

## Regulations and other Acts

Gouvernement du Québec

### O.C. 725-2016, 9 August 2016

Sustainable Forest Development Act  
(chapter A-18.1)

#### **Method for assessing the annual royalty and method and frequency for assessing the market value of standing timber purchased by guarantee holders pursuant to their timber supply guarantee**

Regulation to amend the Regulation respecting the method for assessing the annual royalty and the method and frequency for assessing the market value of standing timber purchased by guarantee holders pursuant to their timber supply guarantee

WHEREAS, under section 126 of the Sustainable Forest Development Act (chapter A-18.1), the Government may, by regulation, determine the methods and frequency according to which the timber marketing board must assess the market value of timber purchased under a timber supply guarantee, and determine the method according to which the timber marketing board must assess the annual royalty to be paid by the holder of a timber supply guarantee;

WHEREAS the Government made the Regulation respecting the method for assessing the annual royalty and the method and frequency for assessing the market value of standing timber purchased by guarantee holders pursuant to their timber supply guarantee (chapter A-18.1, r. 6);

WHEREAS, in accordance with sections 10 and 11 of the Regulations Act (chapter R-18.1), a draft Regulation to amend the Regulation respecting the method for assessing the annual royalty and the method and frequency for assessing the market value of standing timber purchased by guarantee holders pursuant to their timber supply guarantee was published in Part 2 of the *Gazette officielle du Québec* of 17 February 2016 with a notice that it could be made by the Government on the expiry of 45 days following that publication;

WHEREAS the publication period has expired and it is expedient to make the Regulation with amendments;

IT IS ORDERED, therefore, on the recommendation of the Minister of Forests, Wildlife and Parks:

THAT the Regulation to amend the Regulation respecting the method for assessing the annual royalty and the method and frequency for assessing the market value of standing timber purchased by guarantee holders pursuant to their timber supply guarantee, attached to this Order in Council, be made.

JUAN ROBERTO IGLESIAS,  
*Clerk of the Conseil exécutif*

#### **Regulation to amend the Regulation respecting the method for assessing the annual royalty and the method and frequency for assessing the market value of standing timber purchased by guarantee holders pursuant to their timber supply guarantee**

Sustainable Forest Development Act  
(chapter A-18.1, s. 126)

**1.** The Regulation respecting the method for assessing the annual royalty and the method and frequency for assessing the market value of standing timber purchased by guarantee holders pursuant to their timber supply guarantee (chapter A-18.1, r. 6) is amended in section 1:

(1) by inserting the following after paragraph 1:

“(1.1) “merchantable timber” means all logs or parts of logs greater than 9 cm in diameter.”;

(2) by inserting the following after paragraph 2:

“(2.1) “special development plan” means a special development plan within the meaning of section 60 of the Sustainable Forest Development Act (chapter A-18.1);”;

(3) by replacing paragraph 3 by the following:

“(3) “billed volume of timber” means all merchantable timber from forests in the domain of the State that is billed to the holder of a timber supply guarantee by the timber marketing board, except timber acquired on the open market.”.

**2.** Section 2 is amended by replacing “January” in the second paragraph by “February”.

**3.** Sections 3 and 4 are replaced by the following:

“**3.** If the volume of timber billed to a guarantee holder during the reference period is equal to or greater than 10% of the volume of timber specified in the holder’s timber supply guarantee, the first annual royalty instalment is assessed using the following method:

$$RAVBG^1 = VBG^2 [18\% (VMBSPF^3 / VBF^4)]$$

$$RAAR1F^5 = \{(VBG^2 - VBR1^6) [18\% (VMBSPF^3 / VBF^4)]\}$$

$$RA1F^7 = 50\% RAAR1F^5$$

If, however, the annual royalty after waiver used to determine the first billing is less than 50% of the annual royalty according to the volumes of timber specified in the holder’s timber supply guarantee, the first annual royalty instalment is assessed using the following method:

$$RA1F^7 = 50\% RAVBG^1 50\%$$

<sup>1</sup> the annual royalty according to the volume of timber specified in the holder’s timber supply guarantee

<sup>2</sup> the volume of timber specified in the holder’s timber supply guarantee

<sup>3</sup> the amount calculated on the basis of the market value of the standing timber related to the volume of timber billed to the holder during the reference period

<sup>4</sup> the volume of timber billed to the holder during the reference period

<sup>5</sup> the annual royalty after waiver used to determine the first billing

<sup>6</sup> the volume of timber waived or deemed to have been waived by the holder at the time the sales contract for the standing timber purchased pursuant to the holder’s timber supply guarantee was made

<sup>7</sup> the annual royalty to be paid on the first billing

The second annual royalty instalment is assessed using the following method:

$$RAAR2F^8 = \{(VBG^2 - VBR1^6 - 50\% VBR2^9 - VBR2PAS^{10}) [18\% (VMBSPF^3 / VBF^4)]\}$$

$$RA2F^{11} = RAAR2F^8 - RA1F^7$$

If, however, the annual royalty after waiver used to determine the second billing is less than 50% of the annual royalty according to the volumes of timber specified in the holder’s timber supply guarantee, the second annual royalty instalment is assessed using the following method:

$$RA2F^{11} = (50\% RAVBG^1) - RA1F^7$$

<sup>8</sup> the annual royalty after waiver used to determine the second billing

<sup>9</sup> the volume of timber, not under a special development plan, waived by the holder between the time the sales contract for the standing timber purchased pursuant to the holder’s timber supply guarantee is made and 15 August of the current harvest year

<sup>10</sup> the volume of timber, under a special development plan, waived by the holder between the time the sales contract for the standing timber purchased pursuant to the holder’s timber supply guarantee is made and 15 August of the current harvest year

<sup>11</sup> the annual royalty to be paid on the second billing

At the end of the harvest year, the holder of a timber supply guarantee is entitled, for the timber under a special development plan waived by the holder between 16 August and 31 March of the harvest year concerned, to be reimbursed for a portion of the annual royalty, assessed using the following method:

$$RAARA2F^{12} = RAAR2F^8 - (VBRA2FPAS^{13}) [18\% (VMBSPF^3 / VBF^4)]$$

$$PRAR^{14} = (VBRA2FPAS^{13}) [18\% (VMBSPF^3 / VBF^4)]$$

If, however, the annual royalty after waiver following the second billing is less than 50% of the annual royalty according to the volumes of timber specified in the holder’s timber supply guarantee, the reimbursed portion of the annual royalty is assessed using the following method:

$$PRAR^{14} = (RA1F^7 + RA2F^{11}) - (50\% RAVBG^1)$$

<sup>12</sup> the annual royalty after waiver following the second billing

<sup>13</sup> the volume of timber, under a special development plan, waived by the holder between 16 August and 31 March of the harvest year concerned

<sup>14</sup> the reimbursed portion of the annual royalty

“4. If the volume of timber billed to a guarantee holder during the reference period is less than 10% of the volume of timber specified in the holder’s timber supply guarantee, the first annual royalty instalment is assessed using the following method:

$$RAVBG^1 = \Sigma e^2 \{ (VBGe^3) [18\% (VMTBSPFe^4 / VBTFe^5)] \}$$

$$RAAR1F^6 = \Sigma e^7 \{ (VBGe^3 - VBRe1^8) [18\% (VMTBSPFe^4 / VBTFe^5)] \}$$

$$RA1F^9 = 50\% RAAR1F^6$$

If, however, the annual royalty after waiver used to determine the first billing is less than 50% of the annual royalty according to the volumes of timber specified in the holder’s timber supply guarantee, the first annual royalty instalment is assessed using the following method:

$$RA1F^9 = 50\% RAVBG^1 - 50\%$$

<sup>1</sup> the annual royalty according to the volume of timber specified in the holder’s timber supply guarantee

<sup>2</sup> the sum of the operation performed for each annual royalty for the species or group of species concerned, as specified in the holder’s timber supply guarantee

<sup>3</sup> the volume of the species or group of species concerned, as specified in the holder’s timber supply guarantee

<sup>4</sup> the amount calculated on the basis of the total market value of the standing timber related to the volume of timber billed to all the holders during the reference period for the species or group of species concerned

<sup>5</sup> the total volume billed to all the holders during the reference period for the species or group of species concerned

<sup>6</sup> the annual royalty after waiver used to determine the first billing

<sup>7</sup> the sum of the operation performed for each annual royalty for the species or group of species concerned, as specified in the holder’s timber supply guarantee after waiver

<sup>8</sup> the volume of the species or group of species concerned, as specified in the holder’s timber supply guarantee, waived or deemed to have been waived by the holder at the time the sales contract for the standing timber purchased pursuant to the holder’s timber supply guarantee was made

<sup>9</sup> the annual royalty to be paid on the first billing

The second annual royalty instalment for the species or groups of species specified in the holder’s timber supply guarantee is assessed using the following method:

$$RAAR2F^{10} = \Sigma e^{11} \{ (VBGe^3 - VBRe1^8 - 50\% VBRe2^{12} - VBRe2PAS^{13}) [18\% (VMTBSPFe^4 / VBTFe^5)] \}$$

$$RA2F^{14} = RAAR2F^{10} - RA1F^9$$

If, however, the annual royalty after waiver used to determine the second billing is less than 50% of the annual royalty according to the volumes of timber specified in the holder’s timber supply guarantee, the second annual royalty instalment is assessed using the following method:

$$RA2F^{14} = (50\% RAVBG^1) - RA1F^9$$

<sup>10</sup> the annual royalty after waiver used to determine the second billing

<sup>11</sup> the sum of the operation performed for each annual royalty for the species or group of species concerned, as specified in the holder’s timber supply guarantee after waiver

<sup>12</sup> the volume of the species or group of species concerned, as specified in the holder’s timber supply guarantee, not under a special development plan, waived by the holder between the time the sales contract for the standing timber purchased pursuant to the holder’s timber supply guarantee is made and 15 August of the current harvest year

<sup>13</sup> the volume of the species or group of species concerned, as specified in the holder’s timber supply guarantee, under a special development plan, waived by the holder between the time the sales contract for the standing timber purchased pursuant to the holder’s timber supply guarantee is made and 15 August of the current harvest year

<sup>14</sup> the annual royalty to be paid on the second billing

At the end of the harvest year, the holder of a timber supply guarantee is entitled, for the timber under a special development plan waived by the holder between 16 August and 31 March of the harvest year concerned, to be reimbursed for a portion of the annual royalty, assessed using the following method:

$$RAARA2F^{15} = RAAR2F^{10} - \Sigma e^{11} (VBReA2FPAS^{16}) [18\% (VMTBSPFe^4 / VBTFe^5)]$$

$$PRAR^{17} = \Sigma e^{11} (VBReA2FPAS^{16}) [18\% (VMTBSPFe^4 / VBTFe^5)]$$

If, however, the annual royalty after waiver following the second billing is less than 50% of the annual royalty according to the volumes of timber specified in the holder’s timber supply guarantee, the reimbursed portion of the annual royalty is assessed using the following method:

$$PRAR^{17} = (RA1F^9 + RA2F^{14}) - (50\% RAVBG^1)$$

<sup>15</sup> the annual royalty after waiver following the second billing

<sup>16</sup> the volume of the species or group of species concerned, as specified in the holder’s timber supply guarantee, under a special development plan, waived by the holder between 16 August and 31 March of the harvest year concerned

<sup>17</sup> the reimbursed portion of the annual royalty

“4.1. If the Minister cancels a timber supply guarantee pursuant to subparagraph 3 of the first paragraph of section 109 of the Sustainable Forest Development Act (chapter A-18.1), or terminates a timber supply guarantee pursuant to paragraph 1 of section 112 of that Act and, following the cancellation, the sales contract for the standing timber purchased pursuant to that guarantee is cancelled, the Minister is to reimburse the holder of the cancelled guarantee for the portion of the annual royalty corresponding to the volume of timber remaining harvestable by the holder before cancellation of the standing timber sales contract.

A holder granted a timber supply guarantee by the Minister in the course of the harvest year must pay, for that year, an annual royalty corresponding to the proportion of the volumes of timber the holder could purchase before the end of the harvest year. In addition, if the plant for which the guarantee is granted was or had already been operated under a guarantee and the guarantee was cancelled within 12 months of the date on which the guarantee granted took effect, the rate of the annual royalty to be paid by such a holder is the rate that applied to the holder of the cancelled guarantee at the time of the cancellation.”

**4.** This Regulation applies to the 2016-2017 and subsequent harvest years.

**5.** This Regulation comes into force on the fifteenth day following the date of its publication in the *Gazette officielle du Québec*.

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**M.O., 2016**

**Order number AM 2016-004 of the Minister of Forests, Wildlife and Parks dated 17 June 2016**

Sustainable Forest Development Act  
(chapter A-18.1)

ORDER CONCERNING the Regulation to amend the Regulation respecting the terms of payment of the annual royalty and timber purchased by guarantee holders pursuant to their timber supply guarantee

THE MINISTER OF FORESTS, WILDLIFE AND PARKS,

CONSIDERING section 116 of the Sustainable Forest Development Act (chapter A-18.1), which provides that the Minister may, by regulation, determine the terms and schedules for the payment of the annual royalty and the timber purchased by the guarantee holder under the timber supply guarantee;

CONSIDERING the making of the Regulation respecting the terms of payment of the annual royalty and timber purchased by guarantee holders pursuant to their timber supply guarantee (chapter A-18.1, r. 6.1);

CONSIDERING that, in accordance with sections 10 and 11 of the Regulations Act (chapter R-18.1), a draft Regulation to amend the Regulation respecting the terms of payment of the annual royalty and timber purchased by guarantee holders pursuant to their timber supply guarantee was published in Part 2 of the *Gazette officielle du Québec* of 24 February 2016 with a notice that it could be made by the Minister of Forests, Wildlife and Parks on the expiry of 45 days following that publication;

CONSIDERING that the 45-day period has expired and it is expedient to make the Regulation with amendments;

ORDERS AS FOLLOWS:

The Regulation to amend the Regulation respecting the terms of payment of the annual royalty and timber purchased by guarantee holders pursuant to their timber supply guarantee, attached hereto, is hereby made.

Québec, 17 June 2016

LAURENT LESSARD,  
*Minister of Forests, Wildlife and Parks*

## **Regulation to amend the Regulation respecting the terms of payment of the annual royalty and timber purchased by guarantee holders pursuant to their timber supply guarantee**

Sustainable Forest Development Act  
(chapter A-18.1, s. 116)

**1.** The Regulation respecting the terms of payment of the annual royalty and timber purchased by guarantee holders pursuant to their timber supply guarantee (chapter A-18.1, r. 6.1) is amended by replacing section 1 by the following:

“1. The annual royalty that must be paid by the holder of a timber supply guarantee granted under the Sustainable Forest Development Act (chapter A-18.1) is payable in 2 instalments before 1 May and 1 October of the year for which the royalty is assessed. Each of the instalments is required on the date of billing.