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Chief Forester  
Ministry of Forests, Lands, Natural Resource Operations and Regional Development

Dear Dianne:

**Re: WFCA AAC Discussion Paper**

Thank you for taking the time to meet with us earlier this month to review your document *Provincial Timber Management Goals and Objectives*.

During the discussion we also talked at length about an alternative strategy for setting annual allowable cut levels. We raised it as perhaps a better way to address achieving forest management objectives. We have attached a short discussion paper that outlines the concept in more detail. We submit this trusting it might be of value and in the hope that you would see some merit in discussing it internally. We look forward to your thoughts and response.

As agreed, we also anticipate our next meeting in early 2018 where WFCA will bring two to three additional topics for discussion from our membership.

Yours truly,

John Betts  
Executive Director  
Western Forestry Contractors' Association

# Meeting Provincial Forest Management Objectives Through an Alternative AAC Determination Strategy

## 1 Background to the Issue

The apportionment of the AAC is not the mandate of the Provincial Chief Forester. As a result, there is significant reliance on existing major tenure holders, who for the most part have a singular sawlog or with some, a sawlog / pulp log focus, to meet provincial forest management objectives via their apportionment of the AAC.

In today's BC forests, there are problem forest types that are not being utilized and/or regenerated into healthy forests by major tenure holders simply because they do not economically yield sawlogs. Examples include: Dead pine in almost all areas of interior areas of the province, burned wood, low quality hemlock stands, leading balsam stands, etc.

Within the government's current process of defining a timber harvest land base (THLB) and then determining an AAC that is subsequently apportioned to existing tenure holders (for the most part), several forest management issues arise:

- Problem forest types are avoided by the major tenure holders, despite sometimes being part of the AAC. When these stands are not harvested the potential for the mid-term AAC is reduced,
- Where a partition is implemented to force the use of problem forest types, the problem types are often not utilized by the major tenure holders, which further contributes to reduced long-term sustainability. However, these stands remain in the control of the major tenure holders via apportionment,
- Partitions used to control "dead vs green" timber utilization (example – Quesnel TSA) do not allow for access to a damaged stand by new entrants who may want to use the dead wood component since the same hectares already support the AAC apportioned to the major tenure holders (who cannot economically log the site for sawlog only),
- Access to problem forest types included in the AAC is prohibitive to new entrants, since it requires business-to-business relationships that rarely are seen in this industry,
- Exclusion of problem types from the THLB does not address key forest management objectives (as they are simply not harvested) and limits opportunity for innovative use of these forest types,
- Inclusion of problem types in the AAC makes it difficult to access the stands under other government programs such as the Forest Enhancement Society.

In short, there is a need to ensure that companies who have new and innovative uses for problem forest types are provided access, and not inhibited by a system that is focused towards established companies who focus only on saw-timber for lumber production.

## 2 Alternative Process

Consistent with the primary provincial timber management objective: "*Timber is managed in an adaptive manner to address the dynamic nature of natural processes and the inherent uncertainty of managing over long-time frames*", today's forest industry requires a new and adaptive way to ensure better utilization, in order to grow the AAC and ensure long-term sustainability of forests and communities. This might best be achieved by changing how the province sets TSA annual allowable cuts through a process of we might refer to as "dual-AAC determination"

In this process, the THLB is defined to include all sawlog and problem forest types. An AAC is then set for the sawlog yielding THLB and apportioned to the licensees. Concurrently, an AAC is then also set for

the problem forest types that meets provincial forest management objectives. Both AAC's should be modeled simultaneously in order to ensure stand and landscape level objectives are being met.

### **3 Examples of Process Application**

#### **3.1 The Prince George TSA**

In the recent Prince George TSA AAC Rationale, leading balsam types were excluded from the THLB for a variety of reasons, but primarily because of a lack of performance in harvesting these types by major tenure holders.

Balsam-leading stands represent 17.3 percent of the volume within the THLB (185,367 hectares). By applying the assumptions from the base case, the maximum even-flow harvest level for pure balsam stands ( $\geq 80$  percent balsam) is 385,000 cubic metres per year. Granted these stands also contribute to meeting landscape-biodiversity thresholds and their retention may also contribute significantly to the protection of other non-timber values including caribou and grizzly bear.

In this new process, leading-balsam stands would be identified as a subset of the THLB and appropriate management assumptions would be used to derive a sustainable level of harvest for these types alone.

Key to this approach is that the second, balsam leading types AAC, would be separate from the PGTSA sawlog AAC and therefore not subject to apportionment to the existing tenure holders (given the balsam is out of the AAC as a result of their reluctance to use it in the first place). The new AAC could be offered as NRFL volume or RFL volume at the discretion of the Minister and would allow new (innovative and potentially not sawlog focused) entrants or First Nations interest into the industry.

#### **3.2 The Quesnel TSA**

In the recent Quesnel TSA AAC Rationale, dead pine types remain within the THLB and a partition limits the green vs dead timber harvest.

The major tenure holders have demonstrated their reluctance to utilize this timber and advocated for its exclusion prior to setting the recent AAC. New entrants looking for a secure supply of dead timber for production of products such as energy or pellets cannot access these stands, other than through business-to-business relationships, given the hectares supporting mixed dead and green timber all support the core AAC that has been apportioned to the majors.

In this new process, the dead pine problem types would be separated within the THLB and a separate AAC would be set for the green timber (non-pine dead types) only and apportioned to the existing major tenure holders.

The dead pine would then be identified as a sub-set of the THLB with its own AAC. In this example, however, it is likely that the regenerated dead timber types would likely revert to the sawlog producing THLB over time (but not necessarily). If they did, a "liquidation" approach to setting this second AAC (as is done with coastal Timber Licenses) could be adopted.

Once the second level of harvest is set, new entrants (not the majors) could provide proposals and/or competitively bid to access the timber or it could be direct awarded to First Nations interests. Green sawlogs would be sold to the market (given their inherent value) which should reduce concern from the major tenure holders needing access to sawlogs and the stands would be regenerated to healthy forests, thereby meeting provincial forest management objectives.

## 4 Analysis

The use of a single THLB and AAC within a TSA restricts the provincial Chief Forester from achieving provincial forest management goals since the apportionment decision lies outside the Chief Forester mandate. At the same time, tools such as AAC partitions have rarely achieved desired objectives and problem forest type timber remains under-utilized.

An issue is the fact that AAC determination is based upon simulation programs that inherently assume harvest as per the direction of the Chief Forester via partition decisions in the AAC Rationale. When this does not occur, simulation models will always over-estimate mid- and long-term levels of sustainable harvest.

A “dual-AAC determination process has many pros and few cons:

### Pros:

- Could promote further harvest of problem types that the major tenure holders tend to avoid,
- Contributes to a growing mid and long-term AAC
- Provides the Provincial Chief Forester with another tool to support forest management objectives
- Allows access by new entrants into the forest industry
- Could be used to address First Nations claims
- Would allow for application of different forest management objectives to problem forest types than those assumed for sawlog timber types,
- By simulating the two AAC's simultaneously, landscape level management objectives can be achieved while at the same time allowing for separate management objectives for problem forest types.
- Would increase sawlog availability by accessing problem forest type stands having a minor sawlog profile

### Cons:

- The major tenure holders would see this as a reduction of “their” AAC despite the fact that they have not utilized the profile historically,
- The analysis runs the risk that harvests of Problem forest types alters the seral stage of a landscape unit in such a way that it places temporal restrictions on the harvest of the sawlog AAC.

## 5 Example Precedents

### Prince George TSA Small Balsam Types:

In the late 80's Prince George Wood Preserving was awarded a NRFL for 200,000 cubic metres annually over 20 years for the harvest of leading balsam types in the Fort St. James area (the very types that have recently been excluded from the AAC). Balsam has properties that make it very suitable to the process of absorbing wood preservers. At the time, however, they did not have sufficient AAC within the TSA to support growth of their operation and the problem type NRFL addressed the issue, created jobs and addressed the need to grow the AAC. Once they had demonstrated the merchantability of the species, it was subsequently included in the AAC.

**Prince George TSA Leading Pine Types:**

In the late 90's L&M Lumber was awarded a NRFL for 250,000 cubic metres annually over 25 years for the harvest of small diameter leading pine types in the Vanderhoof area that were at the time excluded from the AAC as being too small to be considered merchantable. L&M subsequently invested in their mill and became a leading producer of small dimension lumber products using small diameter logs. At the time, however, they did not have sufficient AAC within the TSA to support growth of their operation and the problem type NRFL address the issue, created jobs and addressed the need to grow the AAC. Once they had demonstrated the merchantability of the species, it was subsequently included in the AAC.

For further discussion, please contact:  
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