



SUBJECT: **Loss of Silviculture Areas**

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_____ **Jean Finn, Deputy Minister, February 17, 2017**

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1. Policy

1.1 Policy statement

It is the policy of the Department of Energy and Resource Development (DERD) to protect and preserve investments made in silviculturally treated areas on Crown land. Where the trees on these areas have been lost to future wood supply by activities associated with forest management or Crown land use projects (dispositions, grants, conveyance or transfer of Crown lands), the Department will recover investments and discourage further loss.

1.2 Background

The Department of Energy and Resource Development has invested large amounts of money in creating and protecting reforested and precommercially thinned areas on Crown land. These investments have been made to establish healthy regenerating stands that support future sustainable forest management.

Loss of treated areas not only removes these trees from providing or supporting wood and habitat supplies but also results in a loss of the original monetary investment. Road building, Crown leases, land transfers or quarry pits are all examples of activities that can affect silviculturally treated areas.

1.3 Policy objectives

The objectives of this policy are to:

- Provide a definition of which areas fall under this policy.
 - Provide a methodology for calculating a cost recovery amount.
 - Provide a clear indication to interested parties of the charges that will be applied in the event that silviculturally treated areas on Crown land are lost.
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2. Scope and Application

2.1 Policy scope

This policy applies to all activities associated with the loss of silviculturally treated areas (LOSA) on Crown land unless these activities are done at the direction of DERD.

2.2 Stands covered by this policy

This policy is intended to apply to young managed stands before the trees have reached a merchantable size. As stand operability depends upon many site specific factors, using one age threshold may be problematic in some cases but provides a simple and consistent way of applying this policy.

Therefore, this policy will apply to all silviculturally treated areas on Crown land that are less than or equal to 25 years of age unless the area is being treated as an approved commercial harvest operation. In the case of a

commercial operation, royalties will be collected for wood harvested during the operation and this policy will not apply.

3. Implementation

3.1 Avoiding loss

Since the primary goal of this policy is to protect silviculturally treated areas, the first response should be to encourage the party responsible to avoid the loss if at all possible. If it is not possible to avoid such loss, the party responsible will be required to pay a recovery cost determined by DERD in accordance with this policy.

A threshold of 0.04 ha silviculture area loss is required of a Crown land use project (dispositions, grants, conveyance or transfer of Crown lands) in order to trigger payment of recovery cost.

3.2 Total recovered cost

The determination of a reasonable cost that DERD will recover for the loss of silviculture areas involves:

- the cost of replacing the lost silviculture area,
- the loss of value of the original investment, and
- a deterrent against activities that lead to loss of silviculture areas.

As such, a simple multiplier based upon the years since the area was treated will be used to adjust the total current typical cost of replacing the lost treated area:

	Years since Treatment	Multiplier
Plantation	0-10 years	2
	11-25 years	3
Pre-commercial thinning	0- 12 years	2

3.3 Calculation steps

These general steps are used to determine the total cost to be recovered for the lost silviculture area by:

- noting the number of years since the area was silviculturally treated,
- noting the lost silviculture area either from GIS (Geographical Information System), mapping or from on-site measurements and current typical cost (\$/ha) (typical costs for silviculture treatments are published annually by DERD) of replacement treatments,
- multiplying the lost silviculture area by the typical current cost (\$/ha) for silviculture treatments to determine the total current cost,
- determining the multiplication factor to be used based upon the number of years since silviculture treatment, and
- multiplying the total current cost by the correct multiplier to determine the

total cost to be recovered (see examples in Table 1).

Table 1. Example calculations of LOSA recovery cost

Silviculture Treatment	Area (ha)	Typical Current Cost (\$/ha)	Total Cost (\$)	Years since treatment multiplier (2 or 3)	LOSA Recovered Cost (\$)
12 year old full plant	0.5	1161.00	580.50	3	1741.50
6 year old full plant	0.5	1011.00	505.50	2	1011.00
9 year old pre-comm. thin	0.5	796.00	398.00	2	796.00

3.4 Measuring area – Crown land use projects

DERD may choose one of the following methods to determine lost silviculture area for Crown land use projects:

- where the lost silviculture area can be reasonably estimated to DERD’s satisfaction prior to the proposed work, the applicant shall be invoiced for the total recovered cost at the time the land use agreement is instituted;
- where the lost silviculture area cannot be reasonably estimated prior to the proposed work, DERD may arrange for measurement of lost silviculture area and invoicing following completion of work.

3.5 Typical current costs (\$/ha)

Typical costs (\$/ha) for planting and thinning are set each year by DERD using the following:

- typical treatment regimens on Crown lands (activity components and their timing),
- current average unit cost components on Crown lands (ex. seedling cost).

3.6 Annual LOSA recovery costs

In order to allow for efficient land use planning, analysis and reporting, DERD may choose to publish and use aggregated annual Loss of Silviculture Area (LOSA) recovery costs (\$/ha).

The following table is an example of aggregated annual LOSA recovery costs:

Treatment	Years since Treatment	2015 LOSA recovery cost* (\$/ha)
Planting (full)	11-25years	3483
Planting (fill)	11-25years	2531
Planting (full)	0-10 years	2022
Planting (fill)	0-10 years	1205
Thinning	0-12 years	1592

*includes multiplier

4. Responsibility

4.1 Information collection In the case of silviculture area lost through activities covered under the Crown Timber Licensee Operating Plans, Forest Management Branch is responsible for collecting all pertinent information including receiving and compiling annual LOSA information from Crown Timber Licensees. DERD Regions are responsible for field verification of all pertinent information.

For all other activities, Crown Lands Branch is responsible for collecting the pertinent information as part of its review of these uses. DERD Regions are responsible for field verification of all pertinent information including monitoring and review of lost silviculture areas.

4.2 Payment responsibility In the case of silviculture area lost through activities covered under the Crown Timber Licensee Operating Plans, the Licensee shall be responsible for:

- a. paying the total recovered cost determined in section 3, or;
- b. implementing compensating silviculture treatments in the next season of a value equal to the total recovered cost determined in section 3. (Such compensating treatments will be in addition to the silviculture treatments within Crown Timber Licensee Operating Plans), or;
- c. any combination of the above.

The Forest Management Branch will; i) arrange to invoice the Crown Timber Licensee, and ii) determine eligible silviculture treatments and their compensating value.

For all other activities, the party responsible for carrying out those activities must pay the total recovered cost determined in section 3. Crown Lands Branch will arrange to invoice the disposition holder.

5. Inquiries

5.1 Inquiries Inquiries concerning this policy may be directed to:

Director of Forest Management Branch
Department of Energy and Resource Development
P. O. Box 6000
Fredericton, New Brunswick E3B 5H1
(506) 453-2516