

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

Date: July 3, 2018
CLIFF: 240464

PREPARED FOR: Honourable John Horgan, Premier of British Columbia

ISSUE: s.21

BACKGROUND:

North Enderby Timber Ltd. (NET) is a family owned and operated cedar mill in Enderby, a small rural community north of Vernon, B.C. NET is the largest employer in Enderby and has a significant number of First Nations employees. NET has produced a variety of quality cedar products since 1984 and focusses log purchases towards second growth interior western red cedar. Larry Poggemoeller is the president of NET and is s.21

s.21 The mill does not hold Crown tenure and relies on open market purchases of cedar logs to supply their fibre needs. NET also runs a successful logging operation that actively bids on BCTS Timber Sales.

DISCUSSION:

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s.13 Mr. Poggemoeller is aware of the *Forest Act's* authorities limiting direct awards of Crown timber to enterprises other than First Nations. s.13

NET senior staff, as part of the Wood Secretariat Fibre Access Working Group, has been engaged with FLNRORD in developing proposals designed to improve access to fibre to Value Added and

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Independent Sawmills. The working group is meeting July 5, 2018 to develop a final draft of the proposals that will be submitted for review by the Wood Secretariat on July 18, 2018.

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MINISTRY RESPONSE:

- The *Forest Act* limits the ability to direct award timber other than to First Nations and is related to accommodation.

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- Firms such as North Enderby Timber Ltd. are important to maintaining the economic health of rural communities in BC and maintaining the social contract with forest dependent communities.

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BRIEFING NOTE FOR INFORMATION

DATE: July 12, 2018
PREPARED FOR: Honourable John Horgan, Premier
MEETING: Tom Sigurdson Executive Director BC Building Trades
ISSUE: Community Benefits Coalition of BC

SUMMARY:

- **The government wants to see community benefits generated from investments in public sector infrastructure projects.**
- **Work is underway to create a Community Benefit Agreement (CBA), also known as a labour agreement, with an affiliation of the BC Building Trades to support this objective.**
- **The perspectives and views of groups like the Community Benefits Coalition of BC (CBCBC), are important to help government understand what could be achieved and how, through a community benefits agreement.**

BACKGROUND:

The Community Benefits Coalition of BC (CBCBC) was formed in 2018 to advocate for Community Benefits Agreements (CBAs) on publicly-funded infrastructure projects. The CBCBC is composed of members of the labour movement and local companies who describe a belief that projects paid for by B.C. taxpayers can and should provide tangible long-lasting benefits that go beyond the project itself.

The CBCBC represents a number of labour, industry and community associations. Labour groups include the BC Building Trades, the International Brotherhood of Electrical Workers, and Construction and Specialized workers, among others. Industry groups include Sasco, Concert Properties, Ruskin construction, asphalt and paving companies such as Quesnel paving, and transportation companies such as Nisga'a-Arrow Transportation Limited. Financial and community associations include Community Savings Credit Union.

The Ministry of Transportation has been assigned the lead role in developing a provincial Community Benefits Framework for government and will be engaging with community groups such as the CBCBC on activities that go beyond community benefits agreements.

DISCUSSION:

The CBCBC is a new coalition that has been publically advocating for the use of community benefits agreements on major public sector infrastructure projects. Currently CBCBC is composed of a single office in the lower mainland. Topics that the CBCBC may want to discuss with the Premier include:

- **Upcoming Release of Community Benefits Agreement**

CBCBC Opinion

- 1) The Province should deliver major infrastructure projects through a community benefits agreement.

Response: A Community Benefits Agreement will be in place to deliver a select suite of infrastructure projects, as part of the development of a broader community benefits framework for government. Labour agreements are one mechanism that can be used to ensure community benefits are delivered on major public sector infrastructure projects.



FINANCIAL IMPLICATIONS:

- None

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INITIALS

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

Date: July 18, 2018
File: 280-20
XRef: 236190, 696634
CLIFF: 240796

PREPARED FOR: Honourable John Horgan, Premier of British Columbia

ISSUE: Log Exports in the Terrace Area and Government move towards a Legacy Tree Policy.

BACKGROUND:

The United Steel Workers District 3 (USW) has requested a meeting with Premier John Horgan to discuss log exports via Order in Council in Terrace & area as well as government's move towards a "Legacy Tree" project.

Log Exports

There are two general mechanisms by which timber can receive an exemption from the requirement to be manufactured in British Columbia (s129 of the *Forest Act*). The first requires fibre be advertised for sale to the domestic industry on the surplus test and the second is through one of the 5 blanket log export Orders in Council (OIC) that allow for some or all of the timber harvested in a specified geographic region to be exported without going through the surplus test.

There are currently two OICs in the Terrace area, the Northwest Interior and the Nass Timber Supply Area (TSA) OICs.

The Northwest Interior OIC was first established in 2004 and allowed 35% of a licence harvest to be exported (excluding cedar and cypress). In 2013, the OIC was amended to only allow 20% of the harvest to be exported under the OIC. The fee in lieu of manufacture for exported timber of all species/grades is \$1/m³.

The Nass TSA OIC was first established in 1985. It has always allowed 100% of timber of all species to be exported without going through the surplus test. The fee in lieu of manufacture for exported timber of all species/grades is \$1/m³.

The five log export OICs were recently extended to January 2019 to provide time for additional consultation and engagement with First Nations.

DISCUSSION:

Hemlock is the dominant species exported from provincial Crown land in BC. There is low demand for hemlock domestically due to lack of manufacturing facilities (driven by a combination of challenges with kiln drying and inconsistent lumber markets), which results in low domestic prices. s.13

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Legacy Trees

BACKGROUND:

The coastal rainforests of BC contain some unique, exceptionally large, old trees. These trees are often attributed with having important cultural, aesthetic and ecological values, and recently economic values which help support tourism.

A government initiative to develop a policy for retaining big trees within the timber harvesting land base is a result of the ministry's longstanding belief that managing these unique, individual and areas of, trees is the appropriate public policy. A policy of this kind could become a necessary tool in the provincial protection and management of old growth features.

In spring 2018, the Minister of FLNRORD requested that a policy be developed for the protection of big and iconic trees for coastal BC forest areas. This is in addition to the current practise of establishing other reserves which include big trees such as old growth management areas, culturally significant trees, wildlife habitat areas, riparian reserve areas and biodiversity reserve areas.

BC Timber Sales (BCTS) and Western Forest Products, in their coastal forest operations, have been implementing their own Best Management Practices (BMPs) for the retention of legacy, big iconic trees since 2017. These BMPs were developed from information gathered by the Province for examining the potential for a provincial policy.

DISCUSSION:

MINISTRY RESPONSE:

- Thank you for your participation in the June 26 Coast forestry revitalization meeting.
- Ministry of Forests, Lands, Natural Resource Operations and Rural Development is leading the coordination of actions from the meeting. Assistant Deputy Minister Chris Stagg and John Allan are the primary contacts for follow up discussions. I know John is actively reaching out to all participants for follow up conversations.

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- I would appreciate your ideas on how we can increase domestic manufacturing of logs without adversely impacting small tenure holders and communities that currently rely in part on the export market.
- A priority of the Ministry of Forests, Lands, Natural Resource Operations and Rural Development is to develop more jobs per cubic metre logged in BC. Advancing this priority will be done through collaboration with all stakeholders including industry, labour, communities and First Nations.

Attachment(s): Appendix 1. Summary of Log Exports from the Northwest Interior

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DM	TS	July 24, 2018
DMO	AN	July 20, 2018
ADM		
PRGM Dir./Mgr.	JB	July 17, 2018

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Summary of Log Exports from the Northwest Interior in 2016 and 2017

OIC Name	2016					
	Harvest (m ³)	Total Export (m ³)	Surplus Test (m ³)	OIC Exemption (m ³)	% of Export Under OIC	% of Harvest Permitted for Export
Northwest Interior	1,618,267	197,394	175,613	21,781	11%	12%
Nass	173,502	159,931	28,133	131,798	82%	92%

OIC Name	2017					
	Harvest (m ³)	Total Export (m ³)	Surplus Test (m ³)	OIC Exemption (m ³)	% of Export Under OIC	% of Harvest Permitted for Export
Northwest Interior	2,092,915	480,873	425,912	54,961	11%	23%
Nass*	307,967	212,728	-	212,728	100%	69%

* Nass harvest and export for 2017 is based on TSA fibre only. There may be other non- TSA volumes.