

If the person already owns or holds certain timber-lands within the areas prescribed, these are automatically included in the licence. The object is to ensure sufficient supplies of timber, in perpetuity, for established forest industries.

Royalties at regular rates are to be paid for all timber considered merchantable at the time the licence is issued. On all timber that attains merchantable size after the licence is issued, stumpage and royalty will be paid at the rate of 16 p.c. of the appraised stumpage value at the time of cutting. Land rental is at the rate of one cent per acre, one-sixth of the regular rate.

*Pulpwood berths* are large areas leased to pulp and paper companies. Erection of a pulp and paper mill requires a great deal of money. No company will build one unless assured of sufficient timber supplies to permit its operation for a considerable number of years. Thus, pulpwood berths are usually established by agreement between government and company. An important condition of such agreements is that the company must erect and operate a mill of specified size by a certain date or lose possession of the berth. Berths of this kind may be good for 21 to 50 years (99 years in Newfoundland), with renewal privileges at the end of the original agreement. Crown dues and ground rent are paid at stipulated rates.

*Timber sales* are made by public competition at upset prices per M ft. b.m., per cord, or other unit of measurement. Bidding above the upset price is also on a unit volume basis rather than in lump sums for the whole sale and is usually good for periods of one to five years. Ground rent may or may not be required on timber sales. Payment is made as timber is cut but the successful bidder may be required to furnish a guarantee deposit, a bond, or both at time of sale. The area of a timber sale is defined in the same way as that of a timber berth.

*Timber permits* give the holders the right to cut specified small quantities of wood from Crown lands, for their own use or for sale. Payment of dues for all the wood to be cut may be required when the permit is issued, final adjustments being made after the wood is scaled. Free permits are sometimes granted certain classes of people, such as settlers or non-profit organizations, to enable them to obtain building logs, saw timber or fuelwood, with the stipulation that it be for their own use.

The relative importance of these several methods of disposing of Crown timber differs in each province; and different names for the same sort of arrangement may be found in various parts of Canada.

Forest operators in Crown timber are required to observe certain regulations. Details vary from province to province and from time to time. The following are merely examples of the kind of requirements that might appear in a typical lease: the operator may be forbidden to cut trees of less than specified stump diameter; maximum stump heights may be prescribed; use of inferior kinds of timber in the construction of camps, culverts and bridges may be required; and burning of logging slash may be necessary. In addition, operators are required to keep book records that may be readily inspected and to maintain their camps in sanitary condition.

To ensure that operators comply with government regulations and any special conditions contained in a lease, logging operations on Crown lands are inspected periodically by officials of the Department. Definite evidence of failure to observe regulations may close down operations until the situation is corrected or, in extreme cases, the berth or sale may be cancelled.