

Alberta Timber Damage Assessment

Alberta's TDA Tables

Alberta's Timber Damage Assessment (TDA) Tables provide a basis for valuing the loss of timber and productive area used to grow timber that is incurred by government in its role as the management authority for quota timber lands, or a Forest Management Agreement (FMA) holder because of the use of the land or timber for industrial use by a third party. The land may be the object of a disposition (MSL, SML, LOC, PLA, etc.) or it may be subject to a temporary use, like a seismic line, that involves clearing the timber and occupying the land for a set amount of time.

Use of FMA or Provincial Average Tables

Timber Damage Assessment charges calculated by the Province reflect all three components of TDA, (explained in detailed below) expressed as an FMA average in the TDA Billing Rate Table. The TDA Billing Rate Table takes into account the provincial share of annual allowable cut the Province administers as forms of timber tenure other than Forest Management Agreements, for example Quotas and Coniferous Timber Permits. The Government of Alberta accepts the industry negotiated TDA Tables as the basis for valuing timber damage compensation to the Crown and for preparing the TDA Billing Rate Table to reflect the Crown's pro-rata TDA charge for each FMA and non-FMA area.

The TDA Billing Rate Table incorporates all crown dues that are payable. This includes the timber dues that would be payable by the FMA holder on volume for which the holder is entitled to compensation from persons other than the Crown (s. 91(1) Timber Management Regulation) and also for timber cut, damaged or destroyed under authority granted by the Crown in right of Alberta, other than a timber disposition (s. 95(1) Timber Management Regulation). The timber dues included in the provincial Timber Damage Assessment charges are based on an average volume of timber per hectare for the area affected and regulated rates for timber on dispositions (\$1.40/m³ for coniferous timber and \$0.53/m³ for deciduous timber as per section 95(1)).

The TDA Billing Rate Table is a dollar per hectare (\$/ha) value that is applied to the *total disposition area* for calculation of the Provincial TDA charges owing. The average is a calculation of the appropriate TDA value applied to the area in each forest cover/height/density classification to obtain the total 'forest value', divided by the total productive and non-productive areas. Values vary from FMA to FMA due to the distribution of mature and higher valued timber.

The TDA Billing Rate Table also applies to Geophysical Programs. TDA and Timber Dues should be zero (0) on an approved Low Impact Seismic or avoidance programs where:

- Program average line width is 2.0 meters or less and;
- No category of line width (new, existing, source, receiver or combination line) is greater than 2.75 meters.

Timber Damage Assessment charges apply to the Green Area of the province. The Government of Alberta does not currently collect in the White Area. The Government of Alberta does not issue refunds, reimbursements or credits to disposition holders for applications where no activity has occurred. The TDA Billing Rate Table is updated annually to reflect changes to the government's share of annual allowable cut and updates to the TDA values.

Components of Timber Damage Assessment Charges

Standing Timber Value: this represents the value of the standing timber that exists on the land covered by the disposition or is cleared through a seismic program. Once the land is cleared by a non-timber disposition holder, the standing timber is no longer available to the forest industry and is part of the loss incurred. The value of the loss is calculated using an estimate of the quantity affected and the market value. Quantity is determined through use of the Alberta Vegetation Inventory forest cover types, heights and density classes.

The forest regions are classed as either the Boreal or Foothill regions. The value of the timber is based on recent timber prices and the annual TDA survey undertaken by the forest and energy/utility industries to determine the price paid for standing timber.

Loss of AAC: this represents the impact on annual harvest levels that are in place through provincial laws and policies. Clearing of the forest and/or reducing the land available to grow trees results in a reduction in the sustained harvest. The value of the loss depends on the quantity of the reductions and associated value.

Reforestation: The inclusion of a reforestation cost is based on the explicit assumption that once an area is reclaimed and returned to the forest land base, either the forest industry or the government will be financially and operationally responsible for establishing and growing appropriate commercial tree species on the disposition or cleared seismic lines. The value is a projection of a future cost and is discounted and expressed in the table as a discounted present value.

Situations where conditions of a disposition approval include reforestation may occur in which case the appropriate action of the FMA holder would be to exclude the reforestation charge from the timber damage calculations.

The TDA Table Represents an “Average” Situation

Alberta's energy/utility and forest industries have developed a standardized approach to determining the amount of compensation paid to FMA holders. The procedure forms the basis for TDA tables that provide an administratively simple approach for estimating compensation values and avoiding the costs of developing detailed calculations of compensation for each withdrawal or use.

The table is based on generalized operational circumstances to develop estimates of the value of loss of the timber and/or forest land originally intended for use by government or the forest industry for timber production. Once a disposition is issued under the Public Lands Act and the land is withdrawn from its original intended use of producing timber, the land serves a new and different purpose and the timber becomes the property of the disposition holder.

The Surface Rights Act and FMAs under the Forests Act detail the basis for the compensation to be received by occupants in return for consenting to a request for the right to surface access. In most cases, compensation is determined through negotiations involving the occupant and the company seeking surface access rights based on the principles provided in the Act.

Under the FMA terms, where the user of withdrawn land is not the Crown, the holder is entitled to reasonable compensation from the user for any related loss of profit or other damage or loss suffered by the company, including (by way of example but without limitation) damage to timber, improvements, regeneration or its operations in the forest management area.

Once the withdrawal occurs from the FMA, the disposition holder becomes the occupant and the timber becomes theirs to leave in place, use or dispose of as allowed by regulation or the terms of their disposition approval, and to the terms of any consent or access agreement.

Similarly, in the case of a temporary use such as seismic exploration, once the line is cleared, the timber becomes the property of the seismic operator. It is theirs to leave in place, use or dispose of as allowed by regulation or the terms of their program approval.

However, industry recognizes that the affected FMA holder would have the greatest interest in salvaging the disposition wood. To accommodate this, a first right of offer clause was developed by industries and is part of the Master Consent Agreement used by FMA holders in negotiations with disposition holders.