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Conversion of Volume-Based Forest Tenures to Area-Based Forest Tenures

Background

Approximately 80% of the Crown forest resource is currently under “volume-based” tenure, where a tenure holder is typically one of many having rights to a specific volume of timber within a timber supply area. The remaining 20% of the resource is under area-based tenure, in tree farm licences, community forest agreements or woodlot licences.

Area-based tenures have various features that may be attractive to help address the mid-term timber supply issues.

Potential Volume to Area-Based Conversion Models:

1. **Single Licence Model** -- A single area-based licence holder proposes to surrender a volume-based licence(s) in exchange for adding additional area to their area-based tenure(s).
2. **Whole Timber Supply Area Model** -- All major volume-based licence holders within a timber supply area are part of the proposal, and most of the timber supply area is converted to area-based tenures.
3. **Partial Timber Supply Area Model** – Two or more volume-based licence holders propose to surrender volume-based licence(s) in exchange for creating new area-based tenures or adding additional area to existing area based tenure(s). Timber supply area is subdivided with new area-based tenures in one part and volume based licences available in the remainder of a timber supply area.

The feasibility to apply one of these models in a particular timber supply area depends on many factors including the number of existing tenures (forest licences, pulpwood agreements, etc.), the fragmentation of the remaining timber supply, the future accessibility of timber supplies, First Nation tenure and land desires, public concerns, and many other factors. Therefore, future conversion opportunities and resulting benefits will be timber supply area specific.

New area based tenures could consist of existing *Forest Act* tenures such as tree farm licences, community forest agreements, woodlot licences or First Nation woodland licences, or a new type of tenure that is currently not part of the tenure system.

Advantages of moving to more area-based tenures:

- **Business opportunities:** The greater security of the land base could promote new investment and help to facilitate partnerships and third party agreements that would not be possible under a volume-based tenure.
- **Improved Forest Management:** Arguably, greater investment in silviculture and a higher level of forest management can be expected on area-based forest tenures because, unlike volume-

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based tenures, the holders of area-based forest tenures are the direct beneficiary of silviculture investments.

- **Freeing up of allowable annual cut (AAC):** Due to their greater land base certainty the forest industry generally views area-based tenures as more desirable than volume-based tenures. Consequently, for the opportunity to convert volume-based tenures to area-based tenures, licensees may be prepared to accept an area-based tenure that represents less allowable annual cut than their current volume-based tenure. This could allow a return of AAC to government.

Disadvantages of moving to more area-based tenures:

- **Public Perception:** The concept of shifting to more area-based tenures has been proposed in the past (most notably in 1988) but was received negatively by the public. There may still be public concern about major forest corporations “controlling” more public forest land.
- **First Nations:** Area-based forest tenures may not be supported by First Nations as it may be perceived that government is granting a higher level of right to lands that are within their traditional territories.
- **Effects on current programs:** Current government priorities include the expansion of community forests, woodlot licences and First Nation woodland licences, which are all area-based tenures. Conversion of existing volume-based tenures to area-based tenures may constrain the land base available for these other area-based tenures.
- **Implementation:** Most timber supply areas have diverse topography and timber resources, and multiple licensees each with a unique AAC. Converting the volume-based rights currently held by these licensees to area-based rights, in a fair and equitable way, would prove to be very challenging, particularly in areas that have been impacted by mountain pine beetle.
- **Loss of flexibility:** Area based tenures reduces flexibility to the government and usually increases compensation costs for land impacts.

References:

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