

**MINISTRY OF FORESTS, LANDS AND NATURAL RESOURCE OPERATIONS  
DECISION NOTE**

Date: December 12, 2014  
File: 19320-20/100 Mile House TSA  
280-20/  
CLIFF/tracking #: BND 210789

**PREPARED FOR:** Honourable Steve Thomson, Minister of Forests, Lands and Natural Resource Operations

**ISSUE:** Apportionment of the allowable annual cut (AAC) in the 100 Mile House Timber Supply Area (TSA)

**BACKGROUND:**

The AAC set in 2006 was 2 000 000 m<sup>3</sup>; which included a partition of 112 000 m<sup>3</sup> for 'problem' forest types that was apportioned to Pulpwood Agreement Timber Supply Licences (PA TSLs).

On November 7, 2013, the deputy chief forester determined a new AAC of 2 000 000 m<sup>3</sup> for the 100 Mile House TSA, effective November 7, 2013. The regional executive director entered into the Clinton Community Forest Agreement K4F on June 11, 2014, and as required under the Allowable Annual Cut Administration Regulation there is an immediate reduction to the current AAC due to the CFA area being removed from the TSA. The AAC was therefore reduced to 1 948 002 m<sup>3</sup>.

Section 10 of the *Forest Act* authorizes the minister to apportion the AAC within a TSA. The AAC to be apportioned for the TSA will be 1 948 002 m<sup>3</sup> until November 7, 2018; which no more than 476 770 m<sup>3</sup> will be attributable to live trees. The deputy chief forester determined that the AAC will be reduced to 1 000 000 m<sup>3</sup> on November 7, 2018; of which no more than 500 000 m<sup>3</sup> will be attributable to live trees.

There is a very high demand for timber in the 100 Mile House TSA and there will be significant pressures on the AAC when it is reduced at the end of 2018.

**DISCUSSION:**

This apportionment is applicable to the five calendar years that immediately follow the recent AAC determination. A revised apportionment will be required for 2019 for the reduced AAC that comes into effect on November 7, 2018.

The recommended apportionment is illustrated in Appendix 1. A new apportionment will be required for the reduced AAC set for the end of 2018 or if a new AAC determination is completed.

Appendix 2 contains additional background information including the current commitments against the apportionment categories s.16

**Partition Management**

The AAC has been partitioned, which identifies the Deputy Chief Forester's expectation that the harvesting of live trees be limited to 476 770 m<sup>3</sup>/year (24.5 percent) and the remaining 1 469 232 m<sup>3</sup>/year (75.5 percent) is for the harvesting of dead trees. The 2000 m<sup>3</sup>/year apportioned to woodlot licences was not included in the partitioned volume.

Non-replaceable forest licences (NRFLs) are primarily issued for the removal of beetle infested timber; therefore, the recommendation is to split the apportionment for the NRFL category and the BCTS mountain pine beetle uplift volume (133 200 m<sup>3</sup> from 2006 apportionment) into 15 percent live and 85 percent dead.

Following the deputy chief forester's determination, the proposed apportionment for the Forest Service Reserve category is proposed to be partitioned to limited harvesting to 24.5 percent live and 75.5 percent dead.

In order to be consistent with the determination, the balance of the proposed apportioned volume for replaceable forest licences (RFLs), First Nations woodland licences (FNWLs) and BCTS timber sale licences, the percentage was prorated to 30.4 percent live and 69.6 percent dead.

#### **Forest Licence - Replaceable**

The current AAC apportioned to RFLs is 802 782 m<sup>3</sup> and the recommendation is for this to remain the same.

This recommended apportionment will not impact the RFLs' historic base level AAC, for each licence, for the next 5 years. After the AAC is reduced to 1 000 000 m<sup>3</sup> on November 8, 2018, there may be a need to reduce the RFL AACs.

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#### **Forest Licence – Non-Replaceable**

The current apportionment for NRFLs is 513 897 m<sup>3</sup> and the recommended apportionment is 594 149 m<sup>3</sup> with 85 percent being allocated to the dead partition. This results in the NRFL apportionment increasing from 25.69 percent to 30.5 percent of the AAC. This includes AAC that was included in the existing apportionment for PA TSLs.

The current AAC committed in existing NRFLs and PA 16 is 672 000 m<sup>3</sup>, which exceeds the apportionment recommended for this category. After the expiry of PA 16, AAC committed under the existing NRFLs will be 560 000 m<sup>3</sup>. See the summary of current NRFL commitments in the attached background.

#### **BC Timber Sales (BCTS)**

The current BCTS apportionment is 456 071 m<sup>3</sup>/year (23.4 percent of the AAC) and the recommended apportionment remains the same.

#### **Pulpwood Agreement**

PA 16 expires on April 25, 2015 and it is recommended the current apportionment of 112 000 m<sup>3</sup> be reduced to 0 m<sup>3</sup>. The increase in apportionment to the NRFL category accounts for the volume required for the PA until its expiry.

### **Community Forest Agreements (CFAs)**

The current CFA apportionment is 0 m<sup>3</sup> and the recommended apportionment is 0 m<sup>3</sup>. There is currently no identified demand for additional CFAs and also there is no real flexibility in the AAC for additional CFAs.

### **Woodlot Licences (WLs)**

As the current WL apportionment of 20 000 m<sup>3</sup> was used for the 100 Mile House CFA issued in December 2009, it is recommended the new apportionment be reduced to 2000 m<sup>3</sup>, which is AAC for the woodlot licence advertised in 2013.

### **Forest Service Reserve (FSR)**

The current FSR apportionment is 75 250 m<sup>3</sup>/year. This includes 70 000 m<sup>3</sup>/year for the Small Scale Salvage program. The recommended apportionment is reduced to 40 000 m<sup>3</sup> (2.1 percent of AAC).

The FSR will continue to be used for the Small Scale Salvage program as well as other initiatives that support First Nation opportunities.

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### **Grade 4 Credit**

With an oriented strand board plant located in 100 Mile House, there is significant use of the Grade 4 credit. With the PA expiring in 2015, we must continue to encourage the utilization of Grade 4 and will not be requesting a Grade 4 Limit Order for the RFI.s in the 100 Mile House TSA.

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The district staff will report annually to the chief forester on the volumes being credited and will provide an assessment of the risks to other resource values and to the mid-term timber supply.


### **OPTIONS:**

**Option 1:** Approve the recommended apportionment.

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**RECOMMENDATION:**

**Option 1: Approve the recommended apportionment.**

*Approved Option 1* 

**DECISION & SIGNATURE**

Honourable Steve Thomson  
Minister of Forests, Lands and  
Natural Resource Operations

*March 31, 2015*  
**DATE SIGNED**

**Attachments:** Appendix 1 - Recommended AAC Apportionment  
Appendix 2 - Background Information  
First Nation Consultation Summary

**Contact:**

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**Alternate Contact:**

*Dirk Trigg  
A/Director, Pricing & Tenures  
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**Prepared by:**

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<b>Reviewed by</b>	<b>Initials</b>	<b>Date</b>
DM	GT for TS	March 19, 2015
DMO		
ADM	RM	March 13, 2015
RED	GM	March 13, 2015
Dir./Mgr.	JS	December 12, 2014

**Appendix 1: Recommended AAC Apportionment January 1, 2014 to December 31, 2018 for the  
100 Mile House Timber Supply Area**

<b>Apportionment Categories</b>	<b>Existing Apportionment (m<sup>3</sup>)</b>	<b>Percentage of Total AAC</b>	<b>Recommended Apportionment Adjustment (m<sup>3</sup>)</b>	<b>Recommended New Apportionment (m<sup>3</sup>)</b>	<b>Percentage of Total AAC</b>	<b>Live Partition AAC (m<sup>3</sup>)</b>	<b>Dead Partition AAC (m<sup>3</sup>)</b>
<b>Forest Licence - Replaceable</b>	802 782	40.1%	0	802 782	41.2%	243 744 30.4%	559 038 69.6%
<b>First Nations Woodland Licence</b>	0	0%	+53 000	53 000	2.7%	16 092 30.4%	36 908 69.6%
<b>Forest Licence - Non-Replaceable</b>	513 897	25.7%	+80 252	594 149	30.5%	89 122 15%	505 027 85%
<b>BCTS - Timber Sale Licence</b>	456 071	22.8%	0	456 071	23.4%	118 012 25.9%	338 059 74.1%
<b>Pulpwood Agreement TSL</b>	112 000	5.6%	-112 000	0			
<b>Community Forest Agreements</b>	20 000	1.0%	-20 000	0			
<b>Forest Service Reserve</b>	5 250	0.3%	+34 750	40 000	2.1%	9 800 24.5%	30 200 75.5%
<b>FS Reserve Small Scale Salvage</b>	70 000	3.5%	-70 000	0			
<b>Partitioned AAC Total</b>				1 946 002		476 770 24.5%	1 469 232 75.5%
<b>Woodlot Licences</b>	20 000	1.0%	-18 000	*2 000	0.1%		
<b>Total AAC</b>	2 000 000			1 948 002			

Original AAC of 2 000 000 m<sup>3</sup> from TSR determination on November 7, 2013, was reduced by 51 998 m<sup>3</sup> as per the AAC Administration Regulation for the area removed from the TSA for CFA K4F on September 22, 2014.

\* The partition was not applied to the volume apportioned to the woodlot licence advertised in 2013.

## **Appendix 2: 100 Mile House TSA Apportionment - Background Information**

### **TSA Fibre Demands**

The demand for timber is high in the TSA with a number of sawmills, oriented strand board plant and log home builders, all operating in or near 100 Mile House.

Mills or Operations Receiving Timber:

West Fraser

- 100 Mile House Division – Large Sawmill
- Chasm Division – Large Sawmill
- Williams Lake Plywood Plant

Ainsworth

- OSB Plant

Tolko Industries

- Williams Lake Sawmill

Interfor

- Adams Lake Lumber Mill

Other

- Four large and several small log home builders.

### **Partitions**

The previous AAC determination included a partition of 112 000 m<sup>3</sup> for problem target types; this AAC was targeted for volume to be harvested under Pulpwood Agreement 16.

The new AAC includes a partition that recommends the harvesting of live trees be limited to 476 770 m<sup>3</sup>/year and the remaining AAC of 1 469 232 m<sup>3</sup>/year for harvesting of dead trees. The purpose of the partition was to encourage the harvest of beetle infested stands, while conserving non-pine volume to support the mid-term timber supply.

See Tables 1, 2 and 3 for the calculations for used to determine the recommended partitioned AAC for each apportionment category.

### **Forest Licence - Replaceable (RFL)**

The RFL apportionment percentage of the total AAC increased to 41.2 percent from the 40.14 percent approved in the current apportionment. The proposed apportionment recommends that 30.36 percent of the AAC be limited to live trees for RFLs.

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### Forest Licence – Non-Replaceable (NRFL)

The AAC proposed to be apportioned to NRFLs is 594 149 m<sup>3</sup>, which is an increase of 80 252 m<sup>3</sup> over the current apportionment. The increase is primarily from the AAC currently apportioned to Pulpwood Agreement (PA) that is recommended to be apportioned in the NRFL category.

Current NRFL commitments, including PA 16 exceed the recommended apportionment of AAC for NRFLs by 77 851 m<sup>3</sup> until April 25, 2015. See table below for a summary of licence commitments.

#### Summary of Current NRFL and PA Commitments:

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Licence	Licensee	Licence AAC (m <sup>3</sup> )	Licence Expiry Date
PA 16	Ainsworth	112 000	April 25, 2015
A87288	Canim Lake FN	20 000	December 31, 2015
A83342	Whispering Pines	15 000	December 31, 2016
A81493	Interfor	120 000	July 31, 2017
A81491	Pioneer Family	60 000	August 31, 2017
A81490	Pioneer Family	30 000	June 30, 2018
A81954	High Bar	15 000	July 31, 2018
A81492	Interfor	100 000	June 30, 2019
A84592	Ainsworth	150 000	December 31, 2022
A84795	Pioneer Family	50 000	December 31, 2024
	Total Current Commitment	672 000	

### BC Timber Sales (BCTS)

Currently BCTS wishes to maintain their current harvest level in the TSA, which is 22.8 percent of the total AAC. This is 2.8 percent above the provincial target of 20 percent, but BCTS requires a higher percentage in the 100 Mile House TSA, as timber availability is more limiting in the rest of their business area; which includes the Kamloops, Merritt and Lillooet TSAs.

### Forest Service Reserve (FSR)

The FSR is proposed to be partitioned consistent with the deputy chief forester's partition between the live and dead trees after the AAC adjustment after the CFA issuance.

## Pro-Rating of Live/Dead Partition for 100 Mile House TSA 2014 Apportionment

The AAC for the 100 Mile House TSA that was determined on November 7, 2013 included a partition that was not included in the previous determination. The new determination stated the AAC would be 2 000 000 m<sup>3</sup>, of which no more than 500 000 m<sup>3</sup> (25% of total AAC) be attributable to live trees. As per the AAC Administration Regulation, the AAC was reduced when the Clinton CFA was issued on June 11, 2014. The AAC attributed to live trees was then reduced to 476 770 m<sup>3</sup> (24.5% of total AAC).

The current apportionment did not have a live/dead partition. It was agreed by district staff, BCTS and licensees that the new apportionment needed to identify the live and dead AAC for each apportionment category. Based on feedback from the TSA Steering Committee, it was important to ensure the calculations for the live/dead AAC split for each apportionment category reflected pre and post mountain pine beetle (MPB) uplift AAC from the determination in 2006.

The following tables identify the assumptions and calculations used for the live and dead partition for each category in the recommended apportionment. This includes pro-rating the live/dead split for NRFL's issued to target MPB stands and the MPB uplift volume for BCTS (133 200 m<sup>3</sup>). After the AAC associated with the MPB uplift was subtracted from the TSA AAC, then the balance was split equally between each category with replaceable AAC.

### Pro-Rating Calculation of AAC for 2014 Apportionment

#### Assumptions for Table 1

1. The TSR AAC of 1 948 002 m<sup>3</sup> to be apportioned was reduced by 2 000 m<sup>3</sup> for a woodlot that was advertised in 2013 and not yet awarded.
2. For the calculation of the partition for the replaceable AAC, the AAC for NRFLs and BCTS 2006 MPB uplift (113 200 m<sup>3</sup>) was limited to 15 percent live trees.
3. Forest Service Reserve will be split as per the adjusted partitioned AAC determination.

**Table 1: Summary of Recommended AAC for Live and Dead Trees for NRFLs, BCTS 2006 Uplift and FS Reserve**

	Apportionment m <sup>3</sup> /year	Live AAC m <sup>3</sup> /year	Live Tree %	Dead AAC m <sup>3</sup> /year	Dead Tree %
Partitioned AAC	1 946 002	476 770	24.5%	1 469 232	75.5%
NRFL	594 149	89 122	15.0%	505 027	85.0%
BCTS (2006 uplift)	133 200	19 980	15.0%	113 220	85.0%
FS Reserve	40 000	9 800	24.5%	30 200	75.5%
Replaceable AAC carried forward to Table 2	1 178 653	357 868	30.4%	820 785	69.6%



### Assumptions for Table 2

1. The live/dead split percentage for the replaceable AAC (1 178 653 m<sup>3</sup>) will be as calculated in Table 1 for the RFL, BCTS Pre-uplift volume (322 871 m<sup>3</sup>) and FNWL apportionment.
2. Total RFL apportionment remains the same as the 2007 apportionment.

**Table 2: Calculation of the Recommended Live and Dead Tree Partition for Replaceable AAC**

	Apportionment m <sup>3</sup> /year	Live AAC m <sup>3</sup> /year	Live Tree %	Dead AAC m <sup>3</sup> /year	Dead Tree %
Replaceable AAC from Table 1	1 178 653	357 868	30.4%	820 785	69.6%
RFL	802 782	243 744	30.4%	559 038	69.6%
FNWL	53 000	16 092	30.4%	36 908	69.6%
BCTS (pre uplift)	322 871	98 032	30.4%	224 839	69.6%
Balance	0	0		0	

**Table 3: BCTS Apportionment Recommendation**

### Assumptions for Table 3

1. BCTS uplift live/dead split is equal to NRFLs at 15% live and 85% dead as shown in Table 1.
2. BCTS pre-uplift live dead split is equal to the replaceable AAC shown in Table 2
3. BCTS apportionment is the total of the pro-rated AAC for pre and post MPB uplift.

	Apportionment m <sup>3</sup> /yr	Live Volume m <sup>3</sup> /yr	Live %	Dead Volume m <sup>3</sup> /yr	Dead %
BCTS (uplift)	133 200	19 980	15.0%	113 220	85.0%
BCTS (pre uplift)	322 871	98 032	30.4%	224 839	69.6%
Total	456 071	118 012	25.9%	338 059	74.1%

Updated: February 19, 2015

## **Troke, Corri-Ann FLNR:EX**

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**From:** Perrey, Barbara E FLNR:EX  
**Sent:** Thursday, November 20, 2014 4:24 PM  
**To:** Pratt, Gordon FLNR:EX  
**Subject:** Apportionment, 100 Mile District TSA - signed completion  
**Attachments:** Approval of Consultation Complete (signed by G. MacDougal).pdf

Hi Gord,

Gerry has signed off as the Decision Maker for completion of First Nations Consultation on the Apportionment for 100 Mile District TSA.

**Barbara Perrey, M.S.W, (RCSW)**  
Advisor, First Nations Relations  
100 Mile House Natural Resource District  
Ministry of Forests, Lands & Natural Resources  
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# First Nations Consultation Report

Basic Information	
Proponent/ Applicant	100 Mile House TSA, Ministry of Forest...
Project Name:	Apportionment of volume of Allowable ...
Project Purpose:	Forestry-Administrative
Resource District:	100 Mile House
Consultation Lead:	Barbara Perrey
Internal Consultation Number:	File: 19300-20/TSA 23 100 Mile House

Location	
Geo Mark or Landmark:	100 Mile House Timber Supply Area
Map Sheet Number:	N/A

Consultation Status and Dates	
Consultation Status:	Awaiting SDM Approval(s)
Consultation Lead Start Date:	2014-04-10
Anticipated Completion Date:	
Initiation: (Letters Sent)	2014-04-14
Initial Consultation Period:	2014-06-16
Engagement: (First Response)	
Report Ready For SDM:	2014-10-20
Determination Made: (file closed)	<i>Adrian Nov 29/14</i>

*This consultation received additional consideration following the SCC Williams decision. I am satisfied that*

Lands	Forests and Range	Water
	Apportionment of the AAC • 100 Mile TSA	
Mines	Fish and Wildlife	Other

*consultation of the apportionment decision - which remains yet to be made by the Minister FNR - is satisfactorily completed.*

*Thank you,*

*Tracy MacDougall  
Regional Executive Director  
Camboos Region FNR  
Williams Lake.*

**MINISTRY OF FORESTS, LANDS AND NATURAL RESOURCE OPERATIONS  
INFORMATION NOTE**

Date: June 19, 2015  
File: 19400-01  
CLIFF: **213461**

**PREPARED FOR: Honourable Steve Thomson, Minister of Forests, Lands and Natural Resource Operations**

**ISSUE: Timber Supply for Paper Excellence**

**BACKGROUND:**

Northern Bleached Sulphite Kraft (NBSK) pulp prices have been over US\$1000/tonne since February of 2014 and with the recent decline in the Canadian/US exchange rate BC producers of NBSK have experienced improved revenues.

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Pedro Chang, Deputy CEO of PE, has recently contacted the Premier with concern about levels of fibre supply for its BC operations.

**Howe Sound**

- Howe Sound purchases chips from both domestic and imports from west coast US sources.
- Paper Excellence has sent the minister a letter outlining their objection to the renewal of Fibreco's export licence.

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**Skookumchuck**

- Paper Excellence purchased Tembec's Skookumchuck mill in 2013 along with a long term fibre supply agreement with Canfor for both mill residuals and pulp logs.
- The agreement has been successful to date.

**Mackenzie**

- In April 2010, PE purchased the Mackenzie pulp mill that had been idle since 2008, and invested \$75 million allowing the Mackenzie pulp mill to successfully restart its operation in August 2010.

- PE is tied to the Macleod Lake Indian Band (MLIB) licence through Macfibre – 800,000 m<sup>3</sup>/year.
- All of the volume on the licence for the foreseeable future has been provided to Canfor, Conifex and Duz Cho Forest Products, in exchange for chips and other pulp mill fibre for PE pulp mill use. This represents approximately 75 percent of the pulp mill requirements. The remaining 25 percent of the fibre needs is being sourced through business-to-business arrangements, open market or whole log chipping.
- Macfibre harvested a small deciduous volume this winter (for the pulp mill) as a test to see if that type of fibre will be suitable for PE pulp mill consumption.

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### **Chetwynd**

- In early March 2014, PE acquired the Chetwynd pulp mill from Tembec Inc. The mill began operating May 1, 2015 with a start-up input capacity of 550,000 m<sup>3</sup> using current log yard inventory and deliveries of new logs. s.13
- Quinton Hayward, Fibre Procurement Manager for Chetwynd Mechanical Pulp, indicated that they had current access to roughly 1 million m<sup>3</sup> of standing inventory fiber that would keep the mill running at capacity (550,000 m<sup>3</sup>/year) for almost 2 years. 350,000 m<sup>3</sup> will be harvested from their tenures this calendar year with an additional 200,000 m<sup>3</sup> in 2016, up to the start-up anniversary date. A contract has also been signed with a Saulteau First Nations contractor to log some of PE's blocks.
- In the Dawson Creek Timber Supply Area (TSA), PE has access to 535,494 m<sup>3</sup>/year of fibre. PE holds Forest Licence A70730 with an allowable annual cut (AAC) of 252,000 m<sup>3</sup>/year and Forest Licence A60972, with an AAC of 83,494 m<sup>3</sup>/year, as well as Pulpwood Agreement (PA) No. 13 with an apportionment of 200,000 m<sup>3</sup>/year. Up to 100,000 m<sup>3</sup> of this volume is available from TFL 48 which PA 13 overlaps.
- PE has renewed a contract with Saulteau, West Moberly and Blueberry River First Nations to provide log yard services for their Chetwynd pulp mill.
- PE would like to expand production in Chetwynd and will eventually want access to more volume. The Dawson Creek Timber Supply Review has recently occurred, with the AAC being maintained at the previous level of 1,860,000 m<sup>3</sup>. No decrease is necessary to existing volume for forest tenure holders.

## **DISCUSSION:**

### **Howe Sound**

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### **Skookumchuck**

- The long term fibre supply agreement with Canfor has been successful to date.

### **Mackenzie**

- Mackenzie recently completed a timber supply review with a new AAC and is in the final stages of a note for the minister's decision on apportionment. Fibre supply for the pulp mill in Mackenzie has been factored in the options for the minister through the MLIB licence.
- A fibre supply licence to cut (residual volume/fibre from primary harvester) opportunity is being examined by the district and such an opportunity could benefit the pulp mill.
- Government has a 20-year agreement with MLIB, tied to the pulp mill in Mackenzie, which has 15 years remaining. The Economic Development Agreement speaks to volume for the pulp mill in Mackenzie.
- The options being considered would all substantially address the needs of the Mackenzie pulp mill and a decision is expected by July.
- There are still concerns around access to harvesting residual fibre.
- Burn piles are still being found

### **Chetwynd**

- The Chetwynd facility has a solid short and long term fibre supply.

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- A part of the deciduous AAC for BCTS in the Dawson Creek TSA will be replaced by conifer AAC in the Dawson Creek TSA.

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Staff have had conversations with senior executives at PE and it appears that Mackenzie and Chetwynd are the key areas of concern for PE at this point.

**Suggested Responses:**

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**Contact:**

*A/ADM: Dave Peterson*

*TCI*

*Phone: 250.387.*

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*TCI*

*Phone: 250.387.8643*

**Prepared by:**

*Name: Doug Stewart, Director*

*Forest Tenures Branch*

*Phone: 250.387.8729*

Reviewed by	Initials	Date
DM		
DMO		
ADM	DP	June 22, 2015
ED	PJ	June 22, 2015
A/Dir./Mgr.	RG	June 19, 2015

**MINISTRY OF FORESTS, LANDS AND NATURAL RESOURCE OPERATIONS  
DECISION NOTE**

Date: March 20, 2015  
File: 200-20/CCFM  
CLIFF/tracking #: 213464

**PREPARED FOR: Honourable Steve Thomson, Minister**

**ISSUE:** Attendance at Canadian Council of Forest Ministers (CCFM) annual meeting (July 9-10 in Kenora and Thunder Bay, Ontario).

**BACKGROUND:**

The CCFM comprises all federal, provincial and territorial forest Ministers. Established in 1985, it provides a forum for governments to exchange information and address common interests. The CCFM is currently chaired by Ontario (one year term), with Yukon to chair next. CCFM activities are funded by members, with BC's share set at 8.5% of the annual budget request (\$18,275 for 2015-16). Natural Resources Canada provides 1/3 of the CCFM budget and provides secretariat services.

The CCFM had its first Ministers meeting since 2010 in June 2014 in Calgary, following the reestablishment of annual Deputy Minister face-to-face meetings in 2012. The itinerary for the upcoming Minister meeting in July includes:

- July 9 in Kenora, Ontario, *National Summit: Innovation in the Canadian Forest Sector* with key private sector forestry Executives;
- Charter (Bearskin Airlines) to Thunder Bay (seats at cost to jurisdictions); and
- July 10 in Thunder Bay, Ontario, CCFM meeting.

Attending federal-provincial-territorial meetings such as these are a benefit where:

- The agendas are directly relevant to BC interests s.13 ; and/or
- The relationships established, maintained or enhanced, through general discussion or side meetings can be used to further BC interests.

**DISCUSSION:**

BC (through FLNR ADM Dave Peterson, Tenures, Competitiveness and Innovation) co-chairs the CCFM Innovation Committee with Natural Resources Canada. Organizing the July 9 *National Summit: Innovation in the Canadian Forest Sector* is a major achievement of this committee. As co-chair, BC has been directly involved in developing an agenda reflective of FLNR interests including plenary sessions on competitiveness and fostering innovation. s.13  
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**OPTIONS:**

**Option 1: Attend the July 9 Innovation Summit and the July 10 CCFM meeting.**  
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**RECOMMENDATION:**

**Option 1: Attend the July 9 Innovation Summit and the July 10 CCFM meeting.**

Option 1/   
**DECISION & SIGNATURE**  
Honourable Steve Thomson  
Minister

April 15th, 2015  
**DATE SIGNED**

**Contact:**

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**Alternate Contact:**

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**Prepared by:**

*Reg Faubert  
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250-387-8606*

<b>Reviewed by</b>	<b>Initials</b>	<b>Date</b>
DM	TS	04/02/15
DMO		
ED	CG	04/01/15
Dir./Mgr.	RF	03/20/15
Author	RF	

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Withheld pursuant to/removed as

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**MINISTRY OF FORESTS, LANDS AND NATURAL RESOURCE OPERATIONS  
AND MINISTRY OF COMMUNITY, SPORT AND CULTURAL  
DEVELOPMENT BRIEFING NOTE**

Date: April 28, 2015

CLIFF/tracking #: 213643

**PREPARED FOR: Honourable Steve Thomson, Minister  
Honourable Coralee Oakes, Minister**

**ISSUE: Determining the Scope and Process for Developing the Rural Dividend**

**BACKGROUND:**

The commitment to moving forward with the Rural Dividend is referenced in the current administration's Platform commitment - *Strong Economy, Secure Tomorrow* and the September 2014 government report *Supporting Rural Development: Creating a Voice for Rural British Columbia*. One objective of the Rural Advisory Council (RAC), chaired by Parliamentary Secretary Donna Barnett, is to provide advice on rural community capacity building, including the Rural Dividend.

Creation and implementation of the Rural Dividend is referenced in the 2014 mandate letters of Minister Thomson and Minister Oakes (Community, Sport and Cultural Development, CSCD).

Within FLNR, the Rural Dividend may support a range of Ministry policy, including forest sector competitiveness and more effective relationship building with First Nations and other rural stakeholders. Within CSCD, the Dividend would complement a range of local government programs supporting vibrant and sustainable communities.

Discussion of the Rural Dividend amongst stakeholders has been linked to the perceived inadequacies of the existing model by which communities derive tax revenue, as documented in UBCM's report *Strong Fiscal Futures*. As well, rural communities' discussion of the Dividend has also occurred through the Rural BC project led by the Beetle Action Coalitions. In the latter, efforts have focused on advocating for resource revenue-sharing for those communities suffering from economic downturns in resource industries. The Dividend, thus envisioned, would return a portion of the revenue created through resource industry activity (or a grant in lieu of that revenue) to rural communities in need, with distribution decided by regional communities to maintain social, economic and environmental well-being.

**DISCUSSION:**

Governments' committed to "commence revenue sharing discussions with rural resource communities, especially those in Northwest B.C. to help them prepare for future growth" – a commitment later dubbed as the Rural Dividend in Minister Oakes' 2013 mandate letter. The *Supporting Rural Development* report delivered by Parliamentary Secretary Donna Barnett then expanded the focus of this commitment to capture the concept of a benefit for all rural communities. Explicit focus on the Northwest in turn shifted to more direct linkages between LNG development and communities irrespective of the Rural

Dividend, including support for toward direct agreements between proponents and impacted communities such as the recently signed Pacific North West LNG and the District of Port Edward may address this need.

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