

**Directive No.** 97-06 **Date** March 19, 1998

**Subject** **Marginal Timber for ‘Sales’ Based Timber Operators**

**Purpose**

To facilitate sustainable economic conditions for timber harvest in Alberta.

To create a fair system of timber dues for all timber operators in Alberta.

To maintain a timber dues rate system that accurately reflects the economic value of timber and the final selling price of the manufactured product.

**Policy**

Effective January 1, 1998 non-weigh scale, lumber producing operators who assess timber dues on sales volumes of their products will be permitted to apply up to 15% of their sales volume as ‘small sawlogs’, as per 81(3) of the Timber Management Regulation (the ‘Regulation’). Dues on this volume will be assessed at the base rate. All other dues rates under s.81 remain available.

Provisions in the Regulation establish a timber dues system that attempts to reflect the true market value of timber. Such provisions recognize where the value of timber is low or the costs associated with its’ harvest are high - so-called ‘marginal’ timber. This system bases the assessment of dues on an operator’s weigh scale data. Non-weigh scale operators who have timber dues assessed on the volume of their forest product sales have not, to this point, been able to apply ‘small sawlog’ dues rates to their dues assessment.

This Directive applies only to coniferous timber permits which are subject to Schedule 3 of the Regulation that are issued on a non-competitive basis, produce lumber and assess timber dues based on their product sales volume. The operator must claim for this provision in order for it to be processed.

**Procedure**

**Eligible Operators**

Only those operators who hold non-competitively allocated, coniferous timber permits and produce lumber products may claim the 15% volume provision. Operators must use sales volumes to assess dues payable. Land & Forest Division (LFD) staff should inform operators of their eligibility under this Directive. Permits issued after this Directive’s approval date should include both s.81(3) and this provision in the permit’s terms and conditions. Weigh scale operators should refer to LFD Directive 97-05 “Calculation of Timber Dues - Marginal Coniferous Saw Timber” for further information regarding their timber dues.

**Volume Calculation & Timber Dues Assessment**

Volumes claimed under this 15% provision will be assessed at the base rate of timber dues and have dues calculated based on the product’s roundwood equivalent volume. This 15% modification is to be considered the maximum claimable volume under the provisions of s.81(3) (i.e. small sawlogs) and may

only be applied to the net volume used to produce lumber. Unlike Directive 97-05, the approval of the Executive Director is not required to claim this particular dues rate.

The Timber Return (Form TM 7) must clearly identify the volume included under this provision. Volumes claimed must be properly segregated on the Return. Other products (e.g. pulp, veneer, posts, poles, etc) and other 'marginal' categories (e.g. lesser species, cull, fire killed, etc) remain payable at the rates established under the Regulation.

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**Authorities**

**Section 79 of the Timber Management Regulation** - If more than one exception to the General Rate of timber dues applies to a timber volume, only the lowest rate of dues is payable.

**Section 81(3) of the Timber Management Regulation** - Establishes a dues rate for volumes marginally suitable for making lumber because of small log dimensions.

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**Cross - Reference**

- LFD Directive 97-05 "**Calculation of Timber Dues - Marginal Coniferous Saw Timber**"

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