

Timber Quota Policy

April 1, 2005 to March 31, 2010

Quota System Operating Period

The Quota System Operating Period that this Timber Quota Policy applies to extends from April 1, 2005 to March 31, 2010. A review of the Quota System will occur in 2010. Following the review, subsequent five-year quota terms may be approved.

Timber Cutting Authority and Management

Quota timber cutting rights shall be authorized by Timber Permit or Timber Sale Agreement.

1. One year Timber Permits will be issued for annual Quota volumes less than or equal to 300 m³.
2. Five-year Quota Timber Sale Agreements will be issued for annual volumes greater than 300 m³.

If the quota is managed by a Forest Management Licensee (FML) all Quota Holders must complete applications, submit payments, return Timber Permits, or submit Timber Returns for Timber Sale Agreements directly to the FML.

Quota Timber Permits

Quota Holders whose annual Quota volume is less than or equal to 300 m³ must acquire Quota Timber Permits. Payment of all timber dues, fees and charges will be required when completing the Timber Permit Application.

After the completion of the timber harvest, or within 60 days of March 31st, the Timber Permit must be returned in order to receive a refund. Refunds will be provided only for the dues, fees and charges for uncut volumes only if the total refund amount exceeds \$20.00. If the permit is not returned within 60 days of March 31st the full volume will be assumed to be cut and no refund will be provided. Uncut volumes may be carried forward two years.

In an overcut situation, dues, fees and charges will be collected. Overcut volumes will be deducted from the next year's quota volume. Timber Returns are not required for timber cut under the authority of Quota Timber Permits.

Quota Timber Sale Agreements

Timber cut under the authority of Timber Sale Agreements will be reported at the end of the periods ending March 31, June 30, September 30, and December 31 of each year.

Load Slips

As of **April 1, 2005** any timber cut under authority of Quota Timber Sale Agreements or Quota Timber Permits, whether it was cut before, or after April 2005 will require new Conservation Load Slips.

Completed Load Slip books must be produced when applying for a refund, when applying for subsequent Timber, Operating or Work Permits, or when requested by the supervising Natural Resource Officer, or in the case of Quota Timber Sale Agreements or Quota Timber Permits on a FML when requested by the managing FML.

Quota Holder Volume Entitlements

The timber quota volumes entitled to each Quota Holder for the April 1, 2005 to March 31, 2010 Quota System Operating Period will be the same as the quota entitlement from the previous quota period unless:

- a. An adjustment has been determined by the Five Year Timber Utilization Review (2000-2005) **or**
- b. A reduction is dictated by a recalculation of a Forest Management Unit annual allowable cut.

Timber Characteristics

The volume of timber is expressed in cubic metres (m³) of solid round merchantable wood. The timber disturbance history of a Forest Management Unit affects the availability of merchantable timber.

Conservation cannot guarantee any Quota Holder with the same proportion of softwood and hardwood timber, timber size, or level of accessibility as the original quota. Efforts will be made by Conservation and Forest Management Licensees to provide all Quota Holders with satisfactory timber for their operations.

Carry Forward of Annual Quota Volumes

The timber quota system allows an operator to harvest the current year's timber quota volume plus any portion of the two preceding year's quota volume not harvested. This provision is available to all Quota Holders.

Any portion of a quota volume that is not harvested by the end of the third year will no longer be available to the Quota Holder to cut during the active five year Quota System Operating Period. The annual quota volume entitlement will not be immediately affected by a lapsed undercut however the results of the following Five Year Timber Utilization Review may effect future entitlements.

Five Year Timber Utilization Review

At the end of each Quota System Operating Period individual timber quotas will be reviewed to assess the amount of timber harvested.

- a. If the total volume harvested is 60% or more of the total five year volume, there will be no reduction in quota volumes.
- b. If less than 60% of the five year volume is harvested the timber quota volume in the subsequent Quota System Operating Period will be reduced by the difference between the harvest amount and 60% of the quota volume. (Ex. 50% of quota cut, $60-50=10\%$ reduction)
- c. If no volume is harvested during the five year review period, then the entire quota will be cancelled.

Timber Quota Holders who have not produced 60% of their five year volume and have had their quota reduced or cancelled may appeal the decision through an appeal process as identified in Section 74 of the Forest Use and Management Regulation 227/88R.

Volumes that revert to the Crown through the five year review may remain in the quota system and be awarded by Public Auction, or be awarded as per The Forest Act F150 and Forest Use and Management Regulation 227/88R.

Potential Reduction of Annual Allowable Cut & Quota Volume

Fires, severe windstorms, losses due to insects and diseases, dedication of the land base to non-forestry uses, over harvesting, etc., may make it necessary to reduce the annual allowable cut of Forest Management Units. Conservation will attempt to find the least disruptive means of balancing the Annual Allowable Cut and timber commitments with affected Quota Holders. Solutions may include but are not limited to:

- a. A reduction in quota volume in proportion to the reduction of the annual allowable cuts.
- b. The transfer of one or more complete quota allocations into other Forest Management Units.
- c. The transfer of portions of one or more quota allocations into other Forest Management Units.

Uncommitted Allowable Cut Volume

When uncommitted surplus timber in a Forest Management Unit is identified by Conservation the surplus will be allocated in accordance with The Forest Act F150 and The Forest Use and Management Regulation 227/88R. Allocations will be made in the best interests of the province keeping in mind the established industry.

Allocations of surplus timber volume will place a priority on restoring the initial quota volume of Quota Holders that have sustained a quota volume reduction due to recalculation of the annual allowable cut during the present or previous 5 year Quota System Operating Periods. Individual or collective quota volumes will not be increased above the level of the original softwood and/or hardwood volume entitlements.

Quota Transfers

The Timber Quota System will have limited capacity to allow operators to transfer quotas from one Forest Management Unit to another. In the event of a reduction in the annual allowable cut of a Forest Management Unit, which could result in the general reduction of quota volume, some operators could request a transfer to another Forest Management Unit where adequate timber supplies are available. The transfer of quotas must be approved by the Director of Forestry and where applicable by the Forest Management Licence holder.

Assignment of Timber Quota

The assignment of a timber quota to another party may be approved by the Minister when all of the initial Quota Holders contractual obligations to the Crown have been met. Timber Quota Holders may assign:

- a. Their total quota volume (i.e. all softwood and hardwood volumes).
- b. Their total softwood volume or their total hardwood volume.
- c. Any portion of their softwood or hardwood quota volume as long as the remaining quota volume is a minimum of 1,000 cubic metres and the party the Quota Holder assigns it to shall have a minimum volume of 1,000 cubic metres after the assignment.

Timber Salvage

Periodically, forests in the province experience significant timber damage from fires, insects, windstorms, flood or other such disturbances. It is important to salvage the merchantable timber within these areas as soon as possible after such events.

The salvage material will usually form part or all of the operator's quota volume for the area. If the salvage timber has significantly reduced market value, Conservation may encourage the harvest of the salvage material through various incentives such as:

- a. Adjustment of the applicable Crown timber dues, fees and charges, or
- b. Additional volume after the quota is harvested in the salvage area, or
- c. Banking of quota while harvesting salvageable timber in another Forest Management Unit.