



OLD GROWTH STRATEGIC REVIEW PANEL

Submission from Holbrook Dyson Logging Ltd. et al (“HDL”)

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Background

- HDL and its affiliated companies are stump-to-dump logging and forest road building contractors operating on northern Vancouver Island – the majority of the harvesting and road construction services we perform are for Western Forest Products Inc. on TFL’s 19, 37 and 39. In addition, we are active in the BC Timber Sales Program and provide harvesting services for other forest tenure holders
- HDL has been in business for nearly 50 years and has been a growing and financially stable employer over that period. We actively contribute to our communities on the North Island via charitable means and by paying taxes which helps these communities to be sustainable
- HDL operates primarily in old growth timber, and as such, any moratoriums or reductions to old growth operating areas would radically affect the company’s ability to be financially viable
- In 2018, HDL and its affiliates paid approximately \$7,000,000 in employee and subcontractor wages and benefits (\$6,500,000-2017) and employed in excess of 75-80 staff, employees and subcontract employees in its operations
- Additionally, we contribute to the local economy of Campbell River - we purchase most of the supplies, parts and services to run our companies from local suppliers & vendors
- Our companies annually harvest between 300,000 – 400,000 m3, with over 90% harvested from old growth, **mid to high elevation** areas
- As well we have a huge level of capital investment in our equipment to be able to maintain these harvest levels
- **The inability to harvest old growth would radically impact our companies’ future financial viability and threaten the jobs of our employees - this would have a hugely adverse impact on the stability of our communities in which we operate**

Statistics

Provincially

Size of BC (ha):	94.8 million ha
Forest Land:	57.2 million ha
Total Old Growth:	23% - 13.2 million ha
Protected Old Growth:	33% of old growth areas – 4.4 million ha
Timber Harvesting Land Base:	20.3 million ha (35% of forest land)
Old Growth (% of THLB):	3.6 million ha (18%)
Annual harvest (Total):	200,000 ha in BC
Non-Old Growth Harvest:	146,000 ha (73%)
Old Growth Harvest:	54,000 ha (27%)

Coastal Forest Region

Size of Coast Region:	15 million ha
Total Forest area (ha):	8.4 million ha (56%)
Old Growth (> 250 years old) (ha):	3.5 million ha (42%)

Old Growth (OG) Protection (Coast)

OG forests protected has tripled since 1991

OG Protected area/parks (of OG forests):	1.9 million ha (55%) - 500,000 ha on Vancouver Island
OG Non-harvest area:	2.8 million ha (81%)
OG Harvestable area:	700,000 ha

Coastal Harvest-Annual

Harvestable area:	Less than .5% of crown forests (27,000 ha/year)
AAC:	Reduced by 25% over last 15 years
Second Growth (2G) proportion:	5% of coast THLB in 1990's vs. 50% today

Economic Impact of Coastal Moratorium on OG Harvesting

Total Harvest

10,000 direct, 21,000-22,000 indirect jobs
\$2.1 billion GDP
\$1.4 billion in labour income

Old Growth Harvest

4,500 direct, 10,000-12,000 indirect jobs

A moratorium would heavily impact not just direct harvesting jobs (such as those with HDL), but also primary and secondary manufacturing/milling jobs – this would be catastrophic to many small businesses and communities at large

Current Processes in place to Oversee / Monitor Old Growth

- Monitoring and evaluation of old growth by the forest industry / licencees
- Cumulative Effects Framework
- Land Use Planning
- Old Growth Management Areas (OGMA)
- Eco-Based forest management regimes
- Iconic tree protection

- These processes aimed at ensuring OG conservation were created to make sure we will never run out of old growth forests

- The BC government has managed old growth conservation through various means for over 100 years when Strathcona Park was first created - In addition to provincial and federal parks, ecological reserves, and especially landscape unit plans established over 20 years ago. These landscape unit plans established "biodiversity emphasis option" levels throughout the province to establish old growth management areas (OGMA) and wildlife tree retention areas.

Coastal Reforestation & Climate Change Impacts

- 95% of the harvested areas are reforested with tree seedlings and the remainder through natural regeneration
- About 29 million seedlings planted annually
- 3 trees planted for every 1 harvested
- Well managed / replanted forests help mitigate climate change
- Carbon is stored in wood products for their entire life
- When a tree is harvested – 40-60% of the carbon stays in the forest
- Harvesting in Canada releases less CO₂ than wildfires and other natural disturbances
- 29 million seedlings planted annually sequesters 2.9 million tonnes of carbon per year

Discussion and Commentary

- Based on the statistics and information provided above (derived from Ministry, licensee and other forest-based sources) there is no shortage of forests or a shortage of old growth forests
- We are fully supportive of being able to access old growth areas on the timber harvesting land base
- Protected areas, parks creation, establishment of the Great Bear Rainforest, OGMA's etc. have caused the area of protection to more than triple since 1991
- The Province has set aside areas for biodiversity, visual quality objectives, old growth, riparian zone management, recreation, wildlife (ie ungulate winter ranges) and even big trees (Avatar Grove)
- Referencing above – approx. 55% of Crown old growth forests on BC's coast are protected in parks and protected areas and over 2.8 million ha or 81% of old growth will never be harvested as it is outside the timber harvesting land base
- This indicates that there is still sufficient old growth inventory available for sustainable harvesting – in addition, the Chief Forester's determinations support a sustainable harvest of old growth annually
- While Licensees have tenures which comprise a mix of old growth and second growth suitable for economic harvesting – a lot of 2G stands require a certain diameter (DBH) and tree height to be of merchantable value
- Where we operate in TFL37 – good mix of OG & 2G – but managing the mix is critical for operations to be sustainable throughout an operational 12 month year and over the long term
- The transition to 2G harvest has been happening for 25 years and will continue to rise annually – today 50% of the harvest on Vancouver Island is 2G, compared to 5% in 1995
- For this reason, old growth is still required to maintain existing harvest levels as we further transition to 2G
- It is a fallacy that old growth consists of towering cedar, fir and hemlock trees representative of valley bottom harvesting 40-50 years ago
- Most old growth stands on the coast are now at mid (500 metres) elevation to high elevation (>1,000 metres) – these stands are presentative of shorter, smaller diameter trees than their valley bottom cousins of past years – the species mix leans to hemlock / balsam – and wood quality is not as great as at one time but the resource still has value (especially cedar)
- Most low elevation areas are predominantly comprised of second growth forests – smaller diameter / shorter trees – hemlock /fir
- Old growth creates jobs and is critical to the economy of the province, largely in rural areas
- Our forests – primary, intact and old growth - currently support 140,000 total jobs in BC through timber harvesting and manufacturing forest products. Old growth timber can yield 1,500 – 1,800 m³ per hectare vs. second growth at 400 – 600 m³

- BC is gaining more traction with companies using old-growth wood to reach high-end markets, producing engineered wood products and drawing in millions of new investment dollars. The 2018 COFI PriceWaterhouseCooper (PwC) forest industry report (which uses 2016 figures) places the BC forest industry's contribution to gross domestic product (GDP) at \$12.9 billion through direct, indirect, and induced impacts. Old growth logs have higher value and are globally sought after for fine grain and applicability to high-end building products
- Harvesting coastal old growth represents almost half of the coastal harvest. Reductions of such would impact coastal sawmill and pulp mill sector as well. Depending on how Interior forests are classified as old growth, there could be significant impacts to operations throughout the interior as well.

Opportunities

- Before any bold changes to old growth policy or legislation are made, we should look to see if there is indeed a problem that needs to be solved. Managing old growth more effectively in the future needs to continue to consider environmental, social, cultural and economic interests together
- Licensees have tenures which comprise a mix of old growth and second growth suitable for economic harvesting – a lot of 2G stands require a certain diameter (DBH) and tree height to be of merchantable value
- Where we operate in TFL37 & 39 – good mix of OG & 2G – but managing the mix is critical for operations to be sustainable throughout a 12-month operational year and over the long term
- We need old growth to be economically viable and provide licencees with competitive rates and keep our employees working
- the more volume we can harvest for the licencee, the better the rate we can negotiate – especially if we can lower our fixed costs per cubic meter
- WIN/WIN – more efficient / cost effective operations / less idle capacity for our equipment / lower rates for licencees
- OG/2G Balance critical
- The only issue for us – we need a certain amount of 2G and OG wood to entrench those efficiencies / cost effectiveness
- No 2G opportunity – increases our overall costs – less competitive/efficient
- Too much 2G in our current operational plan – we render our yarders inefficient
- In addition, we need an optimal level of OG to make it worthwhile maintaining our investment in equipment capable of harvesting OG
- Over the long term we need to be a hybrid – there is not enough 2G to invest in all mechanized equipment, and we don't have access to enough OG year-round to fully employ our equipment package
- The ability to harvest both types of timber allows us (and the licencee) a greater degree of flexibility in how we can approach harvesting the AAC of a licence
- Our business would not survive if we did not have the opportunity to harvest OG and continue the transition to 2G – as well many 2G stands need more time to grow and add value – OG is vital to our economic viability and long-term sustainability
- At this point, licencees and their contractors can't subsist without OG
- Do the licences on the coast have an economic amount of 2G to be sustainable over the long term?
- Are there sufficient age classes / tree sizes to ensure economically viable harvesting?
- Licencees have projections for transitioning from OG to 2G – but over harvesting 2G would jeopardize a sustainable transition.

Questions we need to ask?

Politics today:

- Minimize or eliminate OG harvest – is that a reasonable ask? Employment levels would radically change and what does that mean for our communities??
 - This is NOT reasonable – families and communities would be financially, culturally and socially devastated
 - Would be increased cost for government services to support communities/workers
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- What does an increase in harvest level of 2G mean for the long-term sustainability of our industry?
 - If a moratorium is put on OG – 2G harvest levels would rise to potentially unsustainable levels impacting the future economics of the coastal industry
 - This would force a dramatic downsizing of the industry
- What do mill customers want? Is there still strong demand for OG?
 - Yes ie cedar and balsam and higher value hemlock still in demand
 - New drying technologies are creating more demand for hemlock products
- Can mill, licences, contractors earn a reasonable return / expectation of profit based on customer demand for coastal forest products
 - Yes if OG is continued to be harvested sustainably and 2G transition is given time

CONCLUSIONS

- The provincial and coastal forest industries provide thousands of high paying jobs and contribute billions of dollars in taxes, royalties and fees various level of government (over \$1 billion to BC Government revenues in 2017/2018)
- The coastal industry is managed sustainably and helps sustain the financial and social fabric of coastal communities that depend on the forest sector
- It also sustains many small businesses and the people that work in those businesses through high wages and benefits and investments in capital and equipment
- The employment dollars paid by our companies would be lost without old growth harvesting opportunities
- The areas in which we operate are not representative of the valley bottom “big trees” that once dominated the landscape
- There is still a plentiful and economically viable component of old growth opportunity at mid and high elevations which in turn will allow for the regeneration of a healthy, younger forest that will be able to increase CO2 sequestration and aid in helping reduce the impact of climate change