

## BRIEFING NOTE FOR DECISION

**DATE:** April 4, 2019

**PREPARED FOR:** Honourable Doug Donaldson, Minister of Forests, Lands, Natural Resource Operations and Rural Development

**ISSUE:** Timber Sale Licence A93177 - Request for a Minister's directed reappraisal to account for timber damaged by 2018 wildfires.

### RECOMMENDED OPTION:

**Option 1: The Minister's direction to redetermine the stumpage rate to \$907,875.12 (\$449,702.76 for the upset value plus \$458,172.36 for the bonus offer).**

### BACKGROUND:

Applicant:

- Claudia Sabine Brietzke  
s.22
- Timber Sale Licence (TSL) A93177 is a cruise based licence authorizing the harvest of approximately 75,606 m<sup>3</sup> of Mountain Pine Beetle salvage timber. The TSL was advertised with an upset stumpage value of \$936,758.34 and received a lump sum bonus offer of \$458,172.36.
- This TSL covers an area of 315.9 hectares in one cut block located in the Stuart Nechako Business Area. The licensee harvested and removed approximately 67.4 ha (16,129.5 m<sup>3</sup>) of timber when in July 2018 the Shovel Lake wildfire burned 110.3 ha (approximately 26,399 m<sup>3</sup>) of the timber within the TSL.
- The timber within the burnt areas is not considered marketable and salvageable. The timber sales manager, at the request of the licensee, has amended out the fire damaged timber. The licensee will be harvesting the remaining non-fire damaged timber from this licence area which is 138.3 ha (approximately 33,078 m<sup>3</sup>).

### Nature of Request:

The licensee is requesting the Minister to direct the redetermination of the stumpage rate under section 2.2.4 of the *Interior Appraisal Manual* (IAM), to have the new stumpage value reflect the value of the timber harvested before the fire started and the unburnt timber remaining (approximately 65 percent of the initial total hectares).

### DISCUSSION:

The IAM specifies that the stumpage rate or value for a TSL is fixed unless the minister directs the redetermination of the upset stumpage rate or value. There is no mechanism under the *Forest Act* that provides for an amendment to the bonus offer. Therefore, the bonus offer submitted in the application and tender for the TSL cannot be changed.

The timber sales manager has amended the TSL to remove the fire impacted area. Amending fire damaged areas is consistent with the principles and administrative practices for major licensees. In determining the reduction value of the upset stumpage value consideration should be given to the pro-rated loss in value of the fire damaged timber. If there is insufficient room in the upset stumpage value to account for the total loss, then upset stumpage rate or value must be the minimum stumpage rate.

As felling of Crown timber had commenced, the licensee is required to pay the upset value and the bonus offer if the Minister approves the re-determination. The licensee will be made whole through the redetermination process and therefore will not be applying for a remission order.

#### OPTIONS:

**Option 1:** The Minister's direction to redetermine the stumpage rate to \$907,875.12 (\$449,702.76 for the upset value plus \$458,172.36 for the bonus offer).

#### Implications:

- recognizes that the burning of the timber was outside of the licensee's control;
- consistent with current and past principles and administrative practices being used by the ministry for other forest tenures;
- amending the area and re-determining the stumpage rate is consistent with the options available to major licence holders;
- maintains the legal principle that the bonus offer cannot be changed under any situation; and
- does not maintain the principle of lump sum cruise based licences that the licence value is fixed for the term of the licence and cannot be changed.

s.13;s.17



**RECOMMENDATION:**

- **Option 1**

**Approved** / Not Approved

Signature

April 23, 2019

Date

Honourable Doug Donaldson  
Minister of Forests, Lands, Natural Resource  
Operations and Rural Development

**Attachments:**

Attachment 1 Memo to Executive Directors

Attachment 2 Incoming Licensee Letter

**PREPARED BY:**

Jason Nunn  
Sr. Timber Pricing Forester, Interior  
Timber Pricing Branch  
778-974-2400

**REVIEWED BY:**

	Initials	Date
DM	JA	2019-04-10
DMO	AK	2019-04-10
ED	JS	Apr 10/19
Program Dir/Mgr.		

## BRIEFING NOTE FOR DECISION

**DATE:** April 4, 2019

**PREPARED FOR:** Honourable Doug Donaldson, Minister of Forests, Lands, Natural Resource Operations and Rural Development

**ISSUE:** Timber Sale Licence (TSL) A92289 - Request for a Minister's directed redetermination of the upset stumpage value to account for timber damaged by 2018 wildfires.

### RECOMMENDED OPTION:

**Option 1: The Minister's direction to redetermine the stumpage rate to \$209,515.73 (\$209,006.53 for the upset value plus \$509.20 for the bonus offer).**

### BACKGROUND:

Applicant:

- Claudia Sabine Brietzke  
s.22
- TSL A92289 is a cruise based licence authorizing the harvest of approximately 23,675 m<sup>3</sup> of Mountain Pine Beetle salvage timber. The Timber Sale Licence (TSL) was advertised with an upset stumpage value of \$336,658.50 and received a lump sum bonus offer of \$509.20.
- This TSL covers a harvest area of 97.2 ha within one cut block located in the Stuart Nechako Business Area. The licensee harvested and removed approximately 32 ha (7,794 m<sup>3</sup>) of the timber when in July 2018 the Shovel Lake wildfire burnt 36.8 ha (approximately 8,963 m<sup>3</sup>).
- The timber within the burnt areas is not considered marketable and salvageable. The timber sales manager, at the request of the licensee, has amended out the fire damaged timber. The licensee will be removing the remaining non-fire damaged timber from this licence area which is 28.2 ha (approximately 6,918 m<sup>3</sup>).

### DISCUSSION:

The licensee is requesting the Minister to direct the redetermination of the stumpage rate/value under section 2.2.4 of the *Interior Appraisal Manual* (IAM), to have the new stumpage rate/value reflect the value of the timber harvested before the fire started, and the timber that remains to be harvested (approximately 60.2 percent of the initial total hectares).

The IAM specifies that the stumpage rate or value for a TSL is fixed unless the Minister directs the redetermination of the upset stumpage rate or value. There is no mechanism under the *Forest Act* that provides for an amendment to the bonus offer. Therefore, the bonus offer submitted in the application and tender for the TSL cannot be changed.

The timber sales manager has amended the TSL to remove the fire impacted area. Amending fire damaged areas is consistent with the principles and administrative practices for major licensees.

In determining the reduction value of the upset stumpage value, consideration should be given to the pro-rated loss in value of the fire damaged timber. If there is insufficient room in the upset stumpage value to account for the total loss, then upset stumpage value must be the minimum stumpage rate.

As felling of Crown timber had commenced, the licensee is required to pay the revised upset value and the bonus offer if the Minister approves the re-determination. The licensee will be made whole through the redetermination process and therefore will not be applying for a remission order.

#### OPTIONS:

**Option 1:** The Minister's direction to redetermine the stumpage rate to \$209,515.73 (\$209,006.53 for the upset value plus \$509.20 for the bonus offer).

#### Implications:

- recognizes that the burning of the timber was outside of the licensee's control;
- consistent with current and past principles and administrative practices being used by the ministry for other forest tenures;
- amending the area and redetermining the stumpage rate is consistent with the options available to major licence holders;
- maintains the legal principle that the bonus offer cannot be changed under any situation; and
- does not maintain the principle of lump sum cruise based licences that the licence value is fixed for the term of the licence and cannot be changed.

s.13;s.17



**RECOMMENDATION:**

**Option 1**

**Approved** / Not Approved

April 23, 2019

Signature

Date

Honourable Doug Donaldson, Minister of  
Forests, Lands, Natural Resource  
Operations and Rural Development

**Attachments:**

Attachment 1. Memo regarding Fire Damaged TSL A92289

Attachment 2. Licensee letter TSL A92289

**PREPARED BY:**

Jason Nunn  
Sr. Timber Pricing Forester  
Timber Pricing Branch  
778-974-2400

**REVIEWED BY:**

	Initials	Date
DM	JA	2019-04-10
DMO	AK	2019-04-10
A/ED	JS	2019-04-10
Program Dir/Mgr.		

## BRIEFING NOTE FOR DECISION

**DATE:** April 4, 2019

**PREPARED FOR:** Honourable Doug Donaldson, Minister of Forests, Lands, Natural Resource Operations and Rural Development

**ISSUE:** Approval of Amendment No. 3 to the *Interior Appraisal Manual*

### RECOMMENDED OPTION:

**Option 1: Approve Amendment No. 3 to the *Interior Appraisal Manual (IAM)***

### BACKGROUND:

- The IAM is a public document that contains the policies and procedures used to determine stumpage rates in British Columbia. Under section 105 of the *Forest Act*, these policies and procedures have statutory status. The manual is used by government and industry to guide stumpage appraisals. Changes to the manual must be approved by the Minister.
- The proposed changes include a semi-annual update to “tabular” sawlog stumpage rates and the addition of one appraisal log dump.
- This amendment is intended to be published May 1, 2019.

### DISCUSSION:

The following is an overview discussion of the changes to be incorporated. Full descriptions of the changes are also identified in Attachment No. 2 (red-lined version of the affected pages).

#### **Pages 6-2 to 6-12: Updated Tabular Sawlog Stumpage Rates**

Tabular stumpage rates are used to set stumpage rates for small tenures and other miscellaneous salvage operations. This semi-annual update is done in November and May.

The new rates are based on the preceding twelve months of billed stumpage rates (ending in March 2019). The average rate has increased by \$5.03/m<sup>3</sup> or 19% compared to the previous 12-month period ending in September 2018. The increase is mainly due to the higher average lumber values in the more recent twelve-month period but is also a result of shifts in the harvest profiles (volume and species harvested within each zone).

The new tabular rates will apply to new woodlot, community forest, blanket salvage or licence to cut tenures issued on or after May 1, 2019. Existing woodlot, community forest, blanket salvage or licence to cut tenures are not affected.

### **Page A-13: Appraisal Log Dumps**

The Centennial Log Dump is a new site on Williston Lake used to load logs onto a barge and is added as a new appraisal log dump site.

The planned changes described above were circulated to members of the Interior Appraisal Advisory Committee on April 3, 2019. No significant concerns were identified, and no controversy is expected.

#### **OPTIONS:**

#### **Option 1: Approve Amendment No. 3 to the *Interior Appraisal Manual***

##### Implications:

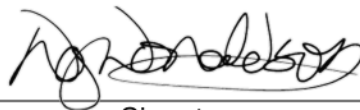
- the attached memo must be signed on or before May 1, 2019 for the changes to take effect;
- the new tabular stumpage rates will apply to new cutting authorities issued under woodlot, community forest, salvage or licence-to-cut and road permits tenures; and
- small tenure holders will experience an increase in stumpage for new cutting authorities.

s.13

#### **RECOMMENDATION**

#### **Option 1**

**Approved** / Not Approved



Signature

Honourable Doug Donaldson  
Minister of Forests, Lands, Natural  
Resource Operations and Rural  
Development

April 23, 2019

Date





**ATTACHMENTS:** 1. Memorandum to Interior Regional Executive Directors  
2. Red-lined version of the affected IAM pages

**PREPARED BY:**

Jason Nunn  
Sr. Timber Pricing Forester, Interior  
Timber Pricing Branch  
(778) 974-2400

**REVIEWED BY:**

	Initials	Date
DM	JA	2019-04-09
DMO	AK	2019-04-09
ED	SJ	2019-04-09
Program Dir/Mgr.	AB	April 8, 2019

## BRIEFING NOTE FOR DECISION

**DATE:** April 3, 2019

**PREPARED FOR:** Honourable Doug Donaldson, Minister of Forests, Lands, Natural Resource Operations and Rural Development

**ISSUE:** Requirement for City of Vancouver to become a Diking Authority

### RECOMMENDED OPTION:

**City of Vancouver meets *Dike Maintenance Act* contractually while Province amends the act.**

### BACKGROUND:

- The City of Vancouver (the City) has indicated its desire to issue contracts for the construction of new dikes in 6-8 weeks and is seeking a decision from the Province on the applicability of the *Dike Maintenance Act* (DMA) to the City.
- The definition of a “diking authority” under the DMA refers to a person: owning or controlling a dike other than a private dike, a public authority, a regional district, a municipality or an improvement district.
- Under the DMA, a diking authority or person must not construct a new dike without prior written prior approval of the Inspector of Dikes.
- The provincial Diking Authorities for New Dikes Policy (2010) requires that prior to the construction of a new dike, a local government must agree to be a diking authority and to be fully responsible for its operation and maintenance.
- Since May 2017, provincial staff have been reviewing the DMA requirements and the responsibilities of a diking authority with City staff, legal counsel and their consultants. The City had been favourable to compliance during these discussions.
- A funding agreement between the City and Province under the National Disaster Mitigation Program (NDMP) has been in development since September 2018 and once signed, the City will need to meet the requirements of a diking authority.
- Upon initiating discussions on the funding agreement, the City began disputing their applicability of the DMA based on a change to the DMA in 1965 with the addition of the definition of “municipality”, as defined for the purposes of the *Municipal Act* (now the *Community Charter*), which no longer included the City of Vancouver unless expressly provided.
- The Water Management Branch has acknowledged with the City the lack of clarity created by the definition of a “diking authority” in the act and after consultation with legal counsel and the Ministry of Municipal Affairs and Housing, is seeking a decision to move forward with amending the act to expressly include the City of Vancouver.

### DISCUSSION:

The change to the DMA in 1965 to use the *Community Charter* definition of a municipality has created uncertainty regarding provincial authority and a potential risk to public safety if the City constructs dikes without adequate provincial oversight. A 2015 City policy adopted in Council expressly indicates the need for approval of the Inspector of Dikes for construction of dikes, highlighting past acknowledgment by the City of the need for oversight and approval in constructing dikes. The City has indicated a new policy has been approved by Council to support their change in perspective but have yet to provide documentation.

s.13;s.16

s.13;s.16

The short-term funding agreement between the City and Province would require the City meet the requirements of a diking authority, would minimize delays on the current contracting process, and would allow time to amend the DMA<sup>s.13;s.16</sup>

**OPTION 1: City of Vancouver meets DMA contractually while Province amends the act**

The City proceeds with planned construction and meeting provincial guidelines contractually through the funding agreement, after which they would be designated through a Minister's order while the Province amends the act.

*Implications:*

- Short term uncertainty can be addressed through the funding agreement.
- Amending legislation provides the greatest level of clarity regarding application of the DMA.
- Any gap in provincial authority between the short-term agreement and amending the legislation can be met by designating the City as a public authority.
- Less confrontational option as the City would be engaged during amendment process.
- No immediate impact to the City, but they will require DMA approvals in future.
- Reduces risk of additional cost to City from delay to contract awarding process in progress.

s.13;s.16

**RECOMMENDATION:**



**Option 1: City of Vancouver meets DMA contractually while Province amends the act**

**Approved** / Not Approved

Signature

May 7, 2019

Date

Doug Donaldson, Minister of Forests,  
Lands, Natural Resource Operations and  
Rural Development

**PREPARED BY:**

Mitchell Hahn, P.Eng.  
Inspector of Dikes  
Water Management Branch  
(778) 698-7336

**REVIEWED BY:**

	Initials	Date
DM	JA	2019-04-29
DMO	AK	2019-04-29
ADM	TE	April 15 2019
Program Dir/Mgr.	JT	April 3, 2019

## BRIEFING NOTE FOR DECISION

**DATE:** April 5, 2019

**PREPARED FOR:** Honourable Doug Donaldson, Minister of Forests, Lands, Natural Resource Operations and Rural Development

**ISSUE:** Mandate request negotiate with the Gitxsan for short term forest tenure opportunities in the Kispiox Timber Supply Area

### RECOMMENDED OPTION:

**Approve a four-year mandate to negotiate non-replaceable tenures with Gitxsan Watersheds.**

### BACKGROUND:

- In January 2011, the apportionment for the Kispiox Timber Supply Area (TSA) was approved, allocating 138 328 m<sup>3</sup>/year of Gitxsan Bill 28 volume to the non-replaceable forest licence (NRFL) category.
- The Gitxsan operate under a hereditary system, with 50+ Wilp (House) chiefs who each claim discrete territories within the Gitxsan claim area.<sup>s.16</sup>
- 
- In 2015, the Province and Gitxsan Treaty Society signed a Memorandum of Understanding agreeing to proceed with an incremental approach to a Strategic Engagement Agreement (SEA) using an aggregate model with Gitxsan Wilps chiefs grouped into nine geographic watersheds. Six of these watersheds are within the Kispiox TSA.
- SEA mandates were endorsed by the First Nations Secretariat and Natural Resource Sector (NRS) ADMs in October 2016. In February 2017, the Babine, Kispiox and Gitwangak watershed groups signed one-year Pilot SEAs. Subsequent extensions have taken place.

### DISCUSSION:

Stabilizing the relationship between the Province and the Gitxsan is a priority.<sup>s.16</sup>  
s.16

The watershed SEAs support an established consultation process and for BC and the watershed groups to pursue joint forestry, stewardship, and economic development initiatives at a watershed level. This approach encourages the chiefs to work together and reconstitute their nation level decision making structure.

s.13;s.16

s.13;s.16

Discussions with other watershed groups for similar tenure opportunities through a disposition plan can support the desired outcome of the SEAs by creating linkages between tenure, forest harvesting and the resultant direct revenue. Co-development of disposition also provides the opportunity to socialize Gitxsan values, like those identified in the Gitwangak Land Use Plan in front of the Kispiox Timber Supply Review.

This mandate, if approved, will provide an opportunity for the six Gitxsan watershed groups within the Kispiox TSA (Babine, Kispiox, Kitsequecla, Gitwangak, Middle Skeena and Suskwa) to acquire short-term tenure(s) sourced from the Bill 28 volume of 138 328 m<sup>3</sup>/year. If approved, this mandate would be valid for a period of four years. A separate mandate would be required for the remaining three watershed groups (Nass, Upper Skeena and Sustut), or any requests for long term or area-based tenures.

**OPTIONS:****OPTION 1:**

**Approve a four-year mandate to negotiate up to 138 328 m<sup>3</sup>/year for non-replaceable tenure(s) to six Gitxsan watersheds with licence terms up to five years. Co-develop a disposition strategy that works towards building confidence in the model, assumptions and partnerships.**

*Implications:*

- Co-development of a disposition strategy can examine the revival of the Gitxsan Forestry Working Group. Any process will require support from MIRR and a long-term commitment for staff time. Develops Gitxsan internal capacity to engage with government and furthers SEAs.
- Provides a forum to discuss joint initiatives including resource revenue sharing, and forest tenure and forestry business opportunities.
- Watersheds may not have capacity, internal support or engagement mechanisms to enter into tenures without first creating their own land use plans.
- s.13;s.16
- The Kispiox TSA is seen as a marginal economic unit. A Gitxsan tenure disposition plan cannot provide equivalent economic opportunity across all watersheds. A larger tenure co-managed by all watershed is consider more viable.
- Allows for work to begin immediately on a tenure opportunity for Gitwangak and engages the other Gitxsan watersheds in the planning process. However, this not a long-term sustainable opportunity.

**OPTION 2:**

s.13;s.16



**RECOMMENDATION:** **Option 1**

**Approved** / Not Approved

Signature

June 5, 2019

Date

Doug Donaldson, Minister  
Ministry of Forests, Lands, Natural Resource  
Operations and Rural Development

**PREPARED BY:**

Christian Finke, RPF  
Timber Tenures Specialist  
North Area  
(250) 561-3407

**REVIEWED BY:**

	Initials	Date
Associate DM	RM	2019-05-17
DMO	AK	2019-05-15
ADM	EOD	2019-05-15
RED	GR	2019-04-08
A/Program Dir/Mgr.	JP	March 25, 2019

## BRIEFING NOTE FOR DECISION

**DATE:** April 9, 2019

**PREPARED FOR:** Honourable Doug Donaldson, Minister of Forests, Lands, Natural Resource Operations and Rural Development

**ISSUE:** **Transfer of Licences between Tolko and Weyerhaeuser in the Merritt, Okanagan, and Boundary Timber Supply Areas**

### RECOMMENDED OPTION:

The minister determines that the requested subdivision does not compromise forest management and the intended agreement dispositions do not unduly restrict competition in the standing timber market, log market, or chip market. The minister may sign the subdivision approval and Notices to Proceed.

### BACKGROUND:

- The ministry received a Notice of Intended Disposition (NOID) (Attachment 1a) and Request for Subdivision (Attachment 2a) on September 12, 2018, requesting approval of the following tenure subdivision and dispositions:
  - Weyerhaeuser Company Limited (Weyerhaeuser) has requested to subdivide Forest Licence (FL) A18674, located within the Okanagan Timber Supply Area (TSA), into FL A18674 with an allowable annual cut (AAC) of 86,642 m<sup>3</sup>/year and FL A96465 with an AAC 93,389 m<sup>3</sup>/year. FL A96465 will then be transferred to Tolko Industries Ltd. (Tolko).
  - Tolko to transfer to Weyerhaeuser FL A74911, located within the Merritt TSA, with an AAC of 125,000 m<sup>3</sup>/year.
  - Weyerhaeuser to transfer to Tolko FL A18970, located within the Boundary TSA, with an AAC of 25,944 m<sup>3</sup>/year.
- The licensees propose this exchange of agreements so that they may hold tenure in areas more proximal to their respective sawmills (Attachment 1b).
- The minister may refuse to approve a subdivision request if he considers that the subdivision would compromise forest management.
- The minister must be satisfied that the disposition (transfers) of the agreements, identified above, will not unduly restrict competition in the standing timber markets, log markets, or chip markets.
- This briefing note is to allow the minister to review the proposed subdivision and dispositions against the criteria set out in the *Forest Act* (the *Act*) and potential impacts to First Nations to determine if the subdivision will be approved and if the transfers can proceed.

### DISCUSSION:

#### Subdivision:

Weyerhaeuser has requested to subdivide FL A18674 to provide a sufficient amount of matching volume for the tenure exchange with Tolko. Attachment 2b summarizes the review of the proposed subdivision and Attachment 2c is the approval letter for signature. The licensee has indicated that existing cutting permits will stay under the parent licence, and only certain road segments will be transferred with the new licence. Ministry staff have concluded that the subdivision as specified will not compromise forest management.

#### Transfer:

The proposed tenure exchange will create efficiencies for the companies' timber harvesting and processing operations. Other licences held by the companies will not be affected. A market



competition assessment was conducted by Compensation and Business Analysis Branch (Attachment 3). Based on the analysis, the transactions are unlikely to unduly restrict competition in the markets for standing timber, logs and chips.

The United Steel Workers have expressed concerns directly to the minister regarding these transfers, but in a general sense with respect to the community stability of the Town of Merritt and the continued viability of the Aspen Planers mill. Similar comments were also expressed to the ministry by the former Mayor of Merritt. Issues related to communities and businesses that are being impacted by reduced fibre supplies will be a key element of the Interior Forest Revitalization Initiative, but cannot be addressed within the context of this proposed agreement exchange.

### **First Nations Engagement:**

Consultation for the intended disposition, which included the request for subdivision, began October 17, 2018 with letters of notification sent to 46 bands identified as having interests that may be impacted by the proposed administrative decisions. A 60-day period to end on December 19, 2018 was set. The ministry received responses from the Nooaitch First Nation, Penticton Indian Band, Osoyoos Indian Band, Little Shuswap Lake Indian Band, the Westbank First Nation, and the Lower Similkameen Indian Band. The responses ranged from acknowledging receipt of the notification to requesting additional dialogue on the transfers. s.16

s.16

The decisions to subdivide and then transfer the FLs is an administrative one, it does not involve any changes to the licence area and it does not authorize operational activities on the land base. The concluding recommendation is that the province has provided First Nations with an adequate opportunity to provide comments and concerns regarding the proposed decision. Staff believe that the consultation process undertaken for the subdivision and intended dispositions is reasonable.

### **OPTIONS:**

#### **OPTION 1**

1. Minister determines that the subdivision does not compromise forest management and signs the subdivision approval letter.
2. Minister determines that the criteria set out in Section 54.1(a) of the *Act* have been met and signs the attached Notice to Proceed for the transfer of the FL newly created by the subdivision.
3. Minister determines that the criteria set out in Section 54.1(a) of the *Act* have been met and signs the attached Notice to Proceed for the transfers of the additional licences necessary to complete the intended tenure exchange.

### **Implications:**

- Consistent with the subdivision assessment and the competition assessment; and
- Completes the review of the intended disposition under Section 54.1(a) of the *Act* and provides business certainty to Tolko and Weyerhaeuser.

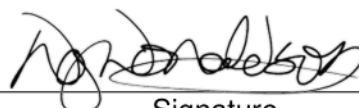
s.13

## RECOMMENDATION:

### OPTION 1

1. Minister determines that the subdivision does not compromise forest management and signs the subdivision approval letter.
2. Minister determines that the criteria set out in Section 54.1(a) of the *Act* have been met and signs the attached Notice to Proceed for the transfer of the FL newly created by the subdivision.
3. Minister determines that the criteria set out in Section 54.1(a) of the *Act* have been met and signs the attached Notice to Proceed for the transfers of the additional licences necessary to complete the intended tenure exchange.

**Approved** / Not Approved



Signature

Honourable Doug Donaldson, Minister of  
Forests, Lands, Natural Resource  
Operations and Rural Development

April 24, 2019

Date

### Attachments:

1. Attachment 1a – Notice of Intended Dispositions Weyco-Tolko.pdf
2. Attachment 1b - Proposed license exchanges MAP.pdf
3. Attachment 2a – Weyco - Subdiv Request A18674.pdf
4. Attachment 2b – A18674 Subdivision Backgrounder.docx
5. Attachment 2c – A18674 Subdivision Approval Letter (WEYCO).docx (for signing)
6. Attachment 2d – A18674 Amend 2019-01.docx
7. Attachment 2e – A96465 Licence Agreement.docx
8. Attachment 3 – Competition Review of Tolko-Weyerhaeuser licence swap\_final2.docx
9. Attachment 4 – FN Consultation Summary
10. Attachment 5 – Notice to Proceed letter A96465 (WEYCO to TOLKO).docx (for signing)
11. Attachment 6 – Notice to Proceed letter A74911-A18970 (TOLKO to WEYCO).docx (for signing)

### PREPARED BY:

Steve Baumber  
Timber Tenures Forester  
Forest Tenures Branch  
(778) 974-4047

### REVIEWED BY:

	Initials	Date
DM		
Associate DM		
DMO		
ADM	CS	April 9, 2019
Program Dir/Mgr.	DS	April 5, 2019

## BRIEFING NOTE FOR DECISION

**DATE:** April 16, 2019

**PREPARED FOR:** Honourable Doug Donaldson, Minister of Forests, Lands, Natural Resource Operations and Rural Development

**ISSUE:** Establishing Principles for the Rural Dividend Program's Special Circumstances Funding Provision.

### RECOMMENDED OPTION:

**Option 1: Approve the eligibility principles for the special circumstances funding provision.**

### BACKGROUND:

The Rural Dividend Program's special circumstances provision enables expedited funding to be provided to communities facing significant economic challenges resulting from the loss of a main employer or the impacts of a natural disaster. The provision was designed to be flexible in responding to the unique needs of communities. As a result, special circumstances applications are not subject to program criteria/requirements, and funding can be provided outside of intake periods.

Eligibility for special circumstances funding is based on the linkage of an applicant community to a significant economic event or natural disaster. Currently, no additional eligibility criteria for the funding provision are publicly available. However, to date in communication with potential applicants, the program has indicated a preference for special circumstances applications to be administered by a local government or First Nation and identified a funding limit of \$500,000 per application.

To date, a total of \$9,181,599 has been provided to 49 projects through the special circumstances provision. The majority of special circumstances funding was provided to communities impacted by the 2017 and 2018 wildfires. The percentage of funding provided through special circumstances has increased from 2% in FY 2016/17 to 17% in FY 2017/18 and 19% in FY 2018/19.

In fiscal year 2018/2019 the Rural Policy and Programs Branch contracted an independent third party (Deloitte) to complete a review of the program. The special circumstances provision was analyzed as part of the program review project and the recommendations are addressed by the proposed actions detailed below. All other program review recommendations, as well as an implementation action plan and refined program objectives, are being brought forward for approval via a separate decision note.

### DISCUSSION:

The Rural Dividend Program, and the special circumstances provision, was established prior to the significant fire seasons of 2017 and 2018. The utilization of special circumstances has surpassed expectations in recent fiscal years s.13;s.17  
s.13;s.17

s.13;s.17

As part of the program review, Deloitte completed interviews with key stakeholders and distributed a survey to all past applicants. Past applicants noted that the inconsistency of projects funded through special circumstances created confusion regarding program eligibility, and identified a perception that they are in competition with special circumstances applicants for funding. As a result, Deloitte recommended that the program review and redefine the special circumstances provision.

To address Deloitte's recommendation the program has identified a new set of principles (included as Appendix A) for the special circumstances provision, with the aim to: target funding to applicants currently experiencing economic dislocation or natural disaster; focus special circumstances funding on projects that are (1) time-sensitive; and (2) directly linked to economic dislocation or recovery; and (3) ensure consistent eligibility criteria among all Rural Dividend funding streams to increase clarity and transparency for applicants, and maintain program integrity.

These principles have been designed to directly link to the revised objectives of the Rural Dividend Program; specifically, objective 1 – “increase community resiliency and support economic diversification through enabling rural communities to prepare and respond to economic disruptions and implement their vision for long-term economic vibrancy.” If approved, the special circumstances principles will be incorporated into external program materials for the next intake period.

#### OPTIONS:

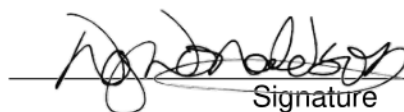
**OPTION 1: Approve the updated principles for the special circumstances funding provision.**

s.13;s.17

#### RECOMMENDATION:

**Option 1: Approve the updated principles for the special circumstances funding provision.**

☒ Approved / Not Approved



Hon. Doug Donaldson, Minister of Forests,  
Lands, Natural Resource Operations and  
Rural Development

May 3, 2019  
Date

Attachments/Appendices: Appendix A: Special Circumstances Eligibility Principles

#### PREPARED BY:

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#### REVIEWED BY:

	Initials	Date
Associate DM	RM	2019-04-23
DMO	AK	2019-04-17
ADM	CS	2019-04-17

## Appendix A: Special Circumstances Eligibility Principles

Eligible Applicants	<ul style="list-style-type: none"> <li>To ensure coordination in recovery efforts eligibility for special circumstances funding will be restricted to local governments and First Nations governments.</li> <li>Funding for not-for-profit organizations will only be provided when responsibility is formally delegated by a local or First Nation government.</li> </ul>
Eligible Communities	<ul style="list-style-type: none"> <li>Rural communities (as defined in the Rural Dividend Program Guide) that have been directly or indirectly impacted by the loss of a main employer or natural disaster. Communities will remain eligible for up to 24 months from the occurrence of the economic or natural disaster event.</li> <li>After 24 months applicants can apply for funding support through regular intake periods. Applications from impacted communities will be prioritized in the assessment process based on the need for economic development/diversification to support recovery.</li> </ul>
Eligible Project Scope	<ul style="list-style-type: none"> <li>Eligible projects must be directly focused on the planning or implementation of economic transition or recovery projects and linked to the economic or natural disaster event.</li> <li>Projects included in community transition or recovery plans will be prioritized for funding. However, inclusion in a recovery plan is not required.</li> </ul>
Eligible Project Timelines	<ul style="list-style-type: none"> <li>Eligible projects must clearly demonstrate that the timeline for proposed project prevents participation in the regular intake process.</li> <li>Projects that are not time sensitive in nature will be directed to the regular intake process.</li> </ul>
Applicant Contribution	<ul style="list-style-type: none"> <li>The required applicant contribution (20% for single applicant, 40% for partnerships) can be waived at the discretion of the ADM responsible for the Program.</li> <li>The contribution will be waived in instances where a clear justification is provided by the applicant.</li> </ul>
Eligible Costs	<ul style="list-style-type: none"> <li>Applications will be subject to the eligible cost categories identified in the Rural Dividend Program Guide. Specifically, special circumstances applications will be subject to the Program's limits on infrastructure and capital costs. Flexibility in eligible costs may be considered in extreme cases if the project demonstrates significant incremental economic benefit.</li> <li>Eligible special circumstances applicants can apply for up to \$500,000 in funding for an eligible project.</li> </ul>
Reporting Requirements	<ul style="list-style-type: none"> <li>Funded projects will be subject to the reporting requirements identified in the Rural Dividend Program Guide.</li> <li>All projects must be completed within the two-year timeframe identified in the Rural Dividend Program Guide</li> </ul>

## BRIEFING NOTE FOR DECISION

**DATE:** April 16, 2019

**PREPARED FOR:** Honourable Doug Donaldson, Minister of Forests, Lands, Natural Resource Operations and Rural Development

**ISSUE:** Rural Dividend Program Review Implementation Action Plan and Rural Dividend Program Sixth Intake

**RECOMMENDED OPTION:**

**Option 1: Approve the Rural Dividend Program Review Implementation Action Plan and proceed with the Rural Dividend Sixth Intake from June 15 - August 15, 2019.**

**BACKGROUND:**

In 2018/19 FY the Rural Policy and Programs (RPP) Branch contracted an independent third party (Deloitte) to complete a review of the Rural Dividend Program (the Program). The scope of the Program Review included the first four Program intakes and focused on identifying opportunities for continuous improvement within the Program's current structure.

Deloitte utilized an applicant-centric approach to examine the accessibility, relevance, and impact of the Program on rural communities using qualitative information gathered from past applicants and stakeholders that support the Program to deliver its objectives. Additionally, Deloitte reviewed the internal efficiency of the Program using a quantitative and qualitative approach.

Deloitte provided the RPP branch with the final report (the Report) on March 19, 2019, (Appendix A), which contains a total of 28 recommendations. Overall, the Report contains a strong message of positive feedback across the board and recognizes that the Program is highly valued by applicants, stakeholder organizations, and government departments, who have a desire for it to continue. A key recommendation identified in the Report is to review Program objectives and align them to current government and ministry objectives and mandate. This recommendation was identified as foundational to other Program revisions because changes should be completed with the intent to further the updated objectives of the Program.

The RPP Branch analyzed the recommendations using an evaluation framework that examined the overall impact, complexity, and cost of implementation. Additionally, the recommendations have been categorized by RPP according to the focus of their proposed improvements: program impact, applicant experience, or internal efficiency. RPP has developed a detailed action plan (summarized in Appendix B) that prioritizes implementing recommendations that improve program impact and overall applicant experience, to ensure the greatest benefit for external stakeholders. The timeline for the action plan is based on a proposed sixth intake period taking place from June 15 – August 15, 2019.

**DISCUSSION:**

RPP has proposed June 15 – August 15, 2019, as the dates for the 6th intake period to align with Deloitte's findings that applicants want increased consistency in the timing of intake periods. The dates are similar to the fifth intake period, and applicants are likely anticipating an intake at around that time. The proposed timing will also provide sufficient time for RPP to complete the intake process, as well as implement all remaining recommendations, prior to the end of FY 2019/20.

The Deloitte report suggests that ten recommendations be implemented by RPP prior to the sixth intake. The action plan developed by RPP includes plans to fully implement 13 recommendations, focused on applicant experience and program impact, prior to the sixth intake. An additional 15 recommendations will be partially implemented before the sixth intake and completed after the sixth intake. This phased approach will allow the program to gather data and conduct analyses related to reconciliation and GBA+ to ensure that the implementation of the recommendations has no unintended consequences for rural BC.

During the assessment of the Deloitte recommendations, RPP identified that the refinement of Program objectives to align with current Ministry and Government priorities was foundational to subsequent revisions. As a result, the Branch held a full day meeting with Program staff and leadership, to revise and update the objectives for the Program:

1. Increase community resilience and support economic diversification through enabling rural communities to prepare and respond to economic disruptions and implement their vision for long-term economic vibrancy.
2. Support Indigenous communities and organizations to develop and lead both traditional and emerging economic opportunities, including in the natural resource sector.
3. Strengthen the capacity of small and remote communities to address unique challenges in realizing their economic potential.
4. Assist rural communities in investigating and pursuing innovative economic opportunities that support a cleaner future for BC.

If approval of the revised objectives is provided, RPP will work to integrate them into Program materials and processes prior to the sixth intake period.

#### OPTIONS:

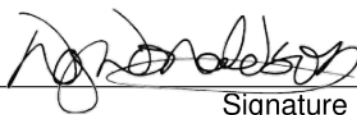
**OPTION 1:** Approve the Rural Dividend Program Review Implementation Action Plan and proceed with the Rural Dividend Sixth Intake from June 15 - August 15, 2019.

s.13;s.17

#### RECOMMENDATION:

**Option 1:** Approve the Rural Dividend Program Review Implementation Action Plan and proceed with the Rural Dividend 6th Intake from June 15 - August 15, 2019.

☒ Approved / Not Approved



Honourable Doug Donaldson, Minister of  
Forests, Lands, Natural Resource  
Operations and Rural Development

May 3, 2019  
Date

#### Attachments/Appendices:

- Appendix A: Rural Dividend Program - Program Review Report, by Deloitte
- Appendix B: Program Review Action Plan



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	Initials	Date
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DMO	AK	2019-04-17
ADM	CS	2019-04-17