

*Revised Apr 28/89*

**TREE FARM LICENCE EXPANSION:  
ARE WE  
PUTTING THE FOX IN CHARGE OF THE HEN HOUSE?**

**PUBLIC HEARING PRESENTATION  
TO THE  
MINISTER OF FORESTS**

**MARCH 8, 1989  
VANCOUVER PUBLIC HEARING**

**BY**

**PETER J. DOOLING  
ASSOCIATE PROFESSOR  
WILDLANDS CONSERVATION, PARKS & RECREATION  
RESOURCES UNIT  
FACULTY OF FORESTRY  
UNIVERSITY OF BRITISH COLUMBIA**

TREE FARM LICENCES: PUTTING THE FOX IN CHARGE OF THE HEN HOUSE  
PUBLIC HEARING PRESENTATION TO THE MINISTER  
OF FORESTS, MARCH 8, 1989  
PETER J. DOOLING

---

OPENING STATEMENT

The key difference between a Tree Farm Licence (TFL) and other forms of forest tenure is that with a TFL the provincial government delegates some of its responsibility for managing publicly owned forests to corporate managers. By delegating specific management functions to private interests, the government can realize certain advantages, provided, of course, that the best interests of society are realized in the process. In particular, the initiative and efficiency of private enterprise can be harnessed to work in the public's interest. This may work well for timber management, but I argue that it works directly against the public's interest in non-timber forest values.

TREE FARM LICENCES - BUT WHAT ABOUT THE GOVERNANCE OF COMMON PROPERTY RESOURCES?

TFL ownership, within limits, implies control. I will normally, as Licensee, do nothing that will decrease its timber value but will, on the other hand, be inclined to do things that will enhance its timber value. Forests on the other hand are not but timber; common property resources abound and refers both to those things no one owns and to those things that all of us own. In both of these cases someone has to decide who may control the resource, who may use it, and under what circumstances - the questions of by whom, for whom, for what.

Will common property resources be enhanced by TFL management in the province? Executive agencies of government seemingly incapable of coming to decisions on nature and forest conservation, wilderness, and amenity resources (scenery and recreation resources) already abound. You must be accountable to such questions as: How much of our Provincial forest should be preserved in wilderness? Where? In equal amounts by Forest Administrative Region? What are the management requirements to maintain the wilderness condition?

TFL's will be worse on this score - decisions will alienate more than they placate. TFL's act as an economic wood unit - and the unit's behavior can greatly affect the welfare or production of others in a vast number of different ways. Certainly if we judge by public statements before this Hearing, both those dedicated to forest conservation and those dedicated to forest development (other than the TFL alternative) seem about equally convinced that their causes are in imminent danger with TFL expansion.

A TFL owner has an organization and motivation vastly superior to those of myriad forest consumers (like forest recreationists, conservations, preservationists) so that in any contest for influence over events in whatever arena (courts, legislative action, executive agency, appointed commission) the TFL licensee is apt to win.

We need to think constructively about the governance problem of our forests and not simply be ensalved to the Sloan Commission. The Pearce Commission was not an unquestioning advocate of TFL's. The widespread and persistent third party effects of forest decisions by TFL licensee's were not anticipated when the Sloan Commission put TFL's in place; they were raised by the Pearce Commission but then more or less lost.

To repeat: TFL ownership, within limits, implies control. To the extent TFL's gain control of the public domain - and the extent to which TFL owners can exert influence on our political decisions - to these extents public forest governance by the consent of the governed will be lessened.

Common property resources, like private property resources, need governance ... more today than yesterday, more tomorrow than today.

TREE FARM LICENCES - BUT WHAT ABOUT LAND USE CONSEQUENCES OF INCREASING TFL TENURE IN BRITISH COLUMBIA?

Land use consequences - this debate over management control (effective control by whom, for whom, for what) is basically part of a much larger controversy over the legitimacy of collective (societal) versus forest industry firm (corporate) values. Ownership of TFL tenures over the public domain advances forest industry values; public forest management may impede it.

Generally speaking, TFL's are viewed as a more assured corporate benefit instrument than other forms of provincial timber license. But the goodness of TFL's within the dominant collective values of the present time appears to be declining in public acceptance. For example, standard economic analysis - the way in which costs and benefits are tallied - gives timber a distinct advantage over non-timber resources and environmental values. TFL tenure will only enhance this distinct advantage to the detriment of non-timber values.

TFL tenure gives timber primacy in perpetuity, with protection of other forest resources tallied as a debit. If protection of water, wildlife, scenery and forest recreation assets imposes a "cost" in terms of timber foregone, so does the maximization of timber production impose a cost in terms of loss or impairment of other resources and forest uses.

Today we are, as I see it, in a state of transition. I do not assert that conventional ideas of progress and economic growth are dead; far from it, I assert only that within the dominant collective values of the present time that the ideas of our forests as industrial exploitation reserves are less dominant and unanimous than they once were and that there is much more controversy about those timber values than there once was. The view today that provincial forests are but wood supplies for industrial forest firms is a view not so good, or at least not unquestionably good, or unlimitedly good as the view yesterday.

Now, as forest traditional timber values feel the stress of change, the TFL tenure that grew out of those values needs to be reexamined.

A kind of change is occurring to some degree everywhere in North America. The change reveals itself in increased regulation/governance of common property resources; these "new values" in forests (as extended home and habitat) are not ones that are likely to be implemented by TFL owners pursuing their own interests. This is simply one more way of saying that TFL private timber rights are becoming increasingly divergent from public values about public forests. Forest development and use, to the extent that it fails to promote what is viewed as "progress" sets the public and the TFL owner on different courses. The likely result is a change in the definition and content of forest plans.

From the perspective I have just identified, the TFL expansion controversy over the public lands begins to come into focus. There is without question large and growing resistance to TFL's expansion, because while there would remain public ownership, public lands under forest industry firm management is seen as a loss of effective control. And control is seen as necessary - more necessary than ever - because non-timber values are divergent from the interests of TFL owners.

Tree Farm Licence planning when it comes to non-timber values in the Management and Working Plan, is haphazard, lacks continuity, and when in conflict with wood values is prone to interference. TFL M & WP by the score provide evidence that non-timber values of our forests are shifted to near levels of oblivion.

The important point in this controversy is the conflict between collective and forest industry firm values. The subordination of non-timber uses cannot continue.

In weighing timber against non-timber forest uses, we are determining forest land-use objectives and must deal with two aspects of these objectives - the technical and the normative. The technical concerns what can be, and technical people should define what alternative combinations of products and services can be produced from our lands. In contrast, the normative concerns what ought to be. This aspect of land management - especially on lands of public ownership - cannot be decided on technical grounds alone but depend on the desires and needs of our entire society, both now and in the future. What ought to be is a social issue, and it is ultimately society that must guide the combination of goods and services, out of many alternative combinations, that will be provided.

Within TFL's, though public land, would forest firms and industrial foresters not set out to (try to) dictate normative decisions about what ought to be? Is this not the story of the development of even the Carmanah Forest Plan?

Section 194(2) Forest Act states that a recreation site or trail cannot be designated on a TFL without the consent of the holder. That you require their consent to put a public recreation site on public forest land is dead wrong. But the real point is if it takes TFL licensee approval and consent to get but a "postage stamp" sized public recreation site on public land,

will the MOF on TFL tenures have the capacity and will to regulate forcefully in the interests of non-timber values when these conflict more significantly with TFL corporate timber rights?

The arguments that favor TFL management of public forest lands over public forest ownership and management may well reflect an occupational bias of those who advocate it rather than a well-supported set of theoretical or empirical findings. The moral: our forests do not have to go private to be productive.

TFL - BUT WHAT ABOUT THE PRODUCTION OF NON-TIMBER VALUES ON FOREST LAND?

I am especially concerned about the present and future protection and production of the non-commodity values of forest lands such as parks, wildlife, wilderness, forest aesthetics and the quantity and quality of forest recreation land use provisions. Common property resources such as these need governance. But recreation and amenity resources on our public forest domain, and recreation land management in the MOF, receives multiple neglect.

In the last public enquiry on forests, Pearse (1976) noted that;

"There is every reason to expect the demands for outdoor recreation, protection of fish and wildlife, and preservation of the aesthetic quality of the natural landscape to increase, ... the process of forest planning, regulation, and control will be forced to respond appropriately to these needs". (Pearse, 1976).

But has it? Since you have opened up the hornets nest surrounding the TFL expansion issue...and poked it... let me do a little buzzing of my own.

LACK OF FUNDING FOR MOF RECREATION MANAGEMENT IS DEPLORABLE, SHOCKING AND SHAMEFUL.

Facts reveal that while the MOF total budget FY81/82 to 88/89 has constantly grown year by year; and that it has grown from 297 million dollars to 585 million dollars; the MOF allocation of total operational dollars for Recreation Management province-wide declined from 4.2 million dollars to 3.38 million dollars in FY88/89.

- . Recreation Management on public forest lands has declined from a meager 1.4% of the total MOF budget FY81/82 to a "hopeless" approximate one-half of one percent (0.6%) of the total MOF budget FY88/89.
- . Recreation Management in MOF budget priority has declined constantly over the past eight (8) fiscal years.
- . Operational dollars (approx. 64% of which is spent for salaries & employee benefits) for Recreation Management province-wide for the current fiscal year approximate half (1/2) of what they were in FY87/88. For the Vancouver Forest Region operational dollars for Recreation Management have declined, in the same one year period from \$810,673 (FY87/88) to a ridiculous low allotment of but \$497,000 (FY88/89).

Just to the south of us and in one of the most poorly funded National Forests, the Mount Baker - Snoqualmie National Forest budget allocation for Recreation Management FY88/89 is \$1,193,000. That is nearly 2 1/2 times the budget of the entire Vancouver Forest Region into the size of which you could dump several U.S. National Forests.



#### THE LACK OF FOCUS ON FOREST OUTPUTS OTHER THAN WOOD IS UNACCEPTABLE

It is both commonplace and accurate to assert that forests provide many valuable goods and services in addition to wood - water, wildlife, wilderness, recreation, scenic values, and others. But it is always impossible to treat these other goods and services with the same detailed analysis as can be given to wood, for the simple reason that the necessary data are lacking. Data on forest land area, timber stand, wood growth, wood utilization, wood prices, and other aspects of wood production from forests are always less in volume and poorer in quality than the ideal; but compared with data on the nonwood outputs of forests, the data on wood are very good indeed. There is, of course, some common knowledge about nonwood outputs, but comprehensive data of even the present let alone for a considerable period of time are nearly, if not, totally lacking.

#### THE DATA BASE FOR FOREST LAND USE PLANNING NEEDS MAJOR REVISION

Forest plans, whatever their source in this province, incorporate little recreation supply type data and nothing on recreation projected uses or demands for those lands; nothing on recreation capacity for those lands; nothing on projected recreation use by forest plan alternatives; nothing on excess or deficient capacity over time by alternative forest plans and ROS classes.

Such items of analysis, particularly if displayed together, would yield a good picture of what the demand, supply and projected use are expected to be, along with specifically where and when the excesses and shortages will occur. Without these kind of recreation data in a data base of Forest Planning how can you intelligently integrate?

FROM ALL OF THE FOREGOING

You can see ... our public forestlands have not been particularly well managed PRECISELY IN THE AREA WHERE THERE IS A CONFLICT between production of commodity as compared with non-commodity resources.

We need to correct the multiple neglect.

Multiple use need not be repudiated, multiple use does need to be reinterpreted, the Forest Act changed.

A COMPREHENSIVE REVIEW OF OUTDOOR RECREATION RESOURCES IS REQUIRED

There is urgent need for a comprehensive assessment of British Columbia's long-term outdoor recreation needs and potential, recreational land management response and related tourism industry development. Recreation and related tourism as industry and as land use require the development of new and forward-looking public policy options ... as to contribute to our provincial vitality, a healthy and stable economy, and to the quality of life and our environment.

Here in public meeting, we call again - as we did in 1985 - for an appraisal of outdoor recreation resources and policy in rural lands in British Columbia. The efforts conducted in open public review should focus primarily on assessing the status of public and private sector recreation policy, programs and practice and chart a course for the future.

A FOCUS ON CONSERVATION RESERVES TO BALANCE OUR FOCUS ON TIMBER SUPPLY IS REQUIRED

The future of Crown forest lands is a provincial responsibility and it is up to this province to ensure that "protected areas" are established and

sound stewardship is practiced.

With respect to the use of forested lands, the need for forest products and the need for wildlands are equally legitimate. The forest resource of the province can and must be shared to provide for both. Herein lies one of the great ironies of the provincial forest use dilemma, those with legal rights to the vast majority of forested lands accuse conservationists of "landgrabbing" and "locking up" resources. Protected areas are not about to take over; area-based timber tenured owners may be or would like to.

There are many parallels in forestry and protected area managements. Both need

- . good science to assess biological conditions and needs,
- . good economics to identify environmentally compatible ways to generate wealth, and
- . good public policy to identify the right priorities to avoid wasting or destroying scarce resources (Eidsvik, 1985).

I request of you and I believe you have an obligation as Minister of Forests in making land use decisions on 81.5 M ha. of British Columbia lands to respond to these calls - they both seem appropriate at this time.

TFL EXPANSION - THE ISSUE REVISITED BUT WHAT'S THE OUTCOME?

Does public forest land ownership and management serve societal interests? Would continued public forest land ownership with private forest management serve societal interests better? These are the questions needing examination.

Serving people and caring for the land ... those are the essential elements of forest land management. But For Whom and For What ... these are the questions needing examination. At its root are fundamental questions

about the purposes of our provincial forests and how they are to serve a changing and complex society.

Your proposal to expand TFL's must rest on the fundamental premise that these longer term private tenures assure an effective and efficient allocation of this society's resources. That premise, in turn, requires stringent assumptions. One assumption is that the demands for commodity and noncommodity resources capable on a public forest land unit are capable of being satisfied under TFL tenure. But are they? Where is the systematic examination of the implications?

Brief to the Ministry of Forests  
Public Information Sessions  
on  
Replacement of Volume-Based Tenures with Tree Farm Licences

Submitted by: Michael M'Gonigle (Asst. Prof.),  
Colin Rankin,  
Chris Fletcher, all of the Natural  
Resources Management Program, Simon  
Fraser University, Burnaby.

This submission examines the proposal to convert volume-based tenures to Tree Farm Licences from the perspective of what is desirable to achieve sound land use management. In particular, we will examine:

- (1) the use of the Tree Farm Licence as a way to achieve public goals by relying on private economic actors;
- (2) the role played by public institutions and processes to achieve these public goals; and
- (3) alternative private and public processes to be considered, especially market forces and public involvement.

\* \* \* \* \*

The Ministry's stated criteria for evaluating the proposed conversion of volume-based to area-based tenures are:

- "(a) creating or maintaining employment opportunities and other social benefits in the Province,
- (b) providing for the management and utilization of Crown timber,
- (c) furthering the development objectives of the Crown,
- (d) meeting the objectives of the Crown in respect of environmental quality and the management of water, fisheries and wildlife resources, and
- (e) contributing to Crown revenues."

We applaud these general objectives, but feel that they will not be achieved with the present proposal. Our comments are intended to assist the Crown and all people of the province in the balanced realization of these objectives.

I. Tree Farm Licences will not fulfil provincial objectives.

Tree Farm Licences were first created by amendments to the Forest Act in 1947. They were created under a then newly-adopted policy of "sustained yield production" in the belief that security of tenure would enable a perpetually sustainable timber harvest. This policy was implemented over 40 years ago when large areas of uncut timber still remained in B.C., and when the technology of cutting was comparatively unmechanized and far slower than today. The majority of TFLs were allocated in productive coastal regions, where the government expected that the industry's rate of cut and the forest's rate of regeneration would balance.

Management for economic not ecological goals. This balance has not been achieved. Under corporate TFL management, profitable return on investment not Sustained Yield has been the guiding principal of development. Industrial pressures for economics of scale have had more influence on

provincial cut levels that has the biological capacity of the forest. Today we have, at the one extreme, a Long Run Sustained Yield estimated to be 55 Million Cubic Metres (M<sup>3</sup>) and, at the other extreme, an industry processing capacity of 100 Million M<sup>3</sup>. The actual cut in 1988 was about 91 Million M<sup>3</sup>—much closer to the level of industry capacity rather than that of ecological sustainability. This is strong evidence of the priority given to corporate, not provincial, economic and environmental objectives.

A history of unsustainable practices. Actual experience with Tree Farm licences creates further doubt about the premise that security of tenure leads to long-term ecological planning. For example, an independent study of TFL #1 (Nass Valley) carried out in 1984 concluded that the annual allowable cut level had been manipulated to facilitate extraction of high-valued timber ("high-grading"), that much valuable wood was left unutilized, that unnecessary soil erosion had damaged valuable salmon streams, that reforestation was seriously deficient, and so on. Many of these conclusions were later independently corroborated by the provincial Ombudsman in 1985 in a detailed assessment which was very critical of Tree Farm Licence management practices.

A more recent independent audit in 1988 by T.M. Thomson of TFL #39 (Queen Charlotte Islands) noted that Macmillan-Bloedel "has left large amounts of residue on logged sites", and that this was "only marginally worse than the other major licences in the Queen Charlotte Forest District". The report was critical of both forest companies and the ministry.

In the northwestern United States, long held up as an example of better management because many timber companies have ownership rights and thus have even greater security than that offered by TFLs, conflict between timber and non-logging interests is rising. This is so because timber is also being fast depleted on private lands there, putting great pressure to open up more public lands managed by the Bureau of Land Management and the U.S. Forest Service.

Social benefits less than expected. In addition to these problems, the TFLs have failed to provide the benefits—income and jobs—to the province which the government seeks. For example, in 1986, major tenure holders (including TFL licencees) paid 40.7% of total stumpage on 91% of the timber cut in the province, while over 50% of the stumpage was paid by small timber companies competitively bidding for less than 10% of the timber cut. Meanwhile, employment falls. From 24,505 people employed by MacMillan Bloedel in 1979, the company provided only 15,226 jobs in British Columbia in 1987, a decline of 39% in less than a decade.

Old assumptions no longer apply. Whatever the expectations were in 1947 when TFLs were first created, the conditions have changed today. Many of the proposed TFLs would come from converting volume-based tenures in Timber Supply Areas which have been so heavily utilized that they are already facing a "falldown" in timber supplies. In such cases, there would be little corporate incentive for long-term management. Others, such as that proposed for the Mackenzie area in the north, occur in areas with such slow-growth conditions and such long rotation periods, that incentives for long-term management would be minimal. Many consider high volume logging in such areas as "timber mining". Finally, most of the

recipients of new TFLs will be large multinational corporations which can simply close mills and move to faster-growing southern climates when the timber base in a region has been exhausted. None of these conditions existed when TFLs were created 40 years ago in large, uncut areas of the productive coastal forest.

## II. The role of public institutions

Ministry of Forests diminished below effective level. Underlying the creation of TFLs was the belief that private rights would be balanced with public scrutiny and accountability. A strong Ministry of Forests was envisioned. Today, the Ministry is so diminished in size that it is difficult for it to do an adequate job in many areas. We have discussed above the inadequate supervision of silvicultural and utilization standards. In addition, basic management information on TFLs (eg. timber volumes and types) is unavailable to either the ministry or public, treated by the licencees as "proprietary" corporate information. Enforcement of environmental and logging standards in the field is severely handicapped by shortages of field staff.

Single-purpose mission. In addition, the ministry has been regularly criticized by scholars such as Peter Pearse for defining its job too narrowly—simply ensuring the production of timber quantity rather than maximizing the benefits to B.C. from all forest resources. The effect of this is first to minimize the achievement of other non-monetary social goals such as the protection of wildlife (for example, there is no legal requirement for the assessment and protection of critical habitat), the maintenance of water quality, the protection of genetic diversity and ecological integrity. Second, with an emphasis being on supplying fibre to the mills, other monetary goals—such as the full development of wilderness, recreational and tourism opportunities—go unrealized.

Primary objective is privatization. In this light, the primary objective of the provincial government in the creation of new Tree Farm licences is not the encouragement of better management but the transfer of public rights and responsibilities to the private sector. A policy of privatization has long been advocated by the Council of Forest Industries, and the recent conclusion of Letters of Understandings with many forest companies has already begun the process. Privatization is the primary objective; better management is a secondary rationale. As the Ministry put it in its own memorandum on the Tree Farm process, "to balance these new responsibilities [for management], companies will be given the opportunity to acquire greater security of tenure".

Unrealistic expectations of professional foresters. If these management objectives have not in the past been adequately accomplished by either Tree Farm licencees or the Ministry of Forests, who is to be responsible for their achievement in the future? The responsibility is to fall on the Registered Professional Forester (RPF) in the employ of the company. But is this likely? Many reported incidents attest to the inability of the RPF employee to challenge higher-level management decisions of the company without risking losing his or her job. When independent foresters have done so (as in the recent controversy over TFL #1), the association itself initiated disciplinary proceedings against the individual (unsuccessfully). Moreover, as recent conflicts between environmentalists

and the association have demonstrated, it is questionable whether professional foresters will respond adequately to the need for other non-timber interests to be better considered in forest planning.

Considering alternatives is necessary. If neither the established pattern of private tenure nor public bureaucracy has met those provincial criteria set out at the beginning of this paper, transferring still more control over public resources to the private corporate sector will not do so. Alternatives must be considered.

### III Alternatives to the TFL process

In considering future strategies for forest management, the following criteria must be kept in mind:

- (1) economic goals—attaining an optimum level of sustainable returns from the forests, including logging and other uses; providing reasonable and stable revenues to the government; creating stable and fulfilling employment;
- (2) social goals—meeting multiple objectives held by many interests; resolving differences such as those which exist with the province's native communities, wilderness preservationists, and emerging tourist industries;
- (3) ecological goals—maintaining a healthy economy while ensuring the protection of a wide range of natural areas, ecological processes, and environmental qualities; and
- (4) political goals—retaining flexibility in decision-making, maintaining public control of public assets, and stream-lining bureaucracy to make it efficient and effective.

To meet these objectives, the government should emphasize both private (market) and public (democratic) processes which could go hand-in-hand to produce good management. This contrasts sharply with the present proposal which is both anti-market and anti-democratic. An alternative approach should achieve two fundamental objective:

- (1) Separate land ownership from lumber production.

This strategy goes in the opposite direction to that proposed in the Tree Farm licence policy—opening up, not removing, the industry to the allocative efficiency of market processes. In many countries, major lumber manufacturers buy their raw materials on the open market, paying competitive market prices for it. This leads to higher prices for the mills but, in so doing, encourages efficiency on two levels. First, the producers of the timber (whether they be individual woodlot owners, small business operators, or community-controlled forests) would ensure both closer utilization of the cut timber and greater reforestation efforts because it becomes financially more remunerative to do so with market prices. Second, by paying the fuller costs of sustainable forestry, lumber mills are encouraged to both increase their lumber recovery in the milling process and add greater value to the product. This creates more jobs in the woods (through intensive forestry, utilization of thinnings) and provides greater initiative for business development in downstream processing. Provincial revenues will rise as a result, and when competitive markets are combined with community-controlled timber



production and small business diversification, stable and fulfilling community life is fostered.

(2) Involve the public in decision-making

The approach proposed here makes full use of the beneficial effects of true market processes. These market processes are, however, fully compatible with non-market democratic processes of citizen involvement in forest management. Public input is desirable to ensure that non-monetary interests are represented in decision-making. TFL licencees simply do not have any economic incentive to consider those values of wildlife and environmental preservation mentioned above, nor to balance their economic interests against those of, for example, wilderness tourism in which they have no economic stake. As Professor David Haley of the UBC Faculty of Forestry writes, "a considerable amount of public involvement" is justified by "market failure" including:

"the wide variety of non-market benefits which are provided by forest resources; the belief that market discount rates are inappropriate for evaluating investments in forestry; and the potential social costs which can arise if insufficient weight is given by firms to community survival and stability of jobs and incomes in forest dependent regions".

In short, market forces and democratic processes, the very foundation of our economic and political life, are being denied by the proposed TFL conversion, yet hold great promise for both more efficient and more just land use management in British Columbia.

IV Conclusion

In conclusion, we urge the Minister of Forests and provincial government to:

- (1) halt the proposed Tree Farm licence conversion;
- (2) immediately initiate a Royal Commission into provincial land use policy. This commission should investigate past practices and procedures in the forest industry, but it should be much broader. It should, for example, review models of land use management in other jurisdictions (for example, Washington state's Timber/Fish/Wildlife agreement), as well as examine the need for the completion of our parks system, the desirability of fostering new forms of tourist-based development, and the necessity of settling native land claims.

All these goals are compatible. The real question is whether the government will take from these hearings the wisdom to understand this truth.