

2010-2015 Timber Quota Policy

Quota System Operating Period

The 2010-2015 Timber Quota Policy applies to the operating period starting April 1, 2010 to March 31, 2015.

Cutting Authority

Quota allocations are authorized either by a Timber Sale Agreement or Timber Permit.

Quota Timber Sale Agreements

Five-year Quota Timber Sale Agreements will be issued for annual Quota volumes greater than 300 m³.

Quota Timber Permits

One-year Timber Permits will be issued for annual Quota volumes less than or equal to 300 m³. Payment of all timber dues, fees and charges will be required when completing the Timber Permit Application.

Quota Holder Volume Entitlements

Each Quota holder will begin the April 1, 2010 to March 31, 2015 Quota Operating Period with the same annual volume they were entitled to at the end of the 2005-2010 Quota Period.

Manitoba Conservation does not guarantee the quality, timber size, operability or accessibility of the Quota allocation. Efforts will be made by Manitoba Conservation and Forest Management Licensees to provide all Quota holders with satisfactory timber and operating areas.

Five Year Quota Volume Management

Five-Year Quota Volume

Manitoba Conservation will continue to manage Annual Allowable Cuts (AAC) with the expectation that Quota holders will be harvesting one year's annual quota volume each year.

For the 2010-2015 Quota Period, if requested and approved by Manitoba Conservation, a Quota holder may harvest up to five times their annual Quota volume at any point within the 5 year operating period.

Quota Volume Accounting

In each operating year, Quota holders can only harvest the volume authorized by Manitoba Conservation. Any timber harvested and removed from the place of harvest will be applied to Quota holder's AAC.

Carry Forward/Forfeiture

2005-2010

Up to a maximum of two years of uncut Quota volume from the 2005-2010 Quota Period may be carried forward into the 2010-2015 Quota Period.

2010-2015

Any uncut annual volume during the 2010-2015 Quota Period may be carried forward and harvested within the five year period.

2015-2020

A maximum of one year's uncut Quota volume from the 2010-2015 Quota Period may be carried forward into the 2015-2020 Quota Period. This policy reflects the increased flexibility Quota holders are provided to harvest within the five year Quota period and ensures the AAC is harvested within each Quota period and forest age class.

Overcuts/Penalties

Annually

In each operating year, Quota holders can only harvest and deliver the amount authorized by Manitoba Conservation. If a Quota holder exceeds 110% of the authorized volume, charges and penalties under *The Forest Act* may be applied. Any overcut will be deducted from the next years Quota allocation.

5-Year period

Quota holders cannot harvest more than five times their Annual Quota volume (plus previous period carry forward volume) within the 2010-2015 Quota Period. If a Quota holder exceeds the sum of five times their annual Quota volume (plus previous period carry forward volume) charges and penalties under *The Forest Act* may be applied. Any overcut volume will be deducted from the total Quota volume available in the next Quota period.

Load Slips

All Timber Sale and Permit Quota holders are required to use Manitoba Load Slips.

Quota holders must surrender all Load Slip books in their possession at the end of the 2005-2010 Quota Period. New Load Slip books will be issued following April 1st, 2010 for the 2010-2015 Quota Period.

Potential Reduction of Annual Allowable Cut & Quota Volume

Various impacts such as fire, severe windstorms, losses due to insects and disease, dedication of the land base to non-forestry uses, changes in harvesting practices, or the accommodation of treaty and aboriginal rights may result in the reduction of the total annual allowable cut in the Forest Section. In response, Manitoba Conservation may, in its absolute discretion, manage the volume by:

- Transferring portions of one or more quota allocations into other Forest Management Units or adjacent Forest Sections;
- Reducing quota volumes in proportion to the reduction of the annual allowable cuts;
- Transferring one or more complete quota allocations into other Forest Management Units or adjacent Forest Sections.

Conservation will attempt to restore quota volume of Quota Holders that have sustained a quota volume reduction for the above reasons during the present or the last 5 year Quota Operating Period if uncommitted AAC volumes are available.

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.

In order to minimize the impact of these events on AAC and the environment, Manitoba Conservation may direct Quota holders to harvest timber in salvage areas prior to harvesting in existing timber sale areas. Manitoba Conservation may direct the harvest of salvage material using one or more of the following strategies:

- Require harvesting of quota in the salvage area;
- Reduction of the applicable Crown timber dues, fees and charges;
- Provide additional salvage volume after the initial quota is harvested in the salvage area;
- Banking of quota while harvesting salvageable timber in another Forest Management Unit.

Uncommitted Allowable Cut Volume

When uncommitted surplus timber in a Forest Management Unit is identified by Manitoba Conservation, the surplus will be allocated in accordance with *The Forest Act*. Any allocations will be made in the best interests of the province keeping in mind the established industry.

Assignment of Timber Quota

The assignment of a Quota to another party must be approved by Manitoba Conservation when all of the initial Quota holder's contractual obligations to the Crown have been met. Timber Quota holders may assign:

- Their total quota volume (i.e. all softwood and hardwood volumes) [applies to Permit and TSA];
- Their total softwood volume or their total hardwood volume [applies to Permits and TSA];
- Any portion of their softwood and/or hardwood quota volume to an existing quota as long as the combined remaining quota volume is a minimum of 1,000 cubic metres [applies to TSA only];
- A minimum volume of 1,000 cubic metres of their softwood and/or hardwood quota volume to a new quota as long as the combined remaining quota volume is a minimum of 1,000 cubic metres [applies to TSA only].

2010-2015 Timber Utilization Review

Potential Quota Elimination

Quota volumes will be eliminated if an amount less than one-years Quota was harvested and delivered during the 2010-2015 Quota Period. Quotas will not be eliminated or reduced for the 2015-2020 Period if an amount equal to at least one-years Quota was harvested and delivered during the 2010-2015 Quota Period.

2015-2020 Quota System Policy

At the end of the 2010-2015 Quota Period, Manitoba Conservation will review and, if necessary, make changes to this policy for the next five year Quota period.