



Ministry of
Forests

Guidelines for the Use of *Forest Act*, Sections 61 and 62

Forest Tenures Branch

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Document Change Control

Version	Date	Key Change
1.0	February 1, 2026	Replaces <i>Forest Act</i> , Bulletin #3 (dated October 30, 2015) Modernize document to clarify and include legislative updates and policy direction changes.

Questions or comments should be directed to Forest Tenures Branch, Ministry of Forests at ForestTenuresBranch@gov.bc.ca.

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1.0 – Purpose

This document has been prepared by the Ministry of Forests to assist ministry staff, licence and agreement holders, First Nations and the public regarding decisions made under Sections 61 and 62 of the *Forest Act* (Act). The document replaces *Forest Act*, Bulletin #3 [*Temporary Reduction and Disposition of a Licence’s Allowable Annual Cut (Section 61) and the Restoration of that Allowable Annual Cut (Section 62)*] dated October 30, 2015, and the [*Guidelines for the Interpretation and Use of Forest Act, Sections 61 and 62*] dated October 27, 2015.

2.0 – Introduction

Full utilization of licences or agreements’ allowable annual cuts (AAC) is important to maintain a predictable fibre supply and to support a strong forest economy. However, sometimes licences or agreements issued to utilize publicly owned timber are not fully harvested by the licence or agreement holder. There are a range of defensible reasons why this may occur, including:

- Transfer process that requires a cessation of harvesting activities.
- Bankruptcy or insolvency where receiver applies for a temporary AAC reduction.
- Legal issues where licence or agreement holder is unable to legally operate.
- Market conditions.
- Other reasons outside a licence or agreement holder’s control.

However, there are specific situations where a licence or agreement holder has made business decisions (e.g., processing facility curtailments or closures, etc.) that result in a long-term reduction in harvest on their existing licences or agreements. This effectively “locks up” large volumes of publicly owned timber for extended periods and prevents government from easily redeploying the affected timber. Lower harvest levels can then result in a reduced flow of timber and related economic benefits (e.g., stumpage, employment, etc.) and decreased stability in forest dependent communities.

Regardless of the reason why timber has been idled, the use of a Section 61 temporary AAC reduction can assist in redeploying existing, but underutilized timber supplies. Timber redeployment can then help mitigate any negative economic and social consequences flowing from reduced timber harvests.

3.0 – Temporary Reductions

Section 61 (Temporary Reductions) of the Act provides a flexible statutory tool to access currently tenured but idled timber supplies.

Section 61 (1) – the Minister, with the consent of the holder of the licence or agreement, may reduce for a specified period of time the AAC authorized:

- (a) in a forest licence, or
- (b) for a tree farm licence area, community forest agreement area, first nations woodland licence area or woodlot licence area.

Section 61 (2) allows the Minister (with consent of the holder of a licence or agreement and before expiry of the AAC reduction period) to either extend the AAC reduction period and/or increase or decrease the size of the AAC reduction.

Section 61 (3) allows the Minister, during the period of the reduction, to dispose of the total volume comprised in the reduction to persons other than the holder of the licence or agreement. This can be done through either a competitively awarded tenure process or through direct award to a First Nation or First Nations.

Section 62 fully restores the reduced licence or agreement AAC to the original AAC upon expiry of the temporary AAC reduction and does not require an additional decision by the Minister or delegated official. However, the restored AAC is subject to any other licence or agreement AAC reduction that may have occurred under the Act (i.e., Section 63, etc.) during the term of the AAC reduction period.

Note: Either the Minister or the holder can propose an AAC reduction under Section 61 (1). As noted, any temporary AAC reduction requires the agreement of the holder.

4.0 – Eligible Licences or Agreements for a Temporary AAC Reduction

As identified under Section 61 (1) (b), forms of agreement eligible for a temporary AAC reduction include:

- Forest licence (FL) (replaceable and non-replaceable)
- Tree farm licence (TFL)
- Community forest agreement (CFA)
- First nations woodland licence (FNWL)
- Woodlot licence (WL)

A non-replaceable form of agreement must be used to harvest volumes obtained from a temporary AAC reduction. This will ensure that the harvesting rights issued do not exceed the volume available over the term of the temporary AAC reduction. Tenure options include non-replaceable forest licences (NRFL), forestry licence to cut (FLTC), or BC Timber Sales timber sale licences (TSL).

5.0 – Summary

Summary of key points:

- Section 61 (1) provides the Minister (with the consent of the holder of the licence or agreement) the authority to temporarily reduce the AAC for a specified period of an eligible licence or agreement.
- Section 61 (3) provides the Minister (or delegates) with the discretionary authority to dispose of the reduced AAC volumes to government (BCTS) or other third parties through short-term, non-replaceable agreements.

- A temporary AAC reduction under Section 61 does not reduce the larger management unit AAC.
- A temporary AAC reduction is licence or agreement holder specific and does not affect or reduce any other AAC reservations associated with that licence or agreement (i.e., BCTS AAC reservations within a TFL, etc.).
- An overall AAC disposition strategy for the reduced AAC should be developed when the Section 61 AAC reduction decision is approved. Note: This is not an Act requirement.
- Please see the “Delegation of Minister’s Authority under the *Forest Act*” matrix for the delegated decision maker for Section 61 (1) and 61 (2) decisions.
- A temporary AAC reduction reduces the AAC available to the licence or agreement holder and therefore will reduce their annual rent.
- Annual rent will be payable for any tenure issued to harvest the temporary AAC reduction volumes as prescribed in the Act and Annual Rent Regulation.

6.0 – Implementation of Section 61 (1) and 61 (2)

6.1 – Initiation of Process

At any time during the term of an eligible licence or agreement, either the licence or agreement holder or the minister may propose a Section 61 temporary AAC reduction.

6.2 – Key Considerations

When reviewing a temporary AAC reduction (as proposed by the Minister or requested by the holder of a licence or agreement), the Minister may consider the following (but is not limited to):

- if the timber resource within a management unit or licence/agreement area is currently being under-utilized.
- if so, the reasons why the timber resource is not being fully utilized (e.g., operational limitations, lack of harvest by the holder of the licence or agreement, lack of nearby milling capacity, ongoing transfer process, bankruptcy, etc.).
- if the volumes associated with the proposed temporary AAC reduction are operationally and/or economically viable and available.
- if the licence or agreement holder is subject to a Partition Order under Section 75.02 of the Act.
- If it is, Section 75.02 AAC Partition Order should ensure that the areas and/or timber types subject to the temporary AAC reduction are proportional to the stands found in the Order and under the licence. In other words, ensure that the temporary AAC reduction reflects the entire stand quality/economic profile originally available to the licence. Otherwise, the temporary AAC reduction may only apply to low quality or poor economic stands and reduce the opportunities to issue new tenures.
- if there existing operational constraints beyond the licence or agreement holders’ control that have negatively affected access and/or ability to utilize the timber resource (e.g., damage/loss of timber processing facility, loss of road access, legal disputes, etc.).
- if the licence or agreement holder has closed a processing facility that utilized existing timber supplies but has not redistributed or repurposed the impacted timber. Has the

licence or agreement holder committed to reopening, repairing or re-constructing an affected timber processing facility.

- if any First Nations are interested in the short-term volumes and will these volumes support reconciliation efforts.
- Any feedback from First Nations consultations.
- if the volume can be used to support the BCTS Program and determine if BCTS is even interested in utilizing these volumes. If so, BCTS should be engaged early in the process where disposition to or through BCTS is being contemplated, or where existing BCTS agreements/reservations may be affected.
- if there are any other third parties with an interest and the operational resources to successfully harvest the applicable volumes.
- if the reduction is consistent with any other stated Ministry goals or objectives identified for the timber resource.
- any potential impacts on government revenues (e.g., stumpage gained or foregone, annual rent reduction etc.).

6.3 – Process

The following process is recommended for the submission, review and preparation of a Section 61 temporary AAC reduction request. Each temporary AAC reduction process is a unique, separate decision and will require decision specific information requirements and considerations.

If multiple licences held by the same licence or agreement holder are being temporarily reduced, then each individual licence temporary AAC reduction should be considered and approved (or not) separately. However, a single package can include multiple individual licence or agreement temporary AAC reduction decisions.

As noted either the Minister or the holder of a licence or agreement can request a temporary AAC reduction for a specified period. The following steps and/or information should be completed or addressed:

- District staff consult with First Nations on the temporary AAC reduction.
- Area staff conduct interest groups referrals and prepares summaries (if required by Area staff).
- If required, Area/Branch staff undertake applicable agency referrals and summarize the results.
- Proposal referred to BCTS to determine if there is any interest in accessing the affected volumes. If BCTS is interested then engage with BCTS on their capacity to utilize the volumes, anticipate planning or process requirements, specific local operational conditions, access issues, timing of timber flow concerns, anticipated operational delays, etc.
- Licence or agreement holder provides any necessary information to support application (if required by Ministry).

- Branch and/or Area staff prepare the decision package for the Minister to either approve or not approve the temporary AAC reduction. The decision package should also discuss any of the available volume disposition options.
- If approved, Area or District staff administer the temporary AAC reduction by completing the following:
 - Annual rent adjustments.
 - Cut control adjustments.
 - Letter of notification to First Nations.
 - Update Forest Tenure Administration (see Note below).
 - Security deposits for the reduced licence or agreement remain unchanged.
 - Other (as required).

Note: The disposition of any volume sourced from temporary AAC reductions, including direct award(s) to First Nations, will require a separate tenure award decision and related processes.

Note: The Forest Tenures Administration (FTA) system update will need to clearly specify the reason why the licence or agreement AAC has been temporarily reduced (i.e. Section 61) or re-established (i.e., Section 62). Without clear FTA documentation the ability to reconstruct the history of past licence or agreement AAC changes may be lost.

6.4 – Term

The term of the temporary AAC reduction is determined by the minister and agreed to by the licence or agreement holder.

The reduction period cannot exceed the remaining term of the reduced licence or agreement. The reduction period will be unique to each individual decision and should consider any alignment risks associated with other upcoming or anticipated statutory decisions (e.g., Section 8, AAC determination, Section 63 licence reductions, etc.)

6.5 – Section 61 (2) Term extensions/modifications of temporary AAC Reduction

Section 61 (2) of the Act allows the Minister (with the consent of the licence or agreement holder) to extend the period of the temporary AAC reduction, increase or decrease the size of the temporary AAC reduction, or both.

Any extension of the term or a change to the volume of the temporary AAC reduction will require an additional formal decision with supporting information. This decision should once again consider any other anticipated statutory decisions (e.g., Section 8, Section 63, etc.) that may affect the management unit or licence/agreement AAC. In the case of a request for both an extension to the period and a change to the AAC, two separate decisions are technically required, but both decisions can be made under a single briefing note and supporting documentation package. These decisions will require additional consultation with First Nations.

Note: The licence or agreement holder should notify the Minister of their intentions to request an extension or variance of the amount of the AAC reduction at least 6 months prior to the expiration of the AAC reduction term. This will provide sufficient time to conduct consultation and seek the Minister's approval.

6.6 – Information Requirements

If the licence or agreement holder proposes an AAC reduction they should supply the following information (but not limited to):

- Amount of the AAC reduction being requested.
- Proposed period of the AAC reduction.
- The reasons for the AAC reduction.
- The management unit and agreement number.
- Description of the target stands or timber types (i.e., geographic area, AAC Partition(s), species profile, etc.).
- If a formal AAC Partition Order has been issued under Section 75.02 of the Act and is currently in effect, the temporary AAC reduction proposal must specify what share of the licence or agreement's AAC reduction is applicable to the Order.

Note: Any new non-replaceable licences or agreements issued to harvest the temporary AAC reduction volumes must specify and comply with the requirements of the Minister's Order issued under Section 75.02 of the Act. The new licence or agreement will be required to contain contractual conditions that restrict harvest to the specific AAC Partitions as found in the Order.

- Any existing or anticipated BCTS Disposition Agreements and/or BCTS AAC Reservations identified in a TFL, CFA, or FNWL (if applicable).
- Any input, concerns, etc. previously obtained from First Nations.
- Implications or potential consequences for contractors and workers consistent with the requirements of the Timber Harvesting Contractors and Subcontractors Regulation and/or Licence or Agreement provisions.
- Summary of interest group and public input and any proposed mitigation measures (if applicable).

If the Minister proposes a temporary AAC reduction, they must obtain the consent of the holder of the licence or agreement. The Minister must provide the licence or agreement holder with a general summary of why and where the reduction is being proposed. This should include (but not limited to):

- Rationale of why the temporary AAC reduction is being proposed (i.e., licence or agreement is underharvested, opportunities to advance First Nations reconciliation, need to address bankruptcy or transfer delays, need to support local processing facilities, etc.).
- Other specific forest management reasons (i.e., at-risk timber, wildfire mitigation, etc.).
- Target stand types/timber profiles, geographic areas, existing AAC Partitions, impacts for any AAC Partition Orders, etc. being considered.
- Term of the proposed temporary AAC reduction.

- Any other relevant and applicable information requirements (see licence or agreement holder proposal information requirements above for further details).

Once the licence or agreement holder provides written consent to the Minister’s temporary AAC reduction proposal, government staff can then proceed with detailed First Nations consultations, refer to applicable agencies, engage with affected stakeholders, etc.

After the initial information has been gathered and consultations/referrals completed, Ministry staff will summarize and present the following information as part of the final decision package for the Minister’s consideration:

- First Nations Consultation Summary.
- Assessment of anticipated implications (i.e., financial, forest management, timber flows, employment, impacts to BCTS, etc.).
- The Ministers (and where applicable the holder of the licence or agreement) summary of Agency and interest group referrals.
- A recommended disposition strategy including duration of reduction period and potential harvest opportunities (if applicable).
- Other relevant information (as applicable).

6.7 – Content of Decision Package(s)

Temporary AAC Reduction under Section 61 (1): The decision package prepared for the Minister should describe and/or discuss the following topics (but not limited to):

- Description of the Ministers legal authority to temporarily reduce the licence or agreement AAC under Section 61 (1) of the Act.
- Summary of the Key Considerations as outlined in Section 6.2 of this document.
- The amount of temporary AAC Reduction.
- The period of the temporary AAC Reduction and sum of total volume potentially available over the reduction period.
- Summary of any commitments made by the holder of the licence or agreement regarding forest stewardship, employment, etc.
- Description of target stands, any AAC Partitions or AAC Partition Orders currently in effect, limits on harvest, etc. that are impacted by the temporary AAC reduction.
- Confirmation of any responsibilities for silviculture, access, wildfire liabilities, and related fees for timber harvested under the temporary AAC reduction. May include a description of other requirements (e.g., cutting permits, road permits, free to grow, etc.).
- Summary of BCTS comments, feedback, etc. including any planning and operational considerations or detailed information for volumes intended for the BCTS Program.
- Summary of First Nations consultations.
- Summary of referrals with interest groups and/or affected third parties.
- Anticipated implications for the government (i.e., stumpage revenues, annual rent, wildfire-related liabilities, employment, etc.).
- Identification of existing or emerging forest health concerns related to the affected timber, including wildfire risks, etc. that form part of the rationale.

- Identification of potential implications on industry, market demand, including impacts to timber processing facilities (e.g., predictable fibre supply, etc.).

Note: The main goal of a temporary AAC reduction is to redeploy underutilized timber supplies. However, the Minister is not obliged or required to issue new agreements to harvest the temporary AAC reduction. This remains a discretionary decision.

Note: A temporary AAC reduction cannot be backdated (i.e., period prior to date of temporary AAC reduction approval).

Disposition of Temporary AAC Volumes – Section 61 (3): Separate licence or agreement issuance decisions are required if the Minister chooses to dispose of the temporary AAC reduction volumes. The Minister’s decision packages should describe and/or discuss the following topics (but not limited to):

- Reference the original Section 61 (1) temporary AAC reduction decision.
- Identify the temporarily reduced licence or agreement.
- Summary of any information from First Nations, BCTS or other third party interested in the temporarily reduced AAC volumes.
- Potential impacts and influences of existing market conditions.
- Any relevant forest management concerns or issues (e.g., forest health, cultural, biodiversity, recreation, etc.).
- Requirements and obligations for any new non-replaceable licences or agreements.
- Anticipated economic opportunities from issuing new licence or agreements.
- Timber access concerns and overall harvesting analysis.
- Requirements and limitations linked to existing AAC Partition Orders (if any).
- Input and concerns from other agencies and interest groups.
- How the proposed new licence or agreement links to existing government initiatives and mandates (e.g., First Nations reconciliation, community stability, etc.).
- Identify any existing or proposed BCTS Disposition Agreements (Section 22.2 - Act) and AAC Reservations (if applicable).
- Impact from any existing forest certification agreements.
- Other (as required).

The following summaries and documentation should be attached to the decision note:

- Summary of agency, public and interest groups input and mitigation measures.
- First Nations Consultation Summary.
- Copy of any Timber Disposition Plan(s) (if applicable).
- Letter of notification from the Minister to the holder of the licence or agreement.

6.8 – Content for Letter of Notification to Holder of Licence or Agreement

Letter Approved under Section 61 (1): Information for a Letter of Notification - Approved should include the following:

- Licence or agreement number.
- Authorized licence or agreement holder.
- Effective date and term of the temporary AAC reduction.
- New temporary AAC for AAC originating licence or agreement holder.
- Total cumulative timber volume that is available for disposition during the term of the temporary AAC reduction.

Letter Not Approved under Section 61 (1): Information for Letter of Notification – Not Approved should include the following:

- Licence or agreement number.
- The holder of the licence or agreement.
- Rationale for not approving the request.

Note: Letter templates are available on the Forest Tenures Branch’s SharePoint. Please contact Forest Tenures Branch for further information.

Final notes for consideration:

Note: Short-term licence(s) or agreement(s) issued to harvest the temporary AAC reduction volumes can be extended beyond the expiry date of the term of the reduction providing the term of any extension is consistent with the *Forest Act*, and the volume of the short-term licence or agreement does not exceed the total available temporary AAC reduction volumes. Otherwise, this may impact overall management unit harvest sustainability.

Note: While the Act does not formally restrict the form of licence or agreement that can be issued to dispose of the reduced AAC, the form of licence or agreement used must be non-replaceable. The preferred licence or agreement types are BCTS TSL, NRFL, or FLTC.

Note: A list of Questions and Answers has been compiled to assist staff in better understanding the Section 61 process and identifying the key administrative requirements (see Appendix 1).

7.0 – Section 62 – Return of Surrendered Harvest Rights

Subject to any AAC reduction period extensions made under Section 61 (2), the licence or agreement AAC will be reinstated to the original AAC at the end of the period of the reduction. This is subject to any other applicable licence or agreement AAC deletions or adjustments that may have occurred during the period of the reduction (e.g., Section 63, etc.). Administrative systems such as FTA will need to be updated accordingly to ensure that licence or agreement AACs are accurately tracked and adjusted over time.

Annual rent is fully reinstated consistent with the original AAC of the licence or agreement. Annual rent may be prorated (if applicable) for the year of AAC reinstatement consistent with the processes found in the *Annual Rent Billing Procedures*.

Obligations incurred by the holder of the temporary licence or agreement continue to be the responsibility of the holder of the temporary licence or agreement upon surrender, cancellation or expiration of the temporary agreement and/or expiration of the AAC reduction period.

Appendices:

Appendix 1 – Questions and Answers

1. Who is eligible to receive harvesting rights from a temporary AAC reduction?

Section 61 (3) of the Act allows for the timber volumes originating from a temporary AAC reduction to be made available for disposition to persons other than the holder of the licence or agreement during the period of the temporary AAC reduction.

2. Upon approval of a temporary AAC reduction does the AAC have to be harvested “during the period of reduction”?

No. The Minister is under no obligation to harvest and/or issue new licences or agreements using the AAC from the temporary AAC reduction. However, if the AAC is deployed it should be issued under a non-replaceable form licence or agreement (i.e., NRFL, TSL or FLTC).

Note: Only non-replaceable forms of licence or agreement must be used to harvest temporary AAC reduction volumes.

To provide sufficient time for AAC disposition to occur the statutory decision maker must also ensure there is enough time available in the temporary AAC reduction period to effectively issue new short-term licences or agreements. The total AAC reduction would not need to change, only the overall term that the AAC would be available. However, any time extension of the temporary AAC reduction period requires the agreement of the holder of the reduced AAC licence or agreement and additional First Nations consultations.

Note: The term of a short-term licence(s) or agreement(s) issued to harvest the AAC should not exceed the length of the AAC reduction period. However, operational and other issues may result in a short-term misalignment between the end of the temporary AAC reduction period and the end of the temporary non-replaceable licence or agreement. Any harvesting past the end date of the temporary AAC reduction period could potentially put excess harvest pressure on the larger management unit AAC and should be avoided if possible.

Note: Any unharvested AAC originating from the temporary AAC reduction period would be reincluded in the management unit AAC as standing inventory at the next AAC Determination.

3. Are retroactive reductions permissible?

No, a retroactive (i.e., period prior to date of licence or agreement holders request) temporary AAC reduction is not permitted.

4. How are AAC partitions (Section 75.02) accounted for with the approval of a temporary AAC reduction?

All licences or agreements issued to dispose of the temporary AAC reduction volumes must include the same provisions that limit harvesting as ordered by the Minister in an approved AAC Partition Order. This can be done through the inclusion of specific licence or agreement document clauses/requirements. These licences or agreements can also include AAC Partition information found in the Chief Forester's Section 8 (Act) AAC Determination (if applicable).

5. Can the temporary AAC reduction be issued through more than one form of licence or agreement?

Yes, but the total volume issued should not exceed the total volume amount of the temporary AAC reduction.

6. How does a temporary AAC reduction impact cut control?

To determine compliance with cut control, the AAC of the reduced licence or agreement should be reduced by the annual amount of the temporary AAC reduction for the period that the reduction is approved. Prorating the reduced licence or agreement AAC for cut control purposes may be necessary where the AAC reduction is approved for a portion of a calendar year. All relevant cut control provisions of the *Forest Act* will apply. Updating the reduced licence AAC will also require an update to FTA. Any FTA updates will need to specifically indicate why (i.e., Section 61 or 62) the licence AAC is being adjusted, when the reduction takes effect and expires, etc.

7. Are Reservations affected by a temporary AAC reduction?

No. In the case of a licence or agreement that has a pre-existing AAC Reservation (i.e., BCTS within an area-based tenure) an approved Section 61 temporary AAC reduction will not apply to that AAC Reservation.

8. How will a temporary AAC reduction affect BC Timber Sales?

BCTS will be contacted early in the referral process and any included in any discussions on how the volumes will be distributed over the term of the temporary AAC reduction. During this process BCTS will have the opportunity to review the volume sources and indicate any interest in using a portion or all the affected volumes to support the BCTS Program.

9. How is the temporary AAC reduction restored?

In accordance with Section 62, at the end of the temporary AAC reduction period, the AAC authorized for the licence or agreement is automatically and fully restored to the licence or agreement AAC that was in effect immediately before the temporary AAC reduction. However, this is subject to any other licence or agreement AAC reductions authorized under the Act (e.g., Section 63, etc.) that may have occurred during the term of the temporary AAC reduction.

10. What occurs if a management unit AAC reduction (i.e., Section 63) occurs during the reduction period is the temporary AAC reduced proportionately?

No adjustments to the AAC are necessary until the end of the temporary AAC reduction period. Section 62 of the *Forest Act*, states, “*At the end of the period of any reduction specified under Section 61, the AAC authorized in or for the licence or agreement that was subject to the reduction is restored by this section to the amount that is equal to the AAC that was in effect for the licence or agreement immediately before the reduction, minus any reductions, other than under Section 61, that have been made under this Act or the licence or agreement during the period of the reduction.*”

11. Are Annual Rent adjusted by a temporary AAC Reduction?

Yes, annual rents are to be pro-rated for partial years as described in Section 7.1 of the Annual Rent Billing Procedures, April 2, 2024.

12. When and how should the Forest Tenures Administration (FTA) be updated?

FTA should be updated as soon as the Section 61 Temporary AAC Reduction is approved. The expiry date of the reduction period should also be noted in FTA with a reminder to update and restore the licence or agreement AAC upon expiry of the reduction period. Detailed notes should also be included explaining why the licence or agreement AAC was reduced so future staff can understand the history and rationale of the licence or agreement AAC reduction.