertans for small volumes of timber for personal use or forest products such as Christmas trees and tree transplants. The FPT is the authority, according to the Forests Act, to harvest timber.

The main characteristics of **Forest Tags** are:

- **Volume-based.**
- **Resource Rights:** Volume-based allocation for small quantity of primary timber products including:
  - **Christmas trees** (up to 3 trees, under 2.5 m in height)
  - **Transplant trees** (up to 20 trees, smaller than 2.5 m tall)
  - **Firewood** (up to 5 m³)
- **Duration:** 30 days. Non-renewable.
- **Exclusiveness:** Specified volume within a specified area. The timber becomes the permit holders once it is harvested (or removed). The FPT must be present during the harvest and transport operations.
- **Security/Responsibility:** Rights, terms and conditions are specified by the Minister on the permit. Authority to harvest is the FPT.

Responsibilities include:

- **Forest Management:** Forest management is responsibility of the Crown.
- **Forest Protection:** None
- **Reforestation: Records & Scaling:** No required submissions of records related to permit.
- **Charges and Dues:** $5 issuance fee. FPT are exempt from timber dues and reforestation levy.

**IV. References:**

I. Introduction
In Alberta, the type of Tenure dictates the type of forest management planning that is undertaken. For the harvest of publicly owned forests in Alberta this ranges from “high level” plans that contain statements describing how the tenure holder intends to manage the forest to ensure sustainability of the resource, to “low level” plans that are more operational and describe the location, timing and method of harvest.

![Hierarchy of forest management planning documents in Alberta.](image)

In the remainder of this unit, we will discuss the specific forest management planning requirements for Forest Management Agreements (FMAs), Quotas, and Timber Permits. All forest management planning must be conducted according to The Alberta Forest Management Planning Standard.

II. Forest Management Plans and Tenure

1. Forest Management Agreements

Once a new FMA has been signed by order in council it commences and becomes a legally binding agreement between the holder of the FMA and the Alberta Government as of the date specified in paragraph 2 of each FMA. The kind and amount of forest management planning that must be undertaken by an Agreement holder is specified in Section 10 of the actual FMA Agreement. Upon commencement, the Agreement holder is bound to a forest management planning process that includes the preparation of four types of plans. Each of the plans has a specific purpose and timeframe under which it must be...
developed and submitted. The purpose and timelines associated with each of the four plans are outlined below.

a) Preliminary Forest Management Plan

All Forest Management Agreements contain a clause requiring a new Forest Management Agreement holder to submit a one-time only preliminary Forest Management Plan (FMP). In most cases, the Minister requires the plan to be submitted within 12 months of the commencement date of the FMA. The intent of a preliminary FMP is to guide forest management activities until a detailed FMP is approved. When the Agreement holder has completed a preliminary FMP and an Annual Operating Plan suitable to the Minister, it has the approval it needs to conduct key forest management operations in the first few years of the operation. Key operations include, but are not limited to, harvesting timber to build an inventory in the yard and planning main road corridors for wood hauling.

Preliminary FMP components include:
1. A brief description of the Area
2. A current timber supply analysis (TSA) for the area used to establish an annual allowable cut (AAC).
3. A Terms of Reference (ToR) for the detailed Forest Management Plan (required later in the planning process).
4. The initial values, objectives, indicators and targets (also know as VOITS)
5. A spatial harvest sequence (SHS)

Public participation during preliminary Forest Management Plan development is advised but not mandatory.

Plan Approval: The preliminary FMP is approved by the Executive Director of the Forest Management Branch of the Forestry Division. The preliminary plan remains in effect until the detailed Forest Management Plan is approved.

b) Detailed Forest Management Plan

The Minister expects that all new detailed Forest Management Plans will be prepared to the Canadian Standards Association’s CAN-CSA-Z809-2002 Sustainable Forest Management: Requirements and Guidance Document, except where one of its requirements is specifically excluded in the Alberta Forest Management Planning Standard.

A detailed FMP developed on publicly owned forest in Alberta must contain:

1. Comprehensive description of the Defined Forest Area (DFA)
   a. Corporate Overview
   b. Description of the Forest Management Approach to be used on the DFA – i.e. coarse filter, fine filter, natural disturbance, single land base, etc.
   c. Landscape Assessment

2. Summary of any previous Forest Management Plans and the management outcomes including the learning associated with the management review

3. Statement of VOITs

4. Current status of each indicator, including a description of the assumptions and analytical forest management objectives

5. Description of a preferred forest management scenario including development of an AAC and an associated spatial harvest sequence

6. Implementation strategy (how the plan will be delivered operationally)
7. Performance monitoring/stewardship program

All new FMA holders are required to submit a detailed FMP for approval within 5 years of the commencement date of the FMA. It should also be noted that all new or recently renegotiated Forest Management Agreements contain a provision requiring the FMA holder to submit a revised detailed FMP no later than 10 years after the commencement of the FMA.

During development of the detailed plan, a high degree of public involvement is expected. Section 5.2 of CAN/CSA-z809-02 requires that the “organization openly seek representation from a broad range of interested parties, including DFA-related workers, and invite them to participate in developing the public participation process.”

FMA holders are also expected to respect all current resource commitments. For example they must ensure that the timber volume allocated in a Quota that is embedded within a FMA continues.

If the Quota holder disagrees with the detailed FMP, the Minister requires the Forest Management Agreement holder to provide sufficient evidence and documentation that meaningful consultation has occurred between it and the Quota holder during the development phase of the plan, before it will address the issue.
The Crown represents the interests of permit holders and other resource users.

**Plan Approval:** DFMPs are submitted to the Director of the Forest Management Branch for approval. If approved, a detailed FMP will remain in effect for 10 years. A holder may update the plan at any time during the 10 year term if it chooses, the Minister can also require the FMA holder to update the DFMP if, in his opinion, the plan becomes obsolete or inadequate.

For example, the Minister may consider a detailed FMP as inadequate if a catastrophic fire or a mountain pine beetle outbreak reduces total growing stock to levels that will not sustain the current annual allowable cut.

**Note:** The term FMP is generic, it is often used to refer to forest management plans developed by the Minister for a non-FMA-FMU or to a preliminary or detailed Forest Management Plan developed by a FMA holder.

c) General Development Plan

After the detailed FMP is approved, the Minister requires all Forest Management Agreement holders to prepare and submit a General Development Plan (GDP) for approval.

General development plans use the spatial harvest sequence developed in the FMP as a starting point and bridge higher-level goals and strategies indicated in the detailed FMP with operational day-to-day realities of a living, dynamic forested land base impacted by other users, fire, changing economic climates and so on. They represent a 5-year time span, but they are prepared yearly (a running 5 year plan).

They describe the intent of the FMA holder for the next five years.

A general development plan contains:
1. harvest strategy and levels.
2. reforestation and reclamation operations, and
3. road building activities.

Think of a GDP as a plan that provides the direction for the integration of timber harvesting with other land base users. Details in a GDP provide the Minister and his staff with the information they require to
coordinate the issuance of timber dispositions, monitor harvest levels and road building activities, and integrate planned timber harvests with other timber operators and resource users on the landscape.

General Development Plans can also be seen as a means to ensure that concerns and issues in the area planned for harvest are identified early. They provide the Minister with sufficient time to find solutions to those concerns and issues. For example, local residents are concerned about the impact scheduled harvesting in high elevation areas on scenic views and the quality and flow of water within the basin that supports irrigation of farm fields.

An approved GDP does not grant or provide a FMA holder with the authority to harvest timber. An approved AOP carries out this function.

**Plan Approval:** Plans are reviewed by qualified Forestry Division Forest Area staff. The purpose of the review is to ensure that proposed harvest strategy and reclamation activities are consistent with the FMP. If the review is favourable, Forest Area staff will recommend approval of the GDP to the Forest Area Manager, who has the authority to approve the GDP.
d) Annual Operating Plan

An Annual Operating Plan (AOP) is a comprehensive plan that outlines all operational activities that the tenure holder plans to conduct on a specific landbase for the upcoming operating year.

An annual operating plan:
1. Outlines the harvesting strategy to be used.
2. Describes when, where and how roads will be built.
3. Lists blocks to be harvested.
4. Outlines specific silviculture operations and associated details.
5. Contains the location of water crossings and types of structures installed (or lack of structures) used.
6. Explains how other resource users will be integrated with the proposed activities, i.e., trappers, grazing leasees, etc.

Submission dates for annual operating plans are set out in the Operating Ground Rules (negotiated between the Province and the FMA holder). Section 100 of the Timber Management Regulation requires all FMA holders to conduct their operations in accordance with the approved AOP.

**Plan Approval:** Annual plans are reviewed by qualified Forest Area staff to ensure that proposed harvest strategy, silviculture activities, road building, reclamation, water crossings, and integration/referrals to other users are consistent with the GDP and the Operating Ground Rules. If no inconsistencies are found, the Forest Area staff forward the plan to the Forest Area Manager for approval.

2. Timber Quota

a) Forest Management Plan

The Forestry Division of Alberta Agriculture and Forestry is responsible for preparing Forest Management Plans on all Forest Management Units (FMUs) that have not been allocated to an FMA holder. These Crown-managed areas are referred to as “non-FMA” forest management units by the Forestry Division of Alberta Agriculture and Forestry. Forest management planning requirements and associated timelines for non-FMA FMUs are similar to an FMA. The Forestry Division of Alberta Agriculture and Forestry must prepare a FMP according to the requirements of the Alberta Forest Management Planning Standard.

Once completed, the Minister provides the necessary details from the Forest Management Plan (FMP) to the Quota and timber permit holders who have an interest in the FMU. The Minister expects that both tenure holders will refer to the FMP when preparing their plans.

**Plan Approval:** Forest Management Plans on Crown managed FMUs are approved by the Executive Director of the Forest Management Branch of the Forestry Division of Alberta Agriculture and Forestry.

b) General Development Plan

Quota holders are required to prepare and submit a GDP to the Minister under Section 18(2) of the Forests Act. A GDP prepared by a Quota holder “bridges” the higher-level goals and concepts outlined in a Crown prepared FMP or an industry prepared detailed FMP. A general development plan for a Quota holder contains:

1. harvest strategy and levels,
2. reforestation and reclamation operations, and
3. road building activities.
Quota holders are required to update a 5 year general development plan on an annual basis.

GDPs provide the Minister with information required to coordinate the issuance of timber dispositions, monitor harvest levels and road building activities, and assist in the integration of timber harvesting with other timber operators and resource users. GDPs are a mechanism to ensure that potential concerns and issues are identified early.

In the case where a Quota is embedded within an FMA, the Quota holder must consult with the FMA holder concerning the proposed areas of harvest and methods that it intends to employ.

**Plan Approval:** Quota holders are required to submit a general development plan to the Forest Area Manager for approval by May 1 of each year or, if the Quota holder is operating a Quota that is embedded within an FMA, by the date set out in the operating ground rules negotiated between the Province and the FMA holder.

A Quota holder can revise its GDP if major changes in forest management strategies or activities are proposed or planned in the area. Alternatively, the Crown can mandate that a holder update its GDP if, in its opinion, the GDP has become obsolete or inadequate.

c) Annual Operating Plans

Section 98(1) of the *Timber Management Regulation* stipulates that a licensee must submit an AOP by March 1 or September 1 of each year depending on when the licensee plans to commence operations. Section 100 of the *Timber Management Regulation* requires the Quota holder with the license to conduct its operations in accordance with the approved AOP.

An AOP is a comprehensive plan that describes all the Quota holder’s planned activities for the upcoming year including harvesting strategy and location, when, where and how roads will be built, the area (blocks) to be harvested, silviculture operations, location and type of water crossings, and integration of operations with other resource users.

3. Timber Permits

The development of an FMP and associated GDP in areas where timber is to be accessed and harvested under the authority of a timber permit is the responsibility of the Minister.

A permittee is required to develop and submit an AOP for approval (Section 98(1) of the *Timber Management Regulation*) before being allowed to commence operations. The Minister expects that the AOP will outline all operational activities that the permittee intends to conduct on the permit area for the upcoming operating year.

An annual operating plan:
1. Outlines the harvesting strategy to be used.
2. Describes when, where and how roads will be built.
3. Lists blocks to be harvested.
4. Outlines specific silviculture operations and associated details.
5. Lists the location of water crossings and types of structures installed (or lack of structures) used.
6. Explains how other resource users will be integrated with the proposed activities, i.e., trappers and grazing lessees.
Tenure Holder's Authorities and Responsibilities

Section 15 of the Forests Act specifies that the Minister may dispose of Crown timber pursuant to a forest management agreement (FMA), the sale of timber quota certificates and the issuance of timber licences to timber quota holders, or the issuance of a timber permit. Collectively speaking, the disposal of Crown timber through these methods is referred to as timber allocation.

The rights and obligations conveyed by the Crown to a third party vary depending upon the type of tenure granted. Generally speaking both rights and obligations tend to increase as the duration of the tenure increases.

No matter what type of tenure is issued:

a) The holder of the tenure is responsible for paying all fees and charges specified by the Crown. For more information on Crown fees and charges please refer to the article “Crown Charges Related to Tenure.”

b) The Minister does not guarantee the quality or quantity of timber issued under any of the various forms of tenure.

The key rights and obligations for each form of tenure listed below are discussed in greater detail below. For additional information, please refer to the article Alberta’s Tenure System.

I. Forest Management Agreements
II. Timber Quotas
III. Commercial Timber Permits and Community Coniferous Timber Permits
IV. Local Timber Permits
V. Forest Product Tag

I. Forest Management Agreements

Planning Documentation: All FMA holders must prepare and submit the following planning documents:

- preliminary forest management plan,
- public involvement plan,
- forest management plan,
- general development plan (GDP),
- annual operating plan (AOP), and
- annual fire control plan.

For more information related to the forestry planning process see the article “Planning Documents Associated with Forest Tenure.”

Authority to Harvest: The authority to harvest timber allocated under an FMA is provided through an approved AOP. FMA holders are also required to adhere to all timber harvest and operating ground rules specific to the FMA or, if applicable, the standard provincial Operating Ground Rules (1994) for Alberta.

Ownership of the Resource (Timber): FMA holders are authorized to use the FMA for establishing, growing, harvesting and removing timber for the term of the agreement.

In keeping with public values, and recognizing that certain portions of the FMA may have other resource values, the Minister reserves all land rights on the forest management agreement area not specifically allocated in the FMA. Examples of rights withheld include, but are not limited to:
1. The Minister reserves the right:
   - of others to travel, hunt, and use for recreational purposes (subject only to necessary restrictions such as fire control, protection of wildlife and seasonal protection of roads);
   - to authorize any person to conduct work in geological or geophysical exploration (provided that the FMA holder receives compensation);
   - to maintain and enhance forest resources, including fish and wildlife resources; and
   - to authorize trapping and domestic livestock grazing (provided these activities do not significantly impair the operations of the FMA holder).

2. FMAs normally include a provision for the Minister to issue timber dispositions (with consultation) from within the forest management area to provide timber for local use in construction and maintenance of public works and for a Community Coniferous Timber Permit (CCTP). The volume of timber eligible for allocation under this provision is usually a very small proportion of the FMA's AAC and ranges from 0.5% to 3%. The Crown retains the right to issue quotas, licences, and permits to existing operators.

Quite often, FMAs are granted for one particular type of tree species with no rights granted for other species types. An example of this would be a deciduous FMA holder that has no rights to cut coniferous timber from its agreement area.

**Special Rights:** It is important to note that for the purposes of interpreting the *Surface Rights Act*, a FMA holder (the company) is considered to be an “occupant” of public land comprising the FMA.

**Reforestation responsibilities:** FMA holders are required to reforest all areas that they harvest.

**Enhanced Forest Management Activities:** The majority of FMAs contain a provision that allows the agreement holder to undertake Enhanced Forest Management (EFM) activities in an attempt to increase their AAC. Only those forest tenures with access to long-term AAC are eligible to receive the benefits of EFM activities. The Minister considers an EFM activity to be any activity that is over and above that which is necessary to legislatively regenerate harvested forest-lands. EFM activities may include fertilization, improved genetics, drainage projects, or afforestation of those lands previously considered unproductive.

**Scaling Records:** FMA holders are required to scale timber and submit records of the amount of timber harvested to the Minister on a regular basis.

**Forest Inventory:** FMA holders are required to collect and maintain forest inventory data to a standard specified by the Minister. The current standard is Alberta Vegetation Inventory Version 2.1.1 (AVI 2.1.1). FMA holders are required to submit an inventory update schedule to the Minister for approval. This is done to ensure that the forest inventory used in the planning process is current and accounts for changes and depletions in forest growth from other resource use activities, such as oil and gas development, agriculture and mining, and additions to provincial parks and protected areas.

**Forest Stewardship Reporting:** Stewardship reporting is a requirement for FMA holders and acts to assure the long-term sustainability of Alberta’s forest resource. Stewardship reports are useful for linking planning, harvesting, and regenerating phases of forest management to the original planning assumptions stated by the company in the forest management plan. Stewardship reports provide many other benefits too numerous to name in this article.

**Compensation:** Under an FMA, the agreement holder is granted the right of ownership of standing/growing timber on the FMA and only FMA holders (and the Crown) are eligible to receive compensation.

Compensation is a monetary penalty that other resource users (i.e. oil and gas industry) pay to the FMA holder (in this specific example) for damages to existing forest growth. FMA holders are entitled to receive
reasonable compensation for any damage to standing timber, forest growth, forest regeneration, improvements, or to any of its operations on the forest management agreement area. Compensation is meant to be a form of retribution to the owner of the resource (Crown or FMA holder) for the loss of forest growth as well as for the loss of land base used to grow timber for future harvests.

Timber dues paid to the Crown are not included within the compensation calculation. The processing facility (e.g. the sawmill) that receives timber salvage is required to pay timber dues to the Crown for timber salvage processed by the facility. If timber from a newly constructed facility is not salvaged (i.e. it is destroyed, burned, buried, etc.), the disposition holder is still required to pay timber dues to the Crown and compensation to the appropriate party.

Compensation amounts may be calculated by considering the value of the standing timber, the loss to the AAC, and reforestation costs using a discount rate for the weighted cost of capital in the forest industry. Frequently, timber damage assessments (TDA) tables, prepared annually by a joint management committee of timber, oil & gas industries and government, are used by the parties involved to arrive at the amount of reasonable compensation.

**Overcutting:** Where an FMA holder harvests more than the authorized periodic cut volume, their next period will be reduced by the amount of overcut.

**II. Timber Quotas**

When a forest management unit (FMU) has been established and an AAC of timber specified, the Minister may divide the AAC into coniferous timber quotas and may also allocate deciduous timber allocations (DTA).

**Planning Documentation:** Upon issuance of a timber quota, holders are required to prepare a GDP for the Minister’s approval with respect to the forest land for which the quota was issued. Quota holders are also required to prepare and submit AOPs._quota holders are required to participate in the development of the FMA holder's forest management plans if their quota is issued within an FMA. Third parties that hold a quota located within an FMA are referred to as "embedded" quota holders.

**Authority to Harvest:** A timber quota provides the tenure holder with a share of the AAC of the FMU (in the case of a coniferous quota) or in the case of a deciduous quota a set amount of deciduous volume or area of deciduous timber. Prior to commencement of harvest operations, the Minister requires a timber quota holder to:

1. Possess a timber licence (issued by the Crown). The timber licence is a document issued to the quota holder that specifies:
   a. the land on which the timber may be harvested under the quota,
   b. an estimate of the amount of timber that is available from that land base,
   c. the period of time within which the timber may be harvested,
   d. the timber to be harvested, and
   e. the terms and conditions on which the licence is granted.

Timber licences normally encompass enough timber to satisfy several years’ worth of harvest allotment.

**Note:** The term “timber licence” is from an earlier time of forest management in Alberta when the *Dominion Land Act* was in effect and Alberta’s forests were governed federally (pre-1930). At that time, licences were granted to sawmills for one year but were eligible for renewal from year to year. These old licences typically covered a given area and the holder was eligible to harvest progressively through their

2. Prepare an operating plan for each year of operations and have the plan approved by the Minister (an approved AOP). The quota holder must ensure that its AOP meets the requirements of the ground rules applicable for the area covered by the quota.

3. Pay all fees and security deposits in the amounts prescribed by the regulations.

**Ownership of the Resource (Timber):** Timber quota holders take possession of timber only after the trees within the license area have been harvested.

**Reforestation Responsibilities:** Quota holders holding less than 10,000 m$^3$ AAC have the option of either paying a reforestation levy to the Forest Resource Improvement Association of Alberta (FRIAA) or performing the reforestation work themselves. If a quota holder has a combined harvest level greater than 10,000 m$^3$, it is required to reforest the harvested lands as per the *Timber Management Regulation.*

**EFM Activities:** Quota holders may participate in EFM in an effort to increase their AACs.

**Forest Inventory:** The Crown is responsible for forest inventory capture and update for forested areas not under a FMA. If the quota holder desires access to this inventory data, it may be required to pay a fee.

**Forest Stewardship Reporting:** Quota holders are required to provide forest stewardship information deemed suitable by the Minister.

**Compensation:** Quota holders are not eligible to receive compensation for timber damaged by third parties as they do not own the standing timber.

**Overcutting:** Where a quota holder harvests more than the authorized quadrant cut volume, its next quadrant will be reduced by the amount of overcut. Additionally, if the overcut is greater than 110% of the authorized harvest, a monetary penalty will also be levied. Section 25 of the *Forests Act* also provides the Minister with the authority to suspend the quota indefinitely or for a fixed period, cancel the disposition, reduce the term of the quota, or realize on the security deposited by the holder.

III. Commercial Timber Permits and Community Coniferous Timber Permits

The Crown considers Commercial Timber Permits (CTP) and Community Coniferous Timber Permits (CCTP) to be short-term forms of tenure; therefore, their obligations are somewhat reduced from those of FMA and quota holders. The Authorities and responsibilities of CCTP holders are very similar to those of CTP holders, which are described below.

**Planning Documentation:** CTP holders are required to submit AOPs to the Minister for approval.

**Authority to Harvest:** A CTP grants the holder the authority to enter onto Crown land to harvest timber as specified in the CTP. Approval to harvest timber occurs through an AOP. Timber harvesting under a CTP is governed by the provincial ground rules or by approved FMA-specific ground rules if the CTP is located within an FMA. In the aforementioned examples, the Minister specifies the ground rules to be followed by the tenure holder.

**Possession of Timber:** CTP holders become the owner of the timber only after the trees within the permit area have been harvested.

**Reforestation Responsibilities:** The CTP holder, unless they also hold an FMA or timber quota, will be required to pay a reforestation levy to FRIAA.
EFM Activities: Permit holders are excluded from conducting EFM activities.

Forest Inventory: The Crown is responsible for forest inventory for forested areas not under an FMA. If the quota holder desires access to this inventory data, it may be required to pay a fee.

Forest Stewardship Reporting: CTP holders are required to provide forest stewardship information deemed suitable to the Minister.

Compensation: Permit holders are not eligible to receive compensation as they do not own the standing timber.

IV. Local Timber Permits
A Local Timber Permit (LTP) can be issued for a small volume of Crown timber for personal use. Alternatively, an LTP can also be issued for the immediate removal of timber salvaged through industrial activities. The obligations of an LTP holder are reduced from those of FMA holders, quota holders, and commercial timber permit holders.

Planning Documentation: The Crown may require an LTP holder to submit an AOP but typically don’t where the LTP is for personal use.

Authority to Harvest: Once issued, the LTP grants the authority to enter onto Crown land to harvest timber. LTP harvest is governed by the Provincial Operating Ground Rules. In certain circumstances, additional restrictions may be imposed as conditions of LTP issuance. Examples of typical conditions include timing of entry, location and construction of access, method of access to be used, merchantability, product type, and dead timber vs. green timber.

Ownership of Timber: LTP holders take ownership of the timber once it is has been harvested on the permit area.

Reforestation responsibilities: A reforestation levy may or may not be assessed, based on the future intended use of the land. For example, the reforestation levy may be waived where the land is to be liquidated for agricultural production and not used for forest management.

EFM Activities: Local Timber Permits are excluded from undertaking EFM activities.

Forest Inventory: The Crown is responsible for collection of forest inventory outside FMA areas. If the permittee desires access to forest inventory data, it may be required to pay a fee.

Forest Stewardship Reporting: Local Timber Permit holders may be required to provide forest stewardship information as deemed necessary by the Minister.

Compensation: Permit holders are not eligible to receive compensation as they do not own the standing timber.

V. Forest Product Tag

Authority to Harvest: Forest Product Tags (FPT) are issued for very small volumes of timber. Once an FPT is issued, it serves as the authority to harvest, cut or transplant the approved forest product. FPT holders are required to keep the tag on their person while harvesting and transporting the product. The Minister may direct an FPT holder to a specific location for their timber.

Ownership of Timber: FPT holders take possession of the timber once it is cut or in the case of transplant trees, dug from the ground.
Reforestation responsibilities: Reforestation levies are not assessed on FPTs.
Forest Stewardship Reporting: Holders are exempt from participating in stewardship reporting activities due to the extremely low volumes of forest products involved.

EFM Activities: FPT holders are excluded from this program.
Evolution of Tenure in Alberta

Alberta’s forests are sustainably managed and play an important role in supporting Alberta’s economy through trade and investment, tourism, environmental carbon sequestration, and housing starts using locally sourced, renewable materials, to name a few. Alberta’s forests generate direct, indirect and induced revenue of over $11 billion annually and employ over 45,000 jobs.

Alberta’s forests are important to both the environment and economy, therefore an appropriate balance between the environmental, economic, and social values must be struck. Responsible stewardship includes considering a variety of forest values. When carrying out forest management planning or conducting timber harvesting operations all other users must be considered.

Methods of allocating timber and the systems of tenure have changed considerably since Alberta was given control of its forests in 1930. The current tenure system has been in place since 1996 and provides greater security to operators than the previous annual renewable licence system did. This is important because it encourages tenure holders to invest in longer term planning and management and capital projects that may not have been feasible previously.

Pre 1930:

When Alberta became a province in 1905 the timber resource continued to be owned and managed by the Federal Government. Timber dispositions on Crown lands were granted under authority of the *Dominion Lands Act*.

1930:

The Alberta *Natural Resources Act* and the *Constitution Act* of 1930 confirmed the Natural Resources Transfer Agreements. This agreement transferred the ownership and administration of the Crown lands and resources to the Province of Alberta.

1930 - 1949:

The *Provincial Lands Act* of 1931 provided for three types of timber dispositions:

a) Timber and Pulpwood Berths - sold by tender  
b) Permits Berths - sold by tender  
c) Permits

1949:

The *Forests Act*, 1949 gave control and administration of public lands to the Department of Lands and Forests. The Act provided for three types of timber dispositions:
1. Timber berths / Licences - sold by tender;
2. Permits - granted without competition - for own use or sale;
3. Forest Management Licences - for the growing continuous and successive crops of forest products to be harvested in approximately equal annual or periodic cuts adjusted to the sustained yield capacity of the land.
   - Sustained yield recognized as the basic requirement of proper forest management.
   - First forest management agreement (FMA) signed with North Western Pulp and Power Ltd. in 1954.

An amendment to the 1949 *Forests Act* required holders of licences to submit an annual operating plan (AOP) prior to commencing operations.

1961:

A major amendment to the provincial forestry legislation came with the 1961 *Forests Act*.

The single most important change in forest tenures since the 1930 *Natural Resources Act* was the introduction of the Timber Quota System and Forest Management Units in 1965-66. The *Forests Act* outlined three basic types of timber dispositions, these are still in use today.

- Forest Management Agreement;
- Timber Quota Certificate (and the issuance of timber licences to quota holders); and,
- Timber Permit.

Prior to the Timber Quota System, timber had been sold to the highest bidder, resulting in over-bids and high operating costs for many licences.

The bid system, with its associated lack of secure tenure, prevented licensees from planning and developing their operations on a long-term basis. It worked against permanent road systems, larger and more efficient mills including equipment to manufacture of wood chips.

Industry was also not interested in carrying out reforestation, as they had no long-term interest in the forest resource. Rather than move into remote areas the larger companies used their financial strength to outbid others for the most accessible stands. This resulted in harvesting being concentrated in accessible areas and some of those areas being overcut; whereas large areas of over mature timber were being ignored in more remote locations.

- In 1963, the department proposed a quota system similar to British Columbia.
- In 1964, the Alberta Forest Products Association (AFPA) presented a brief to the Premier which requested a timber quota system.
- In 1966, the quota system was officially adopted.

The quota system gave greater security to operators than the previous annual renewable licence system.

Earned quotas: operators who existed between April 1, 1963 and March 31, 1964 earned a quota in proportion to their average annual production during four year period April 1, 1960 to March 31, 1964.
Each operator who qualified for a quota earned a share of the AAC. A total of 185 quotas were earned by existing operators in 1966. Surplus volumes were sold as quotas by Public Auction.

1971:

New forest legislation was enacted and although the 1971 Forests Act repealed the 1961 Forests Act no major changes were made to the tenure system instituted in the mid-sixties.

2005:

The Community Timber Program, previously administered by each Forest Area using unique locally designed criteria, was formalized on a provincial basis in the Timber Management Regulation. This was done for a number of reasons, including:

- stabilizing the Program for its long-term sustainability,
- standardizing eligibility criteria for fairness and ease of administration, and
- galvanizing the Program against future countervailing duty actions.

Summary

- The first consolidated legislation in Alberta for forest management takes place in 1949.
- The authorization for forest management agreement tenure in Alberta takes place in 1951. This ushers in the creation and management of sustained yield forest management units and the calculation of sustainable AAC.
- The creation of the timber quota system occurs in 1966 along with the requirement for forest renewal.
- The Forests Act is rewritten in 1971 and updated for quota administration including the addition of penalties for noncompliance.
- 1973 – Present Day:
  - Timber Management Regulation is created in 1973.
  - Forest Land Use is added in 1975 and 1977.
  - In order to align the Forests Act with recently added Regulations, an update is released in 1980 that included the addition of an unauthorized harvest provision.
  - New reforestation regulations (including Free to Grow) are introduced in 1991.
  - Market driven dues rates are introduced in 1994.
  - Amendments to LTP & CTP characteristics are introduced in 1996 through a reforestation levy rate adjustment.
  - The Forest Resource Improvement Association of Alberta (FRIAA) is created in 1997.
  - Implementation framework for sustainable resource management introduced in the 1997 Forest Legacy document.
  - In 1999, Alberta releases their commitment to maintaining a sound and growing economy and a diverse and healthy environment through sustainable resource and environmental management.
  - Reforestation levies are payable to FRIAA in 2000.
  - A review of land use practices to enhance the principles of sustainable forest management is performed by the FireSmart Task Force in 2002.
  - Further amendments are introduced to the Community Timber Program in 2004.
  - 2006 Softwood Lumber Agreement – provides context for key policy decisions around Alberta’s forest management model.
• 2008 – Forest Industry Competitiveness – recommendations to improve Alberta’s forest business model to enhance industry competitiveness and improve delivery of public policy
• Assignment fees are capped at an administration rate in 2009.
• 2009 – Alberta Land Stewardship Act (ALSA) – comprehensive approach to align policy, planning and decision-making that balances conservation and development of land and natural resources
• As a result of ALSA, there are consequential amendments to the Forests Act that were proclaimed in force effective April 1, 2010.