



Ministry of  
Forests

# **Forest Licence Allowable Annual Cut Reduction and Apportionment Guide**

**Implementing a Timber Supply Area Allowable Annual Cut  
Determined Pursuant to Section 8 of the *Forest Act***

**May 18<sup>th</sup>, 2023**

**Forest Tenures Branch**

### Disclaimer

This document contains material to assist with the administration under the *Forest Act*. This document contains both a summary of the legal requirements and advice/suggestions from the non-legal realm. The latter are not legal requirements that you must follow, nor are they government policy.

### Warranty

While every effort has been made to ensure the accuracy of the information herein, no warranties of any kind are made as to the precision or longevity of the contents. Readers are advised to refer to the wording of the legislation and regulations themselves and obtain legal advice from their own sources.

This information is provided as a public service by the Ministry of Forests. This document, and all the information it contains, are provided "as is" without warranty of any kind, whether express or implied. All implied warranties, including, without limitation, implied warranties of merchantability, fitness for a particular purpose, and non-infringement, are hereby expressly disclaimed.

### Limitation of Liabilities

Under no circumstances will the Government of British Columbia be liable to any person or business entity for any direct, indirect, special, incidental, consequential, or other damages based on any use of this information or any other document or material to which this document is linked, including, without limitation, any lost profits, business interruption, or loss of programs or information, even if the Government of British Columbia has been specifically advised of the possibility of such damages.

### Copyright © 2023, Province of British Columbia

#### All rights reserved.

This material is owned by the Province of British Columbia and protected by copyright law. It may not be reproduced or redistributed without prior written permission from the Province of British Columbia.

#### Permission or questions regarding copyright

Guidance on intellectual property disposal from the Province of British Columbia's Intellectual Property Program: <http://www2.gov.bc.ca/gov/content/governments/services-for-government/policies-procedures/intellectual-property/intellectual-property-program>

## Document Change Control

Version	Date	Key Changes
1.0	February 16, 2018	Version 1.0
2.0	November 29, 2019	Version 2.0 Updates to First Nations Engagement, further detail on Issues to consider, updates to reference AAC.
3.0	May 18 <sup>th</sup> , 2023	Version 3.0 updates to reflect apportionment intention in Modernizing Forest Policy in British Columbia (2021) and <i>Forest Act</i> amendments under Bill 28 (2021)

Questions or comments should be directed to:

Forest Tenures Branch

Ministry of Forests

[ForestTenuresBranch@gov.bc.ca](mailto:ForestTenuresBranch@gov.bc.ca)

## Table of Contents

<b>1</b>	<b>Introduction .....</b>	<b>5</b>
1.1	About this Guide .....	5
1.2	Purposes .....	5
1.3	Definitions .....	5
1.4	Managing the TSA AAC - Related Statutory Decisions .....	7
1.4.1	Process Summary .....	7
1.4.2	AAC Determination .....	7
1.4.3	Forest Licence AAC Licence Reduction .....	8
1.4.4	Apportionment .....	8
1.5	General Principles .....	9
<b>2</b>	<b>Sustainable TSA AAC Reduction .....</b>	<b>11</b>
2.1	Introduction .....	11
2.2	Process .....	12
2.2.1	(Part 1) – Determining Share of Replaceable TSA AAC held by RFLs .....	13
2.2.2	(Part 2) – Determining Share of Replaceable TSA AAC held by Government and BCTS	15
2.3	Licence Reduction Decision Package .....	17
2.4	Engagement and Consultation .....	18
2.4.1	Consultation and Cooperation with Aboriginal Rights and Title Holders .....	18
2.4.2	Licensee Engagement .....	18
2.4.3	BCTS Engagement .....	18
2.4.4	Engagement with Other Stakeholders/Public .....	18
2.5	Discussion .....	19
2.6	Forest Licence Reduction Options .....	19
2.7	Recommended Licence Reduction .....	19
<b>3</b>	<b>Apportionment .....</b>	<b>20</b>
3.1	The Apportionment Decision Package .....	20
3.2	Background .....	21
3.2.1	TSA Overview .....	21
3.2.2	AAC History .....	22

3.2.3	Sustainable TSA AAC Reduction.....	22
3.2.4	Current TSA AAC Commitments .....	22
<b>3.3</b>	<b>Engagement and Consultation.....</b>	<b>23</b>
3.3.1	Consultation and Cooperation with Aboriginal Rights and Title Holders.....	23
3.3.2	Licensee Engagement .....	23
3.3.3	BCTS Engagement .....	24
3.3.4	Engagement with Other Stakeholders/Public .....	25
<b>3.4</b>	<b>Discussion.....</b>	<b>25</b>
<b>3.5</b>	<b>Apportionment Options .....</b>	<b>25</b>
3.5.1	Guiding Principles .....	25
3.5.2	Presenting the Apportionment Options .....	26
<b>3.6</b>	<b>Recommended Apportionment .....</b>	<b>26</b>
<b>3.7</b>	<b>Attachments .....</b>	<b>27</b>
<b>4</b>	<b>Appendices.....</b>	<b>28</b>
	<b>Appendix 1 – Forest Licence AAC Reduction Process Summary (section 63) .....</b>	<b>28</b>
	<b>Appendix 2 – Sample Forest Licence AAC Reduction Letter.....</b>	<b>37</b>
	<b>Appendix 3 – Questions and Answers .....</b>	<b>38</b>
	<b>Appendix 4 – Hypothetical Licence Reduction Scenario .....</b>	<b>39</b>
	<b>Appendix 5 – Sample Apportionment Letter .....</b>	<b>41</b>

# 1 Introduction

---

## 1.1 About this Guide

The Forest Licence AAC Reduction and Apportionment Guide describes the processes, approaches, and considerations to support the preparation of decision packages for the Minister of Forests regarding two key *Forest Act* (Act) decisions routinely made following a Timber Supply Area (TSA) Allowable Annual Cut (AAC) determination by the Chief Forester under section 8 of the Act:

1. Forest Licence AAC Reductions under section 63 of the Act (previously referred to as proportionate reduction), and
2. Apportionment Decisions under section 10 of the Act.

The guide is designed as supporting material for government staff and those engaged in the decision process including First Nations, tenure holders, stakeholders, and the public. This guide is not intended as direction to the Minister or intended to restrict the discretion of the Minister to exercise independent judgment in making section 63 and/or section 10 decisions under the Act.

## 1.2 Purposes

Fibre supply is becoming increasingly constrained in many TSAs because of climate change-related forest health impacts and frequent wildfire disturbance. The mountain pine beetle (MPB) epidemic and subsequent salvage efforts have also increased cumulative effects across many interior management units. Faced with declining timber supply and the increasing complexity of forest land management, the Province is updating key policies with the goal of improving overall resource stewardship.

This guide seeks to improve the licence reduction and apportionment processes so that the Minister's delegates can make these important decisions in a more timely and principled manner that better supports harvest and resource sustainability. Advancing apportionment was identified as a government intention in the Modernizing Forest Policy document released in 2021. The changes reflect input from engagement that occurred in the fall of 2021 with Aboriginal groups, local governments, and the broader forest sector.

## 1.3 Definitions

**British Columbia Timber Sales (BCTS)** manages about 20 per cent of the province's allowable annual cut for public timber, generating economic prosperity for British Columbians through the safe, sustainable development and auction of public timber. Data from operations are used to help determine the market value of the timber harvested from public land and ensures British Columbians receive fair value from their timber resources.

**Forestry Revitalization Act (2003)** Tenure reallocation – Major licensees, defined as those who have greater than 200,000 m<sup>3</sup> of replaceable AAC, had 20% of their volume reduced, subject to compensation. A portion of this volume (approximately 50%) was to be reallocated to small-scale tenures (woodlots, community forests and First Nations) and the other half was to be auctioned to the highest bidder via BCTS. This AAC is Government Managed TSA AAC and has been tracked separately since 2003.

**Forest Licence AAC Reduction** is a decision pursuant to section 63 of the Act that implements the forest licence share of a TSA AAC reduction made by the Chief Forester under section 8 of the Act.

**Government Managed TSA AAC** is the share of the TSA AAC (both replaceable and non-replaceable AAC) that is managed or controlled either directly (BCTS, Forest Service Reserve, non-tenured, etc.) or indirectly (issued under active non-replaceable forest licence (NRFL), etc.), but will eventually be returned to government control upon tenure expiry.

**Historic TSA AAC** is the apportionment that was in effect in the stable or pre-uplift TSA AAC (e.g., pre-mountain pine beetle (MPB) impacts). It also accounts for any TSA area withdrawals/deletions that reduced the overall TSA AAC. However, two separate reasons for TSA area withdrawals need to be considered:

1. Area withdrawals that happened after the *Forestry Revitalization Act (2003)* AAC reallocation process occurred. These areas were mostly used for the issuance of new area-based tenures (woodlot licence, community forest agreements, first nations woodland licences, etc.). The TSA AAC that was used for these tenures came from TSA AAC that government deleted from licensees under the *Forestry Revitalization Act (2003)*. Licensees were already compensated for this AAC. Therefore, it should not be considered as part of the Historic TSA AAC.
2. Area withdrawals that happened after the *Forestry Revitalization Act (2003)* AAC reallocation process occurred but came from TSA AAC that was not taken from licensees under the *Forestry Revitalization Act (2003)*. This AAC came from overall TSA AAC that all licensees had opportunity to harvest. By taking area out of the TSA government reduced licensees' harvest opportunities through no fault of their own. Therefore, it should be considered as part of the Historic TSA AAC.

The Historic TSA AAC definition can be challenging given the nuances around which of the two reasons for reduction of TSA area was used which resulted in a reduction in the TSA AAC. The detailed calculations can be found in section 2.2.1 of this document. Also, the point in time used to determine the historic AAC will vary for each management unit.

**Sustainable TSA AAC Reduction** is the section 63 forest licence reductions needed to align forest licence AACs with TSA AAC reductions as described in this guide.

## **1.4 Managing the TSA AAC - Related Statutory Decisions**

### **1.4.1 Process Summary**

As previously described, two key minister's decisions could follow a Chief Forester's section 8 TSA AAC determination: (1) Forest Licence AAC Reductions under section 63 of the Act, and (2) an apportionment decision under section 10 of the Act. Of the three legislative decisions, only the Chief Forester's AAC determination has a legislative requirement for periodic decisions. Both section 63 forest licence AAC reduction and section 10 apportionment decisions are discretionary decisions that may or may not occur and do not have mandated timeframes.

This guidance is intended to enable (when necessary) the timely alignment of the Chief Forester's section 8 TSA AAC reduction with already existing harvest levels through a section 63 forest licence AAC reductions, as well as any required adjustments to the BCTS share of the TSA AAC. A Sustainable TSA AAC reduction should ideally occur within 3 months of an AAC determination to ensure the alignment of existing harvesting rights with the Chief Forester's newly reduced TSA AAC. This approach better protects overall TSA AAC sustainability, provides greater certainty to resource users and client groups, and limits any potential overharvest risks through a prompt section 63 forest licence reduction decision.

Once the section 63 forest licence reduction decision process is completed, the Minister may then choose to make an apportionment decision under section 10. An apportionment decision may also occur in the absence of section 63 decision as these sections of the Act are not formally linked. Since an apportionment decision has no direct impact on existing harvesting rights, it can instead be used for larger strategic conversations on how the government managed TSA AAC share can be distributed and used to meet key objectives.

It should be noted that coast and interior TSAs are subject to the same decision-making processes. However, coast TSA AACs are usually much more stable over time and not subject to the large swings in TSA AAC that many interior TSAs have experienced due to the MPB, and large-scale wildfires. This makes forest licence AAC reductions and apportionment decisions in interior TSAs much more complex. In TSAs where the AAC is relatively stable or increasing a section 63 decision may not be necessary. Under these stable conditions a section 10 apportionment can still proceed if required.

### **1.4.2 AAC Determination**

Under section 8 of the Act, the Chief Forester must determine an AAC for each TSA in the province. A TSA AAC determination must occur at least once every ten years but can be extended for an additional 5 years if the Chief Forester considers that the AAC will not change significantly. A new TSA AAC can also be imposed at any point in time if the Chief Forester determines a change in the AAC is required. A TSA AAC determination has no immediate impact to the harvesting rights of existing licences or tenures operating within the TSA.

### 1.4.3 Forest Licence AAC Licence Reduction

If the TSA AAC has been reduced, for reasons other than a reduction in the TSA area through land withdrawals, by the Chief Forester, the Minister has the discretionary authority (i.e., may) under section 63 of the Act make a Forest Licence AAC reduction. A Forest Licence AAC reduction directly impacts the licence AAC of all non-exempted forest licences within the TSA - both replaceable and non-replaceable.

Currently, an exempted forest licence is one that has a base-level AAC of less than 10,001 m<sup>3</sup> per year, although there is authority under section 63.02 of the Act to prescribe licences or classes of licences that are exempted from section 63 forest licence AAC reductions. There are currently no licences or classes of licences exempted by regulation.

The process described in this guide outlines how to determine a neutral starting point option for calculating the percent of TSA AAC to be allocated amongst the various sources of TSA AAC using a historic, relatively stable point in time. Once the neutral starting point is determined, this guide identifies the share of any TSA AAC reduction that may initially be applied to forest licences under section 63. This process also considers the potential impacts of any historic TSA land base changes and any applicable TSA area deletions for area-based tenures that may have reduced the TSA AAC over time. Once the potential forest licence share of the TSA AAC reduction has been determined then the Minister may consider applying reductions to the BCTS share of the TSA AAC and/or any TSA AAC sources (i.e.: Forest Service Reserve) if necessary to meet government objectives.

It is important to emphasize that a Forest Licence AAC reduction is a statutory decision made by the Minister pursuant to section 63, and Ministry staff need to ensure that the decision package includes all considerations and implications, including consideration of the interests of Aboriginal Rights and Title holders.

Consultation and coordination efforts with Aboriginal Rights and Title holders could raise interests and concerns related to reconciliation. Staff need to work with Aboriginal Rights and Title holders to determine what their interests are relative to the section 63 decision.

Note: The process described in this guide focuses on the *Forestry Revitalization Act* (2003) as an “anchor” point in time. This is done to link these relatively large historic forest licence AAC reductions to the current share of the TSA AAC held by forest licences. However, it may not apply in every situation and consideration should be given to previous AAC determinations. See definition of Historic TSA AAC in section 1.3 (Definitions).

Note: A step by step guide on implementing a Forest Licence AAC Reduction (sections 62.1 through 63.05 – Act) is found in Appendix 1.

### 1.4.4 Apportionment

Section 10 of the Act allows the Minister to specify a portion of the TSA AAC be made available to be granted under a form of agreement. This is known as apportioning the AAC. The Minister

can make an apportionment decision at any time; however, it was typically made following a Chief Forester's TSA AAC determination.

It is important to emphasize that a section 10 apportionment decision has no direct impact on existing harvesting rights already under tenure and has no direct link to section 63. Rather, an apportionment decision is intended to establish the Minister's forward-looking vision on how the TSA AAC should be allocated to the different forms of forest tenure. If an apportionment decision is based on aspirational government objectives that require a redistribution of TSA AAC, then other legislative or policy mechanisms such as the special purpose area tenure taking provisions, or the First Nations Forest Strategy should be considered. Other avenues may include strategic agreements or Treaty between a Nation, the Province and Canada.

## 1.5 General Principles

In support of a section 63 Forest Licence AAC Reduction and/or a section 10 apportionment decision, staff are expected to provide accurate and complete information with a thorough analysis of all the various considerations and implications for the Minister to consider. The following general principles provide guidance to Ministry staff on when and how these decision packages should be prepared:

1. Decision packages should be based on the same general set of standard principles, consistent methodology and similar format across the province regardless of the TSA.
2. Decision package should contain sufficient options that fully inform the Minister of any important local TSA specific issues.
3. The Minister must be provided with sufficient information to enable an informed decision, including an understanding of the potential social, economic, environmental and legal implications of these decisions to Aboriginal Rights and Title holders, communities, government, licence holders, industry, stakeholders and the public.
4. If harvest sustainability is a potential risk for the TSA, the Forest Licence AAC Reduction package should be put forward as soon as possible after the section 8 TSA AAC determination is completed. This will ensure harvesting rights are promptly aligned with the new TSA AAC.
5. The eventual BCTS share of the TSA AAC will ultimately be determined through the apportionment process. However, if the TSA AAC has been reduced (and forest licences reduced under section 63) the Minister may consider requesting BCTS to reduce short-term harvesting until the final apportionment decision is completed. The eventual apportionment will describe the anticipated impact to the BCTS market pricing system (MPS) mandate and identify any additional AAC required to support other BCTS priorities (e.g., value-added sector increases, AAC that doesn't contribute to MPS, etc.).
6. In general, any changes to the distribution of replaceable TSA AAC between apportionment categories should occur through the apportionment process after Forest Licence AAC Reductions have been made. This can be accomplished through the

reallocation of Government Managed TSA AAC (if available), the use of existing government policy or legislative tools, or business to business agreements between willing participants.

7. It is important to identify those portions of the TSA AAC not currently under tenure and/or currently uncommitted for disposition. This may include volumes in the Forest Service Reserve, the NRFL category, and other apportioned TSA AAC not yet issued under a tenure. In some cases, these volumes can be significant and represent AAC that was previously taken back from licensees with the intention of meeting key government public interest objectives. If required, this TSA AAC can be distributed to other priorities through the apportionment process.

## 2 Sustainable TSA AAC Reduction

---

### 2.1 Introduction

As defined under section 1.2, a Sustainable TSA AAC Reduction is the proposed AAC reduction to forest licences (section 63) needed to begin aligning existing TSA harvesting rights with the new (lower) TSA AAC as determined by the Chief Forester under section 8 of the Act. Note that section 2.2.2 (below) describes the initial process used for any possible reductions to BCTS or other government managed TSA AAC sources.

Where TSA AAC harvest and resource sustainability is a concern, it is strongly recommended that a section 63 forest licence AAC reduction decision be completed as soon as reasonable after the section 8 TSA AAC reduction decision has been determined, preferably within 3 months of the TSA AAC determination. In some instances, a TSA may be underharvested which potentially allows for a period to align forest licence AACs with a newly lowered TSA AAC. If an apportionment decision is still required (for allocation of uncommitted or government managed volumes, longer term planning, future AAC distribution decisions, etc.) this can occur after the section 63 decision is completed.

Key Considerations: In addition to the general principles outlined in section 1.5, the following considerations should be assembled and reviewed in advance of any Forest Licence AAC Reduction decision:

- If a potential TSA AAC reduction is anticipated then begin a tentative analysis to assess the risks to sustainability if existing harvest levels are not reduced, and/or harvesting rights currently issued under all tenures or programs are maintained. Forest Analysis and Inventory Branch (FAIB) staff can also assist in determining an anticipated sustainability risk starting point based on the range of potential TSA AACs moving forward. This consideration is simply meant as a proactive licence reduction and/or apportionment decision step and in no way fetters or affects the Chief Forester's eventual AAC Determination.
- Input gained through engagement with First Nations. Overall, reconciliation objectives are an appropriate consideration for the Minister in the decision-making process.
- Gather relevant background information including:
  - The Historic TSA AAC using historic Apportionment Reports. FAIB is available to support the verification of the Historic TSA AAC if required.
  - The existing commitments to:
    - Replaceable Forest Licence AACs/volumes.
    - NRFL and major forestry licence to cut volumes/AACs – noting the licence AAC, operating profile or AAC Partition limitations, expiry date of licences and the cut control position of each tenure. Note that bioenergy and other NRFLs/tenures (including supplemental NRFL's and deciduous licences) are often restricted to specific profiles or AAC Partitions.

- Consider the existing licence commitments and determine if the TSA AAC has been temporarily over committed to deal with priority forest management concerns such as wildfire and insect damage salvage, etc. It should be determined if the AAC used to source these tenures is a long-term replaceable TSA AAC or short-term uplift, etc. AAC.
- First Nation commitments not yet in tenure – including volume in negotiation, mandate, and Forest Tenure Opportunity Agreement. Consider how to meet these commitments relative to the TSA AAC and Act related AAC reallocation tools.
- Any other outstanding commitments for tenure such as for community forest agreement, first nations woodland licence, etc.
- *Forestry Revitalization Act (2003)* volume that was taken and reallocated by government to First Nations.
- Consider keeping a future Forest Service Reserve based on a reasonable level of historical use. The Forest Service Reserve is the primary volume source for miscellaneous minor tenures.

## 2.2 Process

The following process can then be used to develop an initial section 63 Forest Licence AAC Reduction option for consideration by the Minister. As noted, the distribution and use of TSA AAC is a complex process, based on multiple forms of agreement (e.g., forest licences, timber sale licences, etc.), historic decisions, and changes to the land-base (e.g., MPB AAC uplifts, wildfires, protected area removals, etc.).

In its simplest form the stable (long-term), replaceable TSA AAC can be divided into two distinct parts:

- **Part 1** - Replaceable TSA AAC held by replaceable forest licences (RFLs), and
- **Part 2** - Replaceable TSA AAC held in government managed reserves (e.g., BCTS, NRFLs, FSR, future area-based tenures, etc.).

The AACs determined in Part 2 are the volumes that will eventually be used to ‘apportion’ or redistribute based on government objectives. Note that unless exempted NRFLs are fully captured under section 63 they should also be considered in a decision by the Minister for any reduction. Although section 63 must be applied to all NRFLs, the AAC used for these NRFL may not always be replaceable TSA AAC (e.g., uplift AAC or unused volume used for NRFLs). Therefore, some NRFLs may need to be considered separately (i.e., was the AAC source replaceable or non-replaceable or some combination) when determining the final share of the replaceable TSA AAC reduction that the Minister uses to reduce forest licences via section 63.

Note: A description of the individual forest licence AAC reduction process as found under section 63 of the Act is found in Appendix 1.

## 2.2.1 (Part 1) – Determining Share of Replaceable TSA AAC held by RFLs

Part 1 outlines the steps and calculations used to determine replaceable forest licence holders' relative share (percentage and volume) of the Historic TSA AAC (i.e., pre-MPB uplifts). This value may be used to determine the starting point on how much of the TSA AAC reduction could be applied to replaceable (and non-replaceable) forest licences under section 63.

See Appendix 3 for several explanatory questions and answers on section 2.2.1 (Part 1). A hypothetical TSA example of how the Forest Licence AAC Reduction process outlined below is determined can be found in Appendix 4.

**Step #1:** Review the Chief Forester's most recent TSA AAC determined under section 8 (Act).

**Step #2:** Determine the Historic TSA AAC that was in place before any uplifts related to the Mountain Pine Beetle epidemic (or other uplifts) occurred. Consult with FAIB to verify this number as the historic 'steady state' AAC. Note that this is meant to be replaceable TSA AAC (i.e., pre-MPB or wildfire related TSA AAC uplifts).

**Step #3:** Determine Revised Historic TSA AAC. To accurately calculate the TSA AAC for the purposes of determining replaceable forest licence share of the TSA AAC, use the following calculations:

1. Take the Historic TSA AAC.
2. Calculate and sum the AAC attributed to any area-based tenures (e.g., CFA, WL, etc.) that were removed from the TSA AAC since the Historic AAC was established. These removals were also replaceable TSA AAC.

**Note:** The Allowable Annual Cut Administration Regulation provides details on how these historic TSA area withdrawals impacted the TSA AAC.

3. Differentiate the source of the AAC attributed to area-based tenures. This replaceable TSA AAC can come from two sources:

**3a.** *Forestry Revitalization Act, 2003* tenure reallocation. Therefore, for the purposes of calculating forest licences initial share of the TSA AAC it should be included in the TSA AAC (i.e., denominator) – in other words if this AAC is excluded from the denominator then the RFL holders will mathematically receive a larger percentage of the remaining TSA AAC.

**Note:** Licensees were already fully compensated for the takeback AAC, so government had the ability to dispose of this AAC as required (i.e., issuing new area-based tenures). Licensees should not be compensated a 2<sup>nd</sup> time for this AAC.

**3b.** Replaceable government managed AAC that was available prior to the *Forestry Revitalization Act* tenure reallocation. This is TSA AAC that government made the decision to remove from the TSA in the form of new area-based

tenures. This had the effect of reducing the overall available TSA available for forest licences and should be excluded from the TSA AAC.

4. Only subtract the sum of the government managed AAC (see 3b above) that was available prior to the 2003 *Forestry Revitalization Act* tenure reallocation from the historic AAC. The *Forestry Revitalization Act* TSA AAC that was removed should be retained for the purposes of these calculations.

Note: Any TSA AAC associated with temporary AAC uplifts (e.g., MPB, etc.) should in most cases not be included in the Historic TSA AAC as it is critical to find a stable, historic point in time that did not include these TSA AAC uplift volumes. Including this uplift AAC would artificially increase the TSA AAC for the purposes of determining the RFL share of the new TSA AAC and result in a decrease in RFL AAC going forward.

Note: Any AAC associated with problem forest types, etc. that is permanent/replaceable TSA AAC (e.g., non uplift AAC) should be included in the TSA AAC. This is replaceable TSA AAC and continues to be replaceable AAC moving forward. Licensees technically have full access to and can harvest these stands at any time.

Note: Any area-based tenure removals will need to be checked against (and consistent with) what historically occurred for TSA AAC adjustments that used the provisions found in the *AAC Administration Regulation*. This will ensure that any TSA AAC adjustments applicable to area-based tenure withdrawals are double checked and accurate.

Historic TSA AAC – area-based tenure AAC withdrawals (do not include Forestry Revitalization Act tenure reallocation AAC) = **Revised Historic TSA AAC**

**Step #4:** Determine what share of the Historic TSA AAC was held by replaceable forest licences at the stable pre-AAC uplifts TSA AAC. This can be found using the historic Apportionment reports just prior to any MPB, etc. uplifts (usually late 1990s or early 2000s for interior TSAs). Note that NRFLs are also reduced under section 63, but that these licences are usually only sourced from government managed TSA AAC sources (not licensee share of TSA AAC). Upon expiry the AAC used for these NRFLs will return to government control and can then be used to meet other priority government objectives. See Step #13 below.

This is determined as follows:

1. From the applicable historic Apportionment decision determine the share of the TSA AAC held by replaceable forest licences at that stable point in time. (See Step #13 below for NRFL volumes).
2. Decrease the share of the TSA AAC held by replaceable forest licences by any AAC takebacks that occurred under the *Forestry Revitalization Act* takeback for which licensees were previously compensated, which should not be considered as part of licensee AAC since it was already compensated for.

Historic replaceable forest licence share of TSA AAC – Forestry Revitalization Act AAC timber reallocation = **Adjusted RFL share of TSA AAC**

**Step #5:** Divide Step #4 by Step #3 to determine forest licence historic percentage of the replaceable TSA AAC.

Adjusted Forest Licence share of TSA AAC / Revised TSA AAC = **RFL Historic Percentage of TSA AAC**

**Step #6:** Multiply the Forest Licence Historic Percentage of TSA AAC obtained under Step #5 by the current TSA AAC (from Step #1) to obtain the current forest licence initial share of the TSA AAC.

Forest Licence Percentage of TSA AAC \* TSA AAC = **Initial RFL Share of current TSA AAC**

Note: Exempted licences (currently less than 10,001 m<sup>3</sup> as prescribed in Allowable Annual Cut Regulation) must be exempted from any licence AAC reductions. See section 63 of Act for process on grouping, exempting, and reducing individual forest licence AACs.

**Step #7:** Determine the **Initial Forest Licence AAC Reduction**. First determine the current commitments to RFLs. Then subtract the **Initial Forest Licence Share of the Current TSA AAC (calculated in Step #6)** from the current commitments to RFLs.

Proposed RFL Share of Current TSA AAC – RFL commitments = **Initial Forest Licence AAC Reduction**

## 2.2.2 (Part 2) – Determining Share of Replaceable TSA AAC held by Government and BCTS

Part 2 outlines the steps and calculations used to determine how the government managed share (percentage) of the Historic TSA AAC (i.e., pre-uplift) should be distributed among the various government managed apportionment categories. This includes determining what share of the new TSA AAC should be held by BCTS.

### **Non-Replaceable Forest Licences (NRFLs)**

NRFLs are also subject to section 63 of the Act and must be reduced accordingly. However, NRFLs are more challenging since these tenures can be sourced from both government managed TSA AAC as well as temporary uplift AAC. Also, these are “temporary” tenures that will expire so ultimately the harvest impact and any harvest liability eventually ceases. This temporary attribute implies that NRFLs be treated separately (once expired the AAC used for the NRFLs should be considered as part of the government managed share of the TSA AAC for the purposes of apportionment decisions) from RFLs.

As noted, NRFLs can be derived from one or more sources of government managed TSA AAC. This AAC can either be permanent replaceable TSA AAC or temporary AAC such as AAC uplifts, unused volumes (section 75.8), or other sources. Ultimately, the sources (permanent AAC vs. temporary AAC) of the NRFL AAC needs to be differentiated and then factored into the below calculations.

**Step #8:** Subtract the Proposed Replaceable Forest Licence share of TSA AAC (Step #6) from the TSA AAC (Step #1) to determine the Government managed share of the TSA AAC.

TSA AAC – Proposed Forest Licence share of TSA AAC = **Government Managed TSA AAC**

**Step #9:** Determine what portion of the Historic TSA AAC was reserved for BCTS. This will include the BCTS share of the Historic TSA AAC plus any increases to BCTS AAC because of any *Forestry Revitalization Act* TSA AAC takebacks.

Note: BCTS did in some cases receive uplift TSA AAC (e.g., MPB uplifts, etc.). This uplift AAC is temporary in nature and if expired, should not be considered part of the BCTS share of the TSA AAC and should be netted out of the final BCTS share of the TSA AAC.

If any of this temporary TSA AAC held by BCTS is still in effect after the section 8 Chief Forester's TSA AAC Determination, then it should still be netted out from the replaceable TSA AAC held by BCTS.

BCTS share of TSA AAC (pre-uplift) + *Forestry Revitalization Act* AAC take backs = **BCTS Share of Historic TSA AAC**

**Step #10.** Determine BCTS historic percentage share of the TSA AAC by dividing BCTS Share of Historic TSA AAC by Historic TSA AAC.

BCTS share of TSA AAC (historic + *Forestry Revitalization Act*) / Historic TSA AAC = **BCTS Historic Percentage Share of TSA AAC**

**Step #11:** Determine BCTS current share of existing TSA AAC by multiplying Historic BCTS AAC Percentage (Step #9) by Current TSA AAC (Step #1).

Historic BCTS AAC Percentage \* Current TSA AAC = **BCTS share of TSA AAC**

Note: In most cases there is no need to alter the Historic TSA AAC (for BCTS purposes) for area-based withdrawals since the AAC withdrawn from the TSA was government managed AAC and unless shown otherwise would have likely come from non-BCTS government managed TSA AAC.

Note: The BCTS share of the TSA AAC should initially be maintained at the current percentage of the TSA AAC held by BCTS. If needed, these percentages can be adjusted during the Apportionment process through the internal redistribution of the government managed share of the TSA AAC or using other Act provisions.

**Step #12:** Determine the replaceable TSA AAC remaining for other government objectives or programs. Subtract BCTS share of TSA AAC (Step #11) from government managed TSA AAC (Step #8) to determine remaining government managed TSA AAC.

Government managed replaceable TSA AAC - BCTS share of TSA AAC = **Remaining TSA AAC**

The government managed share includes TSA AAC assigned to both NRFL and FSR categories. If there is any remaining TSA AAC then this can be used to further these government objectives. If additional volume is required to meet government objectives, then other Act provisions designed for this purpose may be considered outside of this process.

**Step #13 (Optional):** Calculate the share of the replaceable (government managed) TSA AAC held under NRFLs (both issued licences and NRFL TSA AAC not currently under tenure) to determine **Net Remaining Government Managed Replaceable TSA AAC**. This includes any

stable historic TSA AAC (*pre-Forestry Revitalization Act*) that was (and remains) directly provided for NRFLs, and any *Forestry Revitalization Act* TSA AAC directly targeted to NRFLs only. This would require the removal of any *Forestry Revitalization Act* AAC that was removed as subsequent area-based tenures or directly provided to support the BCTS program.

Remaining Managed Government TSA AAC – (Historic NRFL TSA AAC + *Forestry Revitalization Act* NRFL AAC – Section 63 forest licence reductions) = **Net Remaining Managed Government Replaceable TSA AAC**

Note: Replaceable TSA AAC currently held under active NRFLs (post section 63 licence reductions if required) can be calculated as part of the government managed share of the replaceable TSA AAC and separated from any uplift AAC or other temporary AAC included in these active NRFLs.

Note: Once a NRFL expires then the remaining replaceable TSA AAC used to source the NRFL is returned to government management and can then be used to meet other objectives.

## 2.3 Licence Reduction Decision Package

The decision package should contain at a minimum:

1. Decision Briefing Note:

- Background, including TSA overview, current AAC and AAC history, an overview of the TSA AAC Determination (Reduction) decision, current licence AAC commitments, BCTS and other licence/form of agreement share of TSA AAC,
- Summary of any Aboriginal Rights and Title holders' engagement and consultations,
- Summary of any licensee or other engagement,
- The percent of RFL AAC under replaceable harvesting agreements,
- Discussion on specifics of licence reductions for the TSA,
- Licence Reduction Options, and
- Recommended Licence Reduction Option.

2. Attachments:

- Complete Aboriginal Rights and Title holder engagement and consultation record,
- Forest Licence current share of TSA AAC,
- Forest Licence historic share of the TSA AAC, and
- Complete record of engagement with licensees, other stakeholders, or the public.

This information can be either contained in the main document or as stand-alone Appendices.

## **2.4 Engagement and Consultation**

### **2.4.1 Consultation and Cooperation with Aboriginal Rights and Title Holders**

To ensure approaches to engagement reflect current best practices, Ministry staff preparing the decision package for the Minister should engage Ministry experts (regional and/or Indigenous Relations Branch) to assist and contribute to the development and delivery of engagement with Aboriginal Rights and Title holders.

As it is a statutory decision that may affect Aboriginal rights and title holders, consultation is required in accordance with ministry and government policies prior to a licence reduction decision being made. Aboriginal Rights and Title holders within the TSA should be provided an opportunity for input into the licence reduction options. The licence reduction decision package must include a summary of the consultations and any other engagement including a summary of feedback received and details regarding information sharing and how the feedback was addressed.

### **2.4.2 Licensee Engagement**

The holders of major licences within the TSA should be provided an opportunity for input into the licence reduction options. This can be in various forms with individual or groups of licence holders, or requests for written submissions from licence holders.

Licence holders should also be provided with the opportunity to provide input regarding how the licence reduction decision options presented may impact their future logging operations and processing facilities. The decision package should contain a summary of all input provided by major licence holders.

### **2.4.3 BCTS Engagement**

Although a section 63 forest licence reduction decision does not directly impact BCTS share of the TSA AAC, the process outlined in this guide may recommend that BCTS share of the TSA AAC also be proportionately reduced. Therefore, BCTS should be provided with an opportunity to provide input on the licence reduction options being considered. The decision package should contain a full summary of all BCTS input provided.

BCTS will provide an analysis of the proposed forest licence reduction options showing relative/proportional impacts to BCTS at relevant scales such as management unit, BCTS business area, Natural Resource Area and provincially.

### **2.4.4 Engagement with Other Stakeholders/Public**

If applicable include a summary of points raised during any consultation with, or feedback received from, stakeholders and the public.

## 2.5 Discussion

In the Discussion section of the decision briefing note, discuss the main issues associated with the licence reduction for the TSA AAC. Draw on the key points from the Background, etc. and the Engagement and Consultation Sections.

The main issues raised in the discussion should logically lead to the forest licence reduction options presented in the next section of the decision briefing note.

## 2.6 Forest Licence Reduction Options

This section of the decision briefing note should present the Minister with forest licence reduction options. This should include at a minimum:

- The amount of the TSA AAC reduction being applied to forest licences for each licence reduction option being considered.
- An overview on any harvesting or stewardship risks and how the options mitigate these.
- How reconciliation objectives are being addressed for each option.
- Any other applicable information.

## 2.7 Recommended Licence Reduction

The decision briefing note should include a recommended licence reduction option.

The recommended option should also be documented in a draft forest licence AAC reduction letter that the Minister can sign if the recommended option is approved. The letter should include:

- Current AAC for the TSA and the date of the Chief Forester's determination,
- Individual forest licence reductions in table format, and
- Effective date of the licence reduction.

This letter will serve as documentation of the section 63 forest licence reduction decision, if approved. Licence holders who receive a notification letter will have 30 days to request a reconsideration of the licence grouping under section 63.01. See Appendix 2 for a sample forest licence AAC reduction letter.

## 3 Apportionment

---

As noted, an apportionment decision under section 10 has no direct impact on existing harvesting rights. Rather it is the Minister's vision on how the TSA AAC should be distributed moving forward. Once the Sustainable TSA AAC Reduction decision (see section 2 above) is completed, the requirement for a section 10 apportionment decision can be considered. If the TSA AAC is relatively stable (i.e., there was no section 63 forest licence reductions required) then an apportionment decision can move forward. A section 10 apportionment and a Forest Licence AAC Reduction can also be made simultaneously.

Once the section 63 Sustainable TSA AAC Reduction is completed (if previously required), then the apportionment process is based either on the distribution of the remaining government managed share of the TSA AAC (if any) or determining how much additional TSA AAC will be required to meet government's other objectives for the TSA.

The apportionment decision process is much more subjective than the section 63 forest licence AAC reduction decision which is very prescriptive and limited in scope. A successfully completed apportionment decision should therefore be a more fulsome process conducted in consultation with Aboriginal Peoples and should also include input from affected licence holders, communities, and other stakeholders. The outcome is ideally a series of options for the Minister to consider that seeks to further government objectives that may include, but is not limited to, reconciliation, value over volume, community stability and industry competitiveness.

An apportionment decision is recommended if, after a Sustainable TSA AAC Reduction is complete, the residual government replaceable TSA AAC sources (i.e.: NRFLs, Forest Service Reserve, etc.) still have volume available for potential distribution. An apportionment decision is also recommended if there is a TSA AAC deficit that requires sourcing further TSA AAC to meet important government objectives.

### 3.1 The Apportionment Decision Package

The decision package should contain:

1. Decision Briefing Note:

- Background, including overview of the Sustainable TSA AAC Reduction decision,
- Summary of engagement and consultations,
- Discussion,
- Apportionment Options, and
- Recommended Apportionment Option.

2. Attachments:

- TSA and AAC background details (if additional information is warranted),
- Complete Aboriginal Rights and Title holders, engagement, and consultation record,

- Table showing existing Aboriginal Rights and Title holder held tenures in TSA, including tenures, AACs, TSA AAC percentage, cubic metres per capita, etc. (information could also be included in body of package),
- Forest Licence share of TSA AAC (either post Forest Licence AAC Reduction decision if decision has already been made, or the current share),
- BCTS analysis of existing and further apportionment AAC needs including calculated share of the new lower TSA as calculated through the Sustainable TSA AAC Reduction process completed earlier (if required),
- Complete record of engagement with licensees, other stakeholders, or the public, and
- Other recommendations on potential future decisions (licence reductions, etc.).

## 3.2 Background

In the background section of the decision briefing note, provide the Minister with key facts about the TSA and its AAC. Additional detail can be included as attachments.

- TSA overview,
- Current AAC and AAC history,
- Current AAC commitments (post Forest Licence AAC Reduction and/or BCTS AAC reductions by policy and direction if already completed),
- Outcome of Forest Licence AAC Reduction process (if decision already completed),
- Aboriginal Rights and Title holders whose territories intersect the TSA and any tenures currently held, and
- The percent of RFL AAC under replaceable harvesting contracts.

### 3.2.1 TSA Overview

In the TSA overview, include relevant information such as:

- Major licensees, timber processing facilities licensees operate (if any in TSA) and the tenures they hold in the TSA,
- Other timber processing facilities that operate in the TSA (if any in TSA),
- The Province's relationship with Aboriginal Rights and Title holders and current reconciliation initiatives (both Provincial and local),
- Communities within the TSA and the community dependence that each community has on the forest sector, and
- An assessment of the current demands or trends (i.e., potential land removals for area-based tenures or Treaty lands, new entrants, other developments, etc.) on the AAC from existing and potential licensees in the TSA.

This information can be either contained in the main document or as a stand-alone Appendix.

### 3.2.2 AAC History

Provide a table with relevant AAC history for the TSA including the most recent AAC determined by the Chief Forester. Also provide information from the AAC rationale that may be relevant to the apportionment decision such as AAC partitions, the predicted trend for the TSA AAC.

**AAC History Table (example)**

Date	AAC (m <sup>3</sup> /year)	Comments
2015	1,800,000	Reduction post-MPB AAC uplift.
2010	1,900,000	Ongoing MPB AAC uplift.
2005	1,900,000	MPB AAC uplift
2000	1,600,000	Stable pre-uplift AAC

### 3.2.3 Sustainable TSA AAC Reduction

Include the background information and process used for the development of the Sustainable TSA AAC Reduction (forest licences and BCTS) that outlines the Forest Licence AAC Reductions (if section 63 decision has already been made) and what the relative share of the new TSA AAC should be reserved for BCTS (see section 2).

### 3.2.4 Current TSA AAC Commitments

For reference provide a table that lists the previous two apportionment decisions, the existing AAC issued under tenures and any additional volume that has been committed but not yet issued. If a Forest Licence AAC Reduction has already occurred indicate the forest licence cumulative share of the new TSA AAC (section 2.2.1) and what the BCTS proposed share of the TSA AAC should be (section 2.2.2). Any surplus AAC (if available) can be used to support other government objectives and commitments. If TSA AAC is in deficit, then there will be a need to consider other AAC distribution tools as found in the Act.

In the below example government managed share of the TSA AAC allocated to specific categories can be moved and/or reduced to align with new lower TSA AAC as required.

**AAC Commitment Table (example)**

	2010	2015	2022
TSA AAC	3,000,000	3,500,000	3,000,000
<b>Apportionment</b>	<b>Apportioned AAC</b>	<b>Apportioned AAC</b>	<b>Current Commitments (post Forest Licence AAC Reduction)</b>
Forest Licences Replaceable	2,000,000	2,000,000	1,500,000
Forest Licences non-Replaceable	500,000	800,000	750,000

BCTS	350,000	400,000	400,000
CFAs	50,000	100,000	50,000
Woodlot Licences	0	10,000	10,000
First Nations (FNWL & other direct award tenures)	50,000	150,000	100,000
Forest Service Reserve	50,000	40,000	20,000
<b>Total</b>	<b>3,000,000</b>	<b>3,500,000</b>	<b>3,330,000</b>

The above table can also be modified to include AAC partitions. This is applicable for NRFLs that may be partition specific or include volume from several partitions. The table can also be modified to include various sub-categories of Aboriginal Rights and Title holder licences (if required).

### 3.3 Engagement and Consultation

#### 3.3.1 Consultation and Cooperation with Aboriginal Rights and Title Holders

To ensure approaches to engagement reflect current best practices, Ministry staff preparing the decision package for the Minister should engage Ministry experts (regional and/or Indigenous Relations Branch) to assist and contribute to the development and delivery of engagement with Aboriginal Rights and Title holders.

As it is a statutory decision, that may affect Aboriginal Rights and Title holders, consultation is required in accordance with ministry and government policies prior to an apportionment decision being made. Many Aboriginal Rights and Title holders have also expressed a strong desire for greater involvement in the development of apportionment decision options and staff are encouraged to engage early and often with affected communities.

The apportionment decision package must include a summary of the consultations and other engagement including, for each of the consulted Aboriginal Rights and Title holders, information regarding the assessed impacts of the apportionment decision on Aboriginal Rights and Title, a summary of feedback received, details regarding information sharing, and an analysis of accommodation measures.

#### 3.3.2 Licensee Engagement

The holders of major licences within the TSA should be provided an opportunity for input into the apportionment options. This can be in various forms including meetings or conference calls with individual or groups of licence holders, or requests for written submissions from licence holders.

Through this engagement, licence holders should be advised of the most recent AAC determination for the TSA, the current licence commitments in the TSA, the current demands on the AAC and the range of options that the Minister may consider for the apportionment.

It should also be determined whether there are any business-to-business arrangements that may be inadvertently impacted by the apportionment decision in the short-term. It is the intention of this guide to ensure full consideration of these options in the apportionment process before determination of a Sustainable TSA AAC Reduction.

Licence holders should also be provided with the opportunity to provide input regarding how the apportionment decision may impact their future logging operations and processing facilities. The apportionment decision package should contain a summary of all input provided by major licence holders.

### **3.3.3 BCTS Engagement**

The BCTS goal is to “Provide credible representative price and cost benchmark data for the Market Pricing System (MPS) through auctions of timber harvested from crown land in British Columbia.” To achieve this goal, BCTS is apportioned a representative portion of the AAC across the province. BCTS then develops and auctions timber sales with the aim of maintaining an auction dataset (separate for Coast and Interior) that is utilized by the MPS equation to set the price for most other timber in the province. To achieve the harvest outcome, BCTS requires an apportionment of at least 20% of the provincial AAC, for both the coast and interior. A further goal for BCTS was communicated to the public in the 2021 *Modernizing Forest Policy in B.C.* This goal is to increase and diversify forest sector participation by further strengthening the AAC assigned to BCTS.

The appropriate staff from BCTS should be engaged to determine the amount of apportioned AAC that is required to deliver their mandate, including maintaining the MPS and other applicable government BCTS goals. The apportionment requirement for BCTS should consider the current apportionment available to BCTS for the TSA, the current TSA AAC, and the TSA AAC history. It should also consider volume available to BCTS through:

- Proposed BCTS relative share of the TSA AAC based on the Sustainable TSA AAC Reduction calculations (if calculations required - see section 2.2.2 (Part 2) above),
- Reservations of timber on non-BCTS tenures, and
- Licences issued under various provisions (specific to form of agreement) of the *Forest Act* where volume is reserved for sale through BCTS (reduced volume condition).

BCTS will provide an analysis of the proposed apportionment options showing impacts at relevant scales such as management unit, BCTS business area, Natural Resource Area and provincially. The potential implications to BCTS and its mandate should be indicated if the requisite apportionment AAC is not being provided or the proportion of the BCTS apportionment within the TSA is being reduced. Other AAC redistribution tools should then be considered.

### **3.3.4 Engagement with Other Stakeholders/Public**

Include a summary of points raised during any consultation with, or feedback received from, stakeholders and the public regarding the potential impacts of the apportionment decision (i.e., staff from municipalities, regional districts, etc.).

## **3.4 Discussion**

In the Discussion section of the decision briefing note, discuss the main issues associated with the apportionment of the TSA AAC. Draw on the key points from the Background and Engagement and Consultation Sections.

The main issues raised in the discussion should logically lead to the Apportionment Scenarios presented in the next section of the decision briefing note.

## **3.5 Apportionment Options**

This section of the decision briefing note should present the Minister with apportionment options (typically a minimum three separate options are presented although more may be considered). The Minister can still choose any option that they conclude is an appropriate vision for the TSA AAC moving forward.

### **3.5.1 Guiding Principles**

These principles are intended to guide ministry staff during the development of apportionment options for the decision package:

1. In each option, the sum of proposed apportionment volumes for each category should normally equal the current TSA AAC.
2. If total current licence commitments in the TSA exceed the total TSA apportionment in one or more proposed apportionment options, a comprehensive assessment of stewardship risk should accompany that option. This will likely not be required if a Forest Licence AAC Reduction has already occurred to align harvesting rights with the new lower TSA AAC (e.g., Sustainable TSA AAC Reduction). However, some of the various apportionment options may require further decreases to forest licences or other apportionment categories to meet government objectives for the TSA AAC. If so, then the other AAC reduction and reallocation provisions should be used. Note: FAIB should be involved in determining stewardship risk assessments.
3. The recommended apportionment option should, as much as possible, support implementing current government objectives for furthering reconciliation with Aboriginal Rights and Title holders (e.g., meeting the 20% share of TSA AACs under First Nations held tenures). This needs to be balanced with other government objectives.

4. The recommended apportionment option should, as much as possible, support the BCTS market pricing mandate and goal of achieving 20% of the total provincial Crown harvest. Additional volume apportioned to BCTS may be required to support other government objectives (e.g., value-added, etc.). This needs to be balanced with other government objectives.
5. Where possible, an apportionment should consider unexpired NRFLs (if any in TSA) based on the average annual TSA AAC still needed to support the licences over the projected term of the apportionment. It should also be noted if the TSA AAC used to support these NRFLs is replaceable AAC (conventional and non-conventional), uplift AAC, or one-time opportunity wood (unused volumes, etc.). This will help even out the impact of these existing harvesting rights on the TSA AAC moving forward (i.e., until the NRFLs expire). Once expired the replaceable TSA AAC share that these non replaceable tenures can be shifted to other apportionment categories.
6. The Forest Service Reserve apportionment category should reflect the forecast requirements for volume from salvage tenures, licences to cut and other needs based on historic use. Alternatively, 1% of the TSA AAC may be used as a default.

### **3.5.2 Presenting the Apportionment Options**

For each apportionment option, use a table to present the current and proposed apportionment of AAC to each apportionment category. Describe the key features and implications of each option.

## **3.6 Recommended Apportionment**

The decision briefing note should include a recommended apportionment option.

The recommended apportionment option should also be documented in a draft apportionment letter (see section 3.1 for additional details) that the Minister can sign if the recommended apportionment option is approved. The letter should include:

- The current AAC for the TSA and the date of the Chief Forester's determination,
- The new apportionment in table format,
- The effective date of the apportionment,
- Where appropriate, comments or rationale for the AAC apportioned to each form of licence and program, and
- See section 3.1 for further details.

This letter, or as amended to capture the minister's decision, will serve as documentation of the apportionment decision. A sample letter can be found in Appendix 5. It is recommended this letter be distributed, or some other form of formal communication, to Aboriginal Rights and Title holders, licence holders, local governments and other stakeholders where the TSA AAC is declining. In addition, consideration should be given to making the documentation available on the government website.

If required, contact Forest Tenures Branch to obtain further advice and a sample copy of previous letters applicable to the TSA in question.

### **3.7 Attachments**

The apportionment decision package should contain the following attachments:

- Summary of Aboriginal Engagement and Consultation,
- Summaries of Stakeholder Input,
- BCTS Rationale for AAC Needs, and
- Other documents as required.

## 4 Appendices

---

### Appendix 1 – Forest Licence AAC Reduction Process Summary (section 63)

The following outlines the summary of the step-by-step process required to implement a section 8 TSA AAC reduction to forest licences as provided for under section 63 of the *Forest Act* (Act). This process can be complex therefore careful attention needs to be paid to the various required calculations and step by step process needed to fully align forest licence AACs with the share of the TSA AAC reduction that the Minister has determined under section that will be applied to forest licences (replaceable and non-replaceable).

**Note:** The below referenced process is only a summary of the required process as provided in the Act. Therefore, the Act provisions referenced below should be carefully reviewed to confirm the required process.

#### **Definitions (section 62.1):**

Base-level Allowable Annual Cut – means the allowable annual cut prescribed as the base-level allowable annual cut for ungrouped licences and groups of licences.

Combined Allowable Annual Cut – in relation to a group of licences, means the combined total of the allowable annual cuts authorized for each licence in the group of licences.

Combined Allowable Annual Cut Reduction – in relation to a group of licences, means the share of a timber supply area reduction that applies to the group of licences, as determined under section 63.02 and, if applicable, section 63.03.

Group of Licences – means 2 or more licences that are in a group of licences, as determined under section 63.01.

Licence – means a forest licence (both replaceable and non-replaceable).

Timber Supply Area Reduction – means the amount of reduction in the allowable annual cut for the timber supply area that is to be distributed among the licences in that timber supply area, as determined under section 63 (2) (a).

Ungrouped Licence – means a licence that is not in a group of licences.

#### **Process:**

##### **Step #1 Minister determines that a Licence Reduction Decision is required [section 63 (1)]:**

The Minister may decide to reduce forest licences in a TSA to implement a Chief Forester's TSA AAC reduction made under section 8 of the Act. The forest licence reductions can only be made under section 63 if the AAC reduction for the TSA was done for reasons other than a reduction in the area of the TSA (e.g., temporarily AAC reduction for forest sustainability reasons).

##### **Step #2 [section 63 (2) (a) to 63(2) (d)]:**

If the Minister decides in Step #1 to reduce forest licences, the Minister must do the following:

- a. Determine the amount of the TSA AAC reduction to be distributed to forest licences. The initial starting point for determining this amount is outlined in this guide and can be better determined once the process outlined on pages 11 to 14 has been completed (see Section 2.2.1 – *Part 1: Determining Share of Replaceable TSA AAC held by RFLs*).
- b. Determine which licences are grouped licences and which are ungrouped licences as required under section 63.01 (see Step #3 and Step #4).
- c. Distribute the TSA AAC reduction as determined under (a) above to the grouped and ungrouped licences using the methods set out in sections 63.02 and 63.03 respectively.
- d. In cases where the combined AAC of a group of licences is reduced use the methods described in sections 63.04 and 63.05 (if required) to distribute that reduction to the individual licences.

Note 1: The AAC reductions to individual licences takes effect when notice of the reduction is served on the licence holder [section 63 (3)]

Note 2: When the licence AAC reduction takes effect the affected licences are deemed amended [section 63 (4)].

Step #3 Determine the specific Groups of Licences [sections 63 (2) (b) (i) and 63.01]:

As required under section 63 (2) (b) the Minister will need to determine which licences are grouped and which are ungrouped according to:

- Groups of licences are defined as licences either held singly by the same person, or each licence is held singly or jointly only by persons who are related persons.
- Minister must serve notice to the holder of a licence or licences that has been included in a group of licences [section 63.01 (2)].
- The licence holder has 30 days after notice is served to request that the Minister reconsider the grouping decision on the grounds the grouping was inaccurate, including reasons why [sections 63.01 (3) and 63.01 (4)].
- Minister must either confirm or reverse the licence grouping decision [section 63.01(5)(a)] and give the licence holder written reasons why [section 63.01 (5) (b)].

Step #4 Determine Ungrouped Licences [section 63 (2) (b) (ii)]

- Determine all stand-alone licences held by a single, non-affiliated licensee.

Step #5 Determine Exempted Licences [section 63.02 (2)]: Some forest licences are potentially exempted from licence AAC reductions under section 63, these include:

- Each group of licences with a combined licence AAC of less than the base-level AAC prescribed for that TSA.
- Each ungrouped licence with a licence AAC of less than the base-level AAC prescribed for that TSA.

- A licence that is a prescribed licence or is in a prescribed class of licence (Regulation).

Note: Currently the base-level AAC is less than 10,001 m3.

Note: Cabinet can prescribe (in regulation, not yet drafted) individual or groups of licences that are exempt from licence AAC reductions. There are currently no prescribed licences or classes of licences.

Step #6 Distributing the TSA AAC reduction among the grouped and ungrouped licences

[section 63.02 (1)]: The Minister must complete the following steps to distribute the share of the TSA AAC reduction that the Minister has applied to both grouped and ungrouped forest licences:

Step #6a – Determine the reduction share using the following formula [section 63.02(1)(a)]:

$$\text{AAC share} = \text{TSA Reduction} \times (\text{AAC} / \text{Total AAC})$$

- TSA Reduction = TSA AAC Reduction
- AAC = combined AACs of the individual group of licences or individual ungrouped licence (as applicable).
- Total AAC = total of all the combined AACs of the grouped licences + the total of all the AACs of the ungrouped licences. Basically, the sum of the AACs of all the forest licences (replaceable and non-replaceable) that are not exempted.

Step #6b – Reduce each group of licences based on the reduction calculated in Step #6a [section 63.02 (1) (b)].

Step #6c – Reduce each ungrouped licence based on the reduction calculated in Step #6a [section 63.02 (1) (c)].

Step #6d – Further Grouped Licence Reductions [section 63.02 (1) (d)].

- If the AAC reduction to the individual groups of licences results in an AAC of less than the base-level AAC (default is 10,001 m3) then adjust the grouped licence AAC so that it equals the base-level AAC.
- This is simply saying that no group of licences AAC can be reduced below the base-level AAC.

Step #6e – Further Ungrouped Licence Reductions [section 63.02 (1) (e)].

- If the AAC reduction an ungrouped licence results in an AAC of less than the base-level AAC (default is 10,001 m3) then adjust the licence AAC so that it equals the base-level AAC.
- This is simply saying that no ungrouped licence AAC can be reduced below the base-level AAC.

Step #7 – Distribute any remaining Forest Licence Reductions (if required) [section 63.02 (1) (f)].

If some of the grouped and ungrouped licence AAC reductions were stopped when the base-

level AAC was reached (as required under Steps #6d and #6e) then the remaining TSA AAC reduction assigned to forest licences by the Minister still needs to be redistributed to those remaining groups of licences or ungrouped licences that have not yet been reduced to the base-level AAC. If this circumstance arises then the following process must be followed:

Step #7a [section 63.02 (1) (f) (i)] – Determine how much of the TSA AAC reduction assigned to forest licences still needs to be applied once all forest licences have been reduced the first time (as determined under steps #6d and #6e).

Step #7b [section 63.02 (1) (f) (ii)] – Determine which groups of licences still have combined AACs greater than the base-level AAC.

Step #7c [section 63.02 (1) (f) (iii)] – Determine which ungrouped licences still have AACs greater than the base-level AAC.

Step #7d [section 63.02 (1) (f) (iv) (A) and (B)] – Repeat Steps #6a through #6e above, but only apply the process to:

- Determine the remaining part/share of the TSA AAC that was originally meant to be applied to forest licences, but was not applied because some of the grouped and/or ungrouped licence AAC reductions were stopped once the base-level AAC for these groups or individual licences was reached, and
- Those grouped and ungrouped licences that have not yet been reduced to the base-level AAC.

Step #7e [section 63.02 (1) (g)] – repeat this process (iterative) until one of the following occurs:

- The TSA AAC reduction being applied to the forest licences is fully distributed among the grouped and ungrouped licences, or
- Each group of licences and ungrouped licences has a combined AAC that is equal to the base-level AAC. This means that the forest licence AACs have all been reduced to the base-level AAC, but there is still some of the remaining TSA AAC reduction that the Minister applied to forest licences that must be dealt with.

Step #8 [section 63.03] – Distributing remaining part of TSA AAC among groups of licences and ungrouped licences (if required).

- “remaining part” means the part of the timber supply area AAC reduction that is not fully distributed to forest licences once the initial forest licence AAC reductions have occurred.
- This is only required to be used if all grouped licences and ungrouped licences have been reduced to the base-level licence AAC (currently 10,001 m<sup>3</sup>), but there is remaining TSA AAC that the Minister applied to the forest licences that still has not yet been distributed.
- Use of this provision will therefore result in forest licences being reduced below the base-level AAC.

- Note: The use of these provisions is unlikely with the current 10,001 m<sup>3</sup> base-level AAC, but if a different (e.g., higher) base-level AAC is prescribed then the requirement to use these provisions increases depending on the AAC and distribution of forest licences within the specific TSA.
- Note: A prescribed licence or prescribed class of licences are not subject to the section 63.03 provisions.

Step #8a [section 63.03 (a)] – Distribute the remaining part of the TSA AAC using the following formula:

- Share = remaining part x (AAC/TSA AAC)  
where,
- AAC = combined AAC of the group of licences or ungrouped licences after initial licence AAC reductions made under section 63.02.
- Total AAC = sum of the total AAC of both the grouped licences and the ungrouped licences after the initial licence reductions have been made under section 63.02

Step #8b [section 63.03 (b)] – reduce the combined AAC for each group of licences by the amount determined using the formula under section 63.03 (a).

Step #8c [section 63.03 (c)] – reduce the AAC for each ungrouped licence by the amount determined using the formula under section 63.03 (a).

Step #9 [section 63.04] – Distributing the combined AAC reduction among individual licences within a group of licences.

Step #9a [section 63.04 (1) (a)] – Once the groups of licences have been reduced using the above referenced formula under section 63.02(1)(a) (initial licence reductions) and if required by sections 63.02(1)(f) and 63.03(a) then each of the individual licences within a group of licences also needs to be reduced. This is accomplished using the following formula:

$$\text{Licence Share} = \text{Reduction} \times (\text{AAC} / \text{Total AAC})$$

- Reduction = combined AAC reduction for Group of Licences.
- AAC = AAC of the individual licence.
- Total AAC = total AAC of all the licences in the group of licences except for those licences that are already at the base-level AAC.

Step #9b [section 63.04 (1) (b)] – Reduce each licence by the amount determined for each licence using the above formula under section 63.04(a).

Step #9c [section 63.04 (1) (c)] – If a licence in a group of licence is reduced below the base-level AAC then stop the AAC reduction for that licence or licences at the base-level AAC. This will create some remaining AAC that will still need to be applied to those

forest licences within the group of licences that have not yet reached the base-level AAC.

Step #9d [section 63.04 (1) (d)] – if there is remaining AAC reduction that needs to be applied to the group of licences, but one or more of the licences have reached the base-level AAC (and therefore licence specific reduction stopped), then the following must occur:

- Determine the remaining part of the reduction that still needs to be distributed by adding up these amounts.
- Determine which of the licences in the group of licences still have licence AACs greater than the base-level AAC.
- Repeat the formula and calculations found under steps #9a, 9b and 9c, but only apply this to the remaining AAC that still needs to be distributed among the remaining licences in the group of licences that have not yet reached the base-level AAC.
- Repeat again (if required) – in those cases where the next round of licence reductions results in some of the licences that were previously above the base-level AAC, but now have reached the base-level AAC. This is basically an iterative process until all the AAC reduction assigned to that group of licences has all been distributed to all the individual licence in that group of licences.

Note [section 63.04 (2)]: A licence is excluded from this process if it has an AAC less than the base-level AAC.

Part #10 [section 63.05] – Distributing remaining part of the AAC reduction in the group of licences.

This section is needed when there is still further licence AAC reductions required to the licences with a group of licences, but all the licences have been reduced to the base-level AAC. In this case the remaining AAC reduction calculated for that group of licences will result in these licences being reduced below the base-level AAC.

Part #10a [section 63.05(3)(a)] – Determine the share of the remaining TSA AAC reduction that needs to be applied to each licence using the following formula:

- Each licence share = remaining part x (AAC/Total AAC)  
where,
- AAC = the AAC of the licence after initial reductions are made under section 63.04.
- Total AAC = total AAC of all the group of licences after the initial AAC reductions have been made.

Part #10b [section 63.05 (3) (b)] – Each licence is then reduced by the amount calculated in Part #10a. Under this scenario all licences in the group should be under the base-level AAC.

Hypothetical TSA Example:

- Old TSA AAC = 750,000 m<sup>3</sup>
- New TSA AAC = 600,000 m<sup>3</sup>
- TSA-wide AAC Reduction = 150,000 m<sup>3</sup>
- Current Forest Licence AAC = 500,000 m<sup>3</sup> (67% of Old TSA AAC)
- Share of TSA AAC Reduction to FLs = 100,000 (67% of TSA AAC Reduction)
- Base-level AAC = 10,001 m<sup>3</sup>
- Class of Licences (exempt) = Section 47.3 FLs with AAC under 25,000 m<sup>3</sup>

Existing Forest Licence AACs:

- A12345 (Licensee #1) = 150,000 m<sup>3</sup>
- A23456 (Licensee #1) = 75,000 m<sup>3</sup>
- A34567 (Licensee #1) = 50,000 m<sup>3</sup>

Total Licensee # 1 = 275,000 m<sup>3</sup>

- A45678 (Licensee #2) = 100,000 m<sup>3</sup>
- A56789 (Licensee #2) = 50,000 m<sup>3</sup>

Total Licensee #2 = 150,000 m<sup>3</sup>

- A54321 (Licensee #3 – Section 47.3) = 25,000 m<sup>3</sup> (exempt)
- A65432 (Licensee #4 – Section 47.3) = 25,000 m<sup>3</sup> (exempt)
- A76543 (Licensee #5) = 15,000 m<sup>3</sup>

- A87654 (Licensee #6) = 5,000 m<sup>3</sup> (exempt)
- A98765 (Licensee #6) = 5,000 m<sup>3</sup> (exempt)

Total Licensee #5 = 15,000 m<sup>3</sup>

Step #1. Yes - Minister has decided to reduce forest licences.

Step #2. Minister determines that the amount of the TSA AAC reduction that will be applied to forest licences is 100,000 m<sup>3</sup>.

Step #3. Grouped licences are identified (see Licensees #1 and #2 above).

Step #4. Ungrouped licences are identified (see Licensee #5 above).

Step #5. Exempted Licences are identified (see Licensees #3, #4 and #6 above).

**Step #6.** Distribute the TSA AAC reduction among the grouped and ungrouped licences using following formula:

$$\text{AAC share} = \text{TSA Reduction} \times (\text{AAC}/\text{Total AAC})$$

Note: Total AAC is the total AAC of all grouped and ungrouped licences that are not exempted. In this example the total of Licensees #1, #2 and #5 = 440,000 m<sup>3</sup>

- Licensee #1 Share of TSA AAC Reduction =  $100,000 \text{ m}^3 \times (275,000 \text{ m}^3/440,000 \text{ m}^3)$   
=  $100,000 \text{ m}^3 \times 0.625$   
= 62,500 m<sup>3</sup>  
Final Licensee #1 AAC =  $275,000 \text{ m}^3 - 62,500 \text{ m}^3$  (reduction) = 212,500 m<sup>3</sup>
- Licensee #2 Share of TSA AAC Reduction =  $100,000 \text{ m}^3 \times (150,000 \text{ m}^3/440,000 \text{ m}^3)$   
=  $100,000 \text{ m}^3 \times 0.341$   
= 34,091 m<sup>3</sup>  
Final Licensee #2 AAC =  $150,000 \text{ m}^3 - 34,091 \text{ m}^3$  = 115,909 m<sup>3</sup>
- Licensee #5 Share of TSA AAC Reduction =  $100,000 \text{ m}^3 \times (15,000 \text{ m}^3/440,000 \text{ m}^3)$   
=  $100,000 \text{ m}^3 \times 0.034$   
= 3,409 m<sup>3</sup>  
Final Licensee #5 AAC =  $15,000 \text{ m}^3 - 3,409 \text{ m}^3$  = 11,591 m<sup>3</sup>
- Total Forest Licence Reductions = 62,500 + 34,091 + 3,409 = 100,000 m<sup>3</sup>

**Steps #7 and #8** – not required in this example.

**Step #9:** Distribute the combined AAC reduction among the individual licences in a group of licences using the following formula:

$$\text{Licence Share} = \text{Reduction} \times (\text{AAC}/\text{Total AAC})$$

- Reduction = combined AAC reduction for Group of Licences
- AAC = AAC of the licence
- Total AAC = total AAC of all the licences in the group of licences except for those licences that are already at the base-level AAC.

**Licensee #1:**

- A12345 (Licensee #1) = 150,000 m<sup>3</sup>
- A23456 (Licence #2) = 75,000 m<sup>3</sup>
- A34567 (Licence #3) = 50,000 m<sup>3</sup>

Licence #1 Share of Licensee Group #1 AAC Reduction:

- $62,500 \text{ m}^3 * 150,000 \text{ m}^3 / 275,000 \text{ m}^3$
- $62,500 \text{ m}^3 * 0.545$
- $= 34,091 \text{ m}^3$

Final Licence #1 AAC =>  $150,000 \text{ m}^3 - 34,091 \text{ m}^3$  (reduction) = 115,909 m<sup>3</sup>

Licence #2 Share of Licensee Group #1 AAC Reduction:

- $62,500 \text{ m}^3 * 75,000 \text{ m}^3 / 275,000 \text{ m}^3$
- $62,500 \text{ m}^3 * 0.273$
- $= 17,045 \text{ m}^3$

Final Licence #2 AAC =>  $75,000 \text{ m}^3 - 17,046 \text{ m}^3 =$  57,954 m<sup>3</sup>

Licence #3 Share of Licensee Group #1 AAC Reduction:

- $62,500 \text{ m}^3 * 50,000 \text{ m}^3 / 275,000 \text{ m}^3$
- $62,500 \text{ m}^3 * 0.182$
- $= 11,363 \text{ m}^3$

Final Licence #3 AAC =  $50,000 \text{ m}^3 - 11,363 \text{ m}^3 =$  38,637 m<sup>3</sup>

Licensee #2:

- A45678 (Licence #1) = 100,000 m<sup>3</sup>
- A56789 (Licence #2) = 50,000 m<sup>3</sup>

Licence #1 Share of Licensee Group #2 AAC Reduction:

- $34,091 \text{ m}^3 * 100,000 \text{ m}^3 / 150,000 \text{ m}^3$
- $34,091 \text{ m}^3 * 0.667$
- $= 22,739 \text{ m}^3$

Final Licence #1 AAC =>  $100,000 \text{ m}^3 - 22,739 \text{ m}^3$  (reduction) = 77,261 m<sup>3</sup>

Licence #2 Share of Licensee Group #2 AAC Reduction:

- $34,091 \text{ m}^3 * 50,000 \text{ m}^3 / 150,000 \text{ m}^3$
- $34,091 \text{ m}^3 * 0.333$
- $= 11,352 \text{ m}^3$

Final Licensee #2 AAC =>  $50,000 \text{ m}^3 - 11,352 \text{ m}^3 =$  38,648 m<sup>3</sup>

Part 10: Not required for this example.

## Appendix 2 – Sample Forest Licence AAC Reduction Letter

### Forest Licence Reduction (section 63)

File: 19500-25/A#####

<Month day, Year>

<P.O. Box >

<Location, British Columbia>

<Postal Code>

Dear Licensee:

On <Month Day, Year>, in accordance with the Chief Forester's <Month Day, Year> Allowable Annual Cut (AAC) determination, the AAC for the <name of TSA> Timber Supply Area (TSA) was reduced to <AAC> m<sup>3</sup>.

In accordance with section 63.01 of the *Forest Act* (Act), I hereby provide notification that I have determined Forest Licence <A#####> to be in a grouping with <A#####, A##### etc.>. Licence reduction as per section 63 of the Act will be implemented based on this grouping of licences.

Under section 63.01 (1) (3) of the Act, within 30 days after the holder of a licence has been served notice of the groupings, you may request the Minister to reconsider the determination made under subsection (1) on the grounds that the determination is inaccurate with respect to the licence.

If you have any questions regarding this notice, please contact <name>, Timber Tenures Specialist, at <email> or <(250) ###-###>.

Sincerely,

Minister of Forests

pc: <name>, Regional Executive Director, <add region name> Region  
<name>, Director Pricing and Tenures, <add area name> Area  
<name>, District Manager, <add district name> District

## Appendix 3 – Questions and Answers

### Questions (Part 1):

1. Why only partially remove the replaceable TSA AAC that was used for area-based tenure withdrawals?

*By removing area-based tenures (based on replaceable TSA AAC) that were issued using non-Forestry Revitalization Act TSA AAC the overall replaceable TSA AAC (i.e., the denominator) is by default reduced. This results in a larger proportion of the new (lower) TSA AAC being held by the forest licences (assumes RFL share of TSA AAC remains constant). The reason these area-based tenures are removed is that government decided to issue new area-based tenures and that decision shrank the TSA AAC and decreased the pool of potential AAC that licence holders could access (through no fault of their own). Also consistent with section 63 requirements.*

*However, as mentioned above the TSA AAC associated with Forestry Revitalization Act area-based tenure removals should not be removed from the replaceable TSA AAC denominator. This is AAC that government paid licensees for therefore they have already been compensated. Including this AAC in the denominator would result in licensees being compensated twice for the same AAC.*

2. Question: Why is the forest licence share of the TSA AAC reduced because of Forestry Revitalization Act AAC takebacks?

*TSA AAC (denominator) stays the same since all this did was shift TSA AAC from licensees share to government share. RFL AAC (numerator) decreases since the cumulative TSA AAC held by the licensees decreased. Results in smaller share of TSA AAC for RFL holders and therefore a smaller percentage is ultimately calculated and applied to the new TSA AAC.*

## Appendix 4 – Hypothetical Licence Reduction Scenario

### PART 1: Determining Share of Replaceable TSA AAC held by RFLs

Step #1: Most recent TSA AAC = 500,000 m<sup>3</sup>

Step #2: Determine Historic TSA AAC (non-uplift) = 600,000 m<sup>3</sup>

Step #3: Revised Historic TSA AAC – Area-based Tenure AAC (withdrawals) = Revised TSA AAC

- 600,000 m<sup>3</sup> – 50,000 m<sup>3</sup> – **550,000 m<sup>3</sup>**

Step #4: RFL AAC (Historic Share) = **350,000 m<sup>3</sup>** Note: Need to determine if this number needs adjustments to reflect *Forestry Revitalization Act* takeback AAC (if applicable).

Step #5: Adjusted (if required) RFL AAC divided by Historic TSA AAC to determine the percentage share of the TSA held by RFLs at the Historic AAC point in time.

- 350,000 m<sup>3</sup> / 550,000 m<sup>3</sup> = **63.6%** (Historic percent of TSA AAC held by RFLs)

Step #6: Multiple RFL AAC Percentage (Step #4) by the current TSA AAC = Forest Licence Share of current TSA AAC.

- 500,000 m<sup>3</sup> \* 63.6% = **318,182 m<sup>3</sup>** (FL share of current TSA AAC)

Step #7: Determined the Proposed Forest Licence AAC Reduction by taking the Proposed Forest Licence Share of the Current TSA (see Step #6) and subtracting the RFL AAC commitments currently under licence.

- 350,000 m<sup>3</sup> – 318,182 m<sup>3</sup> = **31,818 m<sup>3</sup>** (proposed RFLs reduction)

### PART 2: Determining Government and BCTS Share of Replaceable TSA AAC

Step #8: Subtract the FL AAC from TSA AAC = Government share of current TSA AAC

- 500,000 m<sup>3</sup> – 318,182 m<sup>3</sup> = **181,818 m<sup>3</sup>** (Government share of TSA AAC)

Step #9: Determine BCTS historic share of TSA AAC = 125,000 m<sup>3</sup> (Note: May need to factor in *Forestry Revitalization Act* takeback AAC that went to BCTS program).

Step #10: BCTS Historic percentage share of TSA AAC

- 125,000 m<sup>3</sup> / 550,000 m<sup>3</sup> = **22.7%** (BCTS share of TSA AAC maintained)

Step #11: Determine BCTS current share of new TSA AAC

- 22.7% \* 500,000 m<sup>3</sup> = **113,636 m<sup>3</sup>** (BCTS share of current TSA AAC = 22.7%)

Step #12: Determine remaining Government share of TSA AAC

- 181,818 m<sup>3</sup> – 113,636 m<sup>3</sup> = **68,182 m<sup>3</sup>** (Remaining Government TSA AAC)

Step #13 (Optional): Determine the net remaining Government share of replaceable TSA AAC. In this case the total NRFL AAC = 30,000 m<sup>3</sup>

- $68,182 \text{ m}^3 - 30,000 \text{ m}^3 = 38,182 \text{ m}^3$
- Note: The NRFL TSA AAC is part of the government share of the TSA AAC but may not be immediately available for redistribution (if required) to meet other government objectives. Over time as NRFLs expire this AAC will become available.

## Appendix 5 – Sample Apportionment Letter

Ref: <CLIFF numbers TSA Apportionment/TSA Disposition Plan/Etc.>

<Month day, Year>

Dear: First Nations, Forest Licence Holders, Local Governments and Stakeholders:

Below I have communicated the rationale for my apportionment decision related to the (year and/or date) Allowable Annual Cut (AAC) Determination by the Chief Forester for the (Name) Timber Supply Area (TSA).

Apportionment of the AAC is a discretionary decision of the Minister under section 10 of the *Forest Act* that typically occurs following the determination of a new AAC for a given TSA. Apportionments specify the AAC available for granting under various forms of agreements referred to in section 12 of the *Forest Act*.

I must ensure the apportionment is done in a fair and honourable way and in accordance with legislation. As a result of the significant decline in the AAC, it is a challenge to meet all expectations for volume in the various categories with the reality of not being able to meet all current commitments. I am required to turn my mind to the impacts on all categories when considering all the options presented and their implications.

### **TSA Overview** (provide details)

The (Name) Timber Supply Area (TSA) in (geographic location descriptor) British Columbia (BC). It covers (list amount) million hectares and is administered out of the (District Name) Natural Resource District in (reference community).

There are (list number) replaceable forest licences and (amount) significant timber processing facilities in the TSA. (Other details as required).

*Note: Author will need to include references to applicable legislation, a summary of Aboriginal engagement, and engagement with licensees and other applicable stakeholders.*

### **(Name) TSA Apportionment**

My apportionment decision is shown in the table below and described in further detail below.

Table 1 – (Name) TSA apportionment decision

Form of Agreement or Category	Total (m <sup>3</sup> )	Percent of total AAC
Forest Licence (replaceable)		%
Forest Licence (non-replaceable)		%
BC Timber Sales		%

Community Forest Agreement		%
Woodlot Licence		%
Forest Service Reserve (FSR)		%
First Nations Woodland Licence		%
Total		%

**BC Timber Sales Category (BCTS).**

Describe the BCTS Apportionment, changes from previous Apportionment, etc. Note: This should include the volume information determined as part of any BCTS AAC reduction related calculations (see section 2.2.2)

**Forest Licences Category.**

There are currently (number) RFLs and (number) NRFLs within the (name) TSA. Add any other details that need to be communicated for RFL and NRFL categories.

**Forest Service Reserve (FSR).**

FSR volume supports (list activities – examples such as mining activity, hydropower, transmission lines, Aboriginal Rights and Title holders cultural, domestic, and traditional use, and small, miscellaneous non-First Nation tenures). Many activities and industrial harvest take place outside the timber harvesting land base. I have apportioned (amount) FSR apportionment based on history of use and anticipated future activity.

**First Nations Woodland Licence Category (FNWL).**

List volumes anticipated for the issuance of FNWLs (if any). Include any other applicable information.

**Woodlots Category (WL) Community Forest Agreement Category (CFA)**

List volumes anticipated for the issuance of WLs (if any). Include any other applicable information.

**Implementation Instructions**

Include detailed information on Minister’s specific instructions.

**Conclusion**

With this apportionment decision I look forward to you and your staff working with the Aboriginal Rights and Title holders, communities, and the public to ensure that this information

is communicated and understood. As this decision affects both the availability and distribution of timber volumes, ongoing cooperation with all interested parties will be particularly important.

Sincerely,

Honourable xxxx  
Minister of Forests

pc: <Name>, Deputy Minister of Forests  
<Name>, Associate Deputy Minister of Forests  
<Name>, Assistant Deputy Minister, <add area name> Area  
<name>, Regional Executive Director, <add region name> Region  
<name>, Director Pricing and Tenures, <add area name> Area  
<name>, District Manager, <add district name> District