TFL FOREST LTD. (TIMBERWEST)

TREE FARM LICENSE No. 47

MANAGEMENT PLAN NO. 3

2001 - 2005

STATEMENT OF MANAGEMENT OBJECTIVES, OPTIONS AND PROCEDURES (SMOOP)

PART I

Johnstone Strait Operation (Blocks 1-12) Beaver Cove Operation (Block 17)

Date: April 1999

Prepared by: Gilbert Brennenstuhl, R.P.F.

Authorized Signatory

Table of Contents

Ba	ickgrou	nd	3
1.	COM	MITMENTS	3
2.	MAN	AGEMENT OBJECTIVES	4
	2.1.	MANAGEMENT AND UTILIZATION OF THE TIMBER RESOURCE:	5
	2.1.1.	silviculture systems and harvesting methods	
	2.1.2.	· · · · · · · · · · · · · · · · · · ·	
	2.2. I	PROTECTION AND CONSERVATION OF NON-TIMBER VALUES AND RESOURCES:	
	2.2.1.	visual quality	5
	2.2.2.	biological diversity;	6
	<i>2.2.3</i> .	soils	6
	2.2.4.	water	6
	2.2.5.	recreation resources;	7
	<i>2.2.6</i> .	cultural heritage resources	7
	2.2.7.	0 ,	
	2.2.8.	, , , , , , , , , , , , , , , , , , ,	8
		INTEGRATION OF HARVESTING ACTIVITIES WITH USES OF THE TFL OTHER THAN TIMBER	
		TION	
		Forest Fire Prevention and Suppression, Prescribed Fire, and Fuel Management	
		FOREST HEALTH, INCLUDING DISEASE AND PEST MANAGEMENT	
		Silviculture	
		Roads	
	2.8.	Public Involvement	9
3.	MAN	AGEMENT ISSUES	9
	3.1.	PLANNING AND INTEGRATED RESOURCE MANAGEMENT	g
		Harvestable Land Base	
		Yield Analysis	
4.		NTORIES	
		RECREATION AND VISUAL LANDSCAPE INVENTORY	
		WILDLIFE INVENTORY	
		ESA MAPPING (EH)	
		STREAM CLASSIFICATION MAPPING	
	4.5.	CULTURAL HERITAGE RESOURCES INVENTORY	13
5.	TIMI	BER SUPPLY ANALYSIS	14
6.	COM	IMENTS FROM THE REFERRAL OF THE DRAFT SMOOP	14
	6.1.	PUBLIC COMMENTS ON THE DRAFT SMOOP	14
	6.1.1.		
		c comments on the Draft SMOOP were received from Mr. Bruce Davies of Surge Narrows a	
		ayor of the Town of Port McNeill	
	6.1.2.		
	The w	ritten comments received and TimberWest's response are attached	
	6.1.3.		
	A sun	nmary of the modifications made in response to the comments is as follows:	
A	ppendix		
		Economic Opportunity	. 15

Background:

Tree Farm License (TFL) 47 stretches from Campbell River to the Queen Charlotte Islands and covers three distinct management units:

- the Johnstone Strait management unit is comprised of Blocks 1 12 and is situated mostly to the north of Campbell River encompassing numerous islands in the Straits and portions of the mainland,
- the Bonanza Lake management unit covers the Bonanza River watershed (Block 17)
- the Moresby Island management unit consists of Block 18 at the north end of Moresby Island

Under the TFL license agreement TimberWest is required to submit a Statement of Management Objectives, Options and Procedures (SMOOP) to the Regional Manager showing how the TFL will be managed and what issues will be addressed in the new management plan. Prior to submission the licencee is to seek public input on the draft SMOOP.

Attached to the SMOOP as Appendix 1 are the "Objectives and Strategies for Employment and Economic Opportunities" (EEO). This is also a requirement under the license agreement. It is submitted with the SMOOP but it is a stand-alone document and not part of SMOOP.

TimberWest and J.S. Jones Sandspit Ltd. have entered into an operating agreement for the Queen Charlotte Island tenures of TimberWest under which J.S. Jones takes on all operating responsibilities as an agent for TimberWest. The agreement took effect March 1, 1999 and covers Block 18 of TFL 47. For this reason, the SMOOP and Management Plan for TFL 47 are being prepared and submitted in two parts; for Johnstone Strait and Bonanza Lake by TimberWest and for the Moresby Block by J.S. Jones.

1. Commitments

In his letter dated June 16, 1997 giving consent to the change of control of TimberWest the Minister of Forests amended the timber processing requirements for TFL 47 as follows:

"the requirement in each license that all timber harvested under the license, or an equivalent volume, be utilized in a timber processing facility owned or operated by the licencee (or an affiliate of the licencee) which is equipped to carry out debarking and chipping be amended to provide that:

a) pulp logs harvested from the license (or their equivalent volume) which are either processed at the Crofton or Elk Falls pulpmills or are processed at a chip conversion facility and the resulting chips provided to the Elk Falls or Crofton pulpmills, would be credited towards the timber processing requirements under this license; and, b) volumes of timber from the license (or their equivalent volumes) which are not utilized in timber processing facilities owned or operated by the licencee or an affiliate of the licencee but which are sold to timber processing facilities in British Columbia in exchange for an equivalent or a greater volume of chips provided to the Elk Falls or Crofton pulpmills pursuant to fibre supply agreements, would be credited towards timber processing requirements and the license"

TimberWest met its timber processing requirements for the time period in 1997 and 1998 that the sawmill and pulp mills were in operation. All three mills went on strike July 14, 1997. The pulp mills resumed operations April 14, 1998 while the Elk Falls sawmill went back to work September 14, 1998.

TimberWest will work towards fulfilling its commitment to J.S. Jones Sandspit Ltd. to sell its Sandspit Operation subject to the Minister's approval.

2. Management Objectives

The timber management goals for the Tree Farm License forest lands embrace the principles of integrated forest management and are as follows:

- to provide a safe work place
- to maintain an economically viable forest products company
- to manage both lands and forest resources according to sound forest management and environmental protection principles
- to provide local employment
- to manage the TFL as three management units: Johnstone Strait, Bonanza Lake and Moresby Island for the production of pulp and sawlogs.
- to harvest an AAC as determined by the Chief Forester which is expected to include 30,000 m3 of alder harvest at Johnstone Strait.

2.1. Management and Utilization of the Timber Resource:

2.1.1. silviculture systems and harvesting methods

- While clearcutting and 'clearcutting with reserves' is the predominant silviculture system it is anticipated that between 8 and 12 percent of cutblocks will be harvested using alternate silviculture systems such as patch cutting, seed tree, shelterwood systems etc.
- Alternate silviculture systems will be employed primarily in second growth stands where special measures are required to accommodate harvesting constraints such as VQO's, biodiversity, ESA's, etc. in areas like Quadra and Hanson Islands
- Harvest methods include highlead, grapple, fellerbuncher, helicopter, hoeforwarding and other ground based systems.
- protect or minimize impacts on non-timber resource values identified in higher level plans and operational plans to the standards established by the FPC.

2.1.2. felling, bucking and utilization specifications

2.1.2.1. harvesting practices will follow approved felling, bucking and utilization specifications

2.2. Protection and Conservation of Non-Timber Values and Resources:

 protect environmental and non-timber values to the standards established by the FPC

2.2.1. visual quality

- 2.2.1.1. manage known scenic areas for visual quality using landscape management techniques including digital terrain modelling (DTM), if required, and visual landscape design,
- 2.2.1.2. under the Ministry of Forests' VQO buyback program:
 - in Johnstone Strait, VQO's (Visual Quality Objectives) were revisited and revised, as necessary, by MoF in consultation with TimberWest,
 - in Beaver Cove and Moresby Island, the District Managers identified "known scenic areas" which will be managed for visual quality rather than specific percentages tied to VQO's.

2.2.2. biological diversity;

- Terms of reference for a landscape level biodiversity plan were submitted to the Regional Manager at the end of March 1999. A biodiversity plan is expected to be completed within approximately eight months after the Landscape Unit Planning (LUP) process has been completed and the targets are announced.
- In the absence of approved landscape units and biodiversity emphasis options TimberWest will follow the procedures outlined in the letter regarding "Incorporating Biodiversity and Landscape Units in the Timber Supply Review", dated December 1, 1997 and attachment titled "Timber Supply Review Base Case Modelling Assumptions for Biodiversity and Landscape Units".

2.2.3. soils

• Terrain overview information is available for the entire TFL. The mapping guides our planning efforts and highlights areas requiring more detailed terrain stability assessments.

2.2.4. water

- 2.2.4.1. operate in a manner that will maintain water quality and the productive capacity of fish streams
- 2.2.4.2. carry out coastal watershed assessment procedures (CWAP) on designated watersheds when requested by the District Manager and in accordance with the FPC
- 2.2.4.3. enact seasonal restrictions on road use, if necessary, to address sedimentation concerns

2.2.5. recreation resources;

- 2.2.5.1. integrate recreation resources into operational plans
- 2.2.5.2. maintain public access to designated recreation sites while the roads are in operational use
- 2.2.5.3. road maps for the Bonanza Lake block are available for the public at the Beaver Cove office
- 2.2.5.4. There are no designated campsites or trails in the Bonanza Lake or Johnstone Strait Management Units and none are planned. If appropriate funding becomes available TimberWest will work cooperatively with the Ministry of Forests in the development of designated recreation sites and trails.

2.2.6. cultural heritage resources

- 2.2.6.1. integrate known archaeological sites into the planning process and refer culturally modified trees (CMT) to the Ministry of Forests and the Archaeology Branch of the Ministry of Small Business, Tourism and Culture, as required,
- 2.2.6.2. review with local First Nations all proposed harvest cutblocks to discuss a strategy for dealing with CMT's
- 2.2.6.3. share and exchange information with local First Nations regarding forest development and management plans, identify aboriginal interests affected by the development and take steps to address any concerns raised
- 2.2.6.4. refer any unresolved differences to the Ministry of Forests
- 2.2.6.5. utilize archaeological overview assessments where available from the Ministry of Forests

2.2.7. range land;

• Range forage opportunities are not available in the biogeoclimatic subzones of the license area and no range management is planned.

2.2.8. wildlife and fish habitats

- 2.2.8.1. integrate fish and wildlife habitat needs into operational plans as required by FPC
- 2.2.8.2. operate in a manner which will maintain the productive capacity of fish streams and marine areas and, where agency funding is provided, cooperate with fisheries agencies in technically sound local stream enhancement or restoration

2.3. Integration of Harvesting Activities with Uses of the TFL other than Timber Production

- advise Ministry of Environment, Lands and Parks of harvest plans through the forest development plan review process. MELP, in turn, advises registered trappers and guides
- maintain a stakeholder list which contains the names of all parties who may
 have an interest in the management or harvest activities on the TFL and who
 will be advised by mail of opportunities for plan reviews and input
- provide opportunities for referral and review of all operational plans as required by the FPC
- allow public access on active roads unless conditions require that access be limited. Prior approval from the District Manager will be obtained before public access is denied and/or gates are locked.

2.4. Forest Fire Prevention and Suppression, Prescribed Fire, and Fuel Management.

• TimberWest will carry out appropriate strategies to protect the forest resources and minimize losses caused by fire.

2.5. Forest Health, including Disease and Pest Management

- TimberWest will monitor insect and disease conditions on the TFL in accordance with requirements of the FPC.
- Strategies for dealing with pests and forest health issues will be developed on a site specific basis and will include expert advice, as required, in pest identification, appraisal of damage and management options available.

2.6. Silviculture

• fund and implement a forestry program that ensures that all areas requiring reforestation reach a free-growing state within the acceptable standards as specified in the approved Silviculture Prescription (SP) and in compliance with the FPC

2.7. Roads

- Roads in current operating areas will be deactivated as required in accordance with the FPC and regulations. This will include restoring and stabilizing natural drainage patterns to maintain site integrity.
- Bridges and culverts will be constructed and maintained in accordance with the FPC Act and regulations with respect to structural components, load capacity and peak flow capability

2.8. Public Involvement

- to provide the public with opportunities for review and input into operational and strategic resource plans in accordance with the FPC
- to involve the First Nations in forest management planning through the Forest Development Plan and Management Plan processes. The Ministry of Forest will be invited to participate in all relevant meetings with First Nations.
- to provide the First Nations with copies of forest development plans relating to specific Traditional Territories of a First Nation and to be prepared to explain the plans.
- to seek from the First Nations the identification of any aboriginal interests which may be affected by the plan.
- to refer any unresolved differences to the Ministry of Forests

3. Management Issues

3.1. Planning and Integrated Resource Management

- 1. <u>Issue</u>: The Chief Forester requested that a landscape level biodiversity plan be prepared by January 1, 1998.
 - Action: TimberWest has subsequently agreed with the Chief Forester to prepare such a plan after the LUP has been completed and the targets are announced. Terms of Reference for such a plan were submitted to the Regional Manager at the end of March 1999.
- 2. <u>Issue</u>: The Ministry of Forests requested an alternative silviculture strategy.

 <u>Action</u>: TimberWest will employ alternative silviculture systems as required as a means of addressing recreation, residential and visual concerns in specified areas. It is also used as a tool to deal with adjacency issues.
- 3. <u>Issue</u>: The regional manager requested a strategy for harvesting deciduous leading stands.
 - Action: TimberWest seeks to increase the Johnstone Strait allocation of the AAC by 30,000 m3 to provide for that volume of alder to be harvested on an annual basis.

4. <u>Issue</u>: The Ministry of Forests requested an incremental silviculture policy for the TFL.

Action: TimberWest will pursue activities which can demonstrate a return on investment. These activities are late rotation fertilization on Douglas-fir leading sites, subject to funding availability, and tree improvement in Douglas-fir, Western Hemlock, Western Red Cedar, and Yellow Cedar.

5. <u>Issue</u>: The Ministry of Forests requested a second growth strategy.

<u>Action</u>: TimberWest will outline its second growth strategy based on
Information Reports 1, 2, and 3 included in the current Management
Plan.

6. <u>Issue</u>: The regional manager requested that TimberWest develop a cedar regeneration policy for the Moresby Island Block.

<u>Action</u>: see SMOOP Part II for Moresby Management Unit.

7. <u>Issue</u>: TimberWest is asked to complete another recreation analysis report and to provide plans for the management of recreation use on the TFL.

<u>Action</u>: TimberWest will endeavour to complete a recreation analysis for Johnstone Strait in time for the TSA information package. Discussions

Johnstone Strait in time for the TSA information package. Discussions regarding the Bonanza Lake block are ongoing.

8. <u>Issue</u>: MoF requested that TimberWest outline its karst management plan.

<u>Action</u>: TimberWest will detail procedures dealing with karst management in the next MP.

3.2. Harvestable Land Base

9. <u>Issue</u>: Government Creek contributes to the operable landbase of the TFL but no harvesting has been allowed, hence putting additional pressures on the remaining landbase of the Moresby Island management unit.

Action: see SMOOP Part II for Moresby Management Unit.

10. <u>Issue</u>: Hanson Island contributes to the operable landbase but no cutblocks have been approved for harvest.

Action: A forest development plan for Hanson Island has been submitted and approval is expected in a timely fashion.

11. <u>Issue</u>: The Chief Forester expects harvesting operations to be conducted in visually sensitive areas if they are to continue to contribute to the timber harvesting land base.

Action: The harvesting of visually sensitive areas in Johnstone Strait is being increased in the 1998-2002 FDP to approximate its contribution to the land base.

3.3. Yield Analysis

12. <u>Issue</u>: The public has expressed concern that excessive harvesting of younger age classes especially in the early part of the analysis period results in a need to perpetuate that practice in order to maintain harvest levels.

Action: TimberWest will analyze the long term effects of harvesting younger age classes in the early part of the cycle.

13. <u>Issue</u>: The concern has been raised that the current base case shows excessive harvesting of old growth in the first decade in the Johnstone Strait management unit.

<u>Action</u>: TimberWest will model harvesting of the available old growth over a longer time frame and in accordance with the guidelines pertaining to seral stage distribution.

14. <u>Issue</u>: The Chief Forester requested that TimberWest document the extent of use of genetically improved stock, and quantify timber yield implications of planting such stock, including those interactions with silviculture treatments such as fertilization.

Action: TimberWest is currently modifying its GIS database and preparing a summary of historic use of genetically improved stock. The company has also commissioned a report on the subject of timber yield implications which will be used as the basis of discussion with MoF to arrive at future yield implications in the next TSA.

15. <u>Issue</u>: The Chief Forester directed that TimberWest estimate the area likely to be influenced by the presence of CMT's, that suitable management practices be developed and the implications be analyzed.

Action: TimberWest will map areas it deems to have a high and moderate likelihood of containing CMT's based on the presence of cedar/cypress as the leading, secondary or minor species or use information available in archaeological overview assessments and develop assumptions regarding its impact for the next TSA.

16. <u>Issue</u>: The Chief Forester directed that TimberWest monitor harvests to assist in verifying volume projections for second growth stands (specifically including 30 - 40 year old stands)

Action: TimberWest will prepare an operational cruise summary and compare it to inventory volume projections for the next TSA.

17. <u>Issue</u>: The Chief Forester requested that TimberWest quantify timber yield implications of employing alternative silviculture systems.

Action: TimberWest proposes to gather data on historical and/or planned nonclearcut harvesting (area and volume/ha removed) and work with MoF how best to handle the future growth of these stands in the TSA.

18. <u>Issue</u>: The Chief Forester requested that any outstanding inventory issues with respect to the Bonanza Lake management unit be resolved with the Resources Inventory Branch prior to the submission of the next TSA information package.

Action: MoF Victoria advised that an audit of the Beaver Cove forest inventory is scheduled for 1999. It is not expected to be completed in time for the timber supply analysis.

19. <u>Issue</u>: The Chief Forester requested that operations in the Deena River watershed be monitored to evaluate the extent to which planned activities achieve watershed management requirements under the FPC and to further evaluate their timber supply impacts.

Action: see SMOOP Part II for Moresby Management Unit.

20. <u>Issue</u>: The Chief Forester expects TimberWest to monitor salvage and timber losses due to fire, blowdown, pests, and disease.

Action: Historical experience indicates that these losses are minimal but TimberWest will enter into discussions with MoF how to accomplish the Chief Forester's objective in a cost-effective manner.

21. <u>Issue</u>: The Chief Forester has directed TimberWest and MoF to examine procedures used to estimate the area lost to roads, trails, and landings in order to reduce the uncertainty associated with these losses.

Action: TimberWest will enter into discussions with MoF to review the procedures used to estimate these areas and explore opportunities to improve the estimates, if required.

22. <u>Issue</u>: Ungulate Winter Ranges (UWR) should be accounted for in the next TSA.

Action: UWR for the Bonanza Lake management unit have been revised in consultation with MoF and MoELP for the current management plan. Location and boundaries will be revisited during the term of the MP and will be adjusted depending on ungulate capability and use. Every effort will be made to minimize the impact of any adjustments to winter ranges on the yield analysis.

The Johnestone Strait and Moresby Island management units have no designated UWR.

4. Inventories

4.1. Recreation and Visual Landscape Inventory

Recreation and Visual Landscape Inventories are available at the 1991 standard for all management units. Block 12 (Quadra Island) was updated to the 1996 standard.

Under the Ministry of Forests's VQO Buyback program for the Bonanza Lake and Moresby Island management units the Visual Landscape Inventory has effectively been revised with the identification of "known scenic areas". For the Johnstone Strait management unit the individual recreation polygons were revisited by the Ministry of Forests and VQO's were revised as necessary in consultation with TimberWest.

The recreation inventories will be rolled over to the new standard by the Forest Practices Branch in Victoria. Some additional upgrading of recreation and visual landscape inventories is under discussion in the CRFD while changes to the visual landscape inventory in the PMFD are under contract.

4.2. Wildlife Inventory

There are no Ungulate Winter Ranges (UWR) in the Johnstone Strait management unit.

UWR have been identified for Bonanza Lake MU. That mapping is currently under discussion with MoF and MoELP. It is expected that the mapping will be revised and available in time for the TSA information package.

4.3. ESA Mapping (Eh)

It is intended to update the Eh mapping by showing all designated community watersheds.

4.4. Stream Classification Mapping

TimberWest is implementing a program to convert the stream classification A,B,C from the Coastal Fisheries/Forestry Guidelines to the S1 through S6 categories under the FPC - at the landscape level.

4.5. Cultural Heritage Resources Inventory

Archaeological Overview Assessments are expected to become available from the Ministry of Forests in 1999 for all three management units. Additional sites identified during the development process are dealt with on a site specific basis.

5. Timber Supply Analysis

The "base case" represents a timber supply forecast based on considerations which reflect current performance with respect to the status of forest land, forest management practices and knowledge of timber growth and yield. The base case is used as a baseline for assessing changing management assumptions.

The "base case" for MP #3 will be the timber supply analysis base case projection used for the current management plan (MP #2) with the addition of any Forest Practice Code requirements and land-use decisions in effect as of May 1, 1999.

Alternate timber supply scenarios will be run to test the sensitivity of projected timber supply to assumptions about bio-physical factors such as future growth rates and the definition of the landbase considered available for timber harvesting. Additional scenarios will be run to clarify and document the long-term implications of current management practices.

The Timber Supply Analysis Information Package will provide detailed statistics to support and document both the base case and the alternate scenarios. The Information package will be prepared according to the "Provincial Guide for the Submission of Timber Supply Analysis Information Packages for Tree Farm Licences, Version 3.0, February, 1998."

6. Comments from the Referral of the Draft SMOOP

6.1. Public Comments on the Draft SMOOP

6.1.1. Source of Public Comments

Public comments on the Draft SMOOP were received from Mr. Bruce Davies of Surge Narrows and the Mayor of the Town of Port McNeill.

6.1.2. Written Comments Received

The written comments received and TimberWest's response are attached.

6.1.3. Summary of Modifications Made

A summary of the modifications made in response to the comments is as follows:

- The management units remain unchanged from the past, as suggested.
- No changes were made to the proposal to increase the AAC to accommodate an increased alder harvest. TimberWest considers this a viable option especially since the current AAC is below LRSY.

• All other comments will be considered as required in the timber supply analysis or the draft management plan.

Appendix I

OBJECTIVES and STRATEGIES for EMPLOYMENT AND ECONOMIC OPPORTUNITIES (EEO)

1.0 Statement of Objectives and Strategies for EEO

1.1 Direct Work Activities

Current employment by operation and job category is listed in Table 1 below.

TABLE 1 Current Employment by Operation and Job Category												
	Planning		Roads		Harvesting		Silviculture		Admin	Sawmill	Total	
Operation	P	T	P	С	P	T	С	P	С	P	P	
Beaver C.	3		20	3	39		8	2		4		79
Johnst. St.	10		8	8	2		58	. 5	32	3		126
QCI	4	1	9	4	25	2	10	1	3	3	-	62
Vancouver										11		11
Sawmill											180	180
Total	17	1	37	15	66	2	76	8	35	21	180	458

P = Permanent Job

T = Temporary Job

C = Contract Job

A breakdown of the company workforce by community is shown in Table 2 below.

TABLE 2 Company Workforce by Community												
Operation	Greater Van.	Courtenay	Campbell River	Port McNeill	Port Hardy	Alert Bay	QCI	Total				
Beaver C.		3	1	71	3	1		79				
Johnst St.		1	125					126				
Sandspit							62	62				
Sawmill		60	120					180				
Vancouver	11							11				
Total	11	64	246	71	3	1	62	458				

Additional jobs are generated at the pulpmills of Fletcher Challenge Canada at Crofton and Elk Falls through various fibre supply agreements.

TFL 47 provides approximately 75% of the sawlog consumption of the Elk Falls sawmill through logs harvested off the TFL and additional log trades and purchases.

1.2 Indirect Work Activities

It is estimated that every direct forest job generates 2 indirect or induced jobs. This is a widely accepted multiplier for the forest industry.

This would indicate 150 indirect jobs in the Port McNeill area, 620 indirect jobs in the Campbell River area, Sandspit at 124 and 22 indirect jobs in the lower mainland. In addition, this multiplier would also apply to the pulpmill jobs in Crofton and Campbell River.

1.3 Aboriginal Involvement

Under current legislation TimberWest is unable to provide information on race or cultural background of employees. However, to the extent that there are opportunities TimberWest has and will continue to award contracts to First Nations to carry out silviculture and/or FRBC activities. Numerous contracts for FRBC work have been awarded to the Skidegate Band on the Queen Charlotte Islands while similar opportunities with the local bands for the Bonanza Lake and Johnstone Strait management units are still being explored.

1.4 Objectives and Strategies for EEO

The company's primary objective is to be an economically viable forest products company which can compete in world markets. Success in this area translates into stable employment for local communities.

As TimberWest and many of its domestic log customers are highly dependent on the Japanese market, there is a direct link to company profitability. The outlook for this market is for little improvement for the foreseeable future but at the same time there should be relative price stability. Until such time as the Japanese economy turns around, there is little likelihood of new markets or significant new product opportunities being developed.

The company employs a mix of company crews and contract crews in forest harvesting operations. The lumbermills and logging operations are unionized operations. The productivity of the lumber mills is reaching top quartile due to significant efforts and focus over the last several years. However, further cost reductions, greater flexibility and productivity improvements are absolutely essential.

Faced with unsustainable log costs on Crown lands, TimberWest has employed an aggressive cost reduction strategy over the past year with good success. Efforts in this direction will continue. However, there must be additional cost reductions on the

stumpage and regulatory side and the company has been participating in discussions in these areas. It has also provided leadership in the development of a Memorandum of Understanding establishing a partnership with the Ministries of Forests and Environment for the purpose of effecting cultural change within the staff of all parties. The goal is to increase efficiencies across all organizations, identify and secure cost savings, and cooperatively work for mutual benefit while delivering on legislative objectives.

TimberWest has also entered into a Multi-Year Agreement with FRBC for a period of five years for works in the areas of Backlog Reforestation, Enhanced Forestry, Operational Inventory, and Watershed Restoration. Local communities will be the first ones to benefit from these job opportunities. Forest fertilization projects are being regarded as a valid means of increasing forest growth (thus enhancing future job opportunities) and are being planned under the Multi-Year Agreement with FRBC on Crown lands. The company will also undertake some highly labour intensive juvenile spacing projects.

With the above strategies TimberWest strives for stable employment levels in the face of an adverse market and economic outlook.



File:

19700-20/TFL47

May 21, 1999

Gilbert M. Brennenstuhl, R.P.F. Manager, Forest Tenures TFL Forest Ltd. 2300-1055 West Georgia Street Vancouver, British Columbia V6E 3P3

Dear Gilbert Brennenstuhl:

Thank you for submitting a proposed Statement of Management Objectives, Options and Procedures (SMOOP), and Statement of Objectives for Employment and Economic Opportunity (EEO), for Tree Farm Licence (TFL) 47, dated April 1999. The two draft plans have been reviewed and are approved.

Please ensure the following issues are addressed in the upcoming timber supply analysis or management plan:

- Regarding recreation management (Section 3.1, #7). It is expected that TFL Forest Ltd. will endeavour to complete a recreation analysis for the Johnstone Strait (Block 18) management unit in time for the timber supply analysis information package and that the existing recreation analysis for the Bonanza Lake (Block 17) management unit completed in 1995 will be used for the timber supply analysis information package.
- Recreation and Visual Landscape Inventories (VLI), (Section 4.1). It is the Ministry of Forests understanding that TFL Forest Ltd. has hired a consultant to update the recreation features inventory for Blocks 4-12 and to update the VLI for Blocks 1-11 to the latest ministry inventory standard. It is expected that TFL Forest Ltd. will utilize this information in the upcoming timber supply analysis.
- There is a need to address updates in the VLI in the Johnstone Straits (Block 18) management unit, which was done to 1991 standards. This is not because of the change in standards, although this is important, but rather due to the change in information particularly regarding visual condition and concerns raised by tourism operators, residents and First Nations. This information is critical to visual impact assessments.

Please contact Kevin Lee, Landscape Forester, Vancouver Forest Region, at (250) 751-7112, if you have any questions regarding this request.

.../2

- Visual Quality (Section 2.2.1.2). Note, that for the Beaver Cove and Moresby Island blocks that Visual Quality Objectives still apply even within areas declared "known scenic".
- Yield Analysis (Section 3.1). The Chief Forester noted in the last allowable annual cut rationale that the strategy to harvest stands younger than the minimum harvest ages was considered experimental. A review from the annual reports indicates that aside from the Schedule "A" lands, which are now removed from the TFL, very little harvesting in these younger stands occurred during Management Plan #2. In preparing the timber supply analysis, please ensure that TFL Forest Ltd.'s performance in harvesting in these younger ages and type groups over the current management planning period is used as a guide.
- Volume Estimates for Managed Stands (Section 3.3, #16). In addition to
 TFL Forest Ltd. preparing an operational cruise summary and comparing it to inventory
 volume projections for second growth stands (specifically thirty to forty year old stands),
 TFL Forest Ltd. should verify how many of these younger stands should be defined as
 managed (e.g., volume estimates developed using managed stand yield tables).

I am aware that in early May 1999, TFL Forest Ltd.'s parent company, TimberWest Forest Corporation announced plans to phase in variable retention logging on it's private and public holdings over the next four years. Based upon this significant shift in harvesting systems, I expect TFL Forest Ltd. to provide details and account for this new harvest system in the upcoming timber supply analysis and management plan for TFL 47.

Please note that the timber supply information package is to be submitted to Susann Brown, Timber Supply Analyst, Timber Supply Branch in Victoria by August 31, 1999.

If you have any questions regarding the SMOOP or EEO comments, please contact, Doug Stewart, TFL Forester, Vancouver Forest Region, at (250) 751-7049.

Yours truly,

Ken Collingwood

11 hus-

Regional Manager

Vancouver Forest Region

cc: Howie Aikman, Operations Engineer/Forester

J.S. Jones Sandspit Ltd.

PO Box 470

Sandspit, BC V0T 1T0

Gilbert Brennenstuhl Page 3

> Rory Annett, District Manager Queen Charlotte Islands Forest District

Don Sluggett, District Manager Campbell River Forest District

Jack Dryburgh, District Manager Port McNeill Forest District

Susann Brown, Timber Supply Analyst Timber Supply Branch

Kevin Lee, Landscape Forester Vancouver Forest Region

Doug Stewart, TFL Forester Vancouver Forest Region