



September 23, 2016

Dear Zorica Boskovic:

Thank you for the meeting on September 14th regarding the Kamloops TSA
apportionment rationalization. s.13

s.13 s.13 There are
several comments that BC Timber Sales would like to provide for consideration by
the Minister when making the apportionment decision.

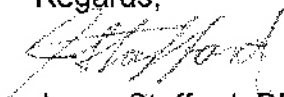
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Page 1 of 2

s.13

If you have further questions or concerns regarding the BC Timber Sales program or would like to discuss these points further, please do not hesitate to contact me at 250-371-6527.

Regards,

A handwritten signature in black ink, appearing to read 'J. Stafford', written over a horizontal line.

Jason Stafford, RPF
Operations Manager
Kamloops Business Area
BC Timber Sales

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to harvesting these stands is one option that could be pursued by the Ministry of Forests, Lands and Natural Resource Operations, we believe the recent harvesting performance documented in the Chief Forester's determination calls for some changes to the status quo. While most replaceable forest licencees are not able to process old H and C in their mills and don't seek out these stands, the complete exclusion of these licencees from old H- and C-leading stands creates a barrier to the orderly development of their operating areas. Removing this exclusion would not, in itself, result in much more harvesting of old H- and C-leading stands by replaceable forest licence holders but it would lead to more logical development if it wasn't constrained by the kind of work-arounds these licencees currently face.

The recent failure of the partition cut licencees to meet the ministry's goal for harvesting in old H- and C-leading stands suggests other incentives may be desirable to encourage replaceable forest licencees to increase their harvesting in these stands. Stella-Jones suggests that offering a cut control credit for sawlog volumes harvested from H- and C-leading Age Class 8 and 9 stands, in much the same fashion as the current Grade 4 cut control credit, could provide one such incentive. We believe that a simple method of approximating these volumes could be developed and be far preferable to requiring the timber to be marked separately, which risks creating operational impediments for the sake of insignificant improvements in accuracy. As previously mentioned, the recent performance of the partition cut licencees and the unsuitability of the timber to most mills would lead us to expect that such a policy would not pose a threat to the non-replaceable forest licence holders dedicated to the old H- and C-leading stands. If that turned out not to be the case, however, the policy could be rescinded.

At the end of our meeting we talked about the challenge for small licencees to remain economically viable, particularly in the face of a declining AAC. While there are replaceable forest licences around the province smaller than our Kamloops TSA licence, there are few companies of our size that are truly independent from the big companies.

Stella-Jones provides a needed diversity among industry players through our specialty product line as well as our attentive approach to forest management. We realize that this contradicts our first argument of a shared reduction but it is a reality. We recommend that the minister consider establishing a threshold below which small licencees such as us would be immune from further licenced volume reductions when an AAC is reduced.

Thanks once again for the meeting and I look forward to a quick apportionment decision from government that ensures continued stability for the forest industry in the Kamloops TSA.

Yours truly,

Ashley Ladyman, RPF
Woodlands Manager



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October 21, 2016

Southern Interior Forest Region Regional Office
441 Columbia St.
Kamloops, B.C.
V2C 2T3

Attention: Zorica Boskovic, Timber Tenures Forester, and Bill Ashman, Acting Tenures Specialist.

Re. Minister's apportionment decision for the Kamloops Timber Supply Area

Dear Zorica and Bill,

I would like to thank you for the opportunity to meet with you on September 29, 2016, and to express our thoughts on the upcoming Kamloops Timber Supply Area (TSA) apportionment. This letter provides a documentation of the concerns touched on in that meeting and provides comments Stella-Jones would like to have considered by those involved in the Minister's impending apportionment decision.

Stella-Jones feels strongly that the Kamloops TSA allowable annual cut (AAC) reduction should be shared proportionately by BC Timber Sales and the replaceable forest licence holders based on each licensee's current AAC. BC Timber Sales' was created to auction a certain percentage of the harvest, and a proportionate reduction for all the major participants in the TSA upholds this intent. It was suggested in our meeting that if the forest licencees alone bore the reduction without BC Timber Sales sharing the consequences, they would suffer an AAC loss approaching 20%. I believe such a precedent would severely undermine business confidence in the BC forest industry and make investment even more difficult to secure than it is today.

My second comment is on the exclusion of some companies out of portions of the allowable timber harvesting profile namely cedar and hemlock age classes 8 + 9 (CwHw 8+9). Operationally this makes it very difficult for this underused portion of the timber profile to be harvested. As I described to you our own company has had to go to creative solutions to get around the rule and harvest operationally sensible units due to the small patchy nature of the timber in which we work. The exclusion of some of the companies from these stands is creating the opposite effect that was intended in our opinion, that this part of the profile be harvested along with the rest of the profile and at the same rate. We believe that this exclusion of CwHw 8+9 needs to be removed for those companies that now currently have it.

The Chief Forester's determination confirms the 200,000 m³/year partition of the AAC for volume attributed to H- and C-leading Age Class 8 and 9 stands. While a continuation of the current approach

October 11, 2016

Zorica Boskovic
Timber Tenures Forester
Ministry of Forest Lands and Natural Resource Operations
441 Columbia Street
Kamloops, B.C.
V2C 2T3

Dear Zorica,

Re: Kamloops Timber Supply Area (TSA) Apportionment

Thank you for the opportunity to provide comments on the apportionment, a significant component of the Timber Supply Review process. Tolko's manufacturing operations in Kamloops and Armstrong are directly dependent on the timber supply from the Kamloops TSA, therefore, this apportionment is critically important to our future in the Thompson and Okanagan Shuswap.

We appreciate the effort the ministry has undertaken to examine and understand the timber supply and the manufacturing base. After reviewing the apportionment worksheet, and meeting with you in person, we offer the following comments.

Business Certainty

The Forest Industry is a primary driver of the Kamloops and Okanagan economy. Tolko recognizes that the Timber Supply is changing which makes the recognition of existing investments critical in this apportionment. Business requires certainty in order to continue investing and this apportionment must provide certainty for Tolko. We request that the apportionment be made as close as possible to the determination to provide this certainty for operational planning and coordination on the land base as well as longer term capital investment planning.

Replaceable License Holders

Tolko's expectation is that the replaceable license holders will maintain their existing license volume. In Tolko's case we hold FL A18686 which has 150,993 of AAC and FL A84658 which has an AAC of 100,000 m3.

Non Replaceable Forest Licenses

We recommend that the minister reduce the non-replaceable forest licence apportionment category to zero to balance apportionment with the AAC determination. The licenses were offered to address the Mountain Pine Epidemic which has ended. We view these licenses as having a low likelihood that the current NFRL conditions will allow for the license volume to be harvested. They should be risk managed to the license expiry dates.

Reference AAC - Pulp Wood Agreement 16

Pulp Wood Agreement 16 license volume was included in the reference AAC calculation. The license has expired and the 86,000 m3 attributed to this license should be removed from the reference AAC calculation.

With the removal of this volume, the reference AAC will be 2,517,576 m3.

Cedar Hemlock Stands Partition (greater than 140 years)

Tolko supports the continuation of this partition.

First Nations Woodlands Licenses

There are currently four mapped First Nations Woodlands License (FNWL) areas that exclude the traditional replaceable forest license holders (referred to in the protocol as the "outgoing licensee") operating in the Kamloops TSA under a Transition Strategy Protocol (Aug, 2012, revised May, 2013). The volume allocated to the FNWL holders is currently being harvested outside of the mapped FNWL areas. It is our understanding that there is no planned proportional deduction to the area-based tenure and/or FNWL AAC to account for the harvest outside of the proposed FNWL area. The impact is a reduction to the volume available for Replaceable Forest License holders. We request that this issue be resolved immediately and be reflected in the apportionment.

Thank you for considering our input towards this apportionment.

Please contact me at your convenience if you have any questions.

Sincerely,
Tolko Industries Ltd.

A handwritten signature in black ink, appearing to read 'Murray Wilson', with a long horizontal stroke extending to the right.

Murray Wilson, RPF
Manager, Stewardship and Tenures BC & Manitoba



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100 Mile House, BC
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October 3, 2016

Zorica Boskovic, RPF
Timber Tenures Forester
Ministry of Forests, Lands & Natural Resource Operations
441 Columbia St. Kamloops, B.C. V2C 2T3

Dear Ms. Boskovic,

RE: 2016 Kamloops TSA AAC Apportionment

Please consider the following as West Fraser's comments regarding the pending Minister's 2016 Kamloops Timber Supply Area (TSA) Allowable Annual Cut (AAC) apportionment decision.

West Fraser's primary concern is the security of our replaceable forest licenses (RFL) in the Kamloops TSA (A18694 and A18690). The two RFLs form the base for economic certainty and core stability of our sawmill manufacturing investments at Chasm and 100 Mile House.

Replaceable Forest License volumes provide the core for business investment and as such, West Fraser believes these licenses should be given top priority in any apportionment decision. Listed below are some options to consider in the apportionment process that could help achieve replaceable license stability.

1. Discount current Non-Replaceable Forest License (NRFL) volumes from the apportionment calculation. Most NRFL's will be expiring over the next 5 years and we feel they present a low risk to AAC sustainability due to declining economic viability of pine. We are not in favour of reducing replaceable license volume at the expense of keeping a temporary uplift in place.
2. Maintain the First Nations RFL and proposed First Nation Woodland License (FNWL) combined volume at 185,160 m3.
3. Explore opportunities to manage First Nations volumes through BCTS partnerships, thus providing an option of reducing the non-First Nations allocation required to achieve BCTS MPS requirements.
4. Explore thresholds to reduce the BCTS allocation, while ensuring integrity and function of the MPS system.

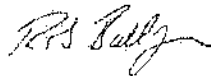
Mitigating AAC reduction is essential to West Fraser. As such, we are directly involved in the Kamloops TSA AAC Implementation Team, whose primary focus is supporting the successful undertaking of the tasks noted by the Chief Forester in her

determination. Maintaining current apportionment levels provides West Fraser with sustainable investor confidence, and therefore we are best positioned to fund investment in new and emerging technologies to fully capture AAC potential. We strongly believe that by favoring AAC apportionment to manufacturing RFL holders, we are in turn favoring a sustainable and effective AAC.

We understand the pressure on our RFL volumes, and in the event of an unavoidable reduction, it is our expectation that any reduction can be minimized by exploring the above options. RFL license volumes provide the foundation for successful primary forest products facilities such as West Fraser's Chasm sawmill and 100 Mile House sawmill. RFL holders in the area also have a proven track record of providing the wood materials needed by secondary manufacturing facilities. The combination of all these facilities provide log market opportunity for all license holders in the area and provide local jobs and economic stability. This stability in turn benefits the Province, local business and communities.

Thank you for the opportunity to comment on this matter. If you have any questions on this letter please feel free to contact me.

Yours truly,



Rob Ballinger, RPF
Planning Superintendent
West Fraser – 100 Mile Lumber
O: 250-395-8246



Chad Swanson, RPF
Woodlands Manager
West Fraser – 100 Mile Lumber
O: 250-395-8220



INTERFOR

Regional Executive Director
Thompson/Okanagan Region
Ministry of Forests, Lands, and Natural Resource Operations
441 Columbia Street
Kamloops, BC V2C 2T3

October 28, 2016

Attn: Zorica Boskovic

Re: Kamloops TSA Apportionment

Dear Ms. Boskovic:

As a follow-up to our September 21st meeting, please accept the following comments regarding the Kamloops TSA apportionment.

Interfor believes the Kamloops TSA will continue to support a vibrant forest sector for many years. In 2009, Interfor invested \$150 million to rebuild the Adams Lake sawmill and acquire additional tenures, in part, due to the timber supply outlook in the Kamloops TSA. The facility directly employs 210 employees in addition to the 250+ contractor employees that support the operation.

The apportionment decision must recognize the significant investments that have been made in manufacturing facilities that rely on volume from the TSA. To achieve this, it is necessary to maintain the current AAC for all replaceable forest licenses. We believe this can be achieved based on the following considerations and recommendations.

Reference AAC

Interfor agrees with the South Area that the pre-uplift AAC from 2003 should be used as the starting point for determining the Reference AAC. From the data provided by the South Area, the reduction for new Woodlots, Community Forest Agreements, and the expiry of the IFPA should be 79,194m³.

In addition to the reduction for W/L, CFAs, and the IFPA, several other changes should be accounted for:

- Expiry of PA 16:
 - the 2003 AAC determination included a partition of 86 Mm³ for PA 16, which has since expired

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- as noted in the September 2015 Kamloops TSA Data Package, given the expiry of PA 16, the new TSR does not specifically consider PA 16 and associated utilization standards in the base case however it was considered in 2003 and the 2003 AAC was increased accordingly
 - as a result, the Reference AAC should be reduced by 86 Mm3
- Deciduous Partition:
 - similar to PA 16, the 2003 AAC determination included a deciduous partition of 20 Mm3
 - the September 2015 Kamloops TSA Data Package notes that for the new TSR, deciduous leading stands were excluded and deciduous within conifer leading stands were removed from the volume tables
 - as a result, the Reference AAC should be reduced by 20 Mm3

When the pre-uplift AAC from 2003 is adjusted to account for new woodlots and community forest agreements, the expiry of PA 16, and the removal of the deciduous partition, the Reference AAC is within 7% of the 2016 determination (see table below).

As a result, the AAC reduction in the 2016 Kamloops TSA TSR Determination is not significant enough to warrant a proportionate reduction.

Category	Volume (m3)
Pre-Uplift AAC (2003)	2,682,770
W/Ls, CFAs, IFPA since 2003	79,194
PA 16	86,000
Deciduous	20,000
Reference AAC	2,497,576

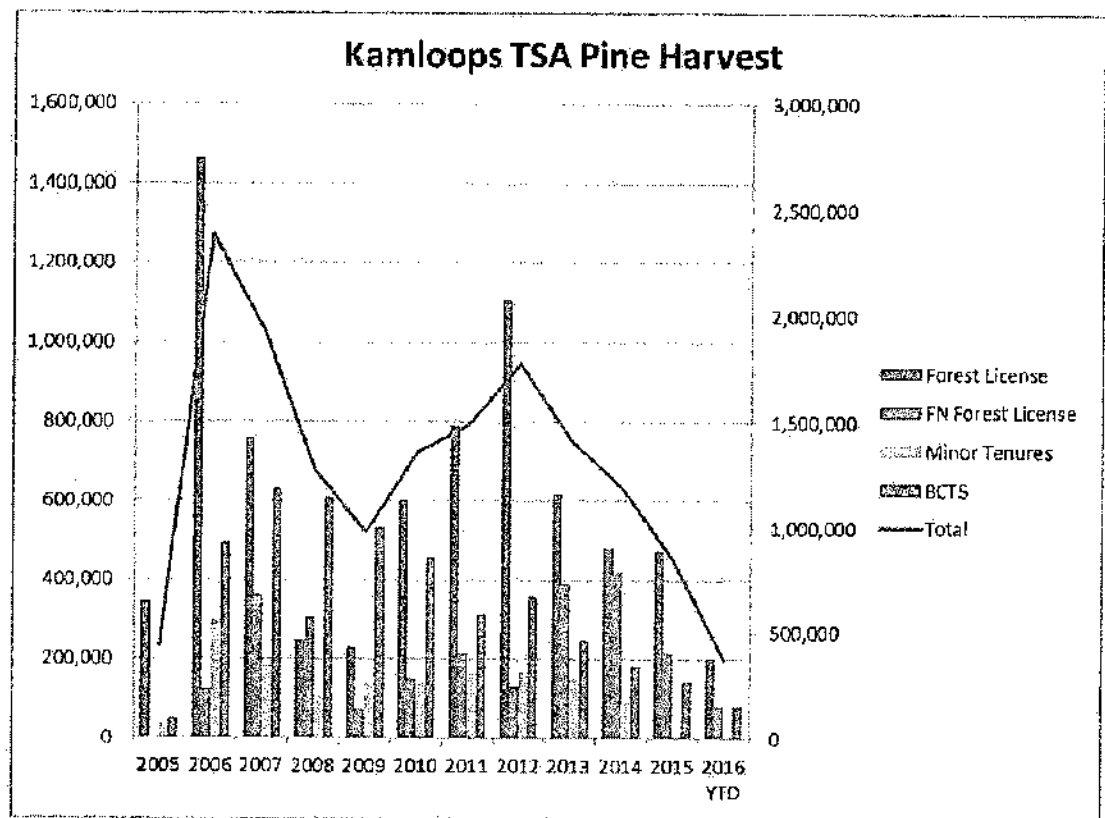
Non-Replaceable Forest Licenses

It is recognized that current volume commitments to NRFLs need to be considered in the apportionment decision however we believe a specific apportionment for the remaining pine NRFL volume is not required for the following reasons:

- With the exception of the Cw/Hw partition NRFLs, the outstanding NRFL volume is under First Nations tenure that is targeted to pine leading stands
- The availability of merchantable and economic pine is on the decline in the TSA (see chart below) therefore it is unlikely the full NRFL volume allocation will be achieved (provided the Ministry does not approve cutting permits that do not meet the stand eligibility criteria of the NRFLs)
- Pine harvest under the FN NRFLs in 2016 is on pace to reach approximately 109,000 m3; with an average stand eligibility criteria of 70%, the total volume harvested under the FN NRFLs in 2016 will likely not exceed 155,000m3
 - The Chief Forester reduced the AAC by 150,000m3 to account for Grade 4 credits;
 - One option to minimize any sustainability risk associated with the NRFLs could be for the replaceable licensees to forego Grade 4 credits

In the Kamloops TSA or for the Minister to utilize a Sustainable Volume Grade 4 Credit Limit Order

- The Chief Forester's determination Included only 450,000m³ of pine harvest; the pine harvest by replaceable tenure holders and BCTS will likely account for the majority of the volume therefore any pine salvage by the NRFLs is expected to be outside the AAC determination
- The salvage NRFLs do not target stand types that contribute to the mid and long-term timber supply, therefore "risk managing" this volume outside of the AAC does not represent a stewardship risk



Source: HBS

BCTS Apportionment

BCTS apportionment should be brought in line with the new AAC determination.

- Interfor recommends a BCTS apportionment that consists of 336,073m³ of conventional volume and 39,081m³ of Cw/Hw partition volume for a total of 375,154m³ (16.3%)
- BCTS has the ability to enter into agreements with other tenure holders (FN, CFAs, etc) to increase their proportion of the Kamloops TSA harvest and provide additional data points to support MPS

- o Furthermore, given the MPS dataset consists of timber sales throughout the Interior, the target BCTS apportionment of 20% should be considered across the Interior rather than at the TSA level
- o The additional 23,081m3 of Cw/Hw partition apportioned to BCTS is currently unallocated
 - o The additional Cw/Hw data points will improve the under-representation of these stand types in the MPS dataset

Recommended Apportionment

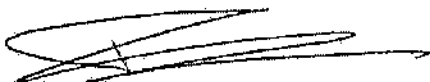
The following recommended apportionment supports the objective of no reductions to replaceable forest licenses while maintaining First Nations volume. This will require risk management of outstanding pine NRFL volume however as previously noted, the risk of negative impacts to forest stewardship are very low.

Category	Conventional	Cw/Hw Partition
Replaceable Forest Licenses	1,555,767	0
First Nations Replaceable Forest Licenses	185,160	0
BCTS	336,073	39,081
Non Replaceable Forest Licences	0	160,919
Forest Service Reserve	23,000	0
Total Apportionment	2,100,000	200,000

Thank you for the opportunity to provide comments on the Kamloops TSA apportionment.

Yours truly,

Interfor Corporation



Ric Slaco
Vice President & Chief Forester


Homepage	Preparation & Initiation	Communication Log	Engagement & Accommodation	Summary & Recommendation	North Area C
	Report Complete (SDM Ready) 2017-01-27	Consultation Status Awaiting SDM Approval(s)		All Decisions Made (File Closed)	

Recommendation to Decision Maker(s)

Consultation was conducted with all First Nations who assert Aboriginal interests over the Kamloops Timber Supply Area for the Apportionment and Disposition decisions. This process was conducted consistently with "2010 Updated Procedures For Meeting Legal Obligations when Consulting with First Nations" utilizing the most current analysis tools available. The level and duration of consultation appears to have been appropriate given the aboriginal interests of the First Nations and given the potential impact of these proposed decisions on those interests.

Consultation is considered by Thompson Rivers Resource District, First Nations Program Staff to be adequate and complete.

Consultation summary prepared by: Kathryn Lawrence, R.P.F.

Signature:  Date: January 30, 2017

Digitally signed by Kathryn Lawrence
DN: cn=Kathryn Lawrence, o=FLVR,
ou=Thompson Rivers District,
email=kathryn.lawrence@gov.bc.ca, c=CA
Date: 2017.01.30 09:52:16 -0800

The Thompson Okanagan Region, Regional Executive Director is satisfied that adequate consultation was completed.

Consultation summary reviewed and signed by: John McQueen, R.P.F.

Signature:  Date: January 27, 2017

Phase Summary

Supplier

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- ☒ Extensive
- ☒ Accomoda
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Preparation & Initiation

- A review of available information for First Nations was conducted in order to assess the initial level of consultation, including considering the strength of claims made by First Nations and the degree of impact the AAC determination may have on those claims.

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- An Impact Assessment was completed that resulted in a moderate impact. This assessment is based on the fact that the apportionment decision itself does is administrative in nature and covers a large area (the TSA).

Engagement

Here is a summary of the main comments received through the consultation process:

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Page 087 to/à Page 090

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Accommodation

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Other Issues	

Decision Maker Notes
(Optional)
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Page 095 to/à Page 112

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