



Workers at MacMillan Bloedel's Vancouver Plywood plant know firsthand that company tree farms do not guarantee jobs

# Corporations make takeover bid for B.C. forests

The final transfer of British Columbia's forests from public to corporate control is underway. The plan was given to Premier Bill Bennett by the province's forest companies in a July, 1983 confidential brief. Many elements of the plan have been implemented and a public relations campaign is being orchestrated to sell the rest to the public.

Just three weeks after his May, 1983 election success, Bennett asked the Council of Forest Industries of B.C. (COFI) for their views on how to make the Ministry of Forests more cost-effective. Within a month the forest corporations sent their answer. Their concept of cost-effectiveness was to strip the government of its powers to regulate critical logging ac-

tivities. The companies want a major say in setting the rate of harvest and assessing timber for stumpage payments.

A copy of the COFI brief was recently obtained by NDP forestry

by Richard Overstall

critic Bob Skelly. Its 21 recommendations are listed on page 7. Many of them have already been acted upon by the Bennett government.

The corporations' first move was to neutralize any opposition that may remain in the provincial resource agencies. First, they advocated combining all forest-related agencies under the Ministry of Forests roof (Recommen-

dation 1). Then they suggested staff should be cut from the ministry's policy-making offices in Victoria and the six regional resource centres. By pushing for decentralization down to the district level, the centralized companies, operating province-wide, would be able to dominate policy decision making (Recommendations 3 to 7).

As background for these recommendations, COFI said that forest companies had reduced their staff levels by as much as 20 percent over two years. But when pressed for details on the industry reductions, COFI staff member Brian McCloy said they got the figure from newspaper reports. "I am not aware of any definitive analysis that was done to develop that number," he

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ANCH

Jan Bricker

said.

This February the government cut Ministry of Forests staff by another 506 people, bringing one year's reduction to 25 percent. The ministry seems therefore to have been significantly more weakened than industry.

**Harmonized objectives**

When forest-use questions are resolved in the public interest, conflicts are bound to occur. But COFI sees them only as leading "to lengthy and costly public debates, major delays in reaching decisions and less than optimal multiple-use management decisions". Industry would do away with all this by establishing "a single forest resource management agency (that) would facilitate faster, more cost-effective decision-making internally, by groups of civil servants operating under one common set of harmonized objectives."

One of the harmonized objectives under the COFI plan would be the "acceptance of a defined risk factor" by government when holding companies accountable for contract obligations under crown timber licences (Recommendation 12).

Acceptance of a "defined risk factor" is a bit of double-think meaning the companies should be allowed to cheat. To facilitate this, the brief recommends that timber cruising and log scaling be taken out of government hands and be privatized.

The rewards to the companies of government accepting a defined risk can apparently be considerable. A recent report from the Ombudsman, Karl Friedmann, revealed a major forest company, B.C. Forest Products, gained between \$4.5 and \$6.3 million from its contractors and between \$1.3 and \$2 million from the government over a three-year period because of inadequate log scaling procedures. Scaling is the measurement of log volume to determine government royalties and other transactions.

**Scaling deficiencies**

The Ombudsman's report shows the government is bending over backwards to avoid making the company pay its bill. When B.C. Forest Products refused to comply with a legal order to supply log tallies, the Ministry of Forests did not enforce compliance. The ministry was well aware of the scaling deficiencies and, according to Friedmann, has the authority to correct the problem.

"But the Ministry has refused to exercise this authority," Friedmann concludes, "apparently because the sole beneficiary of this deficient scal-

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# Tree Farms extend company power with dubious science

A test case in the current push to privatize B.C.'s public forests is Canfor Ltd.'s bid for a 8,200 square kilometres (3,200 square miles) Tree Farm Licence in the Peace River area. Forests minister Tom Waterland chaired a public hearing into the application in January but has not yet announced his decision.

Canfor is B.C.'s fourth largest forest company and has a big problem. Its northeast B.C. forest licences can supply only two thirds of the logs its Chetwynd and Fort St. John sawmills need. The forest ministry says that under its rules there is no more wood available. With a \$250 million debt, the company can ill afford to scale down its operations.

The TFL proposal therefore plans for a 20 percent increase in the Canfor annual cut by conducting a \$1 million a year intensive forestry program. By attempting to increase the second-growth forest in the future, the company claims it should be allowed to cut more of the old-growth now. However, Canfor would not have to spend a cent of its own money. The forestry costs would all be deducted from its stumpage payments to the province.

The B.C. taxpayer gains nothing from the proposal. He pays for the intensive forestry whether the forest is held under a company-controlled TFL or under the existing publicly-controlled Timber Supply Area (TSA). The company though, has a clear advantage. The benefits from government-funded forestry channeled through a TFL would all accrue to Canfor mills, but if channeled through a TSA the benefits would be open to competition among independent loggers, small sawmills and woodlot operators as well as the big corporations.

Further problems can occur when intensive forestry fails to deliver what it promised. Such a silvicultural surprise was discovered last summer on Canfor's existing Nimpkish Valley TFL on Vancouver Island. Douglas fir plantations were found

to contain many trees with flattened, twisted tops — a condition that can lower the value of the wood, stunt the tree's growth or even kill it. An initial survey of 25 plantations showed 30 percent of the trees were deformed. Canfor and government researchers are trying to find the cause although a deficiency of boron in the soil is suspected.

The deformed Nimpkish firs were over 20 years old with the con-



Deformed Douglas Fir second growth may jeopardise future timber yields

dition getting worse with age. As most intensive silvicultural research in B.C. has been underway for less than a decade, such long-term problems have not been studied. Although the Vancouver Island Douglas fir is by far the most popular species for intensive forestry studies, there is apparently still much to learn.

In contrast, there has been virtually no intensive silvicultural research in northern B.C. Therefore no one can predict if the silvicultural benefits claimed by Canfor for their Peace River TFL proposal can ever be realized.

Ministry of Forests

## TAKEOVER

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ing process is not willing to be billed.

"In my mind, this position is not only contrary to the spirit and intent of the Forest Act, but also contradicts any proposition that the ministry might be managing the province's forests in the public interest."

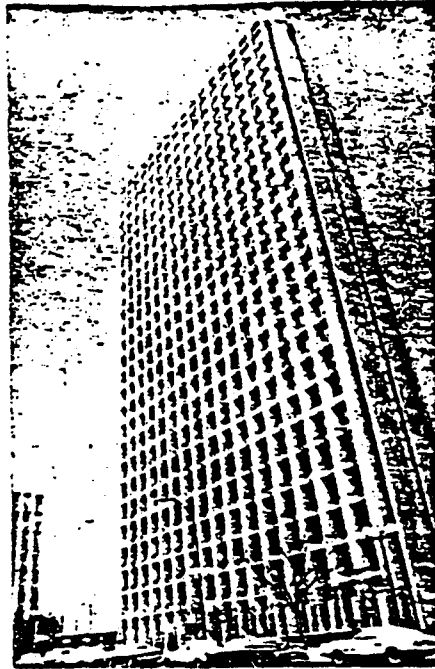
Besides the elimination of "constant and costly checks" on their activities, the corporations also want to set the rules. Today, forest licences are given a portion of a government-calculated allowable annual cut volume. In future, the companies want the option to get a licence for a given area and be allowed to set the cut themselves (Recommendation 11). COFI leaves no doubt that this will lead to increased rates of logging. The call for "the opportunity to obtain the full harvesting benefits accruing from their intensive forest management activities (Recommendation 10).

## Allowable cut effect

This is a controversial technical sleight of hand called the Allowable Cut Effect (ACE). In theory it works like this. A forester tries to make young trees grow bigger and faster with fertilizers, thinning, genetic engineering and so on. He then argues that because the growing forest will yield more wood in the future it is permissible to cut more of the old-growth forest today. Unfortunately for the theory, there are not enough data to honestly allow its implementation. There is insufficient information on the gains to be had from intensive forest management techniques on enough different tree species, over a wide enough range of climatic zones, and for a long enough period of time.

The conversion of volume-based forest tenures to company-controlled, area-based tenures is already underway. A September 1983 ministry discussion paper outlined a "Forest Management Partnership Proposal". Its stated purpose was to explore opportunities "to increase the role of the private sector by assignment of more responsibility and accountability for management of certain types of harvesting agreements". The paper proposed the privatization begin with Tree Farm Licences but eventually cover all tenures.

The ministry discussion paper groups government management responsibilities under a dozen headings and suggests significant transfer of power to the companies for most of them. In exchange for the loss of professional monitoring, industry would be expected to put on a public meeting once a year.



Forest policy will now be determined at company headquarters

The forest partnership proposal has yet to be implemented. But already the government is processing applications for 32 additional Tree Farm Licences, many of them in the interior.

## Emotional trigger

Bennett and the companies know there will be resistance to the handing over of B.C.'s forests to industry. That resistance is being overcome by using reforestation as a public relations lever. In the public mind all forestry issues tend to be reduced to one simple question: are enough trees being planted? The other side of that question — is the old growth forest being over-cut? — is less frequently raised. Reforestation is to forest management what baby seals are to wildlife management — an emotional trigger which gets things moving, if not always in the right direction.

In early 1984 the forestry establishment started to pull in earnest on the PR lever. Chief forester Bill Young got the public in the right frame of mind by detailing the serious impact of fiscal restraint on forest renewal and calling for an end to disputes, charges and countercharges between government and industry. "It's a time for some joint visionary and innovative development of financing alternatives," he said.

Then a federal-provincial reforestation program was postponed for no reason that B.C.'s forests minister Tom Waterland could explain. The program would have put \$37 million

into renewing B.C. forests this year, producing more than 200 seasonal jobs in the northwest alone.

## Pious rhetoric

In mid-February the B.C. professional foresters held their annual meeting, always an occasion for pious rhetoric denouncing government's forest practices but rarely those of industry. This time it was the turn of Noranda Mines president Adam Zimmerman who runs 20 percent of B.C.'s forest industry through MacMillan Bloedel and Northwood Pulp. Zimmerman thought foresters were too retiring. "But that is no longer the way of the world. The world demands articulate, forceful and convincing people. Those who are, get their share of the lolly, those who aren't, are also-rans."

Zimmerman soon heard that the corporations had been convincing enough to get their share of the lolly. B.C. deputy forests minister Mike Apsey told the foresters what their bosses already knew — the COFI position was official policy. He said they were mistaken if they believed recent changes in forest management are all in the name of restraint.

"They involved a major rethinking of our role. We will be backing away from direct involvement in operational forestry... We will be more concerned with results than methods."

A few days later a Vancouver Province editorial delivered the punch line to the industry-government alliance.

"If Victoria can't accept its responsibility, we must consider the unthinkable. Would corporate ownership of forest lands, rather than the present share-cropper tenancies, result in better forest management?"



Trickle-down theory.

# The Industry Plan

The following 21 recommendations were contained in the confidential Council of Forest Industries brief to Premier Bennett of July, 1983

**Recommendation 1** — Form a new British Columbia Ministry of Renewable Resources with full responsibility and public accountability for all of the following management functions: forests, range, fish, wildlife, parks, marine resources, ecological reserves and lands. Although the forest management component should play a lead role, other resource interests and functions can be adequately represented by appropriate groupings within this new consolidated Ministry. Wherever practical, all overhead administrative functions, such as accounting and payrolls, should be consolidated into one Ministry activity.

**Recommendation 2** — Place all Ministry field resource management personnel on an equivalent working basis with their counterparts in industry.

**Recommendation 3** — Re-group headquarters staff into just three Divisions with responsibility for operations, planning, and administration respectively, and reduce the staff totals by delegating more responsibility and accountability to Regional and District staffs.

**Recommendation 4** — Rationalize the number of Regional offices, for example by merging the whole coast area into one consolidated Coast Region.

**Recommendation 5** — Assign full forest and range management decision-making responsibility and accountability to District offices, thereby significantly reducing the numbers of staff required in the remaining Regional offices.

**Recommendation 6** — Re-define the key roles of Regional offices as general auditors of District and industry performance, as centres of research and management specialists available to advise District staff on request, and as centralized administrative centres for payrolls, accounting, etc.

**Recommendation 7** — Appoint experienced generalist professional forest land managers at the District level, each with an assigned geographic area of responsibility, and supported by a limited number of specialist research or management professionals in Victoria or in the Regional offices. These field generalists to be held responsible and accountable for all decisions made in their specific zones, thereby significantly reducing the total numbers of staff required and the number of routine forms to be filled out and checked.

**Recommendation 8** — Remove all administrative boundary anomalies, thereby making overall administration simpler and more cost-effective.

**Recommendation 9** — Enhance the scope and role of research staff as specialists within a truly decentralized organization, with an increased emphasis on technology transfer to the Districts and to industry.

**Recommendation 10** — Offer Forest Licence holders the option of considering defined areas for continuing forest management responsibility, including the opportunity to

obtain the full harvesting benefits accruing from their intensive forest management activities.

**Recommendation 11** — Expedite the conversion of volume-based forest tenures to area-based tenures wherever such conversions are prudent.

**Recommendation 12** — On all Tree Farm Licences and Forest Licences, delegate full responsibility as provided for in the licence documents, subject to audits, reports and meaningful penalties for non-performance as deemed appropriate, with acceptance by government of a defined level of risk inherent in such a system of management-by-exception. Government personnel must adopt a level of trust in industry documents which carry the seal of a Registered Professional Forester.

**Recommendation 13** — Re-examine the need and scope of the Small Business Enterprise Program to meet the real needs of the local industry and community, and fully integrate all planning for this Program with overall forest management planning. Involve both Small Business operators and other established licensees in this local planning process. Any unused Small Business timber allocations should be released to established licensees in the area, on a pro rata basis.

**Recommendation 14** — Maintain and enhance insect detection and control programs in both the short term and long term.

**Recommendation 15** — The British Columbia government to adopt a positive policy of active assistance in the registration and approval process for new insecticides, herbicides and biological control agents.

**Recommendation 16** — Establish a joint government/industry committee to study all aspects of fire suppression management responsibility and cost-effectiveness.

**Recommendation 17** — Assign full log scaling responsibility to licensees, subject to government audit.

**Recommendation 18** — Assign full responsibility for timber cruising to the licensees where this is not already being done, subject to Ministry audit.

**Recommendation 19** — Amend the Ministry Policy to allow timber licensees to elect to construct and operate forest nurseries large enough to be cost-effective in the production of seedlings of the type and quality required.

**Recommendation 20** — Assign to licensees the responsibility to produce or purchase all seedlings to meet their needs at the lowest cost, including contracting back to the Ministry.

**Recommendation 21** — Decentralize all marine services with provision for a local option to contract with the private sector for the provision of all marine transport services, as is already done for air transport services. Extend this services-privatization approach wherever possible, for example for automobile or truck fleets, or for mechanical services.