

Title:	Coniferous Community Timber Permit Program and Commercial Timber Program Management Directive				
Number:	AF-FDP-2017-05				
Effective Date:	August 1, 2017				
Revision History		Revision #	Revision Date	Revision Reason	Approved by
		1.0	2008	New Document	Doug Sklar
		2.0	December 18, 2012	Updated Document	Darren Tapp
		3.0	August 1, 2017	Updated Document	Darren Tapp

1. Purpose

To outline the process and procedures for issuing timber permits and the administration of the Coniferous Community Timber Program and Commercial Timber Permit Program in Alberta.

2. Legal and Policy Context

S. 22 of the *Forests Act* authorizes a director¹ of the Department to grant or sell timber permits in accordance with the regulations. The province of Alberta supports two commercial programs for the management of timber permits in Alberta.

The Coniferous Community Timber Permit program (CCTP) provides access to timber for a specified number of small operators at a specified dues rate. S. 74.1 and s. 74.4(4) of the *Timber Management Regulation* (TMR) authorizes the director² to issue coniferous community timber permits to eligible persons.

The Commercial Timber Permit (CTP) program provides access to timber for Alberta residents and companies subject to either a market-driven fluctuating or competitive dues rate. Pursuant to s. 37 of the TMR, eligible persons are authorized to harvest timber with a commercial timber permit and s. 38 authorizes the director³ to sell commercial timber permits.

¹ Pursuant to MO 18-2015, Director Designation under the *Forests Act*, the director for the purpose of *Forests Act* section 22(1) is an Executive Director, Forestry Division; a Section Head, Forestry Division, Wildfire Manager, Forestry Manager and Senior Forester

² For issuance of CCTPs under TMR section 74.1, the director is an Executive Director, Forestry Division; a Section Head, Forestry Division, Wildlife Manager and Senior Forester.

³ For the issuance of CTPs under the TMR section 38, the director is an Executive Director, Forestry Division; a Section Head, Forestry Division, Wildlife Manager and Senior Forester.

The TMR also prescribes the procedural requirements for the issuance of CCTPs and CTPs. This Directive sets the policy direction for the two programs.

3. Procedures

3.1 Coniferous Community Timber Program (CCTP)

A Coniferous Community Timber Permit, issued under the Coniferous Community Timber Program, is a timber disposition that authorizes a small operator to harvest a specified volume of coniferous Crown timber from public lands at a specified dues rate.

Part 3, Division 5 (s. 74.1 to 74.8) of the *TMR* describes the CCTP. In addition, s. 154 through to s. 163 of the *TMR* sets out the requirements of and process for the assignment of permits associated with this program.

The CCTP program is open to two participant groups: Community Timber Manufacturers and Community Loggers. Each participant group has different eligibility, membership, and operational requirements.

3.1.1 Recruitment Process & Eligibility Criteria for Community Timber Manufacturers and Community Loggers

Recruitment Process:

The recruitment process starts by Field Staff notifying the Director of Timber Production, Audit and Revenue Section of any vacancies in either or both of the participant groups, and providing recommendations on whether these vacancies should be filled. The vacancy shall only be filled with a new registrant if volumes are available (s. 74.3(2) of the *TMR*).

Once a decision has been made to recruit or replace a registrant, the field staff will invite applications from the general public through a Public Notice posted in local print media for a minimum of one week. The advertisement may also be posted on the Department's website for a minimum of two weeks. Applications will be available and accepted at the applicable field office.

Mandatory and Discretionary Eligibility Criteria:

The Forestry Program Manager will screen all applicants for eligibility according to the mandatory criteria listed below and any other criteria that the field staff consider relevant. An example of discretionary criteria for the screening of applicants for eligibility is whether or not the applicant has previous logging or manufacturing history in the area.

An applicant who, at the time of the application, meets one or more of the criteria below is **not** eligible for registration in the CCTP program:

1. Has a compliance history under any provincial statute or any regulation under those Acts including warnings, penalty assessments or convictions;
2. Is indebted to the Crown including crown dues, penalties, interest, fees, holding and protection charges and/or amounts owing to the Forest Resource Improvement Association of Alberta (FRIAA);
3. Was a former participant in the CCTP or CTP program and was or is the holder of a timber quota;
4. Directly or indirectly has any interest in a timber quota (or timber licence), forest management agreement or is already a member of a CCTP program in Alberta; or
5. In the five years prior to the year in which the application is made, either withdrew from the CCTP program or was removed from the CCTP program by the Department because of the applicant's non-compliance with the *Forests Act* or any regulation under the *Act*.

An applicant who, at the time of the application, meets all of the following criteria is eligible for registration in the CCTP program:

1. Is an Alberta resident and has been an Alberta resident for the six months prior to the date on which application is received by the Department and has a residence located within the historical program boundary. Information on boundaries can be found at the local field offices;
2. Is 18 years of age or older; and
3. If the applicant is a corporation, the corporation is in compliance with the requirements of the legislation pursuant to which it was incorporated. A corporate applicant shall, at the time of its application and at its own cost, provide to the Department a current corporate registry report or similar document from the jurisdiction (i.e. provincial or federal) in which it was incorporated, and any other document(s) required by the Department to establish its compliance to the satisfaction of the Department.

Applicants who are eligible for registration in the CCTP program will be advised in writing of their eligibility status. Where there are more applicants than available volume, field staff will schedule a public random draw of eligible applicants and notify the Director, Timber Production, Audit and Revenue Section of the successful applicant(s).

3.1.2 Written Notice of Withdrawal from the CCTP Program

A registered participant is required to provide written notice when withdrawing from the program. The withdrawal will be effective upon receipt of notice by the Department. Upon notification from field staff, the Director, Timber Production, Audit and Revenue Section will update the official department database.

3.1.3 Operational Requirements for CCTPs

Community Timber Manufacturers and Community Loggers are required to comply with operational requirements, in addition to any additional requirements specific to your permit. Failure to comply with these requirements could result in compliance actions as listed in 3.1.4 of this Directive.

- a) Operational Requirements for Community Timber Manufacturers in addition to those listed on the permit document:
 1. Provide a statement of certified audited records as required by s. 116.2 of the *TMR*; or
 2. Manufacture 60% of the terminated (i.e. closed) coniferous timber volume (regardless of source) at the community timber manufacturer's mill within 24 months of the timber year the volume was skid cleared; or
 3. Produce at their mill, any primary timber products under a coniferous community timber permit during at least one of the previous five timber years; or
 4. Shall not sell their mill, or interest in the mill to another person or corporation;
 5. No history of non-compliance with provincial statutes and their accompanying regulations;
 6. Field layout the permit boundary and submit an Annual Operating Plan.

- b) Operational Requirements for Community Loggers in addition to those listed on the permit document:
 1. A logger must not have been ineligible to participate in the CCTP program in two of the three previous timber years (for e.g. due to outstanding penalties, indebted to the Crown);
 2. A logger must also have attended, in person, the established draw in one of the three previous timber years. In programs where no draw is required to award permits or there is a permit available for each member, a logger must have operated a permit in one of the five previous timber years;
 3. Field layout the permit boundary and submit an Annual Operating Plan.

Furthermore, a registered participant in the CCTP program (both Community Timber Manufacturers and Community Loggers) shall not:

1. Change the name associated with their registration; and
2. Sell, assign, charge or transfer all or part of their registration under any circumstances.

3.1.4 Non-Compliance

If the community timber manufacturer or logger fails to comply with operational requirements, or no longer satisfies the eligibility criteria to remain registered, s.74.8(2) of the *TMR* outlines the actions the Executive Director of Forest Management Branch may take.

Community timber manufacturers or loggers facing suspension or cancellation of their registration will be given 30 calendar days from the date of the notice of potential suspension or cancellation to make written representations to the director. The director will then make a final

decision regarding suspension or cancellation and advise the person in writing along with reasons.

Furthermore, any community timber manufacturer or community logger that has been identified by FRIAA as being in arrears must supply a letter of clearance from FRIAA prior to any new permit issuance.

4. Commercial Timber Permit (CTP) Program

4.1 Competitive Sales

Timber volume is also available through an annual provincial sale and regional sales as required. The provincial sale is generally held in the fall at the Forest Management Branch in Edmonton and can include both coniferous and deciduous timber permits.

The provincial sale is completed through the use of sealed tenders. The invitation for tenders will specify the date and location where the bids must be received. Any tenders received after the specified date, outside of posted office hours, or to a different location, will be disqualified from the sale. Tender forms will allow eligible bidders to indicate an initial and secondary bid.

Eligible bidders are those defined as meeting the following minimum requirements:

1. Alberta resident six months prior to date of application;
2. 18 years of age or older;
3. Not be indebted to the Crown; and
4. If the applicant is a corporation, the corporation is in compliance with the requirements of the legislation pursuant to which it was incorporated. A corporate applicant shall, at the time of its application and at its own cost, provide to the Department a current corporate registry report or similar document from the jurisdiction (i.e. provincial or federal) in which it was incorporated, and any other document(s) required by the Department to establish its compliance to the satisfaction of the Department.

Secondary bids must be equal to, or greater than, the initial bid. In the event of a tie between initial bidders, the secondary bid of the tied bidders will be used to award the permit. If the secondary bids are equal, those bids will be entered into a draw to determine the successful bidder.

An auction may be used instead of sealed tenders when the Department is of the opinion that it is urgent that the timber be harvested (endangered or deteriorating timber) or when there are more bidders than permits. Auctions will be advertised, specifying the date and location of the sale on the Department's website for a minimum of two weeks. Other media may also be chosen according to the Department's discretion, for a minimum of one week.

4.1.1 Bidding Procedures and Minimum Bids

Bidding for CTPs sold by tender or auction is restricted to lump sum or volume-based bids. Part 2, Sale of the *TMR* provides all the details associated with this process.

Disqualification of Bids or Tenders:

As per s.40 of the *Forests Act*, bids or tenders may be disqualified if:

1. The bid or tender does not comply with the *Forests Act* or the *TMR*; or
2. The bidder fails to submit a completed "Certificate of Independent Bid Determination;
or
3. If there is evidence of collusion, the sale will be suspended and Alberta Justice Environmental Law Section must be consulted immediately to determine if further action is required.

4.2 Non-Competitive Direct Awards for CTPs

The Director, Timber Production, Audit and Revenue Section, may approve, in writing, the issuance of a CTP by direct award. The direct award of a permit can be made to any interested party, meeting the eligibility requirements defined in 4.1 of this Directive. Where there is more than one interested party, the direct award of the permit may be determined by a draw of interested, eligible individuals. Direct award of a CTP will be considered where:

1. Industrial or agricultural development is imminent and dependent on timely timber disposal;
2. Where timber deterioration is a concern (i.e. fire-killed or insect and disease timber);
3. Competitive sale has been attempted;
4. The timber is isolated and there is only one interested party; or
5. Other reasonable circumstances exist in the opinion of the Director.

4.3 Operational Requirements for CTPs

In addition to other operational requirements listed in the permit document, all permittees are required to field layout the permit boundary and submit an Annual Operating Plan.

5. Permit Length & Renewal for CTPs and CCTPs

CTPs and CCTPs are issued for terms between one and two years, unless otherwise approved by the Department.

FRIAA must have the ability to conduct reforestation operations within two years after the end of the year of cut. A CTP for fence line clearing on grazing dispositions must be completed within two years of issuance unless otherwise approved by the Department.

6. Definitions

Commercial Timber Permit (CTP) – A timber disposition issued pursuant to s. 22 of the *Forests Act*, and s. 37 to 41 of the *TMR* authorizing a person to cut Crown timber.

Coniferous Community Timber Permit (CCTP) – A timber disposition issued pursuant to s. 22 of the Forests Act and s. 74.1 of the TMR.

Cancelled Permit – All harvest and bush operations are complete but volume is unreported.

Department – Refers to Alberta Agriculture and Forestry.

Terminated (Closed) Permit – All harvest and bush operations are completed and all volumes are reported.

7. Authorities

Forests Act – s. 22, s. 40

Timber Management Regulation – Part 2; Part 3 – Divisions 1 and 5; Schedule 3, Part B though Schedule 6; s. 90.1 (1); s. 116.2; s. 142.4(4.1); s. 154.1(1); s. 158 (a) (b)

8. Contact Information

Director, Timber Production, Audit and Revenue Section

Senior Forester, Community Timber Program

Approved:

Original signed by: _____

Date: July 31, 2017

Darren Tapp, Executive Director
Forest Management Branch
Agriculture and Forestry