

Working Roundtable on Forestry: Submission by the ABCFP

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Introduction

The duty of the Association of BC Forest Professionals (ABC FP) is to serve and protect the public interest in the practice of professional forestry. The first object of the Foresters Act describes how the public interest is upheld through professional accountability and professional behaviour. The second object of the ABC FP is to advocate for and uphold principles of forest stewardship. It is through the lens of forest stewardship that the ABC FP informs the Forestry Roundtable discussion on key issues, raises ideas with respect to the nature of new directions that need to be considered and begins to form the suggestions to develop the framework for forest industry change.

A July 16, 2008 letter from the Deputy Minister and Vice Chair of the Forestry Roundtable requested that the ABC FP provide a written submission of ideas and suggestions to meet the mandate of the Forestry Roundtable and more specifically consider questions from the Roundtable in four key areas, products and markets, cost structure and capital investment, stumpage, and tenure reform. Stewardship of BC's forests is influenced by each of these factors. In the short term, the ABC FP can respond to two of these areas, **stumpage**, one method the BC government uses to derive economic benefit from the forest; and **tenure reform**, currently the primary vehicle for accessing the values that the forest offers and therefore, is an opportunity for aligning tenures with social goals.

There are many other aspects of stewardship that are both affected by and contribute to the current state of the forest industry and state of the forests. Additional leadership targets the government should consider relative to the people's forests are **the planning gap**, a structural problem in determining land use; **diversification** is an essential change to bring about other commodities, investments and culture in the forest sector; **community foundation** describes the multi-dimensional application that it is required for a sustainable community and forest; **expertise succession and forest resource education** is the need to intensify our efforts to bring new people and ideas to the management of the forests.

Within these six focal points are the building blocks of sustainable development, the natural, human, economic and cultural resources that contribute and benefit from sustainability. Stewardship of forest resources by forest professionals for the long term will strengthen our cultures and provide collective opportunities for the generations that follow.

1.0 Stumpage

In BC stumpage is the term given to the fee charged to licensees for publicly owned trees. The fee is paid on trees cut in dollars per cubic metre of wood volume. The process and the method for determining the stumpage is very complex and requires a specialized practice expertise in order to transact the process fairly and effectively. Stumpage discussions are often the subject of debate, complaint and appeal. It can also be demonstrated that stumpage is composed of nonmonetary benefits received by the BC public from forest licensees.

A functional component of the stumpage calculation are tenure obligation adjustments for licensees of costs incurred while implementing the forest management cycle, including forest planning, road development, road maintenance, silviculture, protection, etc. In some cases the tenure obligation adjustments such as roads are external assets that carry long-term benefits such as transportation infrastructure and recreation development, to name a few.

The questions posed by the Forestry Roundtable are focused on efficient and effective pricing mechanisms for collecting economic rent for forest resources. A pricing method that captures fair compensation for forest use while providing sufficient opportunity for business revenue should also be less expensive to administer than the current system and expeditiously provide price results for flexible market adjustments. We recommend the Ministry of Forests and Range consult forest economists to explore a variety of options for pricing, including such methods as annual rent, based on cubic metres of harvest, area-based stumpage, using inventory data collected by timber type, auction-based pricing, etc. The kinds of considerations to include in BC stumpage are as follows:

1. Diversify pricing: Consider increasing the pricing diversity to derive different government revenue streams such as:
 - a) Exclusive recreation use in exchange for a stumpage-like revenue.
 - b) Biofuel tenures that are purchased by forest volume.
 - c) Independent power producers impact areas much larger than the size of transmission corridors and would thus need to purchase the economic benefit of surrounding forests from existing licensees or from the government.
2. Stumpage obsession: While it is but one of the costs of doing business, the stumpage system receives an inordinate amount of attention in the delivery of services. The negotiation and estimate-based methodology leads to undesirable outcomes. For example, if stumpage is high enough that it causes a forest company to close and lay off 100 workers, then the impact to all is a far greater

loss than what the potential stumpage would have been. Of greater concern are examples where stumpage is a barrier to good forest management (e.g. a sawmill, which has been completely dismantled for two years remains a point of appraisal for stumpage purposes; or, high stumpage reduced the operable forest land base by forcing harvesters to focus on areas where profit surplus can be generated; or, road infrastructure is not built, roads are not maintained and not treated as valued assets).

The stumpage system occupies significant resources and needs to be changed. Therefore, consider redefining the method of payment for Crown timber and the method of payment for Crown assets such as roads and bridges described above.

3. User pay strategy to forest use: The values from the forest as they relate to natural benefits are ones in which we have always taken for granted. The belief that forest use is free is a myth that must be dispelled. For example, the timber extraction value has paid for the cost of access for all users and for many years (recreationalists, mining, etc). The time has come to establish an explicit connection between cost and value. For example, the dollar value of driving the road for 50 km to reach the camping location should be paid by the individual or by government. One example is using toll system on BC roads that provide access to the benefits. Other examples of revenue streams to capture economic rent include:

a) Recreation Fee: establishing a recreation user fee for travellers from outside BC. Currently the benefit of super natural BC is only captured through secondary support businesses while the public tax base supports the projects. The user pay privilege can also improve the perceptive value of the forest with the public.

b) Ecosystem Levy: A form of public taxation is sometimes the most efficient means of protecting common property such as the public forests, carbon sequestration, ozone depletion, etc. Costs currently attached to tenure, but which clearly have a longer social benefit, can be paid for by the tax.

Pricing priorities should include a focus on forest stewardship and improving the natural resources. There is always a need to appraise the value of the timber and consider the costs of producing and delivering the product to the marketplace. A diversity of pricing will distribute the revenue and the costs more appropriately. It is time to change the age old form of rent from a single **stumpage** fee to a suite of **stewardship rent**, fees based on benefit and costs.

2.0 Tenure Reform

The vast majority of the forests in BC remain in public ownership and this fact has long been the effective bond between the forest resource and the standard of living enjoyed by British Columbians. The rights to utilize the timber from the forest is afforded by government issued licences or tenures. Emerging changes such as technology, climate change and human perceptions require that we respond with different mechanisms that can continue to supply the changing benefits and values of the forests.

The tenure system has been the primary method of delivering economic benefits of the forest and for initiating development of provincial assets such as roads, bridges, ports, mills, communication towers and communities. The tenure system is a complicated web including a long reliable history, business investment in infrastructure, and government commitments (e.g. tenure holders). Current tensions such as a rising Canadian dollar, failed economics in poorer stands, larger volumes of available mountain pine beetle wood, and the US economic recession have served to expose the vulnerability of the system and our exposure to risks inherent in global trends.

The tenure arrangement has many positive benefits, such as the past investment of corporate partners. There are other attributes that can point to a direction for change in the tenure system. We recommend the following ideas as starting points for further discussion.

1. Sales of forest yield community revenue: Communities need to be connected to the financial benefits of the resource in ways that are visible. For example, a timber sale value close to the community is recognized as the revenue that paid for a new fire truck. General revenue that is not linked to a specific need produces an expectation that the community can do without the resource. Build tenures that yield direct visible benefits to the communities that work them.

2. Diversify the tenure system: As forest professionals we recognize that when ecological diversity is reduced the ecosystem is at greater risk. Economic diversity can be thought of in the same general context and the consolidation of tenures puts the industry at increased risk. Consider increasing the tenure diversity to convey property rights such as:

- a) Use a form of tenure that generates a greater certainty for licensees of balancing long-term costs and benefits.

- b) Significantly increase the number of small area-based forest tenures located close to rural and urban settings, such as community forests and woodlot licences.

c) Grant exclusive use of pristine recreation at the exclusion of other uses. for example, distributing a tenure to a recreation company for exclusive recreation use.

d) Grant biofuel tenures that are managed to produce the highest amount of woody biomass in the shortest period of time, such as planting 4,000 stems per hectare that are harvested after 15 years of growth.

3. Private land and the retention of public values: Much has been said of the difference between private and public forest land management. While there are undoubtedly benefits to both the *Foresters Act* applies to all forest land management. Whether it is forest tenure, a research forest, a forest lease, or an outright sale, the type of ownership vehicle makes no difference, the ABCFP is concerned about forestry practices on all types of forest land.

One option is to use a component of the forest land in a private and public hybrid. Specifically, the government would sell Crown forest land to private interests, while retaining ownership of specified values on the forest land. For example, private interests own the forest land and the timber, the government either owns the visual values or applies a restrictive covenant to the land so the visual values can be maintained.

If the government were to move in the direction of either long-term forest leases or increasing the amount of private forest land held (selling some private property rights on Crown forest) we believe that the following principles should apply:

- Government should think about separating the forest land from the public values on the land. For example, the government could enter into a long-term lease or sale of forest land and at the same time retain the right to set objectives for values on the land in addition to the principles of management on the land. Retaining rights to set local objectives on the land for values such as wildlife habitat areas, ungulate winter ranges, lakeshore management zones, water quality for community watersheds, fisheries' sensitive watersheds, visual quality, and old growth forest retention targets would all be included. In short, when it comes to managing land for good forest stewardship, with respect to some values, we do not think that there should be any difference in private versus public ownership.

Principles of management include contemporary practices such as the extensiveness and depth of public consultation, stakeholder collaboration, standard planning mechanisms, best management practices, etc. The Private Managed Forest Land Council and the *Private Managed Forest Land Act* have used some of these concepts effectively.

In our view, private or leased land should be managed similarly to Crown lands for certain forest values in order to achieve good forest stewardship. Forest management in BC reflects on us all. What we allow to happen on private forest land in BC is a reflection to the international community as to how we manage all of our land. Citizens of BC do not always understand what land is Crown versus private forest land in BC. Assuming that the international community can make this distinction and understands that we have different rules for good forest stewardship based on who owns the land makes no sense.

- In order to protect forestry for future generations we believe that there should also be restrictive covenants on the use of forest land. The land should always be used for forestry or the Crown gets first right of refusal on purchasing the land back from the private land owner. Turning valuable forest land into real estate or other uses should not be allowed. The *Private Managed Forest Land Act* requires components of the forest land reserve act and recognition of the broader values of society.
- There is a difference between the impacts of a small scale management (e.g. a 20 hectare forest) and a large scale management (2,000 hectare forests) when discussing the potential impact of management.

We must remain dedicated to the preservation of the forests. This shouldn't be done at the expense of business opportunities, but as the way of preserving the forest business foundation. The ABCFP, at the request of member resolution and council, has established a Task Force to inform the debate on tenure reform.

3.0 Recognizing the Planning Gap and Land-based Management Option

The ABCFP has for the past two years been studying the planning framework in BC with an eye toward the future. During the process it was obvious that many problems have their roots in an information and coordination gap in the current planning framework. There has been much good work to establish higher level plans; however, we have examples of various business interests, ministries, or other jurisdictions operating on the same land base with little or no coordination.

As we studied the planning framework in BC it became evident that landscape and resource planning often occurs by separate organizations driven by specific management goals with limited or no coordination of objectives or outcomes. In other words, this work is occurring in silos. In forestry terms, this behaviour is not encouraging investment in the next rotation, and is increasing the risk for decreased

stewardship of BC's forests and lands. We are concerned that there is no one either looking into or monitoring the cumulative impacts of the various resource uses.

Others have made a similar observation regarding this pattern, e.g. a recent FRPA Bulletin (*Application of FRPA to other Occupiers of the Land*) provides a guidance to work around the predicament.

The absence of a single tactical platform to set and implement objectives has led to planning or actions that exclude other resources and values. The situation has resulted in fractured management of the land-base, operational inefficiencies, and financial waste.

We recommend that the province pursue a strategy of Land-Based Management: a clear understanding of the objectives that will achieve a vision for Crown land. In order for the vision to be delivered and carried out, these objectives must be in place and unilaterally activated across the province. Land-Based Management is a philosophical change intended to allow all current agencies regulated to address land values and stakeholder relationships, to be delivered through a tactical planning platform that is consistent with all of the crown land objectives.

Embracing Land-Based Management will address and resolve many outstanding issues that have come about through the current circumstances of multiple jurisdictions, agencies, tenures, resource users, and influences such as climate change. It also has the capacity to link planning processes back to general stewardship objectives and create efficiencies for all parties currently struggling to work on the landscape.

4.0 Diversification

The economic cycle of the primary forest use, timber, has tended to move with the commodity market. Similarly, the resilience of the forest ecosystem is in part dependent on the diversity within the ecosystem. So diversification, whether in nature or business, is often a reasonable method for reducing risk. In order to diversify properly it is necessary to have some vision of what the future forest and its uses look like. Consider the following examples of the ways that diversification can be used to generate forest benefits and reduce risk for the landowners.

4.1 Products

The commodity based lumber and chips market has been a very strong product and is expected to continue as an important forest value. Also, a value added focus in the past produced some niche markets that are valuable and enduring but cannot be produced on mass. The next stage of product diversification is in the commodity markets. Tax benefits and incentives can be used to operate or develop forests for use in larger scale ventures such as co-generation plants, biofuel initiatives, non-

traditional forest products, and engineered wood products. Consider encouraging a suite of opportunities and commercial ventures in other products, methodologies, and utilization.

4.2 Investments

The BC forest is an asset requiring protection, maintenance and investment to continue to yield the benefits of the past. It is argued that our forests are still considered as a revenue generator, rather than the living biological legacy (focus on free growing versus crop planning; silviculture investment as a cost to harvesting; no value on biological benefits). Consider the following as the kinds of investments that bring us back to the long view:

- a) Manage and invest in forest stands after free growing and for the entire crop planning period.
- b) Invest in road development throughout the province and for a variety of purposes.
- c) Develop research in forests and forest uses that have long-term applications.

4.3 Culture

The human perspective of forests has evolved significantly in the last 30 years since the previous Royal Commission of enquiry. Cultural drivers shaping our relationship with forests have included such realities as economic dependence, global perceptions of BC forest harvesting, dwindling economic margins, the human demographics of a large portion of the population base in a mega-city environment. The BC resource culture was largely built on the team approach rather than the every person for him/herself. Consider the following as ideas for diversifying the perception of forests as part of the BC culture:

- a) Urban forests such as Stanley Park and Mundy Park are established for every municipality in BC for the purpose of sustainable forest values.
- b) The biofuel industry in BC is encouraged and vehicle use in Vancouver is restricted to biofuels.

Develop a public education strategy that invites the forest experience and causes the public to think of their communities and their cities as existing within and dependent on the forest for a multiple of values such as air, carbon, slope stability.

5.0 Community Foundation

The *Canadian Policy Research Networks* in Ottawa describe the existing human demographic in Canada.

“Today more than 80 percent of Canadians live in urban areas, making Canada the second most urbanized nation in the world. Globally, cities have become major drivers of economic activity. A nation’s competitive advantage is directly related to the performance of its cities, not just economically, but socially and culturally as well.”

This is an interesting statistic in a country and a province known for forests. A challenge facing the forests and forest sector in BC is the rapid de-population of rural communities and regions. Regional development is recognized as an essential precursor to economic development and prosperity. The rural/urban relationship is an interdependent one that is reliant upon natural resources. When the main industries decline and populations leave then services are also reduced, centralized and moved elsewhere, in turn causing more people to leave the community. Overall, there is a decline in provincial growth and in support for the urban centres.

In looking for opportunities for the forests of BC it is evident that the strength of rural communities will be required to capture the social benefits of the resource in the future.

Focus on using the human and social capital in the area is one way to strengthen the people, community and forest connection.

Consider the following as strategies as indicators of the kinds of actions that provide resilience to communities and re-establish the long term contribution of BC forests for a multiple of values.

1. First Nations communities are a necessary part of BC progress in forest tenure success.
2. Stewardship of our forests is a common desire in our cultures and is one of the few actions that requires the collective energy of a multiple of generations.
3. Decentralize the forest ministry to the land and regions in a way that gives autonomy back to the regional framework. The net result will be to strengthen the social and intellectual capital within the rural communities.
4. Focus on the community and the forest instead of the sector. Allow communities to make decisions and apply their strengths over their immediate resources. The ability to set goals, implement business strategies, and solve problems in order to take charge of their future will ultimately rebuild the forest

sector in that place.

5. Develop partnerships that build on forest assets and use a community's strengths as the basis for strategic government investments.

The strength of the community is adaptability and a team approach to solutions. Rural communities need to be able to come together to apply their strengths on the forest land and for the required stewardship of the land.

6.0 Expertise Succession and Forest Resource Education

Expertise succession and forest resource education is the need to intensify our efforts to bring new people and ideas to the management of the forests.

The last several years of economic slow down in the forest sector and other problems have led to a decline of the forest sector work force and the necessary educational products that support the expertise. Also, we have seen more and more forest professional's skill utilized in non-traditional roles, (such as BC utilities, independent power producer projects and tourism).

All partners in the management of BC forests need to intensify our efforts to create an acceptance that the long term outlook for the forest and its values is very good. Practitioners will be required with different and more varied skills than in the past.

The ABCFP has for the past several years driven the Inclusivity Project in the certification of forest professionals in Canada. The standards have just been completed and will allow for more inclusive entrance standards which enable recognition of a broader range of professional forestry practitioners and facilitate innovation in education of forestry professionals as well as in the practice of professional forestry itself. The standards will maintain the strength and rigor of admittance to the profession but be flexible enough to allow for broadened university education base. The future forest professional will have a forest education coupled with experience that is needed to keep pace with changes in practice and society's expectations from the forest. Your forest professionals have embarked on the necessary steps for change and we need you to follow up with the following education direction and challenges.

Education is, firstly, important for the emerging practitioner in college or university, secondly, as a life-long learning commitment for the practitioner and thirdly, as transfer of technology and research to the practising professional, all of which advance the practice of forestry in BC's forests. The government representing the people of BC are the owners and beneficiaries of a very large forest. The owners need to invest in the components that are necessary if the forest is to continue to generate those benefits.

We therefore recommend the following three steps as the kind of direction that is needed to provide the necessary workforce in the future forests of BC.

1. Re-establish strong support of forest resource education programs in the college and universities of BC.
2. Establish the institutional framework for advanced forest education and continuing learning of forest professionals, both from the perspective of a major employer and as the primary beneficiary of the professional service.
3. Increase research in the forest asset and ensure sufficient extension services to ensure that the research and technology is transferred to the practitioner.

While not meant to be complete, the three step strategy points the way to a strengthened practitioner, able to meet the emerging economic, social and environmental demands placed on the forest resource. The public benefit of the forest professional working within the forest and generating values assigned by the forest owner has long been the necessary role of the forest professional in society.



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