

POLICY TITLE: 2020-2025 Timber Quota Policy

BRANCH/DIVISION: Forestry and Peatlands Branch

Approved Date: November 7, 2019
Director: Matt Conrod

Policy Objective:

This policy provides specific administrative direction for the management of Manitoba's Timber Quota holders for the period of 2020-2025. Manitoba has committed available timber volumes to quota holders for harvest throughout the province.

Application: Quota Timber Sale and Timber Permit holders as of April 1, 2020. This policy is for the 2020-2025 Quota period. Prior to April 1 2025 this policy will be reviewed and either extended or updated.

Policy Statement:

Manitoba introduced the Timber Quota System in June 1965 in order to provide the forest sector greater security, to promote increased investment and ensure benefits of forest based employment and production. Those with timber allocations prior to 1965 were granted annual Quota volumes to harvest on Crown land. This system is managed through the Timber Quota Policy which is reviewed and updated periodically.

Definitions

Annual Allowable Cut (AAC)	is a sustainable harvest level, set by Manitoba. It is the volume of softwood and/or hardwood timber, expressed in cubic meters that can be harvested in a Forest Management Unit on an annual basis.
Forest Management Unit (FMU)	an area of forest land managed as a unit for timber production
Good Standing	having complied with all explicit obligations, while not being subject to any form of sanction, suspension or disciplinary censure.
Sustainable Harvest Level	a method of harvesting that provides a constant supply of wood resources throughout the landscape, with future timber yields unaffected or improved by current harvesting methods.

Scaling Plan	means an annual plan that details where scaling is occurring, the scaling method, the timber's final destination, and any other information requested.
Timber Permit, Sale Agreement	granted under the Forest Act authorizing the cutting Timber and removal of Crown timber
Quota Holder	means persons, parties, timber operators or companies who, under the system of timber disposal or timber allocation known as the quota system in Manitoba, have been granted the right to cut specific volumes or amounts of softwood and/or hardwood timber.
Quota Period	the 2020-2025 Timber Quota Policy applies to the operating period starting April 1, 2020 and ending when the 2025-2030 Timber Quota Policy comes into effect.
Quota System	means the system of timber allocation implemented in Manitoba in 1965.

TIMBER QUOTA MANAGEMENT:

Timber Quotas are managed by the department of Agriculture and Resource Development (ARD) Forestry and Peatlands branch, in accordance of section 11(1) of the Forest Act, in the following manner:

Cutting Authority

Quota allocations are authorized by a Timber Sale Agreement (TSA) or a Timber Permit.

Quota Timber Sale Agreements

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

Quota Timber Permits

Quota Timber Permits, issued as requested and usually expiring March 31, are provided when Quota volumes are less than or equal to 300 m³. Payment of all timber dues, fees and charges are required when completing the Timber Permit Application, unless all harvested volume are delivered to an Electronic Data Transfer (EDT) mill, in which case only the permit fee must be paid. Confirmation of planned delivery volumes must be supplied by the EDT mill (written or via e-mail).

If plans change and wood is to be delivered to a non EDT facility, a scaling plan amendment and a new timber permit are required. Return the current timber permit to your Regional Forester where volumes will be verified. Forestry and Peatlands branch will issued a new timber permit for the volume that is not being delivered to an EDT facility. The permit fee and all dues and charges must be paid at that time.

Quota Holder Volume

Each Quota holder, that has been granted access to timber by the Crown, that is in good standing and has met all the requirements of the 2015-2020 Timber Quota Policy will begin the April 1, 2020 to March 31, 2025 quota period with the same annual volume they had at the end of the 2015-2020 Quota Period.

ARD does not guarantee the quality, timber size, operability or accessibility of the Quota allocation. ARD and the Forest Management Licensees will undertake to provide all Quota holders with satisfactory timber and operating areas.

Five-Year Quota Volume Management

Five-Year Quota Volume

The expectation is that Quota holders will harvest and deliver one year's annual quota volume each year, including any carry forward volume that the Quota holder may have available to them, as described in the Carry Forward section. However, if requested and

approved in writing by ARD, a Quota holder may harvest up to five times their available annual Quota volume at any point within the five year quota period.

It is the responsibility of the Timber Quota Holder to maintain accurate records of the volumes harvested. ARD will support the Timber Quota Holders in checking volumes when requested.

Quota Volume Accounting

In each operating year Quota holders can only harvest and deliver the volume authorized by ARD. All timber harvested and removed from the place of harvest will be deducted from the Quota holder's quota volume. Timber harvested and removed to a stockpile site will be reviewed on a case-by-case basis.

Carry Forward

2020-2025

If available, a maximum of two year's uncut Quota volume from the 2015-2020 Quota period will be carried forward into the 2020-2025 Quota Period. During the 2020-2025 Quota period all uncut annual volume will be carried forward and may be harvested within the five year period. This policy reflects the 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.

2025-2030

Following an AAC review, the carry forward volumes for the 2025-2030 Quota period will be determined and communicated prior to the start of the 2025-2030 Quota period.

Overcuts/Penalties

Annually

In each operating year Quota holders can only harvest and deliver the amount authorized by ARD. The authorized volume is equal to the available annual quota volume plus any carry forward volume from the previous year (or quota period). If a Quota holder exceeds 110% of the authorized volume, charges and penalties under

The Forest Act, Forest Use and Management Regulation, and the TSA will be applied. Any overcut will be deducted from the next year's Quota allocation.

Five-Year period

Any overcut volume will be deducted from the total Quota volume available in the next 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 Indigenous Rights may result in the reduction of the total AAC in the Forest Section. In response, ARD may, at its discretion, manage reduced volume by:

- Transferring one or more complete quota allocations into other Forest Management Units or adjacent Forest Sections;
- 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 AAC.

ARD will attempt to restore the quota volume of Quota Holders that have sustained a quota volume reduction for the above reasons during the present or the last five 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, ARD may direct Quota holders to harvest timber in salvage areas prior to harvesting in existing timber sale areas. ARD 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 (forward cuts approved prior to the salvage event and not fully utilized may be reversed in order to allow for this provision to take effect);
- Banking of quota while harvesting salvageable timber in another Forest Management Unit.

Uncommitted Allowable Cut Volume

When uncommitted surplus timber in a FMU is identified by ARD, the surplus may be allocated in accordance with The Forest Act. Any allocations will be made in the best interests of the province while keeping in mind the established industry.

Load Slips

All Timber Sale and Permit Quota holders are required to use Manitoba Load Slips. Manitoba Load Slips will be issued to Quota holders. As per Section 48 (7) of the Forest Use and Management Regulation, load slip books must be returned when all the load slips in a book have been used or when requested by an officer appointed under the Forest Act, The Conservation Officers Act, a peace officer or one appointed under the Customs Act.

Assignment of Timber Quota

The sale or transfer of a Quota to another party is subject to approval by ARD after the initial Quota holder's known 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 Permits 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].

If an existing quota holder purchases additional quota in the same FMU ARD encourages that volume be amalgamated into the existing quota for more efficient administration. If a timber permit quota holder purchases quota prior to March 1 of year five (5) of the quota period that brings their annual quota volume within an FMU to be greater than 300 cubic metres, the quota holder will be issued a TSA as the cutting authorization.

Transfer of Quota to other Forest Management Units (FMU's)

The transfer of quota to other FMU's at the request of a Quota holder is generally not permitted. There are, however, some circumstances under which this may be considered on a temporary or permanent basis:

- The quota is requested to be moved from an FMU of high AAC utilization to an FMU of lower AAC utilization;
- The quota is requested to be moved between two FMU's both of which have low AAC utilization;
- The transfer of quota meets other ARD forest management objectives.

Requests for FMU transfer must be submitted to ARD in writing (or e-mail) stating the reasons for the request. ARD will review each request and at its discretion will approve or not approve the transfer.

Delinquent Timber Quotas

Failure to follow the terms and conditions within the TSA, an Operating Permit or a Work Permit may result in the immediate suspension of the Operating Permit, and the harvesting operations, by the Crown, until those terms/conditions have been met to the satisfaction of the Crown.

A timber quota that has received excessive enforcement notices (Ex. three or more in an operating year) regarding, but not limited to, harvest without authority, trespass, wastage of wood, and administrative penalties, late filing and/or late payment charges will be considered delinquent. Delinquent Timber Quotas are not considered to be in good standing. Delinquent Timber Quotas Holders must meet with the Regional Forester and/or Forestry Branch staff to discuss past and future practices.

Timber Quotas considered delinquent by Agriculture and Resource Development will be suspended as per the Timber Sale Agreement Section 31 and 32 or cancelled as per Section 39 of The Forest Act.

Procedures:

There is no accompanying procedure with this policy.

Policy and Legislation Cross Reference:

Under The Forest Act, the Crown is responsible for the management and allocation of Crown timber resources within the Province of Manitoba. Timber Quotas are authorized under section 11(1) of the Forest Act:

11(1) Timber cutting rights shall be granted in such manner, and by such means, as, in the opinion of the minister, secures the maximum benefit to the forest industry of the province; and, without restricting the generality of the foregoing, the minister may offer Crown timber for sale