



Government of Newfoundland and Labrador
Department of Fisheries and Land Resources

Timber Sale Agreement

Application Guide

Forestry and Wildlife Branch
March 2018

This Document and all contents are copyright, Government of Newfoundland and Labrador all rights reserved. 2018

DOC/2018/00601

Copies of this publication may be obtained free of charge from:

Department of Fisheries and Land Resources
Forestry and Wildlife
Regional Services
P.O. Box 2006
Corner Brook NL A2H 6J8

www.faa.gov.nl.ca/forestry

INTRODUCTION

A Timber Sale Agreement (TSA) is a contractual agreement between government and a registered company, for the harvest and extraction of timber from forested parcels of crown land. Any registered business that qualifies and has an interest in harvesting these areas may bid in an open and fair, competitive bidding process.

All TSA areas are approved through existing five-year Forestry and annual operating plan approvals and have been vetted through Environmental Assessment.

ADVERTISING

The Department of Fisheries and Land Resources (FLR) advertises all TSA bidding opportunities through its website and provincial newspapers. Advertisements are published in newspapers for a minimum period of 14 days and available on the government website for a period of 30 days.

For each TSA, a Request for Bids Information Package is developed. The package contains all information required to compile a successful bid. It is recommended that interested parties visit the proposed TSA areas to verify all information presented in the package is accurate. Bids are to be submitted as indicated in the TSA Request for Bids Information Package.

There is no fee for viewing or downloading TSA documents. If you do not have access to the internet, the TSA Request for Bids Information Package can be obtained by contacting Forestry Regional Services, or visiting any local Forest Management District Office.

TERMS AND CONDITIONS

The successful candidate will be required to meet the terms and conditions identified in the TSA contract.

The TSA contract will include, but is not limited to the following terms and conditions:

- 1) All forest operations within the Timber Sale Agreement Area shall be conducted in accordance with the *Forestry Act*, associated regulations and all other provincial, federal and municipal laws and regulations. All operations must comply with the requirements of the Department of Fisheries and Land Resources, Environmental Management System (EMS).
- 2) An approved harvest schedule must be approved by the Minister in accordance with section 25 (3) (a) of the *Forestry Act* before any cutting takes place. This schedule must contain the outline of the proposed yearly cutting area and estimated volume.
- 3) All activities related to resource access are the responsibility of the Company. This encompasses all primary resource roads, operational resource roads and associated timber extraction trails

and includes all road planning, maintenance, construction, snow clearing and if applicable, decommissioning of roads.

- 4) All forest access roads must remain open and accessible to forestry officials at all times.
- 5) A Resource Access Plan, acceptable to the Department of Fisheries and Land Resources, must be approved by a forestry official in accordance with section 113 of the *Forestry Act*, before forest operations can begin.
- 6) All TSA areas are approved through existing five-year Forest Management Plans. The term of each TSA contract will vary and may depend on the plan expiry date or the applicants proposed harvesting schedule. A TSA may be valid for a period not exceeding five years.
- 7) A TSA may be renewed for a term of up to one year, provided;
 - a) the TSA holder has cut a minimum of 75 per cent of the timber volume authorized by the agreement, and
 - b) the agreement holder has complied with the terms of the original agreement.
- 8) The TSA contract will be subject to an annual review and must obtain annual approval to continue harvesting of timber. TSA Holders are required to obtain a yearly Commercial Cutting Permit, which is subject to an annual fee.
- 9) All timber harvested within the Timber Sale Agreement Area shall be scaled in accordance with Part VII of the *Forestry Act* and Timber Scaling Regulations. A copy of all load slips and scaler reports shall be provided to the Department on a quarterly basis.
- 10) In accordance with section 105 of the *Forestry Act*, companies conducting harvesting operations during the Forest Fire Season are required to obtain an operating permit.
- 11) Timber Sale Agreements are not subject to royalty payments.
- 12) Timber Sale Agreements are not subject to Harmonized Sales Tax (HST).
- 13) TSA holders may not pledge, charge, assign or otherwise use the licence or agreement as security for a debt.
- 14) Timber Sale Agreements do not commit the Government of Newfoundland and Labrador to providing financial assistance or any other Government sponsored programs or services. If approved, the Government of Newfoundland and Labrador may disclose your name and bid information as required *Freedom of Information Act*.

BUSINESS PLAN

Applicants are required to submit a suitable proposal that clearly demonstrates their ability to meet their plan objectives. Although the TSA Application form outlines the minimal information required by the TSA selection committee, applicants are encouraged to provide as much information as possible regarding their operations. Items of particular importance include the applicant's revised Resource Access and Harvesting plans, as well as any relevant business information.

Although a formal business plan is not required, the exercise of preparing a business plan can serve as a guide to evaluating the economic viability of your TSA bid. A business plan can provide details on your

operational capacity, which may be important in our evaluation. For more information on business plans and how to create one, please review the **Business Plan Guide for Commercial Operations** available at <http://www.faa.gov.nl.ca/forestry/permits/TSA.html>, or visit:

- <https://canadabusiness.ca/>
- <https://canadabusiness.ca/businessplanning/sample-business-plans-and-templates/>

RESOURCE ACCESS

Resource Access refers to all activities related to the planned transport of forest products from a TSA area to a provincial highway (i.e. generally a paved road). This includes all primary resource roads, operational resource roads and timber extraction trails. All activities related to resource access are the responsibility of the Company. This includes all aspects of road and trail planning, layout, construction, maintenance, snow clearing and decommissioning (if applicable).

All forestry related operations on Crown land must comply with the *Forestry Act*, associated regulations, and all other municipal, provincial and federal laws and regulations. It is the responsibility of the company to ensure all permits and approvals are obtained.

To assist the applicant in the assessment of the TSA, the department will provide a suggested Resource Access Plan for each proposed area as part of the TSA Information Package. The suggested Resource Access Plan will include:

- suggested road and trail layout (map);
- construction specifications; and
- a decommissioning and road rehabilitation plan (if applicable).

TSA applicants are asked to review the suggested Resource Access Plan before submitting bids. Interested parties are highly encouraged to visit the TSA site to verify the information presented in the package. If the applicant determines that revisions are necessary to the suggested Resource Access Plan, they must submit a revised Resource Access for review and consideration with their bid.

There are a number of factors which may result in revised Resource Access Plans being submitted. These may include, but are not limited to:

- The identification of alternate extraction routes;
- Seasonal harvesting schedules that do not require extensive roads; or
- Extraction methods using alternate types of equipment.

All Resource Access plans must comply with the Department's [Environmental Management System](#) (EMS) and construction standards. Information and training for EMS is available at the local Forest Management District office. Applicants are encouraged to review the **Construction Standards for**

Resource Roads in Newfoundland and Labrador, which is available at:

<http://www.faa.gov.nl.ca/forestry/permits/TSA.html>.

HARVESTING SCHEDULE

A harvesting schedule acceptable to the Department must be approved before any harvesting activity occurs. Harvesting schedules are valid for the current calendar year (January to December) and must outline access requirements and estimated harvest levels. The harvest schedule must be approved by the District Ecosystem Manager and incorporated into the current Annual Operating Plan prior to contract signing. Harvesting schedules for subsequent years must be submitted by October and approved prior to December 31.

APPLICATION / APPROVAL PROCESS

To submit a bid, interested parties must complete a Timber Sale Agreement application form. This form may be found on the Fisheries and Land Resources website at:

<http://www.faa.gov.nl.ca/forestry/permits/TSA.html>.

All bids will be evaluated by a TSA Selection Committee comprised of representatives from the Department of Fisheries and Land Resources. Applicants are encouraged to include all required information. Applications will be assessed and ranked using a predetermined evaluation matrix based on the following criteria:

- value of bid;
- commercial viability and value of manufacturing;
- applicants proximity to Timber Sale Agreement area;
- potential employment of the application;
- applicants ability to meet regulatory compliance; and
- the applicants operational capacity.

The TSA Selection Committee has 30 days from the application deadline to review all bids. During the review period the committee may contact potential applicants to clarify proposed Resource Access Plan and harvesting schedules. The Department of Fisheries and Land Resources reserves the right to reject any and all bids and waive informalities and irregularities in the bids received.

The bid with highest overall ranking will be forwarded to the Assistant Deputy Minister of Forestry and Wildlife for review and final recommendation to the Minister.

DEADLINE FOR APPLICATION

The deadlines for application, where applicable, will be indicated in TSA Request for Bids Information Package and on the Government website.

In the event that no bids are received, the TSA will remain available until the Department determines otherwise.

An applicant cannot withdraw its application after the deadline for submitting applications has passed. However, an applicant may withdraw its application prior to the deadline for submitting applications, by submitting a letter requesting the withdrawal. This letter must be:

- received before the deadline of submission; and
- signed by the applicant.

It is the responsibility of the applicant to ensure all relevant information is supplied at the time of submission.

All documents submitted to Fisheries and Land Resources, become the property of the Province, and will be subject to the disclosure provisions under the *Freedom of Information Act*

SUCCESSFUL APPLICANTS

Successful applicants will be notified by the Director, Forestry and Wildlife Regional Services of their bid acceptance within 30 days of the application deadline. Upon notification, applicants will be directed to contact the appropriate District Ecosystem Manager to discuss the final Resource Access Plan and harvesting schedule. The final harvesting schedule and Resource Access Plan must be approved by the District Ecosystem Manager and incorporated into the current Annual Operating Plan prior to contract signing.

Upon contract signing, the successful applicant will be required to pay 10 per cent of the total bid price. Failure to do so will result in cancellation of their application and the next ranked applicant will be considered.

Companies will be issued a Commercial Cutting Permit upon contract signing and harvesting activity is subject to all commercial cutting rules and regulations. Harvesting schedules planned over multiple years are required to obtain a Commercial Cutting Permit for each year in the term of the Timber Sale Agreement contract. Harvesting plans must be submitted by October of each year for approval prior to December 31.

PERMITS AND FEES

The minimum bid for any advertised TSA varies by proposed area. Applicants are encouraged to fully read the TSA Request for Bids Information package to determine the minimum bid price for the respective TSA area being considered.

Successful applicants are required to submit a down payment of 10 per cent of the total bid price at the time of contract signing. TSA holders are required to pay the remainder of their bid amount in two installments.

1. The first installment, equalling 50 percent of the remaining balance, is due within seven calendar days of harvesting 50 percent of the identified timber volume.
2. The second installment, equalling the remaining balance, is due within seven calendar days of harvesting 75 percent of the identified timber volume.

Upon contract signing, TSA Holders are required to purchase a Commercial Cutting Permit. Commercial Permits are valid for the current year and must be renewed annually. All fees applicable to Commercial operations can be found on the government website at:

<http://www.faa.gov.nl.ca/forestry/permits/fees.html>.

During the Forest Fire Season, TSA Holders are required to obtain an Operating Permit. There is no fee required for Operating Permits.

TSA holders must also ensure that other governmental and regulatory permits and fees are obtained.

All payments may be made at the local Forestry and Wildlife District Office by cash, cheque or money order, made payable to the **Newfoundland Exchequer**.

ADDITIONAL INFORMATION

- *Forestry Act:* www.assembly.nl.ca/legislation/sr/statutes/f23.htm
- Subordinate Legislation under the *Forestry Act*:
http://www.assembly.nl.ca/Legislation/sr/Tableregulations/tableofregulations_f23.htm

Further information can be obtained by contacting:

Director, Forestry Regional Services
Fisheries and Land Resources
Fortis Building, 4 Herald Avenue
P.O. Box 2006, Corner Brook, NL A2H 6J8
Tel: 709. 637.2410
Email: timbersaleagreement@gov.nl.ca

Privacy Statement

The Department of Fisheries and Land Resources is committed to protecting personal information, which is being collected in accordance with section 61(c) of the *Access to Information and Protection of Privacy Act, 2015* (ATIPPA, 2015) and will be used in the assessment of Timber Sale Agreement applications and administration of the commercial cutting permit. It will not be used for any other purposes unless authorized under ATIPPA, 2015.