

SUBJECT: Commercial Timber Harvest Allocation Procedure	NUMBER: 1 DATE: May 16, 2017
REGULATORY REFERENCE: <i>Forest Resources Act</i> , S.Y. 2008 c.15 (the "Act") Part 3. S. 17, 19, 20, 21, 22, 24-27 <i>Forest Resources Regulation</i> , O.I.C. 2010/171 (the "Regulation") Part 2 Div. 4 S.32-35, 38-40	
DEFINITIONS: <p>1). "Common Harvest Area" – an area that has been designated by the Forest Management branch (FMB) to be used by <u>multiple</u> small-volume licensees. The number of licensees allocated in the Common Harvest Areas (CHA) will vary depending on site specific conditions. Cutting permits may overlap with other cutting permits. No single permittee will have exclusive rights to any portion of the CHA.</p> <p>2). "Harvesting equipment" – tracked or rubber tired equipment that is designed by the manufacturer to be used in the felling, skidding, processing or loading harvest phases. Skid Steers are not considered harvesting equipment unless they are utilizing specialized implements to increase production (i.e. a felling head, winch with chockers etc.). The use of a five tonne or larger truck or a firewood processor is not considered harvesting equipment because it does not increase timber harvest production. Modified tractors or other less typical equipment configurations will be considered for approval on a case-by-case basis.</p> <p>4). "Permit obligations" – All terms and conditions of the Cutting Permit are satisfactory except final permit obligations.</p> <p>5). "Final permit obligations" – harvested timber has been removed from the area, all required road decommissioning, deactivation, and/or reclamation has been completed, harvesting reports and fees are current and all other terms and conditions of the applicable cutting permit are compliant.</p> <p>6) "Good Standing" - Past or current licence holders must be current with payment of stumpage and other related fees and in a state of compliance with current and past cutting permits and harvesting licences issued by the FMB including reporting requirements. A first time applicant is deemed to be in good standing. An application will be reviewed to determine good standing and the amount of volume previously harvested by the applicant (Harvest History) under the <i>Forest Resources Act</i> (FRA).</p>	
PURPOSE: <ul style="list-style-type: none"> ▪ To have a fair and transparent, performance based operational policy/procedure that applies to all commercial wood cutters in the Yukon Territory. ▪ To promote efficiency and industry stability. ▪ To best serve existing businesses and promote new ventures by providing a secure timber supply. 	

PRINCIPLES:

- This procedure does not apply to a Yukon First Nation person exercising their forest resource harvesting rights under the Umbrella Final Agreement.
- This procedure applies only to commercial harvesting activities. Previous harvesting for personal use or on lands not administered under the *Forest Resources Act* (FRA) does not qualify.
- Regardless of volume available to a licensee under this procedure, tenured (licenced) volume may not exceed the respective Annual Allowable Cut (AAC) or Annual Limit.
- Applicants who wish to apply for a significant amount of volume to support a business proposal based on a timber processing facility, bioenergy facility or for raw log export will be required to provide a detailed harvest licence application. Prospective applicants with these intentions must contact the Forest Management branch (FMB) for more information prior to submitting their application.
- Licensees may move between categories based on an increase or decrease in their average annual harvest volumes.
- Licensees are limited to the maximum allocation volume determined by the process in their category regardless of the amount of licences they hold.
- Failure of the licensee to harvest a significant amount of volume as defined in the cutting permit/licence terms and conditions or failure of the licensee to retrieve issued authorizations may result in the following actions depending on category:
 - Placement in a Common Harvest Area (CHA).
 - Placement in a low demand area.
 - Cancellation, termination or amendment of authorization.
- The decision to issue additional cutting permits to a licensee under a single licence or multiple licences will be reviewed on case-by-case basis. Factors that will be considered are compliance history, good standing requirements, timber supply, timber demand or any other forest management objectives. Outstanding permit obligations may or may not be rolled over into successive authorizations. Requests must be submitted prior to authorization expiry.
- Category 1 licensees or any other licensee that harvests on average 50m³/yr. or less according to their harvest history will be required to pre-pay stumpage fees.
- Failure to remain in good standing may result in:
 - Compliance and enforcement actions.
 - Prepayment of all or a portion of stumpage fees.
 - Assignment to a lower category.
 - Inability to obtain further licences or cutting permits.

OPERATIONAL PROCEDURE:

Licensees are divided into one of five categories based on capacity, good standing and harvest history if applicable. All applications are processed on a first-come, first-served basis.

Procedure:

Category 1	
No commercial Yukon harvest experience in the last three years and the applicant does not own or have access to harvesting equipment.	
<ol style="list-style-type: none"> 1. New commercial applicants that do not own or have access to harvesting equipment may apply for a Category 1 licence and permit. 2. Refer to Table 1 for maximum volume and tenure limits. 3. Category 1 licensees are required to pay the full permit stumpage fees in advance and complete harvest reporting on an annual basis. If the full permit volume is not harvested the entrant may request a refund. The refund will be processed upon permit closure. 	
Requirements for licensee transition into Category 3	
<ol style="list-style-type: none"> 4. To transition into Category 3 the licensee must harvest the category threshold volume within the maximum tenure term defined by Table 1. 5. If the Category 1 licensee does not harvest the threshold volume and wishes to apply for a successive licence they remain a Category 1 Licensee and will be licenced as per Table 1. 6. A licensee who successfully harvests for three consecutive years/seasons but has not met the volume thresholds will be given the opportunity to transition into Category 3. 	

Table 1. Category 1 Allocation Limits

Timber Harvesting Area		Max. Authorization volume (m³)		Max. Tenure Term (years)		Category Transition Threshold Volume (m³)
		Licence	Permit	Licence	Permit	
DAWSON, OLD CROW	DT	90	50	1	1	80
	GC	90	50			
	GD	50	40			
ALL OTHERS	DT	90	50	1	1	80
	GC	90	50			
	GD	90	50			
DT = Dead timber either coniferous or deciduous						
GC = Green Coniferous						
GD = Green Deciduous						

Category 2

No commercial Yukon harvest experience in the last three years and the applicant owns or has access to harvesting equipment

1. New commercial applicants who own or have access to harvesting equipment may apply for a Category 2 licence and permit.
2. Category 2 licensees may be required to provide proof of ownership, lease or rental agreements for the equipment that will be used to qualify the entrant.
3. Failure to utilize equipment for harvest may result in licence or cutting permit amendment, cancellation or termination.
4. Refer to **Table 2** for maximum volume and tenure limits.
5. If the Category 2 entrant commits to building and maintaining a Forest Resources Road through cutting permit terms and conditions additional licence volume, permit volume and tenure length may be available.
6. Harvest Reporting will be completed on an annual schedule.

Requirements for licensee transition into Category 4

7. To transition into Category 4 the licensee must harvest the category threshold volume within the maximum tenure term defined by Table 2.
8. If the Category 2 licensee does not harvest the threshold volume and wishes to apply for a successive licence they will remain a Category 2 Licensee and will be licenced in accordance with Table 2.
9. A licensee who successfully harvests for three consecutive years/seasons but has not met the volume thresholds will be given the opportunity to transition into Category 3.

Table 2. Category 2 Allocation Limits

Timber Harvesting Area		Max. authorization volume (m³)		Max. tenure term (years)		Category Transition Threshold Volume (m³)
		Licence	Permit	Licence	Permit	
DAWSON, OLD CROW	DT	600	200	1	1	170
	GC	200	100			
	GD	100	50			
All OTHERS	DT	600	200	1	1	170
	GC	600	200			
	GD	300	100			
DT = Dead timber either coniferous or deciduous						
GC = Green Coniferous						
GD = Green Deciduous						

Category 3

Commercial Yukon harvest history in the last 36 months

1. A Category 3 Licensee is either of the following:
 - A licensee that has commercially harvested for three consecutive years/seasons but has not met the threshold volumes in Table 3 or,
 - A Category 1 licensee that has met the threshold volumes in Table 1 in a single year/season of harvest.
2. The maximum amount of volume licenced and permitted to the Category 3 licensee will be determined using the process in Table 3.
3. Harvest Reporting will be completed on either an annual or quarterly schedule.

Requirements for licensee transition into Category 4

4. To transition into Category 4 the entrant must have harvesting equipment and harvest on average greater than or equal to the category threshold volume per year.
5. If the Category 3 entrant harvests less than the amount and timeframe specified in Table 3 and wishes to continue harvesting they will remain a Category 3 Licensee.

Table 3. Category 3 Allocation Limits

Timber Harvesting Area	Max. Tenure Term (years)	Maximum authorization volume (m ³)	Category transition threshold (average m ³ /yr) With Equipment
ALL	3	See five steps below.	≥170

Maximum authorization volume determined by:

1. Reconcile all volume commercially harvested and reported by licensee starting on the date of application and extending back 36 months.
2. Determine the average amount of volume harvested per year by the licensee.
3. Once the average annual harvest rate is determined increase the volume by **25%** to allow for business growth.
4. This amount will be the maximum annual licence/permit volume. This volume may be reduced by the FMB.
5. To determine the licence volume, multiply the maximum annual licence/permit volume by the term of the licence.

Category 4 170m³ - 1000m³ annual average harvest	
<ol style="list-style-type: none"> Category 4 Licensees use harvesting equipment and have met the category threshold volumes found in Table 2 or Table 3. Refer to Table 4 for maximum volume and tenure limits. Annual limits of harvest volumes may be specified in the licence and permit. Licensees are responsible for selecting a wood supply which best fits their equipment profile and market(s). Duties may include assessment processes and activities such as road layout, road construction, harvest boundary layout, YESAB screenings and site plan development. Harvest Reporting will be completed on a monthly or quarterly schedule. 	
<p align="center"><u>Requirements for licensee transition into Category 5</u></p>	
<ol style="list-style-type: none"> To transition into Category 5 the licensee must have harvested and reported an average of 1001m³/yr. or greater for three consecutive years. 	

Table 4. Category 4 Allocation Limits

Timber Harvesting Area	Max. Tenure Term (years)	Maximum authorization volume (m ³)	Avg. harvest volume/yr. (m ³)
ALL	3	See five steps below.	Between 170 and 1000
Maximum authorization volume determined by: <ol style="list-style-type: none"> Reconcile all volume commercially harvested and reported by licensee starting on the date of application and extending back 36 months. Determine the average amount of volume harvested per year by the licensee. Once the average annual harvest rate is determined increase the volume by 50% to allow for business growth. This amount will be the maximum annual licence/permit volume. This volume may be reduced by the FMB. To determine the licence volume, multiply the maximum annual licence/permit volume by the term of the licence. 			

Category 5 1,001m³ or greater yearly average harvest	
1.	Category 5 Licensees have harvested an average of 1,001m ³ /year or greater for three consecutive years.
2.	Refer to Table 5 for maximum volume and tenure limits. Licence volume may not exceed 20,000 m ³ .
3.	Annual limits of harvest volumes may be required in the licence and permit.
4.	Licensees are responsible for selecting a wood supply which best fits their equipment profile and market(s). Duties may include assessment processes and activities such as road layout, road construction, harvest boundary layout, YESAB screenings and site plan development.
5.	Harvest reporting will be completed on a monthly schedule.

Table 5. Category 5 Allocation Limits

Timber Harvesting Area	Max. Term FWL/TRL (years)	Maximum authorization volume (m ³)	Avg. harvest volume/yr. (m ³)
ALL	5/10	See five steps below.	≥1,001
Maximum authorization volume determined by:			
1. Reconcile all volume commercially harvested and reported by licensee starting on the date of application and extending back 36 months.			
2. Determine the average amount of volume harvested per year by the licensee.			
3. Once the average annual harvest rate is determined increase the volume by 100% to allow for business growth.			
4. This amount will be the maximum annual licence/permit volume. This volume may be reduced by the FMB.			
5. To determine the licence volume, multiply the maximum annual licence/permit volume by the term of the licence.			



Approval Signature
Lyle Dinn, Director Forest Management Branch

May 16, 2017
Date