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SOURCE: Northern Rockies Regional Municipality



**NEWS RELEASE**

**CHANGE AND INNOVATION TO BC'S FOREST TENURE SYSTEM**

FORT NELSON, BC, Canada - November 15, 2016

The Northern Rockies Regional Municipality (NRRM) is experiencing firsthand the downside of BC's forest tenure system. Changes to the BC Forest Act in 2003 as part of the province's 2002 "Forestry Revitalization Plan" removed "mill appurtenancy" provisions that required Forest License holders to process wood in the area where it was harvested. This change, and the failure to enforce the terms of existing Pulpwood Agreements which make tenure contingent on ongoing processing at a specific mill, is now dramatically impacting smaller BC communities such as Fort Nelson. It has rendered them collateral damage and threatens their economic sustainability.

Of the two sizeable forest tenures in the Fort Nelson Forest District (Forest License A17007- 553,000 m<sup>3</sup> and Pulpwood Agreement #14 (PA14- 610,000 m<sup>3</sup>) neither has seen any harvesting activity since the PolarBoard OSB Mill and the Tackama Plywood Mill were shuttered in 2008. In the face of this inactivity, rather than encouraging a re-start of the forest industry and the employment and prosperity it would foster, the tenure system has supported the speculative "hoarding" of wood, and the export of unprocessed logs, and jobs, away from Fort Nelson.

It is apparent that legislative changes to the Forest Act in 2003 did not anticipate that Forest Licensees would not utilize the tenure provided as intended, but instead treat licensed timber volume as company assets to be held in reserve, without a plan for use.

Regarding PA14 issued in the Fort Nelson Forest District, the NRRM has been adamant since 2012 that the holder is not in compliance with the agreement. PA14 was granted to support the operation of the Fort Nelson PolarBoard OSB facility. The agreement stipulates that tenure only exists as long as that mill continues to function. The PolarBoard facility has not operated in over eight years, its permanent closure has been announced by the owner, and significant mill equipment has been sold. Despite this fact, and acknowledgement by Minister Thomson (Minister Forests, Lands and Natural Resource Operations) in a letter to the NRRM on March 9, 2016 that “the tenure holder’s Pulpwood Agreement (PA14) is in non-compliance at this time” the agreement has yet to be terminated.

Although PA14 is scheduled to expire on December 31, 2019, leaving PA14 in place until that time is highly injurious to the Regional Municipality. The NRRM has seen real interest recently from forest companies interested in the timber basket in the region. This stems from the fact that the Northern Rockies’ forest resource has remained relatively untouched by the Mountain Pine Beetle infestation which has severely reduced the overall timber supply in BC, while timber prices and demand are on the rise. The opportunity this presents to revive the industry in our region, is frustrated however, by the substantial volume of timber reserved for PA14, and not otherwise available. The NRRM is confident that that freeing up the PA14 timber volume will provide a powerful incentive for market participants to come forward to reestablish forestry manufacturing in Fort Nelson.

**Legal Challenge contemplated:**

Mayor Bill Streeper (NRRM) in a letter to Minister Thomson on October 11, 2016 stated: “... you have the authority to take steps to cancel PA14 and free up 610,000 m3 of timber. The failure to cancel PA14 is contrary to the statutory mandate applicable to pulpwood agreements. It is in recognition of the dire situation facing our community that the NRRM must consider the option of a legal challenge...”

Our experience has made it clear that the tenure system as set out in the Forest Act is in need of change in order to recognize the problems created by it for communities such as Fort Nelson. It is equally clear that provisions in existing Pulpwood Agreement provisions need to be more

stringently applied. Legislation and practice need to be brought more into line with the evolving relationships between the Crown, its licensees and local communities, with a view to creating the greatest benefit for the people of the province.

Changes need to be directed toward discouraging wood hoarding, greater local and First Nations involvement, flexibility and adaptability to changing realities, rewards for innovation and investment that leads towards economic diversification, and how best to repair the broken links between resources and communities reliant on their sustainable forestry development.

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Located online at [www.northernrockies.ca](http://www.northernrockies.ca) > Quicklinks > Forestry