

MANITOBA'S NEW TIMBER ADMINISTRATION SYSTEM

WHY ARE WE MAKING CHANGES?

- In order for Forestry to be successful now and in the future we need a system for the 21st century.
- Changes to Manitoba's Timber Administration system are intended to improve forest management for the forest industry and the province.

COMPONENTS

1. Wood Measurement
2. Timber Tracking/Reporting/Payment
3. Timber Dues/Pricing

WOOD MEASUREMENT (SCALING)

- All harvested timber must be scaled before it is removed from the area on which it was cut unless:
 - the timber is destined for an FML mill .
 - the timber will go to a destination that agrees to electronically report and pay dues and charges.
 - all destinations for the timber are identified in an approved Scaling Plan.

WOOD MEASUREMENT SCALING INSTRUCTIONS

- Full license and refresher courses, Scaling manual and interpretive guide.
- Weigh Scale - Standardized defect, undersize & mass : volume scaling factors.
- Stack Scale – all crown timber must be stack scaled if not mass scaled.
- Conservation will only stacked wood scale for enforcement or verification.

WOOD MEASUREMENT SCALING PLAN

- Provide volume estimates for all intended destinations (licensed scaler, block #).
- Must be amended to add destinations.
- Require scale records to be maintained.
- Require scale records to be submitted with Timber Returns.
- Require appropriate use of Load Slips.

WOOD MEASUREMENT STACKED WOOD TALLEY SHEETS

- Stacked wood tally sheets have been designed by MC for use throughout Manitoba.
- Manitoba Conservation stacked wood tally sheets must be completed and signed for all Crown timber stack scaled.
- Signed MC tally sheets and Loadslips must accompany Timber Returns to verify declaration.

WOOD MEASUREMENT ALLOWABLE DEDUCTIONS

- Cull logs ($\geq 50\%$ defect)
- Defect
- Undersized (new)
 - Softwood 10 cm class (≥ 9.1 cm)
 - Hardwood 12 cm class (≥ 11.1 cm)
- Deductions must be recorded on Scaling tally sheets or weigh scales will apply MC factors

WOOD MEASUREMENT WEIGH SCALES

- Using Company and MC sample data Conservation will establish annual factors for Crown Dues Payment including:
 - Mass to Volume samples
 - Defect
 - Undersize Deductions
- Conversion Factor will be unique for each mill.
- All factors will be re-evaluated each year using the latest sample data.

WOOD MEASUREMENT

REMOTE STOCKPILES

- Remote Stockpiles may be approved for interim storage/processing of large timber volumes prior to final delivery and scaling.
- Timber delivered to approved Stockpiles will not require in-bush or mass scaling.
- Timber removed from Stockpiles to its final destination must be scaled.
- General Rule – If you need a load slip to transport to the Stockpile, the Stockpile needs to be approved.

WOOD MEASUREMENT REMOTE STOCKPILES

- A Stockpile application must be submitted to the MC for approval. The application must include:
 - Location and size of the stockpile site
 - Who's timber is stockpiled
 - That independent volumes will be tracked separately
 - Approximate volumes by species
 - Approximate lifespan of the stockpile site and the length of time the timber will be stored
 - Identify whether the site and timber are secure
- A monthly balance estimate (in and out) must be submitted including all load slips for the loads received.

COMPONENTS

- Wood Measurement
- Timber Tracking/Reporting/Payment
- Timber Dues/Pricing

TIMBER ADMINISTRATION

March 31st, 2008
Transition

TIMBER ADMINISTRATION

Transition - March F40

- Timber Returns to be completed as normally done
- Timber Returns will be required for all timber moved/delivered before March 31st.
- Timber Returns due 14 days following end of quarter .
- If corrections are necessary supplemental Returns can be submitted for timber moved/delivered before March 31st.

TIMBER ADMINISTRATION

Transition - March F40

- Payment of all dues and charges for timber moved/delivered required by April 30th.
- Dues and Fees are to be paid by allocation holders through the same processes as before.
- An estimate of the volume of “On-Hand” Timber must be declared on the F40 Timber Return.
 - Declaration must include Harvest date, Block numbers, species, and estimated volume.
- If amending agreement has not been signed - “On-hand” volume must be paid for by April 30th as before.

NEW TIMBER ADMINISTRATION SYSTEM

April 1st, 2008

NEW TIMBER ADMINISTRATION SYSTEM

April 1st, 2008

- Monthly reporting and payment for all crown timber moved or deemed delivered.
- All FML Mills will electronically report and pay dues and charges on deliveries.
- Other mills may electronically report and pay dues and charges on deliveries.
- Quota / TS holder must report and pay for all timber delivered to a destination other than the mills described above.

TIMBER ADMINISTRATION

April 1st, 2008
FML and EDT Mills

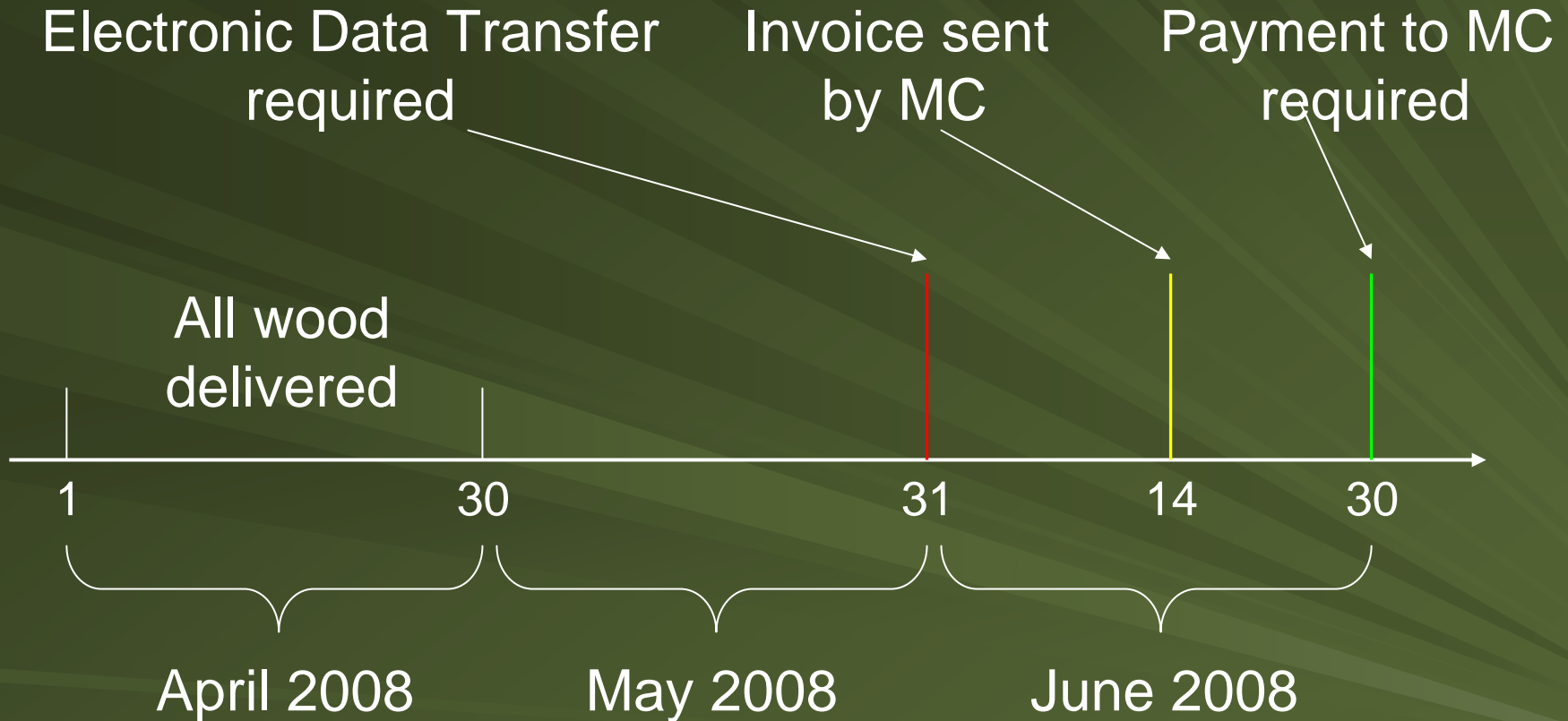
TIMBER ADMINISTRATION

Mills Using EDT

- Report on timber received the month previous using Electronic Data Transfer (EDT).
- (EDT) Computer file to be submitted last day of the month following month of delivery.
- No Timber Returns – MC will create invoice.
- Payment required by the last day of the month following EDT submission.
- Payment options will include electronic deposit.

TIMBER ADMINISTRATION

Mills Using EDT - Timing



TIMBER ADMINISTRATION

Electronic Data Transfer

■ EDT Data required:

- **DESTINATION** (1-Mill, 2-Stock Pile)
- **SCALE METHOD** (1- Mass, 2-stick)
- **SCALE DATE** (month, day, year)
- **SPECIES CODE** (Manitoba codes)
- **PRODUCTS** (OSB, Kraft, Newsprint, Lumber)
- **SERIAL #** (Weight scale # or transaction # if applicable)
- **LOAD SLIP #** (MB or FML)
- **FMU #**
- **BLOCK NUMBER** (or legal land description if private)
- **SOURCE** (FML, Quota holder #, Non-quota Sale # or Permit #, “Private”, other)
- **SCALE** - (mass(kg), stack(measurements))

TIMBER ADMINISTRATION

**Quota & Timber Sale Holders
April 1st, 2008**

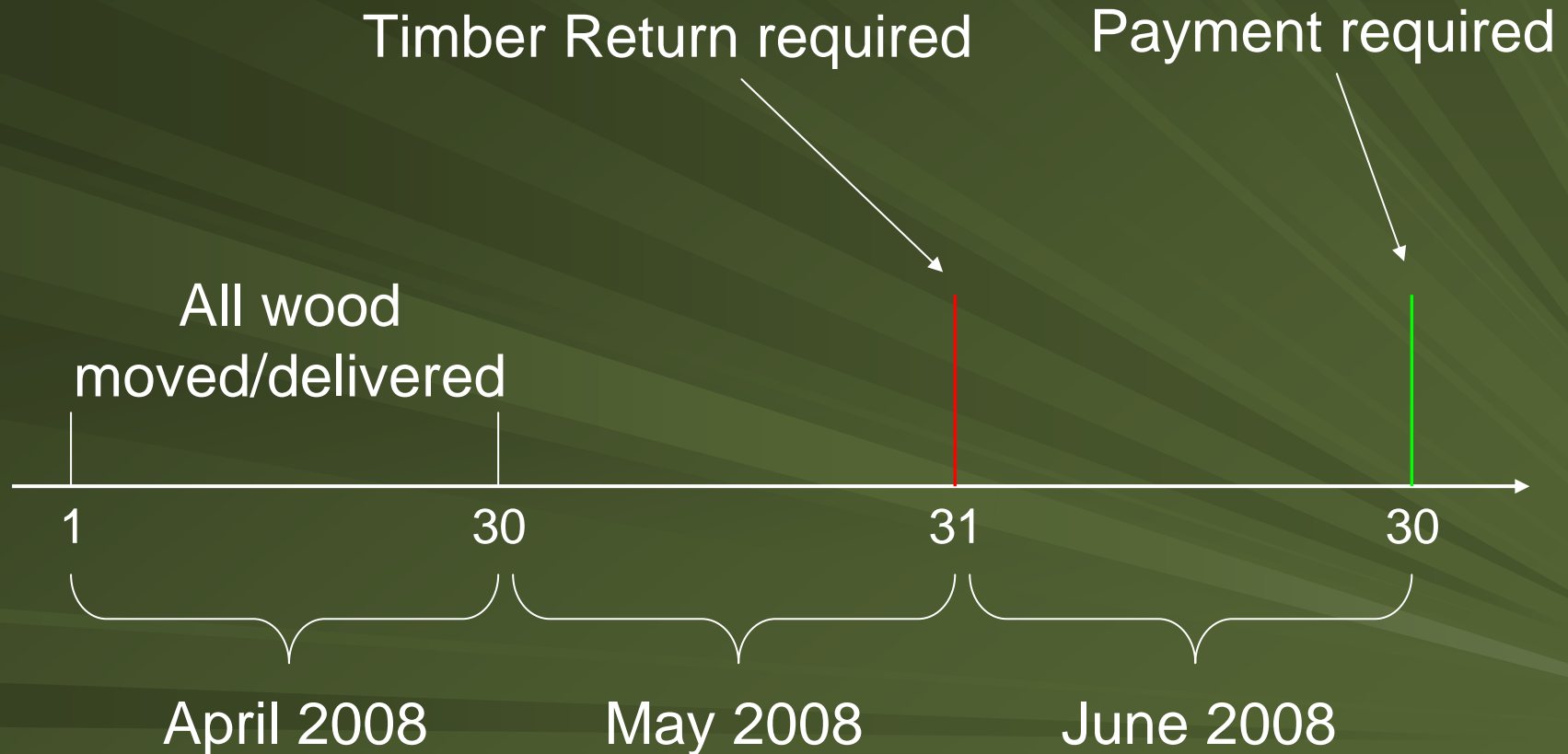
TIMBER ADMINISTRATION

For Quota/TS holders April 1st, 2008

- All timber delivered to a destination other than an FML and/or an EDT Mill must be reported and paid for by Quota / TS holder.
- Wood moved/delivered the month previous must be reported on the new Timber Return.
- Return must be submitted by the end of the month following the month in which the Timber was moved.
- Payment of Dues, FRC and FPC must be made by the end of the month following the Timber return to the crown (Minister of Finance).

TIMBER ADMINISTRATION

All timber delivered to a destination other than an FML and/or an EDT Mill must be reported and paid for by Quota / TS holder.



TIMBER ADMINISTRATION

New Timber Return

- New Timber Return will eliminate TS Monthly Sales Record books.
- Nil Returns will not be required.
- Each Timber Return submission must be accompanied by associated Stackedwood Scaling Tally sheets and Load Slips. The Return is not considered complete unless all related documentation is attached.
- Paper and Electronic versions (MS Excel) will be available and both may be submitted to designated District, Regional MC Offices.

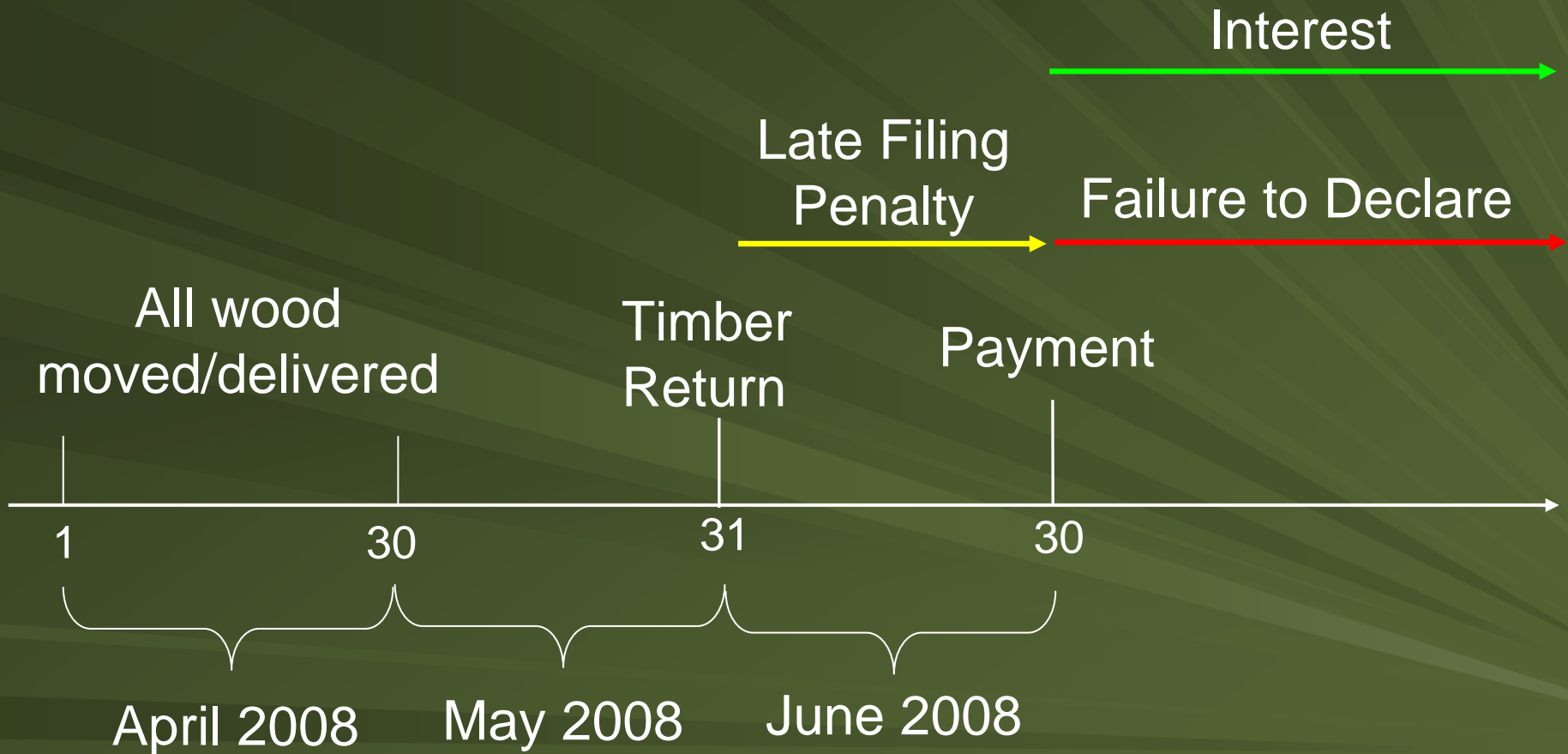
TIMBER ADMINISTRATION

Late Filing and Payment

- Late Filing
 - Returns not received by the last day of the month .
 - Returns received up to one month late.
- Failure to Declare
 - Returns outstanding more than one month after due date.
 - 4 X Dues on any timber moved from the bush.
 - Operations may be suspended and timber seized.
 - If MC discovers undeclared timber - late Filing, Failure to Declare penalties, and Interest will be applied.
- Interest
 - Interest from the due date will be charged on all late payments.
 - Any timber declared on Supplemental returns adding volume to previous declarations will be charged interest from due date.

TIMBER ADMINISTRATION

Late Filing and Interest



TIMBER ADMINISTRATION

**Quota Timber Permits
April 1st, 2008**

TIMBER ADMINISTRATION Quota

Quota Permits

- Timber Permit Applications are to be completed at MC offices.
- Quota Timber Permittee must pay all dues and charges to the Crown upfront unless:
 - They agree to send all volume from their permit to an EDT mill and the EDT mill agrees to pay all dues and charges.
 - This must be confirmed with a signed scaling plan and by the EDT mill. These must be submitted with the Permit application (not after).

TIMBER ADMINISTRATION Quota

Quota Permits

- Quota Timber Permittee must pay the dues rate in effect at the time the Permit is applied for.
- Timber Permits will be issued for volumes equal to 1X, 2X, or 3X quota volume (if undercut available).
- Refunds will not be processed until harvesting is complete or March 31st.

TIMBER ADMINISTRATION

Quota Tracking

TIMBER ADMINISTRATION

Quota Tracking

- Quota's will still be tracked annually.
- Quota Holders can still only harvest up to their Approved annual volume (Quota plus any undercut).
- Annual Quota statements will be determined by the Forestry Branch and letters will be sent each spring/summer.
- Annual Quota's will be based on
 - delivered volumes from April 1 to March 31st (12 months) plus
 - an estimate of harvested timber in-bush on March 31st.

TIMBER ADMINISTRATION

Quota Tracking

- Those delivering to EDT mills must manage their quota timber and associated load slips appropriately because:
 - Quota holders Load Slips must be used for Quota holder deliveries only.
 - Quota's will be tracked monthly using EDT and QH Timber Returns. If annual approved volumes are exceeded by more than 10% - penalties may be issued.
 - Load Slips must match EDT and Timber Returns. (reconciliation after the fact may not be possible)

COMPONENTS

- Wood Measurement
- Timber Tracking/Reporting/Payment
- **Timber Dues/Pricing**

MANITOBA'S MARKET BASED TIMBER PRICING

New Timber Pricing Model will:

- Improve the extent to which stumpage charges reflect market conditions, including prices and costs.
- be responsive to market changes.
- be based on forest commodity values.

TIMBER PRICING

Timber Classifications

- Timber classification for market based timber pricing will include the major commodities:
 - **Softwood Lumber**
 - **Kraft Pulp - Round wood and Chips**
 - **Newsprint - Round wood and Chips**
 - **OSB/Manufactured Board**
- Other forest products that do not have a market based pricing system will have rates set annually.
- MC will also continue to offer Crown timber through Competitive Public Auctions.

TIMBER PRICING

Monthly Pricing

- Timber Prices will be set Monthly based on the previous month's average commodity reference prices .
- Timber Prices will apply to all crown timber moved/delivered that month.
- Timber Prices will published (website and MC offices, e-mail) each month.

TIMBER PRICING

| Current Pricing System | New Pricing System |
|-------------------------------|---|
| Rates set annually | Rates set monthly, at the beginning of the month |
| Rates based on species | Commodity based rates |
| Rates based on Forest Section | Rates modified based on commodity and distance to mill by FMU |

FUTURE COMMUNICATION

- Our Preferred method of communication is E-Mail or Fax.
- We will be updating our Website every month so it will have the most up to date information.
- Timber Prices will be posted monthly at MC Offices as well as some other notices such as auctions or timber sales.
- Very few mass mail-outs will be done in the future.
- We will be holding further meetings:
 - Spring: The Pas and Winnipeg