Forest Tenure in Alberta

AAFMP Study Session
February 25, 2017
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
TRIVIA – First FMA signed June 8, 1951 with Northwestern Pulp and Power in Hinton
  ◦ now West Fraser Mills Ltd.

Currently 20 FMAs in Alberta, covering most of the productive forest land

Currently 130+ quotas in Alberta

Quotas and permits can overlap FMAs
  ◦ ie. Manning FMA for conifer has DMI DTAs
  ◦ ie. Alberta Pacific FMA has multiple CTQs
Timber Quotas – Coniferous and Deciduous

- **Coniferous Timber Quotas (CTQ)**
  - volume or area based tenure
  - typically a percent of coniferous AAC in FMU

- **Deciduous Timber Allocations (DTA)**
  - area or volume–based
  - typically a portion of deciduous AAC in FMU

- Typically issued through historic grant or competitive sale by Minister
- 20–year term with renewal opportunity after 20 years
- Historically, Province did planning, but now companies are responsible for it
Timber Quotas – Coniferous and Deciduous

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

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

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

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

- 1-year term; expire April 30 the year in which it is issued, $20 issuance charge, plus FRIAA reforestation levy – varies by conifer/decid and geographic location

- Maximum 50 m³ green volume or larger amounts under emergency salvage situations

- Personal use only and first come – first served basis on green permits
  - Not for commercial use ie. Selling of firewood...

- Permit is harvest authority
  - Permit is the right to volume & the right to harvest

- Dues are base rate as described in Timber Management Regulation
Forest Products Tag (TM66)

- 30–day term, $5 issuance charge
- Personal use only; tag is harvest authority
- 20 transplants < 2.5 m height, 3 Christmas trees or 5 m³ green volume (firewood, posts, rails, etc.)
FMAs & Quotas can overlap:
1 – Manning FMA (P20) is a conifer FMA that has DTAs held by DMI
2 – High Level FMA (F26) has 3 holders for conifer and deciduous, with multiple DTA holders

FMA & Quota Boundaries:
1 – FMAs cover one or many FMUs (e.g. Alberta-Pacific)
2 – quota can only cover 1 FMU

AND…
An FMA holder CAN hold a quota within their FMA – result of FMA holder buying out one of the quota operators.
<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</th>
<th>Annual Allowable Cut</th>
<th>Ground Rules</th>
<th>Public Consultation</th>
</tr>
</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>
</tr>
<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 FRIA if not held by FMA or Quota holder, must pay levy for reforestation to FRIA</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 FRIA</td>
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<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>Provinicial</td>
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<td>Provincial or FMA specific</td>
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<tr>
<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</td>
<td>Permit</td>
<td>Permit</td>
<td>Provincial</td>
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<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>
<td>Provincial</td>
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<td>Forests Products Tag</td>
<td>Volume, up to 5 m³</td>
<td>30 days, no renewal</td>
<td>Non-competitive</td>
<td>Non-commercial</td>
<td>Permit</td>
<td>Permit</td>
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<td>No</td>
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- Questions?