

BRITISH COLUMBIA
MINISTRY OF FORESTS, LANDS,
NATURAL RESOURCE OPERATIONS AND RURAL
DEVELOPMENT

Tree Farm Licence 44

Rationale for
Allowable Annual Cut (AAC)
Partition

Effective December 8, 2020

Diane Nicholls, RPF
Chief Forester

Objective of this Document

This document provides an accounting of the factors I have considered and the rationale I have employed as Chief Forester of British Columbia (BC) in making my decision, under Section 8 of the *Forest Act*, of the amendment of the allowable annual cut (AAC) partitioning for Tree Farm Licence (TFL) 44.

Acknowledgement

For preparation of the information I have considered in this determination, I thank staff of the BC Ministry of Forests, Lands, Natural Resource Operations and Rural Development (herein referred to as “the Ministry”) in the South Island Natural Resource District, West Coast Natural Resource Region and the Forest Analysis and Inventory Branch (FAIB). I am also grateful to the First Nations and licensees who have provided input.

Statutory Framework

Subsection 8(5) of the *Forest Act* states that the chief forester may, at any time, specify that portions of the allowable annual cut are attributable to one or more of the following:

- (a) different types of timber or terrain in different parts of Crown land within a timber supply area or tree farm licence area;
 - (a.1) different areas of Crown land within a timber supply area or tree farm licence area;

Subsection 8(5.1) states that the chief forester may, at any time, amend or cancel a specification made under subsection (5).

Specifications under the *Forest Act* Section 8(5)(a) are commonly referred to as AAC partitions.

Description of TFL 44

TFL 44 is located on west central Vancouver Island in the vicinity of the Alberni Inlet and Barkley Sound. It extends from Strathcona Park in the north to Walbran Creek in the south. The TFL area includes land ranging from the Pacific Ocean to the Beaufort Range and Mount Arrowsmith.

The TFL is held by TFL 44 Limited Partnership which is a partnership between Western Forest Products Inc. and Huu-ay-aht First Nation. The TFL is administered by the Ministry of Forests, Lands, Natural Resource Operations and Rural Development (FLNRORD) South Island Natural Resource District.

At the time of this determination, TFL 44 occupies 141 566 hectares of land, of which 125 135 hectares are forested. The current timber harvesting land base (THLB) is 80 409 hectares, or 57 percent of the total TFL area. The forests of TFL 44 are mostly located within the wetter and very dry maritime Coastal Western Hemlock biogeoclimatic zone, and the dominant tree species are western hemlock, western redcedar, amabilis fir, Douglas-fir and yellow-cedar.

Communities within or adjacent to the TFL include Port Alberni, Bamfield, Anacla, Nitinat and Kildonan. While economic activities in and around these communities include aquaculture, commercial fishing, recreational fishing and tourism, forestry activities provide for the majority of employment in the area.

Allowable Annual Cut Determination

The last AAC determination for TFL 44 was made May 5, 2011, when the AAC was set to 800 000 cubic metres. There were no partitions set at that time.

The rationale for AAC determination for TFL 44 included the following implementation instructions:

- *Operational Adjustment Factors (OAFs)* - I expect the licence holder to develop OAF 1 and OAF 2 values that accurately reflect site occupancy, endemic pests and diseases, and decay, waste and breakage in managed stands in order to localize managed stand yield projections.
- *Monumental cedar* - I expect the licence holder to work with local First Nations regarding their needs for monumental cedar.

Further information, regarding the current AAC determination and implementation instructions, are described in the *Tree Farm Licence 44, Rationale for Allowable Annual Cut Determination* (Effective May 5, 2011).

On December 17, 2015, the AAC was reduced by 6400 cubic metres to account for *Forest Revitalization Act* order # 3(4) 27-4, which removed 797 hectares from the TFL. This resulted in the current AAC of 793 600 cubic metres.

The legislated deadline, for the next AAC determination for TFL 44, is May 5, 2021, which is 10 years from the previous determination. The licence holder has initiated the timber supply review process and is working with FLNRORD staff to prepare a timber supply analysis in support of the next AAC determination.

Reasons for Partition

TFL 44 Limited Partnership (the licence holder) requested that I consider establishing two AAC partitions in advance of the next AAC determination. The partitions are intended to ensure that harvesting is aligned with the timber profile of the economically operable land base, and the harvest of second-growth stands is within a sustainable level.

Following an economic operability evaluation of the TFL, concerns were raised by the licence holder regarding the economic harvest profile of the management unit. In 2020, the licence holder completed an economic analysis of the land base, using forest inventory data (including LiDAR) and current economic data. This analysis compared the modelled haul costs, estimated average phase costs and estimated timber value of projected harvest blocks in the TFL. Timber values were derived using current market prices and species-specific log sorts. Results of the

analysis showed that a significant component of the old-growth forest in the TFL, particularly in helicopter-operable areas, is uneconomic to harvest under current and foreseeable conditions.

The licence holder proposed that an AAC partition be implemented to ensure the future harvest profile matches the timber profile of the TFL, avoiding a disproportionate amount of the total AAC from being harvested from the economic land base.

The licence holder also expressed concerns regarding the potential overharvest of second-growth stands, as the expected transition from old-growth to second-growth harvesting approaches. Results of the timber supply analysis, that supported the 2011 AAC decision, indicate a timber supply shortfall 15 to 40 years from now, if the transition to second-growth harvesting occurs sooner than projected.

In April 2020, the licence holder made a presentation to me and Forest Analysis and Inventory Branch (FAIB) staff, which resulted in a request for further discussions and additional analysis. On May 4, 2020, the licence holder provided me with a memo that included the results of further analysis requested by the Ministry and clarification about the requested partition levels.

The analysis indicated that 29.1 percent of the merchantable growing stock volume in the TFL is potentially uneconomic to harvest due to the costs (associated with harvesting and transportation), which exceed the average market value of the timber for these stands. This growing stock was assumed to contribute to the timber supply when the AAC was last determined. The licence holder estimated, on a proportional basis, that 230 940 cubic metres of the current AAC (of 793 600 cubic metres) is attributed to the potentially uneconomic land base, and 562 660 cubic metres is attributed to economic land base.

The partition request for second-growth stands was also derived using a timber supply analysis completed by the licence holder. The analysis indicated that the current AAC could not be supported if more than 20 percent of short-term harvest was directed to stands classified as 61 to 120 years old in the revised forest inventory. From these results, the licence holder asserts that no more than 20 percent of the remaining AAC attributed as economic should be harvested from second growth without risking sustainability. The licence holder estimated, on a proportional basis, that a maximum of 112 530 cubic metres of the economic AAC of 562 660 cubic metres could be attributed to the second-growth growing stock.

In order to address uncertainties associated with the economic analysis, the partition values were adjusted downward by approximately five percent. The final partition levels recommended by the licence holder are: 535 000 cubic metres attributable to the economic land base, and 110 000 cubic metres attributable to second growth (stand age less than 121 years). These recommendations were confirmed by FAIB staff, using data from the Harvest Billing System (for the period from 2016 to 2020).

First Nations Consultation

The Crown maintains a duty to consult with, and accommodate (as necessary), those First Nations for whom it has knowledge of claimed Aboriginal Interests that may be impacted by a proposed decision, including strategic-level decisions such as AAC determinations.

Fifteen First Nations have traditional territories that overlap with TFL 44: Cowichan Tribes, Halalt First Nation, Lyackson First Nation, Penelakut Tribe, Stz'uminus First Nation, Ts'uubaa-asatx First Nation, Ditidaht First Nation, Huu-ay-aht First Nation, Toquaht First Nation, Uchucklesaht First Nation, Ka:'yu:'k't'h'/Che:k:tlles7et'h', Ucluelet First Nation, Pacheedaht First Nation, Tseshaht First Nation, and Hupacasath First Nation.

South Island Natural Resource District staff members initiated consultation through a letter sent to each of the First Nations on July 13, 2020. The letter provided background information on the AAC partition request and explained how the decision to amend the AAC with new partitions fits in the context of the ongoing TSR process for TFL 44. A request for further clarification was received from Stz'uminus First Nation, to which district staff responded by providing further information. The Pacheedaht First Nation responded stating no exception to the decision.

In reviewing the First Nations consultation process with district staff, I conclude that the First Nations, with territories overlapping TFL 44, were consulted in accordance with current provincial guidance and applicable case law. I am satisfied that consultations have been carried out in good faith and the Crown's process of seeking to understand potential impacts to First Nations values and interests was reasonable.

Determination

As chief forester, in making an AAC decision, I must determine a harvest rate that appropriately protects timber and non-timber values, sufficiently mitigates impacts to the constitutionally protected rights and title of Indigenous peoples, and respects public interests, while supporting the provincial and regional economies.

Having considered the information in '*Reasons for Partition*', I conclude that the requested partitions promote good stewardship of the TFL and protect the sustainability of the current AAC. I note that a partition placed on the economic land base will limit the rate of harvesting in high-productivity old-growth stands until such time as I determine a new AAC that reflects the new economic analysis. Therefore, I have determined that it is appropriate to amend the AAC for TFL 44 by establishing two new AAC partitions.

The total AAC for TFL 44 of 793 600 cubic metres per year remains in place and will not change until a new timber supply review is completed and a new AAC is determined. I specify, under Section 8(5)(a) of the *Forest Act*, the following geographic and timber profile partitions to the current AAC:

- 535 000 cubic metres of the AAC is attributed to the economic land base, spatially delineated in the *2020 Economic Analysis* for TFL 44; and,

- 110 000 cubic metres of the AAC is attributed to the economic land base in stands with an age less than 121 years, as indicated in the *2020 Economic Analysis* for TFL 44.

In the period following this decision and leading to the subsequent AAC determination, I expect Ministry staff and licensees to continue to complete the implementation instructions provided in the *2011 AAC Rationale*. These projects are important to reduce the risk and uncertainty associated with key factors that affect the timber supply.



Diane Nicholls, RPF
Chief Forester



December 8, 2020