

FLNRORD Forestry Webinar:

The Coast Forest Sector – Overview, Communities' Interests & Opportunities Ahead



Session Agenda

15 min	Welcome – e-introductions <ul style="list-style-type: none">• Housekeeping• Ministry & UBCM Introductions & Local Government Association Welcome• The Ministry of Forests, Lands, Natural Resource Operations and Rural Development• Initiating a conversation - starting point for future discussions• The forest sector and coastal communities
10 min	Connections to UBCM work <ul style="list-style-type: none">• Previous UBCM resolutions; alignment with Ministry priorities
40 min	Forestry in British Columbia - Forestry 101 <ul style="list-style-type: none">• Q&A
25 min	Revitalizing the Coast Forest Sector – Opportunities and Objectives <ul style="list-style-type: none">• Engagement with participants on how these challenges have impacted their communities, and what they would like to see to improve the conditions
20 min	Q&A and Feedback from Participants
5 min	Next Steps / Closing

Welcome and Introductions

The Ministry of Forests, Lands, Natural Resource Operations and Rural Development

Minister Doug Donaldson

Regional Departments

Regional Operations (North, Coast and South Areas)

- Resource Management
- Biologists (Ecosystems, Fish & Wildlife)
- Range and Agrology
- Soil Scientists
- Forest Authorizations (cutting permits, road permits, land permitting & section 10 and 11 decisions related to work in and about a stream)
- Forestry (silviculture, BCTS, tenures, scaling, waste and residue)
- Authorizations Specialists (Crown land, major projects, aquaculture, water)
- Forest Stewardship, Research & Engineering, Forest Stewardship Plans
- Hydrology & Dam Safety
- Forest and Range Evaluation Program (FREP) monitoring
- Water Allocation and Preservation
- Regional Economic Operations Managers & Rural Dividend
- Groundwater
- FrontCounterBC

BC Wildfire Service

- Regional Fire Centres
- Dispatch, Prevention, Aviation
- Communications
- Wildfire Officers

Integrated Resource Operations

- Archaeology
- Compliance & Enforcement
- Rec Sites and Trails
- GeoBC
- Mountain Resorts

The Ministry of Forests, Lands, Natural Resource Operations and Rural Development

Minister Doug Donaldson

Headquarters Divisions (Primarily in Victoria)

Office of the Chief Forester

- Forest Analysis
- Forest Inventory
- Forest Improvement
- Forestry Research
- Climate Change Planning and Policy
- Resource Practices
- Harvesting and Silviculture
- Carbon Accounting
- Forest Carbon Initiative
- Carbon Economy
- Silviculture

Timber Operations, Pricing & First Nations

- BC Timber Sales (BCTS)
- Forest Tenures
- First Nations Relations
- Timber Pricing & Measurement
- Billing Operations
- Engineering
- Resource Roads
- Trade and Export Policy
- Forest Economics
- Forest Land Acquisition
- Forecasting, Reporting & Planning
- Compensation & Business Analysis

Resource Stewardship

- Fish and Aquatics
- Resource & Stewardship Planning & Policy
- Monitoring
- Species at Risk
- Caribou Recovery
- Water Allocation and Management
- Water Policy
- Flood Forecasting
- Engineering
- Fish & Wildlife Research
- Forest Ecology

Rural Development, Lands and Innovation

- Crown Land Policy
- Rural Dividend
- Rural Policy
- Crown Land Remediation
- Crown Land Sales
- Crown Land Registry
- Special Projects
- Indigenous Opportunities
- Bioeconomy
- Regional Economic Operations Managers
- Disaster Recovery
- Wildfire Recovery

Purpose of this Webinar

What Do We Hope to Achieve?

Working Together - Strengthening Coastal Community Engagement in the Forestry Sector

Context

Ministry Mission Statement: *“We make, support and advise on stewardship decisions for B.C.’s land and resources and deliver services to provide environmental, economic, cultural and social benefits for all British Columbians. Our work supports a sustainable economy in all parts of the province and provides a foundation for true and lasting reconciliation with Indigenous people.”*




Link to encompassing government priority: An Economy that Works For Everyone

- A healthy economy needs profitable, successful companies that are able to:
 - ***Produce goods and services the world wants at a price the rest of the world is prepared to pay;***
 - ***While generating healthy net government revenues; and***
 - ***Providing good jobs and protecting the natural wealth of our environment.***
- Processing more of our logs at home creates prosperity that can be shared locally with workers, First Nations, communities and suppliers.

Ministry and UBCM Collaboration

In 2015 the Union of British Columbia Municipalities (UBCM) and the Ministry of Forests, Lands, Natural Resource Operations and Rural Development began a working partnership to strengthen local government engagement in the forest sector

Background & collaborative efforts to date have included:

-  UBCM's Community Economic Development Committee vice-chair became a member of the Minister's Forest and Range Practices Act Advisory Council
-  CED forestry survey
-  Forest Policy Decision Making Roundtable and Report : *The Case for Greater Communication and Consultation* was released in March 2016
-  2017 UBCM Session *Forestry 101: Principles and Opportunities for Strengthening Community Interactions* and workshop discussion summary report

Collaborative Outcomes

What have we heard?

“Forest Policy Decision-Making: The Case for Greater Community Consultation and Engagement” - 2016 Roundtable Recommendations

1. Support for the establishment of communication protocols/local forest advisory committees
2. Develop a long-term provincial forest strategy
3. Restructure existing provincial bodies to include community/local government representation
4. Mandate sustainable forest management certification
5. Increase enforcement and monitoring efforts

Collaborative Outcomes

What have we heard?

“Roots to Results 2017: Principles and Opportunities for Strengthening Community Interactions in Forestry” - Key Themes

1. Information Sharing and Community Engagement – outreach, communication and meaningful engagement
2. Communication – education, transparency, and points of contact
3. Tenure Arrangements – improve timber utilization via new tenure arrangements
4. Water – water stewardship
5. Land Use Planning and Consultation – reforestation and stand management reassurance
6. Wildfire – addressing long-term impacts

UBCM Forestry Related Resolutions: Topics of Concerns

What have we heard?

2017 Resolutions

1. Interface wildfire prevention – a more efficient and effective model
2. Improved consultation on Forest Stewardship Plans
3. Access to non-competitive wood resources for non-tenured value-added wood processors
4. Facilitate value-added resource development
5. Optimization of community benefits of forest resources
6. Management and preservation of old growth forests
7. Proactive approach to forest health

2018 Resolutions

1. Professional Reliance Model, and increased oversight of professional organizations
2. Privately Managed Forest Land – wish to see Act amended
3. Limitations on large scale harvesting on private land
4. Expansion of the Community Forest Program
5. Resourcing for collaborative planning on Crown land
6. Limit log export prior to wood processing needs being met

Moving the Conversation Forward

Revitalization



→ The Ministry has considered recent UBCM resolutions as well as the recommendations and themes that were an outcome of joint UBCM & Ministry collaboration.

→ To date, Ministry staff have initiated engagement with forest industry representatives, First Nations, associations and workers on policy opportunities to ensure B.C.'s forest resources are delivering more value to the people of British Columbia.

"Our focus is really about getting as many jobs as possible out of every log that comes out of the forest... It's a public resource on public land and as many people as possible should benefit from the proper management of that resource" – Minister Doug Donaldson

"Let's ensure that the right logs go to the right places" – Premier John Horgan

Linking Coast Forest Revitalization with Collaborative Efforts to date, and Forest Related Resolutions

UBCM and Local Government Concerns

Communication

Collaborative Stewardship and Land
Use Planning

Privately Managed Forest Land

Wildfire Mitigation

Forest Health and Stewardship

Community Forests & Tenure Reform

Creating Jobs and Economic Growth

The Ministry's Coast Forest Revitalization Objectives

Restore the Social Contract and Public
Confidence

Increase Domestic Processing

Improve Harvest Performance

Improve Business-to-Business Relationships

Increase First Nations Participation through
Manufacturing and Tenure Opportunities

*Opportunity for
beneficial
integration of
coast forest
revitalization
and issues that
are top of mind
for coastal
communities*

Before we go any further, the following is an overview of forestry in BC.....



A quick 'Forestry 101'

All Forests vs. “The Working Forest”

Despite the impact
of the mountain pine
beetle on interior
forests, B.C. still has
millions of hectares
of quality commercial
tree species – of which
a fraction of 1% is
logged and planted
each year.

TOTAL AREA OF B.C.
95 million ha

FORESTLAND
55 million ha

**LAND AVAILABLE
FOR HARVESTING**
22 million ha

ANNUAL TIMBER HARVEST
175,000 ha/yr.



Every hectare of harvested Crown land **requires reforestation** within legally specified timelines

Timber Supply Areas - Coastal BC

There are 38 Timber Supply Areas in British Columbia, of which 10 cover coastal BC

Timber Supply Areas



Coast Area

25 Haida Gwaii

30 Fraser

31 Soo

38 Arrowsmith

39 Sunshine Coast

44 Pacific (Great Bear Rainforest)

44 Pacific (non-Great Bear Rainforest)

46 Great Bear Rainforest (GBR) North

47 Great Bear Rainforest (GBR) South

48 North Island

North Area

3 Bulkley

4 Cassiar

10 Kalum

12 Kispiox

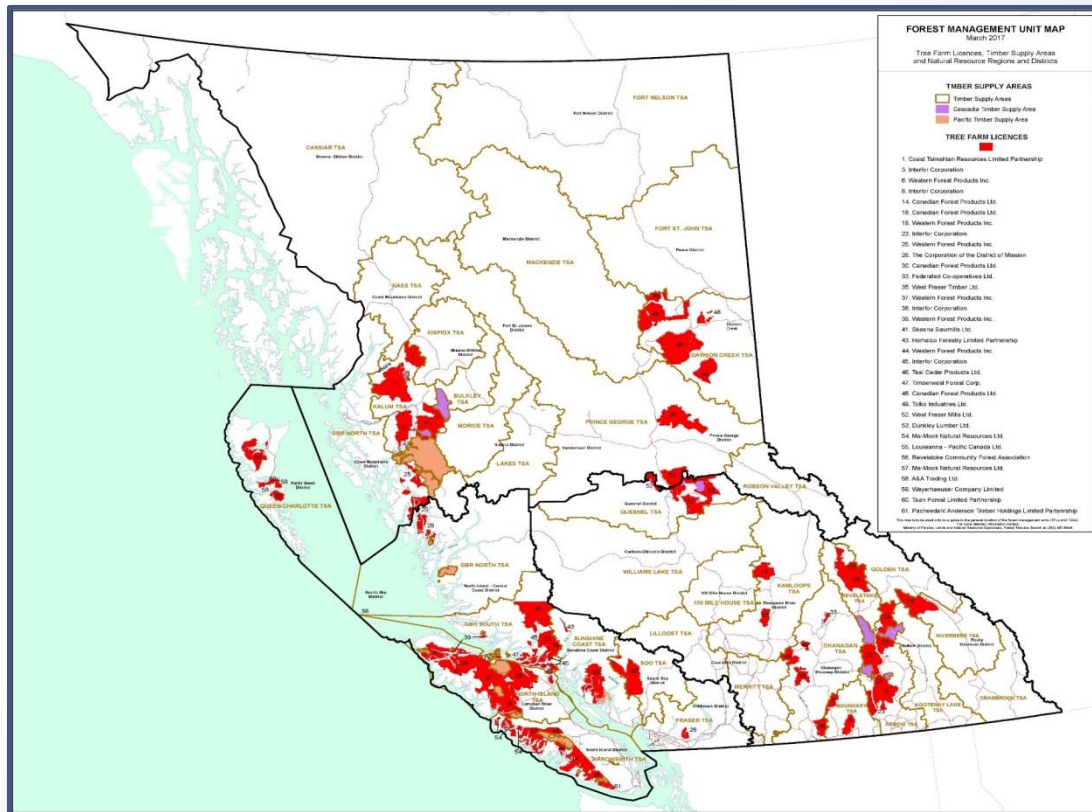
43 Nass

Note: Several Interior TSAs and TFLs are included in the lists on this slide & slide 17 because they have similar tree species, terrain and timber pricing to coastal TSAs and TFLs

Tree Farm Licences - Coastal BC

There are 34 Tree Farm Licences in British Columbia, of which 17 cover coastal BC

Tree Farm Licences



Coast Area

- TFL 6 – Western Forest Products
- TFL 19 – Western Forest Products
- TFL 25 – Western Forest Products
- TFL 26 – District of Mission
- TFL 37 – Western Forest Products
- TFL 38 – NSF Partnership (Squamish)
- TFL 39 – Western Forest Products
- TFL 43 – Homalco Forestry Ltd Partnership
- TFL 44 – Western Forest Products
- TFL 45 – Interfor
- TFL 46 – Teal Cedar
- TFL 47 – TimberWest
- TFL 54 – Ma-Mook Natural Resources Ltd.
- TFL 57 – Lisaak Forest Resources Ltd.
- TFL 58 – A & A Trading (Haida Gwaii)
- TFL 60 – Taan Forest Ltd.
- TFL 1 – Coast Tsimshian Resources Ltd.
- TFL 41 - Skeena Sawmills

Community Forest Agreements

There are 57 Community Forest Agreements in British Columbia, of which 15 cover coastal BC

Attributes of Community Forest Agreements:

- Community controlled – reflects local values, priorities and decision making.
- Generates local revenue and employment.
- Area-based (defined area) with an AAC.
- Replaceable with exclusive rights to harvest/manage timber, botanicals and other applicable resource values.
- Management obligations (reforestation, planning, roads, etc.)
- Requires stumpage to be paid to government.
- Improves local awareness and involvement in forest management.

Coastal Communities with Community Forest Agreements:

- Cheakamus (Whistler)
- Klahoose
- Port Alberni
- Huu-ay-aht First Nation (Alberni Inlet)
- Bella Coola
- North Island
- Sechelt
- Powell River
- Nuxalk (Mid-Coast)
- Cascade/Lower Fraser (Hope)
- Tla'amin (Powell River Area)
- Khowtzun (Cowichan River)
- Cortes Island
- Barkley (Ucluelet)
- Bamfield/Huu-ay-aht
- Several Communities with Invitations to Apply

Forest Act

Governance



Many Regulations....

- **Defines rights to the forest resource**
- **Provides certainty to forest tenure holders**
- **Includes area-based (e.g. First Nations Woodland Licence, CFA, TFL) & volume-based (e.g. FL, BCTS TSL) licences**
- **Includes replaceable vs non-replaceable licences**

- Harvest rates
- Disposition of timber
- Rights and obligation of tenure holders
- Marking and scaling
- Payments
- Roads and rights of ways
- Marine log salvage
- Log exports
- Inspections and audits

Under the *Forest Act*, the government can issue various forms of long- and short-term tenure agreements (licences) for Crown timber. The agreement holders can be forest companies, communities, individuals or First Nations.

Types of Timber Tenure in BC

Timber Tenures in B.C. are either volume-based or area-based

Timber Tenures

Volume Based: grants a licensee the right to harvest a defined amount of timber within a specified TSA. Several licensees can operate within the same TSA (e.g. Forest Licenses).

Area Based: Grants licensees exclusive rights to harvest timber within a specified geographic area. Examples include First Nations Woodland Licences, Tree Farm Licences, Community Forest Agreements etc.



Tenures can be either

Replaceable tenures generally have terms ranging from 20 to 25 years. This provides licensees with the long-term security required to invest in business planning, forest management, and manufacturing.

Non-replaceable tenures are granted for a fixed term to achieve specific forest management goals (e.g. timber harvest, rehabilitation, etc.).

Forest and Range Practices Act

The Forest & Range Practices Act (FRPA) was introduced in 2002 to govern forest practices

Goal was to reduce government and industry costs:

1. through a streamlined approval process
2. to encourage innovative forest practices on the part of forest managers and licensees

FRPA outlines how all activities are to be conducted on Crown land in BC & ensures protection of all applicable resources in and on Crown land and forests in BC.



In addition to the public and private forest land legislation in B.C., forest management activities **must abide by other provincial legislation, including:** *Environmental Management Act, Heritage Conservation Act, Integrated Pest Management Act, Water Act, Wildfire Act, and Wildlife Act*. There is also applicable federal legislation including the *Species at Risk Act* and *Fisheries Act*.

Stewardship & Forest Stewardship Plans

Stewardship includes but is not limited to:

- adapting to climate change;
- sustainability;
- compliance and enforcement;
- forest health; and
- forest certification.



Under the Forest and Range Practices Act, Forest Stewardship Plans:

- Identify areas within which forestry activities can occur;
- Contain strategies to ensure government objectives are achieved;
- Set stocking standards for reforestation;
- Invite and consider public comment; and
- Provide a basis for First Nations consultation.

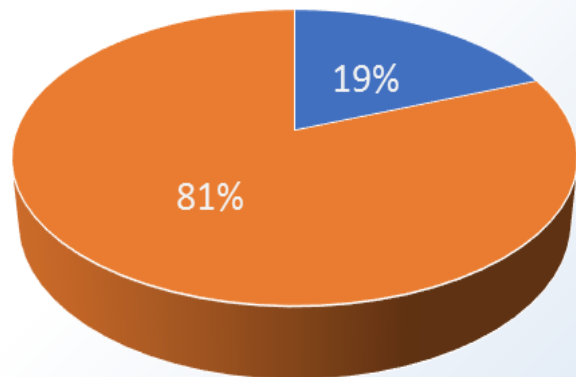
B.C. maintains healthy forest ecosystems that support values such as fish and wildlife (including species at risk), ecosystem biodiversity, clean water, recreation, fibre for forest products, and forest carbon storage.

Allowable Annual Cut

Allowable Annual Cut (AAC) is the maximum amount of timber that the Chief Forester determines is available to harvest from a Timber Supply Area or a Tree Farm Licence (at least once every 10 years)

Timber Supply

Provincial Allowable Annual Cut (AAC)
February 2018



■ Tree Farm Licence (TFL) ■ Timber Supply Area (TSA)

Distribution of AAC (2018)

Total AAC – 65,161,618 m³

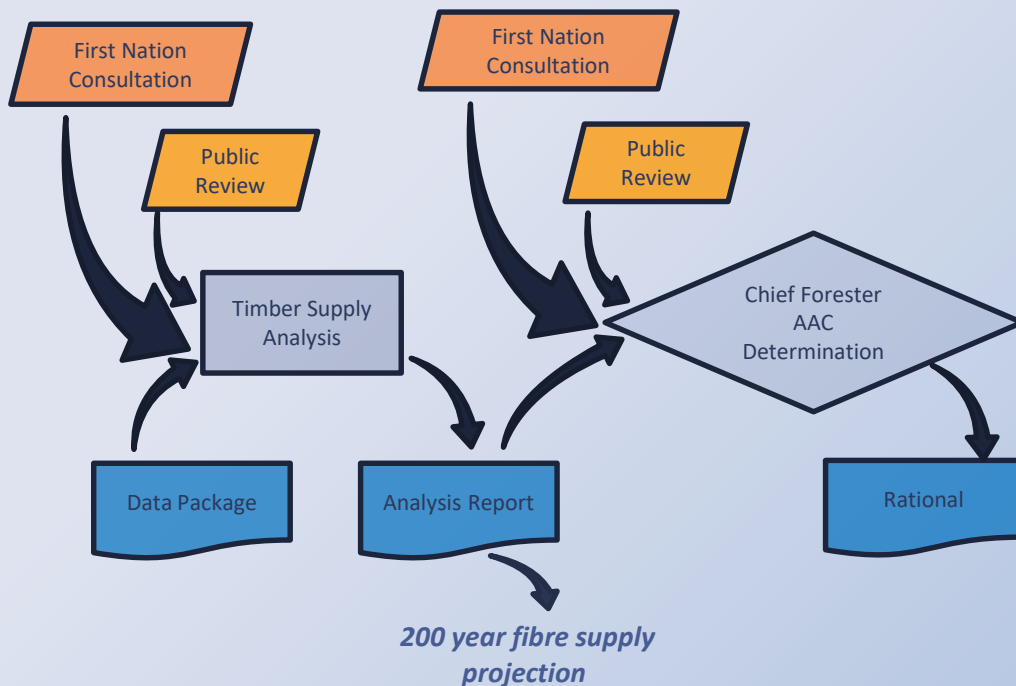
Forest Licences	55%
Tree Farm Licences	18%
BC Timber Sales	20%
First Nations Tenures	5%
Community Forest Agreements	1%
Other	1%

Note: Coast AAC is approximately 15 million m³
(excluding private land harvest)

Timber Supply Review Process

Under Section 8 of the **Forest Act** the Chief Forester must consider both the information about the land base and the objectives for the land base, the region, and the province.

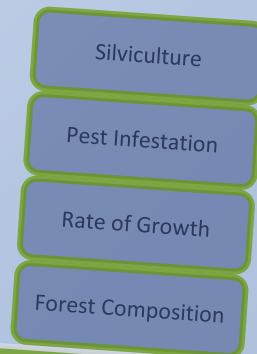
Timber Supply



Objectives



Landbase



The Coast Forest Region



Coastal timber is of high value, but often occurs in very rugged and remote terrain with some of the highest logging costs in the world



Most private land managed for forestry is regulated under the *Private Managed Forest Land Act*.



Indigenous Relations and Reconciliation



- 203 First Nations in BC have existing aboriginal and treaty rights as recognized and affirmed in Section 35 of the *Constitution Act, 1982*.
- 40 *Indian Act* bands, or 20% of all *Indian Act* bands in BC are in advanced negotiations or are already implementing modern-day treaties.
- The Premier's July 2017 mandate letters to all cabinet ministers specifically commits that the Province implement the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP) and the Truth and Reconciliation Commission's (TRC) Calls to Action.
- Tools such as Forest Tenure Opportunity Agreements (FTOAs) and Forest Consultation and Revenue Sharing Agreements (FCRSAs) are used to increase First Nations participation in the forest sector.

Indigenous Relations and Reconciliation

The Ministry of Forests, Lands, Natural Resource Operations and Rural Development and the Ministry of Indigenous Relations and Reconciliation in partnership with the First Nations Forestry Council formed the First Nation Forest Strategy Advisory Group.

This group is working collaboratively to develop a revitalized BC First Nation Forest Strategy that guides the implementation of UNDRIP and the TRC Calls to Action.



Profiling Forestry: North Island & Central Coast

- The North Island and Central Coast is a hub for the Coastal Forest Industry, and is the largest forest district in coastal British Columbia, with a total area of 4.9 Million hectares and AAC of 4.7m³
- Forestry is a key economic contributor - major forest licences, small logging businesses, forest consultants, the Provinces' BC Timber Sales program and marine transport operators contribute to a diverse mix of forestry related employment opportunities.
- First Nations in the region are increasingly becoming active participants in the industry with the acquisition forest tenures that provide both economic opportunity and community sustainability.
- The North Island and Central Coast is within the territories of 16 First Nation communities, and most of these have signed agreements with the province to share forest revenue.



Profiling Forestry Continued....

To date, the Rural Dividend Fund has provided over \$4.5 million in funding to North Island and Central Coast communities. Several of these projects are related to forestry.



Collaboration over conflict in the Great Bear Rainforest

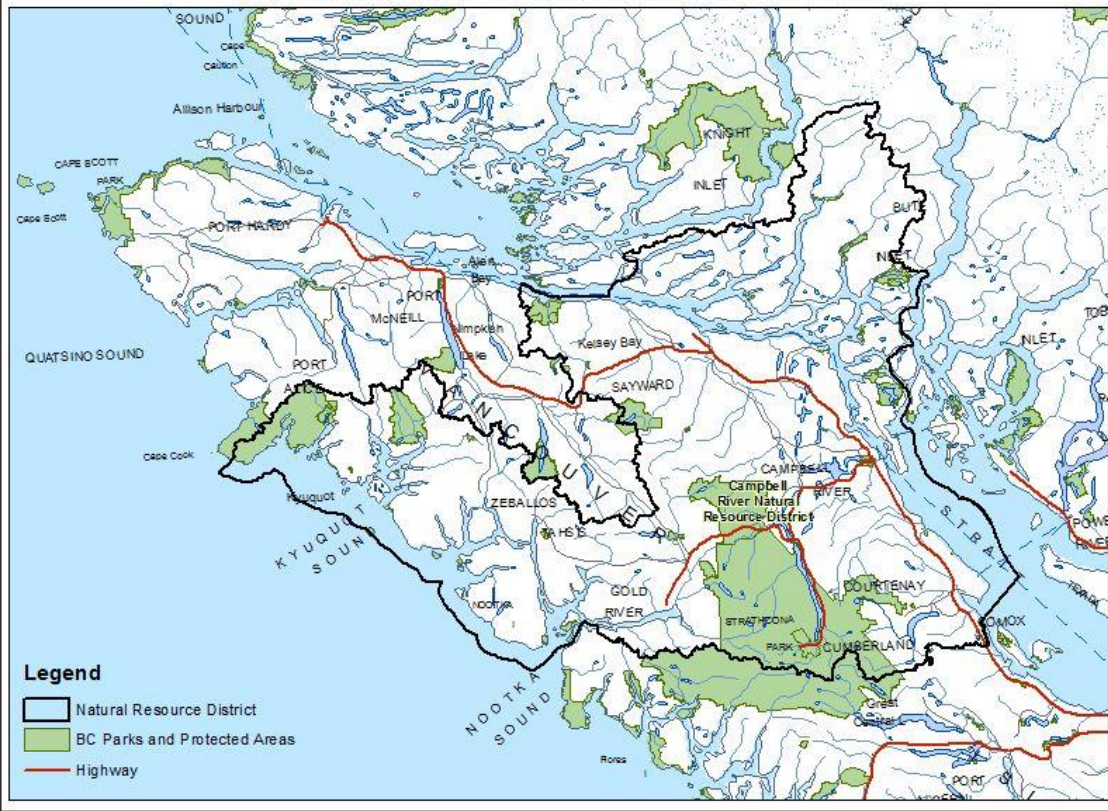
The Great Bear Rainforest Order is the outcome of the latest science and 20 years of hard work and collaboration involving forest companies, environmental groups, First Nations and the B.C. government. Under the land use order, 85% of the forest land in the Great Bear Rainforest is managed for conservation. Logging is allowed in just 15% – and it must meet the innovative requirements of ecosystem-based management. This offers a unique solution for a globally significant area, and brings certainty for coastal forest companies and local communities.

North Island Forest Industry Attraction, Training and Retention Strategy:

The Regional District of Mount Waddington was awarded \$500,000 from the Rural Dividend to pursue the North Island Forest Industry Attraction, Training and Retention Strategy, a comprehensive plan for positioning the forest industry and forestry practices in northern Vancouver Island to play a key role in sustaining the economic development and diversification of communities in the Mount Waddington Regional District.

Profiling Forestry Mid Island

Campbell River Natural Resource District

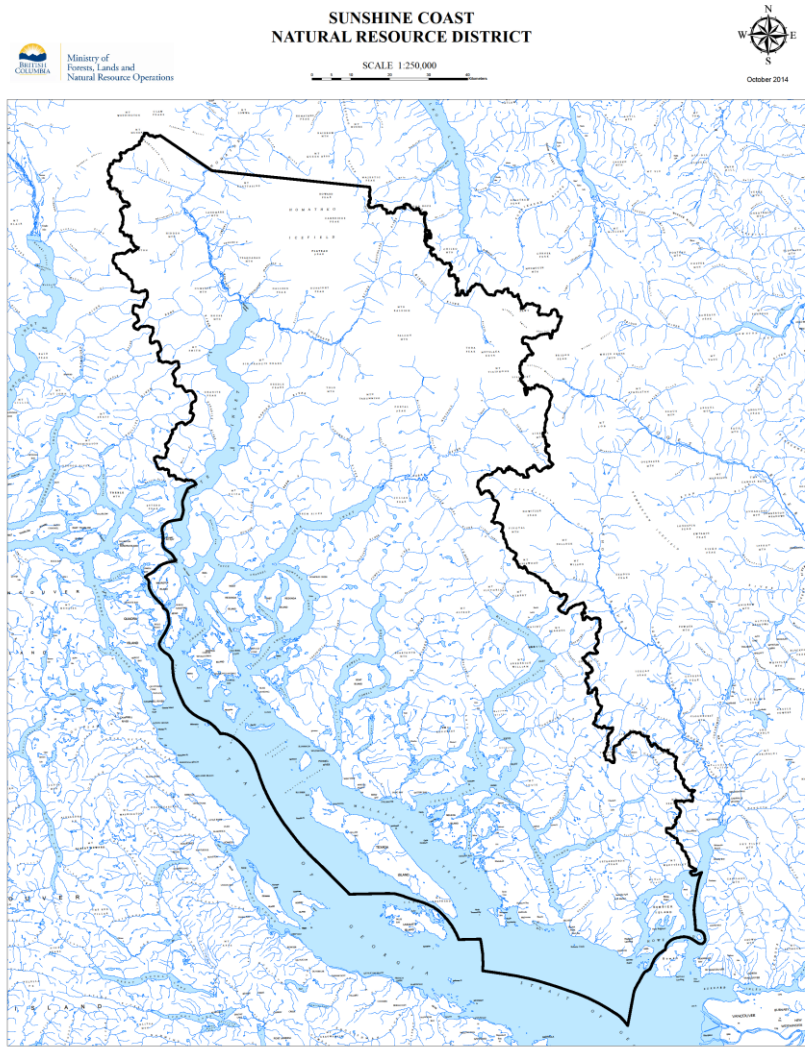


- The Campbell River Natural Resource District spans 2,000,000 hectares over the central third of Vancouver Island and has a combined Annual Allowable Cut of 4.5 million cubic metres.
- The District provides authorizations and inspections on 75 active scale sites, 18 timber processing facilities and supports many forestry tenures including 41 Woodlots, 15 First Nations Tenures and 1 First Nation Woodland Licence.
- There are 17 First Nations that have traditional territories within the geographical area of the District. There is a modern day treaty with Maa nulth Nations as well as an agreement in principle with the K'omoks.
- First Nations in the Mid-Island region are also becoming increasingly active participants in the industry with the acquisition of forest tenures.

Profiling Forestry

The Sunshine Coast

- The Sunshine Coast District encompasses 1,555,088 hectares and lies within the Coast Mountains, extending from Howe Sound in the south to Bute Inlet in the north
- The Allowable Annual Cut (AAC) of nearly 1.3 million cubic metres of wood from 13 forest licences, 5 Community Forest Agreements, 2 Tree Farm Licences, 12 woodlots, and other various small licenses
- There are 13 First Nations that have traditional territories overlapping the District, and many of those have become major players in the forest industry. First Nations, First Nations Licensees, and First Nations/licensee partnerships account for approximately 25% of the annual volume harvested, with that proportion growing every year.
- Motorized and non-motorized recreation on the various salt and fresh waterbodies throughout the District is a large and growing segment of the economy. The interaction between resource based tourism and the forest industry helps to define the operating environment in the District's many visually sensitive landscapes.



Profiling forestry on the North Coast & Haida Gwaii

The Rural Dividend has provided over \$4 million in funding to forestry related projects in rural communities to date! Of this funding over \$1.9 million was provided to coastal communities.

Regional Quick Facts:

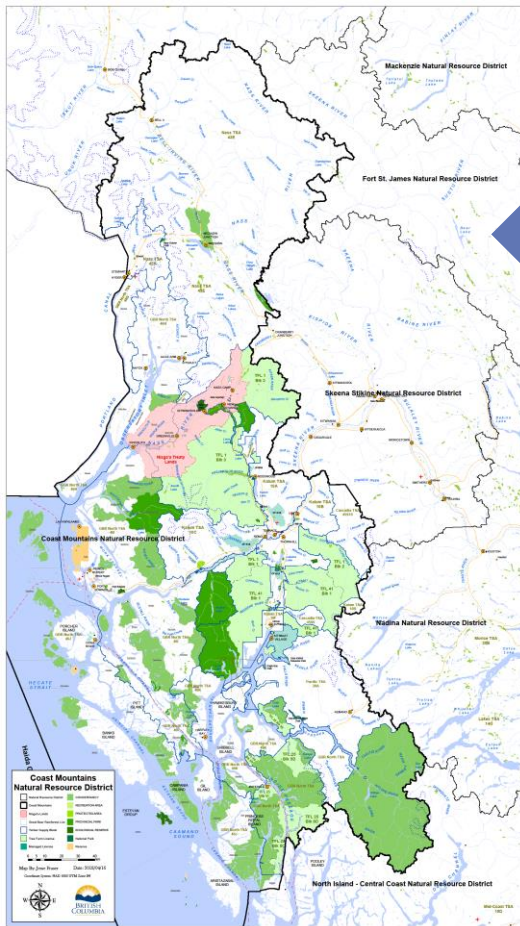
- One major timber processing facility - annual processing capacity of 300,000 m³.
- Wood pellet facility under construction to process sawmilling waste.
- Coast Mountains logs to traditional markets are shipped through Steward, Prince Rupert, and Kitimat.
- As a result of infestations and fires new BC Interior log markets are emerging for Coast Mountains logs.
- With exception of Skeena Sawmills all other forest tenure holders in the district are market loggers.



Collaboration not conflict in the Great Bear Rainforest: The Great Bear Rainforest Land Use Order is the outcome of the latest science and 20 years of hard work and collaboration involving forest companies, environmental groups, First Nations and the B.C. government. Under the land use order, 85% of the forest land in the Great Bear Rainforest is managed for conservation. Logging is allowed in just 15% – and it must meet the innovative requirements of ecosystem-based management. This offers a unique solution for a globally significant area, and brings certainty for coastal forest companies and local communities.

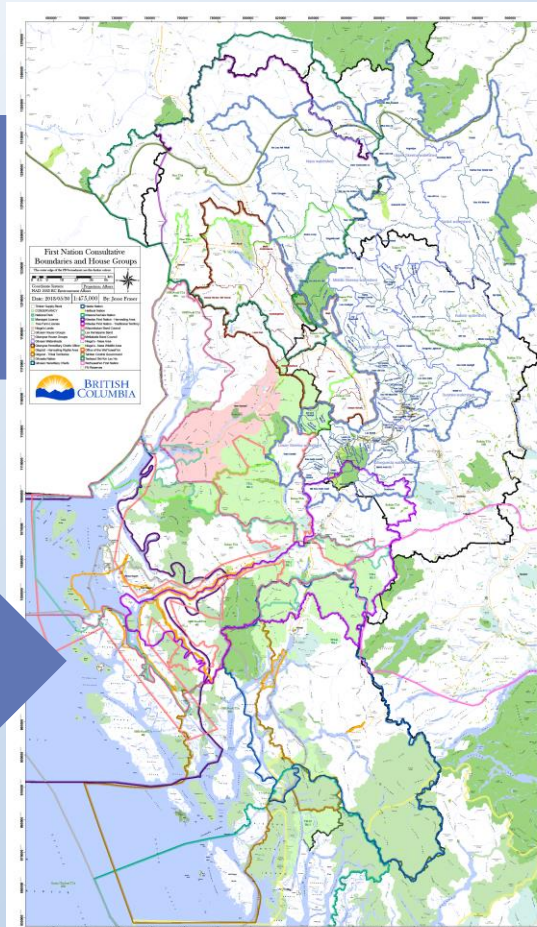


Profiling forestry on the North Coast & Haida Gwaii



Management Units under Coast Mountains Natural Resource District Administration (Kalum, Nass & GBR, Pacific and Cascadia TSAs, TFL 1 & 41). Total AAC is 2.8 million m.³ The AAC is disposed of under 33 different types of tenures

Fourteen First Nations have territories within the District (Gitanyow, Gitga'at, Gitxaala, Gitxsan, Haisla, Heiltsuk, Kitasoo, Kitselas, Kitsumkalum, Lax Kw'alaams, Metlakatla, Nisga'a (Treaty Nation), Tsetsaut Skii km Lax Ha Tahltan). Most hold forest tenures; the province is working to ensure all have opportunities to participate in the forest sector.



Profiling Forestry in the Fraser Valley & Sea to Sky

The Rural Dividend has provided over \$4 million in funding to forestry related projects in rural communities to date! Of this funding over \$1.9 million was provided to coastal communities.

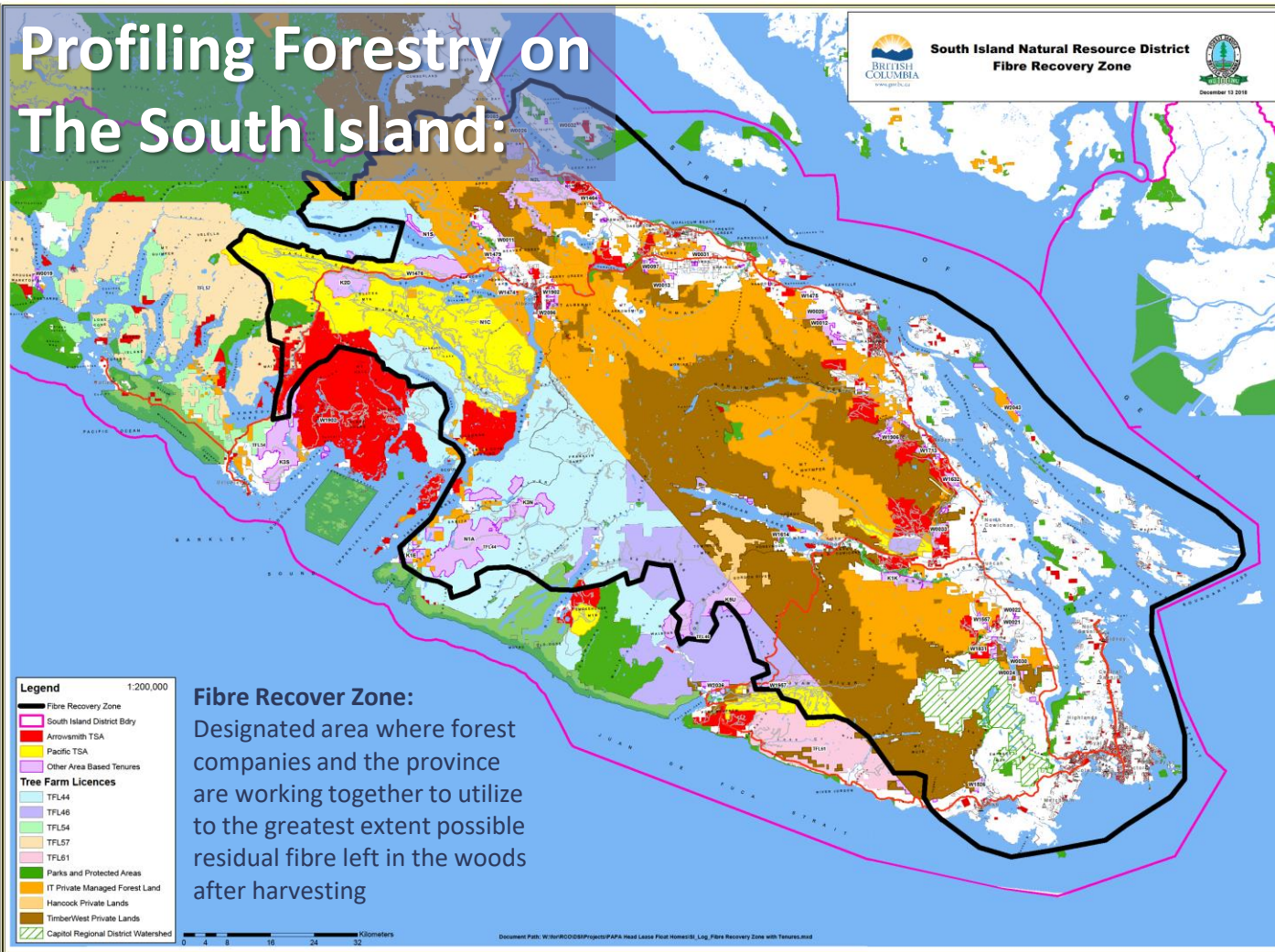
Funding for Opportunity – The Leq'a:mel First Nation and Value-Added Products:

In Fall 2016 the Leq'a:mel First Nation (Deroche, BC) was provided \$72,640 under the Rural Dividend to establish a non-timber forest resources business and associated value-added opportunities. The Rural Dividend helps rural communities with populations under 25,000 to reinvigorate and diversify their local economies, making them more attractive places to live and work.

Regional Quick Facts:

- Community licences include the Hope and Cheakamus Community Forests (CFAs) and Mission Tree Farm Licence. Both Squamish and Pemberton are also working towards obtaining CFAs
- More than 20% of the annual timber harvest in the Chilliwack District and 55% in the Sea to Sky District is allotted to First Nations tenures.
- Most of the 40 First Nations communities in the districts have interests in a forestry tenure and several are transitioning to community based First Nations Woodlands Licences.
- Sawmilling along the Fraser River is an important employer and processor of local timber, fire salvage and, insect damaged timber.
- 3,200 km of Forest Service Roads provide access to a wide range of recreation opportunities such as camping, hiking, mountain biking and, ATV use.

Profiling Forestry on The South Island:



- There are 6 community forests on Southern Vancouver Island (the most in any district on the Coast) where crown land is managed by local communities for a multitude of community and natural resource values.
- The South Island has a total of 28 woodlots that are often managed by members of the local community for multiple benefits.
- South Island is the first district in the province to pilot a Fibre Recovery Zone, a Zone (outlined in black)

Profiling Forestry on the South Island

The Rural Dividend has provided over \$4 million in funding to forestry related projects in rural communities to date! Of this funding over \$1.9 million was provided to coastal communities.

- ✓ Most of the 36 First Nations on Southern Vancouver Island are active participants in the forest industry and hold one or more forest tenures (Woodlots, First Nations Woodland Licences, Community Forest Agreements, Tree Farm Licences and Forest Licences.)
- ✓ Most of these First Nations also have signed agreements with the province to share forest revenue generated from forest activities on Crown land within their traditional territory.
- ✓ Since 2011 when the Minister's annual award of excellence in woodlot management was first conceived, there have been four woodlot award recipients in South Island.



Province Wide Challenges



Wildfire



- The 2017 and 2018 wildfire seasons impacted over two million hectares of land (within fire perimeters).
- Wildfires are cyclical - a higher than average number of wildfires occurred in the 1920-30's, and 1960's but these did not have a breadth of impact that our recent fires have had.
- It is anticipated that with climate change wildfire will continue to be one of the greatest challenges for forestry in BC.

Forestry 101 Summary

Forestry in BC has a long history and is an important revenue generator both **directly** (stumpage and jobs) & **indirectly** (income tax, logging tax, infrastructure, support services, community values). Forestry-related activities support over 7,000 businesses and directly employs 57,000 people.



The forest resource is sustainable and provides long-term value. Forests provide a number of public and ecosystem values including wildlife habitat, clean water, biodiversity, and carbon sequestration. Forestry in BC provides social and economic stability to our communities, First Nations and the broader public.

FORESTRY 101 - Q&A

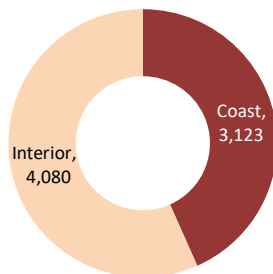


The Coast Forest Sector

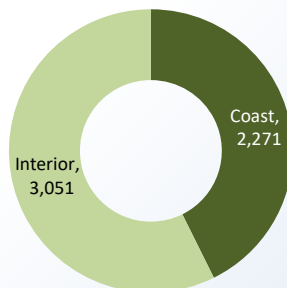


Coastal Forestry: Economic Contribution

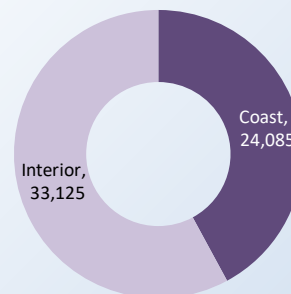
\$3.1 Billion GDP



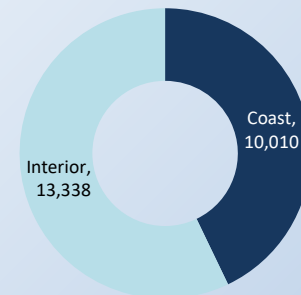
**\$2.2 Billion Household
Income**



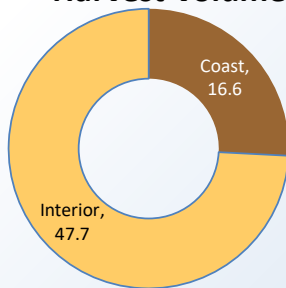
24,085 Employment



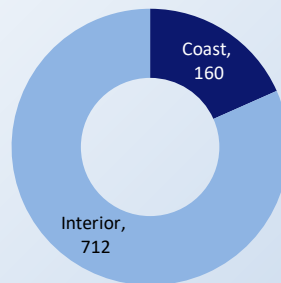
\$10 Billion Output Value



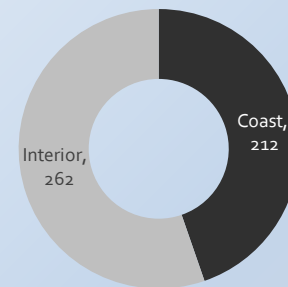
**17 Million Cubic Metres
Harvest Volume**



\$160 Million Stumpage



**\$212 million Provincial
Government Tax Revenue**



Longstanding Issues in the Coast Forest Sector

Systemic Issues

- Increases in log exports
- Increase in tenure concentration
- Erosion of social licence and public trust for forest activities
- Lack of First Nations participation across the forest sector
- Lack of investment in second growth milling capacity
- Rising levels of wood waste left in the bush
- Failure to harvest the forest profile (e.g. focus on cedar)



Revitalization will grow the economy, increase domestic manufacturing and increase jobs by addressing systemic issues

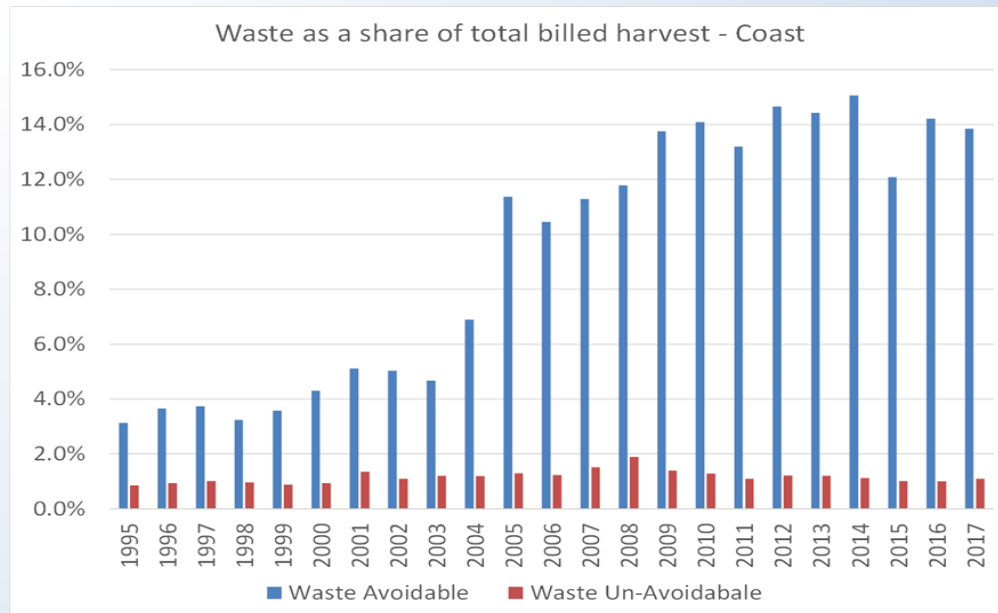
Key Statistics 2003 vs. 2017

Factor	2003	2017
Direct Jobs	43,600 jobs	25,800 jobs
AAC - Top 4 Licensees	79% replaceable AAC	81% replaceable AAC
AAC - Top Company	28% replaceable AAC	55% replaceable AAC
Lumber Production	2.5 billion board feet	1.4 billion board feet
Pulp Production	3.7 million tonnes	1.8 million tonnes
Log Exports (Crown & Private)	3.2 million m ³	5.2 million m ³

Now let's look at these in more detail...

Increasing Levels of Wood Fibre Waste

- Prior to 2003, avoidable unutilized wood fibre waste was approximately 0.8 million m³ or less per year (<5% harvest volume).
- In 2017, avoidable wood fibre waste was roughly 2 million m³ (>16% of harvest volume).
- High wood fibre waste levels make replanting difficult.
- In some blocks, unutilized fibre volume was greater than volume harvested.
- AAC is being consumed but not fully used to support jobs and communities.
- Much of this unutilized wood fibre is urgently needed in the pulp and paper sector.



Reduction in Coastal Mills

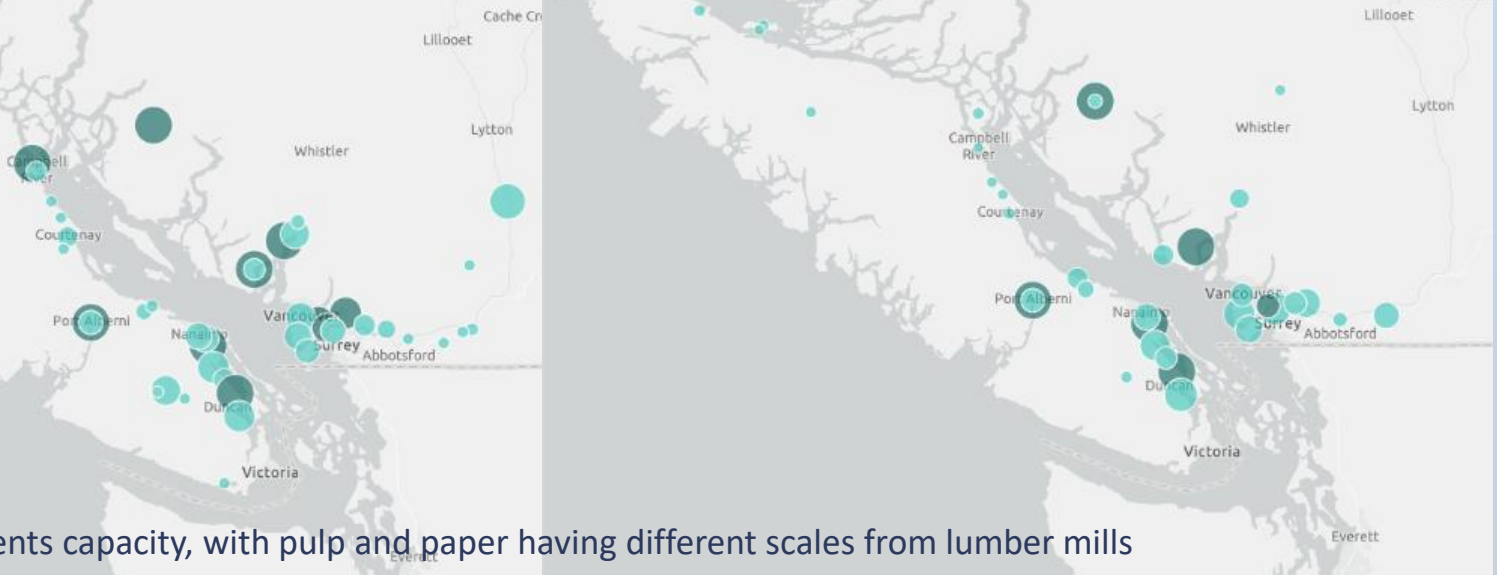
In 2000 there were 86 sawmills and 10 pulp mills on the Coast those numbers were reduced to 47 sawmills and 5 pulp mills in 2016.

2000



2016

Lumber Production	2.5 billion board feet	1.4 billion board feet
Pulp Production	3.7 million tonnes	1.8 million tonnes



Note: Size of dot represents capacity, with pulp and paper having different scales from lumber mills

A Challenging Economic Climate Leads to

**Pressure for better
logging economics**

**Less processing
capacity,
inadequately
capitalized mills,
greater gap
between domestic
& export price for
logs**

**Higher log exports,
higher waste levels,
higher log costs,
mill closures**



Questions for you...

Q1 – Are there additional challenges that are specific to your communities?

Q2 - What would you like to see done to improve the conditions?

Primary Objectives for Delivering Revitalization

- Increase First Nations Participation (tenure, manufacturing)
- Increase Domestic Processing
- Improve Harvest Performance
- Improve Business-to-Business Relationships
- Restore Social Contract and Public Confidence



Increase First Nations Participation (Tenure & Manufacturing)

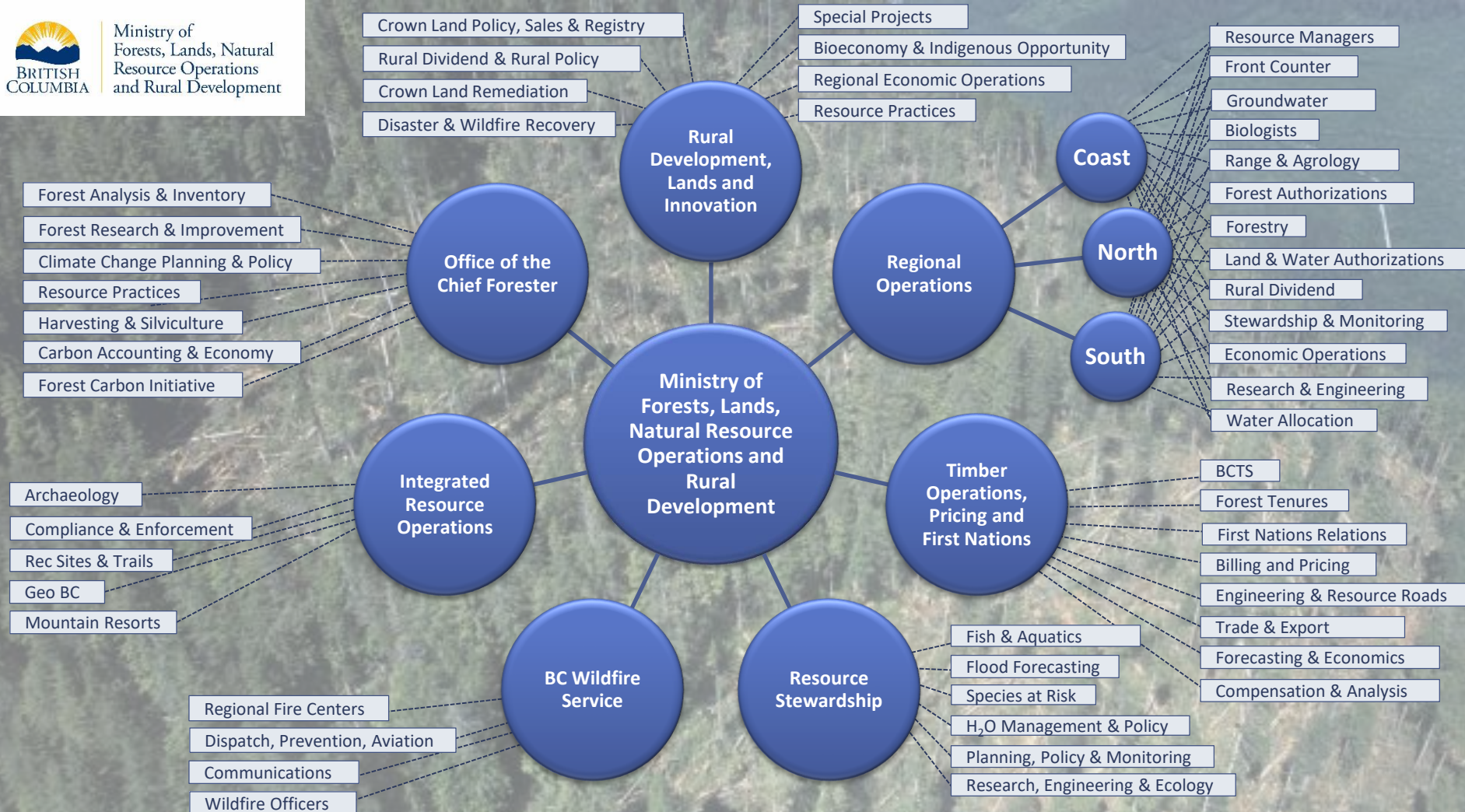
Increase Domestic Processing

Improve Harvest Performance

Improve Business-to-Business Relationships

Restore the Social Contract and Public Confidence

Discussion





Ministry of
Forests, Lands, Natural
Resource Operations
and Rural Development

Thank You