



Office of the Official Opposition  
NEW DEMOCRATIC PARTY CAUCUS OF B.C.  
Parliament Buildings, Victoria V8V 1X4 • Telephone 387-1448

February 2, 1984

VICTORIA - NDP Forests Critic Bob Skelly, M.L.A. (Alberni) today accused the Ministry of Forests of being "little more than a subsidiary of the large forest companies in general, and of the Council of Forest Industries in particular."

Skelly made public a confidential COFI submission to the Premier which has set the broad outlines of Ministry policy since last July.

"Rather than open public consultation and discussion of forest resource management, we have had secret policy-making by COFI through the Office of the Premier" Skelly charged.

Skelly said that key recommendations of the COFI brief have been or are now being implemented.

1. Important government management functions such as cruising and scaling of Crown timber are being transferred to forest companies holding Tree Farm Licences, and a discussion paper released by the Minister anticipates the end of all but random checks in Forest Licences.
2. Staff levels in the regional and district offices of the Ministry of Forests have been reduced drastically since July.
3. The regional offices are being rationalized in line with the policy of transferring management responsibilities to large forest companies.
4. The Ministry is engaged in the task of converting forest licences into Tree Farm Licences in the Interior, without benefit of impartial public review as called for by independent loggers.

Skelly said he fears the government will soon implement the even more controversial proposal to place government agencies responsible for parks and fish and wildlife under the control of a new forest industry-dominated Ministry of Renewable Resources.

(more)



Council of  
Forest Industries  
of British Columbia

1983 July 23

TO: POLICY COMMITTEE )  
WORKING COMMITTEE ) "MOF ADMINISTRATION"  
STAFF LIAISON COMMITTEE )

Re: "MOF ADMINISTRATION" -  
FINAL REPORT


Gentlemen:

Attached is a copy of the final version of the industry's report, as has now been submitted to Premier Bennett.

Your excellent assistance in the preparation and fine-tuning of this report, within very tight deadlines, is much appreciated.

Please continue to treat this report as 'CONFIDENTIAL'.

Yours sincerely

  
D.L. McInnes  
Chairman  
Policy Committee

DLM/bd

Attach.



Council of  
Forest Industries  
of British Columbia

1983 July 28

The Honourable W.P. Bennett  
Premier  
Province of British Columbia  
Parliament Buildings  
Victoria, B.C.  
V8V 1X4

Re: Forest Industry Proposals for  
Cost-Effective Forest Resource Management

Dear Mr. Premier:

This letter, and the attached Brief, are submitted to you in response to your personal invitation to the Council of Forest Industries of B.C. (COFI) on May 27th to present industry's ideas on ways to make the Ministry of Forests' activities more cost-effective.

The forest industry is now emerging slowly from the continuing devastating recession. During the past two very difficult years, forest companies have been obliged to reduce their staff levels by up to 20 per cent, and have emerged the stronger and better for it. We are therefore encouraged by the recent British Columbia 1983 budget speech, in which it is clear that your government will now embark on a similar objective review of its staffing levels and overall cost-effectiveness.

In submitting these recommendations to you, we are motivated by the principle that a vigorous, world-competitive forest industry is and should be seen to be important to the government of British Columbia. Our recommendations are based on this key premise.

The attached Brief contains 21 specific recommendations, summarized briefly on pages 12 and 13. Four important concepts warrant special mention at this time:

1. Create a new provincial Ministry of Renewable Resources, in which timber management should play a lead role within a broad multiple-resource management organization. (Recommendation #1)

. . . 2

2. Decentralize the decision-making authority for forest management more effectively, and structure the Ministry to make it smaller and more cost-effective. (Recommendations #5 to 7)
3. Delegate responsibility and accountability fully to licensees in line with their existing and suggested additional contractual obligations, subject to government audit of results. (Recommendation #12)
4. Privatize log scaling, timber cruising, marine transport services, and components of the forest nursery programs, all subject to government audit of results. Benefits to government will accrue partially in direct cost savings and partially in net gains after considering both cost outlays and stumpage revenues. (Recommendations #17 to 20)

We believe that implementation of the proposals contained in this Brief will lead to significant reductions in the size of the Ministry of Forests staff, and to more cost-effective resource management.

The attached Brief addresses important issues which we look forward to discussing further with you personally, at your convenience.

Yours sincerely

D.L. McInnes  
Chairman  
Special Committee on  
Cost-Effective Administration

DLM/bd  
Attach.

# **Forest Industry Proposals For Cost-Effective Forest Resource Management**

A Brief

Submitted by

Council of Forest Industries of British Columbia  
Cariboo Lumber Manufacturers Association  
Interior Lumber Manufacturers Association  
Northern Interior Lumber Sector - COFI

July 1983

**CONFIDENTIAL**

**FOREST INDUSTRY PROPOSALS  
FOR COST-EFFECTIVE FOREST RESOURCE MANAGEMENT**

**A Brief**

**Submitted by**

**Council of Forest Industries of British Columbia**

**Cariboo Lumber Manufacturers Association**

**Interior Lumber Manufacturers Association**

**Northern Interior Lumber Sector - COFI**

**July 1983**

## TABLE OF CONTENTS

	<u>Page</u>
1. INTRODUCTION	1
2. BACKGROUND	2
3. THE MINISTRY OF FORESTS IS ONE OF SEVERAL AGENCIES WHICH SHOULD BE RESTRUCTURED TO FORM A NEW MULTI-RESOURCE MINISTRY	3
4. THE BCGEU CONTRACT IS AN IMPEDIMENT TO COST-EFFECTIVE RESOURCE MANAGEMENT	3
5. DECENTRALIZATION CAN BE IMPROVED SUBSTANTIALLY	3
a) Background	3
b) Victoria Headquarters to be Streamlined	4
c) Regional Offices to be Rationalized as to Their Number and Size	4
d) District Offices to Become True Decision Centres	5
e) Management Boundary Anomalies to be Eliminated	6
f) Research Roles to be Re-defined	6
6. MANAGEMENT STRATEGIES CAN BE MORE COST-EFFECTIVE	6
a) Licensees to be Given More Responsibility and Accountability	6
b) Small Business Enterprise Program to Meet Local Needs	8
c) Insect Control Programs to be Expanded	8
d) Fire Suppression Costs to be Examined	9
7. PRIVATIZATION OFFERS CHANCES TO REDUCE COSTS	9
a) Concept	9
b) Log Scaling to be Privatized	10
c) Timber Cruising to be Privatized	10
d) Forest Nurseries to be Placed on a Competitive Footing	10
e) Marine Services to be Privatized	11
8. SUMMARY OF RECOMMENDATIONS	12

FOREST INDUSTRY PROPOSALS  
FOR COST-EFFECTIVE FOREST RESOURCE MANAGEMENT

1. INTRODUCTION

The purpose of this report is to present the views and recommendations of the forest industry regarding more cost-effective forest resource management on Crown lands in British Columbia.

These recommendations are based on the basic underlying premise that a vigorous, competitive forest industry is essential to the economic and social well-being of the province and its citizens, and that the government concurs with this premise.

The focus is on the Ministry of Forests: its costs, its programs, its personnel, and in part its relationships with other agencies.

2. BACKGROUND

During the past two years, a difficult recessionary period, companies have reduced their staff levels by as much as 20 per cent through a selective termination process geared to the functional needs of the company and to the performance of individuals. The approach used has been successful, with stronger companies emerging. While the process was often difficult, the risks involved have proven to have been totally justified. The reductions are permanent.

This experience has provided a valuable background for recommending ways to achieve more cost-effective administration in the public sector.

3. THE MINISTRY OF FORESTS IS ONE OF SEVERAL AGENCIES WHICH SHOULD BE RESTRUCTURED TO FORM A NEW MULTI-RESOURCE MINISTRY

The Ministry of Forests is guided by Section 4 of the Ministry of Forests Act, which directs in part that the Ministry shall manage the forests for multiple-use "in consultation and cooperation with other ministries and agencies". This is recognized as an integral part of multiple-use management.



The Ministry of Forests is the only Ministry so directed. The other resource agencies each act in an advocacy role for one mandated single-use management objective, and are under no legislated obligation to seek realistic solutions to mutual problems. In practice, each of these other agencies has assumed a resource management veto power, without responsibility or accountability for the use of such power.

While many individual staff people in these other agencies are motivated to cooperate fully to achieve truly coordinated resource management, they have no legislated requirement to do so.

The resulting conflicts can all too often lead to lengthy and costly public debates, major delays in reaching decisions, and less than optimal multiple-use management decisions. Additionally, some agencies have hired their own experts in other agencies' fields as a defence mechanism for arguing their own cases.

Further, a very costly formal referral and review process has evolved which consumes many man-years of effort in each of the involved Ministries as well as within the forest industry.

Establishment of a single forest resource management agency would facilitate faster, more cost-effective decision-making internally, by groups of civil servants operating under one common set of harmonized objectives. Many other provinces are already operating successfully with forest management as a part of a larger multiple-resource Ministry.

*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.*

4. THE BCGEU CONTRACT IS AN IMPEDIMENT TO COST-EFFECTIVE RESOURCE MANAGEMENT

The current BCGEU contract is seen by industry to present a major impediment to achieving cost-effective administration. The 35-hour workweek and the costly approach to such matters as overtime and travel time (all significantly more generous than for industry management personnel and in the current IWA contract) make it impossible for an individual to perform an equivalent day's work for a day's pay in a field management setting, compared to that performed by industry personnel.

The centralization of former Ranger offices into the new District offices now requires field staff to spend a much higher percentage of their abbreviated workweek in non-productive paid travel time. This is very cost-ineffective and has negative impacts also on the productivity of industry people with whom these people must work. These industry people work a longer normal workweek, and are also expected to do much of their travelling on their own time.

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

5. DECENTRALIZATION CAN BE IMPROVED SUBSTANTIALLY

a) Background

In accordance with the new forestry legislation in 1979, the Ministry of Forests implemented a process of decentralization to a series of 46 new District offices, with a concurrent centralization of the former Ranger offices. The six existing Regional offices have been retained.

The objectives of this decentralization, supported by industry, were to move decision-making responsibilities closer to the field, and to expedite these decisions in a cost-effective manner.

These objectives have not yet been fully met, and industry's costs have been increased in conjunction with the Ministry's costs. Paperwork has multiplied several-fold, and too many decisions are still not being made in the field.

It is recognized and acknowledged that the Ministry has expanded several programs during the last three years, which necessarily have increased its staff to some considerable degree. Examples include the most important pest management program, Section 88 silvicultural programs (where a single industry activity request can require up to 12 separate Ministry signatures), and the Small Business Enterprise Program (which requires the Ministry to perform many management functions normally undertaken by the industry). The effect of such new or expanded programs is difficult to differentiate from the overall effects of decentralization per se.

The following discussion and recommendations are presented in the context of the current Ministry of Forests structure, but will be equally applicable to the forest management component of the proposed new Ministry of Renewable Resources. This new Ministry will offer additional scope for the rationalization and even further reduction of government costs.

b) Victoria Headquarters to be Streamlined

As a central planning and policy-making group, the Victoria staff is critical to the overall function of the Ministry. Some Branches, however, are now larger than would be needed if decentralization had been implemented more effectively.

*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.*

c) Regional Offices to be Rationalized as to their Number and Size

There are six Regional offices, each with a large staff which does not appear to have been reduced since the District offices were established. The number and the sizes of these offices could both be reduced if decisions were truly decentralized, with experienced staff then available to move from the Regional centres into key positions at the District level.

*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.*

d) District Offices to Become True Decision Centres

District offices are now staffed by teams of specialists, each with no clearly visible responsibility or accountability for making decisions. Teams of specialists are now involved in joint decisions concerning even routine industry activities. Contrary to the objectives of decentralization, decisions are not being made in the field, but rather in central locations after numerous specialists have each visited the proposed site of operation. This is extremely costly for the industry as well as for government.

*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.*

e) Management Boundary Anomalies to be Eliminated

There exist several anomalies between the boundaries of Timber Supply Areas and Districts, forcing a duplication of Ministry staff involvements. The result is an unnecessary proliferation of paperwork, excessive staff travel and meeting time, inefficient use of administration funds, and some decision-making confusion. There is no reason for such high-cost anomalies to be retained.

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

f) Research Roles to be Re-defined

A wide range of forestry-related research is necessary, but the Ministry should focus on problem-oriented research to aid the industry as well as the Ministry. Furthermore, greater attention needs to be paid to the transfer of the technical research results to both Ministry and industry operating managers. Research personnel, whose role needs to be enhanced rather than reduced, should be viewed as research specialists in Victoria and in the Regional offices, available to assist District generalists in the proposed truly decentralized organization.

*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.*

6. MANAGEMENT STRATEGIES CAN BE MORE COST-EFFECTIVE

a) Licensees to be Given More Responsibility and Accountability

Though licensees have contracts which hold them responsible for a wide range of specific management functions, company professionals are subject to constant and costly checks, cross-checks, approvals and inspections of many decisions.

Government's responsibilities could be met more efficiently and more effectively by delegating responsibilities in fact as well as on paper, particularly where these responsibilities relate to defined licence areas.

The vast majority of licensees are competent operators who are willing to accept their responsibilities and to be held accountable for their results. Acceptance of a defined risk factor by government will not only eliminate considerable duplication of effort within the Ministry, but will also facilitate adoption of a management-by-exception philosophy. Industry believes that the defined risk involved would be much less costly to government than are the direct and indirect costs involved in the present perceived "no-risk" system. The level of risk would be defined by the audit level selected for each activity or locale. Audits need to be results-oriented.

Assignment of such responsibilities is more readily accomplished on area-based forest tenures than on volume-based tenures, though not all licensees may wish to convert from one to the other.

*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.*