

Shooting The Bearer Of The Message:

Forests Minister Dave Parker wonders if the public is finally getting the message.

What is the message from the eight public meetings held by British Columbia's Forests Minister Dave Parker into the plan to create "almost the private land situation for the major licensees?" The Forest Service's industry-inspired plan to turn over fully two-thirds of the province's forests to multi-nationals brought an intensely adverse public reaction. Yet one Forest Service staff member was overheard to remark, "is the public finally getting the message?"



What message? The public was trying to send the Minister a message, not the other way around.

That message was loud and clear, but Parker and staff seem still to be labouring under the illusion that the public is uneducated, requiring only a greater effort on the ministry's part to sell their version of reality. What remains to be seen is whether the Social Credit government heeds these warnings from an angry public before it becomes too late for them as a strongly rural-rooted political party.

Clearly, the public cares deeply about its forests. We are a people of tree lovers, not so much in the sense of wanting to preserve them all from logging, but perhaps we are beginning to care in a way more akin to the religion of our Native peoples — use, but wise use, a sense of reverence for the resources which sustain us.

So far, all the talk, all the public opinion polls, all the international conferences of first ministers on assorted environmental concerns, tells us something fundamental has happened in the way we think about the environment — forests in particular. Times have changed. From the thundering chorus of voices heard at the Tree Farm Licence (TFL) meetings, the Ministry of Forests has learned it is no longer credible in the eyes of far too many people. The public interest has not been served. And that too must change.

Consider these examples from the hearings.

- The Forest Service was asked why it did not provide a map showing the extent and location of all the proposed TFLs. Assistant Deputy Minister Wes Cheston told the Vancouver meeting that such a map existed, but that it would not be made available because it would only confuse the public. Parker then said the map *might* be made public in about one year.

- Since the issue of Tree Farm Licensee performance on existing TFLs is relevant in the public's mind (if not Parker's) to the question of granting more licences (for example Fletcher's recent mill closures and woodland cutbacks, with more to come), a few people went to the Forest Service before the meetings began to 1) find out how much timber was cut on each existing TFL during the last year, and 2) what amounts of stumpage was paid for each grade of log coming from Fletcher's TFL #46.

In each case, the Forest Service refused access to the information. Their defense was that how much timber was cut on each public land licence and how much stumpage was paid for each grade of log was "proprietary information of the licensee, which could affect the competitive position of individual companies, and therefore not public."

- The historical record shows that the Forest Service originally created TFLs in the 1940's to 1) operate on sustained yield, 2) to maintain communities and employment and, 3) ensure a perpetual supply of wood for local areas, and 4) to have the companies carry out all silviculture themselves with no cost to the taxpayer.

At the meetings Parker said time and time again that the Forest Service had no

responsibility for jobs.

As well, a Forest Service brochure entitled "Tree Farm Licences in British Columbia," which was published specifically for these hearings says, in part, "Question: Who pays for reforestation on tree farm licences? Answer: All licensees must, by law, pay for the costs of reforestation." Yet a former regional manager, along with others, challenged this because companies may still deduct reforestation allowances under the appraisal system on TFLs and FLs.

The Forest Service also claims that the major companies must have "security of supply," meaning absolute control over public forests, in order to invest in British Columbia. Yet the hearing was told that Canadian Pacific Forest Products (CPFP) owns 40 per cent of the \$300 million Ponderay Newsprint Plant in Usk, Washington, which requires an annual volume of 831,000 cubic metres. Not one chip of that supply comes from secure public timber. How then, is a company able to invest and operate in the United States without "security of supply," while our Forest Service claims that the same company, along with MacMillan Bloedel and Fletcher, etc., is unable to invest in British Columbia unless given complete control over public timber in the form of a Tree Farm Licence? To cap it all off, what with all the mill closures and woodlands cutbacks, Chief Forester John Cuthbert claimed that there was still a 100 year supply of old growth left.

The following are brief excerpts from many of the briefs presented to Forests Minister Dave Parker during his eight public meetings on his plan to turn over fully two-thirds of the province's public forests to major, multinational forest corporations.

Cyril Shelford: I was Chairman of the Select Standing Committee of the Legislature (Forestry) from 1962 to 1968, and want to refresh your memory as to the original concept of forest management licences (later to be known as Tree Farm Licences), and I have to say some have done a good job.

“You should examine all Tree Farm Licences and quotas as to volume when granted and allowable cut at present — today you will get a shock and so will the people of the province.”

— Shelford

1. They were to supply a conversion plant (sawmill, etc.) forever, with wood to maintain a community, not to be closed and taken elsewhere or exported. This important feature was carefully forgotten.

2. They were given a certain quantity of wood to support the plant in that community. This, too, was quickly forgotten and in many cases they got three and four times that volume for nothing, free of all competition.

You should examine all Tree Farm Licences and quotas as to volume when granted and allowable cut at present— today you will get a shock and so will the people of the province.

We need the big companies, but let them buy their extra needs on the open market and create a competitive log market. New innovative companies could then get into the industry.

3. They were to carry out all silviculture themselves with no cost to the taxpayer. This, too, was soon forgotten and we saw Section 88 (*Forest Act*) come in later. In 1986-87 the headlines told us these TFLs were brought into the Forest Resource Development Agreement (FRDA).

What was wrong with these three (original) concepts?

Also, fire protection, another responsibility, was largely done away with.

There should be no export from these licences — they were granted to maintain a community.

And you can't do an audit on past performance and waste which they cut over on more area than they need, had they taken all the useable wood. Unfortunately, the evidence has been burned with the slash burn. **However, you can audit the original annual cut (and compare it) against the present cut.**

This all may sound like a radical change which will be very difficult to achieve, as old methods die hard. However, if we fail to change, we will live to regret it — through less employment in the industry and major economic decline in the province generally. Even though the Annual Allowable Cut (AAC) will have to be reduced in the future due to over-cutting, poor management in many cases, and the loss of thousands of hectares of the forest base, we must firmly establish a permanent annual cut and stable forest base that will last forever in all areas, so that the majority of people in any given district will stand up and protect their jobs and local economy.

We must also protect our land from pollution, especially chemical pollution which has happened in so many countries where they have to buy clear water at \$1.50 (US)/liter. This can only be done at the **community level** where people are not only protecting their own jobs but, more importantly, still have a healthy environment, free of dangerous chemicals, in which to live and bring up their children. This can only be done by **involving lots of people**, not just a few large companies.

The issues at stake are too great to proceed hastily, and for all these reasons, I urge you to call a Royal Commission to thoroughly review all these issues involving land use. There should also be a power of subpoena to get all the facts needed to develop long-term policies. No new Tree Farm Licences should be granted until this work has been completed.

Dick Kosick (forester on TFL #19, CIP): — The Forest Service (policy) minimum size

of 100,000 cubic metres annual cut on the new TFLs is too restrictive. Detailed analysis of timber inventory was not required. Some TFLs have as much as 178 per cent of mill needs.

Gordon Baskerville: Inconsistency in forest policy has resulted in the failure of forest management across Canada. Over-exploitation has destroyed jobs and forest productivity.

Doman: No new TFLs should be granted to existing TFL tenure holders. Focus should be on the creation of opportunity for many new mid-sized enterprises. Large companies already control 59 per cent of coastal cut.

“Seventy-eight per cent of tenures to be rolled-over are already under the control of the 6 largest companies — 36 per cent would go to Fletcher and 89 per cent of the coast would become TFLs.”

— Jefferies

Rick Jefferies (Truck Loggers Association): Seventy-eight per cent of tenures to be rolled-over are already under the control of the 6 largest companies — 36 per cent would go to Fletcher and 89 per cent of the coast would become TFLs. Makes small independents share croppers to the multinationals. Flow of economic capital would mean further regional economic drains.

Canadian Pacific Forest Products (CPFP), which contributed 40 per cent to development of the \$300 million Pondoray Newsprint Plant in Usk, Washington, which requires 831,000 cubic metres annually has not one chip of wood guaranteed through secure public timber.

Ernie Knott: Companies have the expectation of something for nothing.

Peter McAllister: What is happening in the forests has created a crisis of public confidence.

Peter Johnstone (farmer): I'm an ordinary citizen that doesn't know much about anything. Issues are stirring ordinary people

to action. It is large versus small, local versus multinationals. Our needs must be imposed over the corporations' mandate to make profit. Time to grant tenure to small, local people.

What happens, Mr. Parker when 100 per cent of the people don't want any logging?
Parker: Well, that really isn't an option.

“A big portion of the people of B.C. just don't believe what you're saying; that you and you're Ministry simply aren't telling the truth.”

— *Johnstone*

Johnstone: A big portion of the people of B.C. just don't believe what you're saying; that you and your Ministry simply aren't telling the truth.

Lyn Kistner (IWA, Port Renfrew camp): There was a 44 per cent overcut in the south end of TFL #46. No checks and balances. No responsibility for job security.

Cuthbert (in answer to a question about timber supply): We have 7 billion cubic meters of old growth left, or a 100-year supply.

Parker (when asked about jobs): The Ministry of Forests has only a fibre responsibility. [Over the course of the two days, Parker reiterated time and time again that MOF had no responsibility for jobs. Parker says jobs are the responsibility of industry. But according to one IWA member while at the microphone, Fletcher Challenge's Ian Donald told the union that jobs are Parker's responsibility. Section 4 (b) of the *Ministry of Forests Act* states: “Manage, protect and conserve the forest and range resources of the Crown, having regard to the immediate and long-term economic and social benefits they may confer on the Province.”]

MOF - Seiffert: New TFLs provide for long-term stable economic development. Pre-Harvest Silvicultural Prescriptions are advertised and incorporate public input. The new policy means more jobs and increased job security. [An Order in Council of last year postpones advertising of PHSPs till at least April of this year. Therefore there has been no public input during the first year

during which PHSPs were legally required.]

Parker: Rights of Way, Ecological Reserves, etc, require compensation to TFL licensees.

Chernof (40 years logging experience): We're told TFLs only have rights to timber, then how is it they're allowed to destroy fish habitat?

Parker: Destruction of other values is not allowed.

Chernof: Then how is does it happen?

Parker: Penalties for destruction of other values are the responsibility of Federal Fisheries and the Ministry of Environment, not the Ministry of Forests.

Chernof: At what point were we getting sufficient stumpage revenue — before the U.S. tariffs were imposed, or after?

Parker: Tariffs brought the requirement that reforestation and roads are paid for by the companies. What is sufficient stumpage is judged by the costs of forest management. Companies are given 'cost allowances' for difficult sites. [See Gower, next page]

Joyce Stewart: How do you replenish the forest floor after clearcut logging?

Myrna Boulding: It is commendable to hear foresters speaking out at these hearings about more than logging and not just on behalf of the multinational logging companies.

IWA: Small communities are threatened by corporate TFL expansion. No export; wood should go out in finished form.

A Faller (20 years experience): In 1987 we were told that Fletcher's Elk River Division would be going to sustained yield. In 1989, Fletcher reduced the cut by over 100,000 cubic metres. What more evidence is needed to show that no more TFLs should be given out? We need legislation for community stability. [This faller also reiterates the position of Fletcher — the company states it has no responsibility to maintain jobs.]

IWA (local 180): Industry out of control. Sloan Royal Commission called for a “permanence of payroll” regarding TFLs. B.C. communities are in crisis. What happened

to maintaining community stability in return for access to public timber for TFL licensees? Company lied to workers and Parker knew that at the time. We need a new system of TFLs with communities playing a role. Start with TFL #46.

The Small Business Forest Enterprise Program (SBFEP) and the 5 per cent quota reduction of major licences to go to SBFEP means simply a transfer of IWA jobs to non-union jobs.

Scaling should be done on the wood cut, not on only the wood hauled out of the woods.

Melda Buchanan: This corporate policy of the Forest Service doesn't make sense when at the same time the government with Dr. Strangway is trying to bring community interests together to work out a sustainable development approach.

Why can't we afford to count up (inventory) the trees (on the new TFL tenures) before we give them away? Why did the MOF decide to let the companies do the inventory only after the new TFLs are created?

Logger (15 years experience): Look at Mesachie Lake and Western Forest Products at the bottom end of TFL #46, at Honey-moon Bay. No sustained yield, the community died. All the “Forests Forever” ads on TV were contradicted by the mill and logging closures by Fletcher.

Fletcher may now think it got a raw deal from the BCFP purchase and wants more land to make up for it (the proposed Mackenzie TFL). But if the Minister proceeds, those pro-lifers (civil disobedience) will look elementary.

Chief Kwasistala (Laich-Kwil-Tach Nation): We may soon go to other countries for the dollars to fight the aboriginal rights battle. And based on international precedent, based on B.C.'s position, we'll be supported by those nations.

Beth Hill: Will you have a Royal Commission or will you force us to fight even harder against the Social Credit government and the Forest Service?

If TFL licensees only have rights to the trees why did MB take trail builders to court in the Carmanah Valley?

Parker: We had no part in their court case.

John Gower (former regional manager, MOF, retired): Who is really paying for reforestation and silvicultural costs? On close examination — reforestation allowances are **still being made** under the appraisal system on TFLs and FLs. [A brochure published by the Forest Service for these eight public meetings, entitled “Tree Farm Licences in British Columbia” says, Q. Who pays for reforestation on tree farm licences? A. All licensees must, by law, pay for the costs of reforestation.]

Presenter: If a rancher with a lease lets a slash fire get away from him, he is completely liable financially, but if a TFL holder loses a slash fire, his liability is only \$10,000, reduced downward recently from \$34,000.

Perry: The Duncan District office won't disclose what Fletcher paid for stumpage on TFL #46 last year, for the different grades of timber. Why?

Cheston: I've no idea why you weren't told. [Current Forest Service policy is to keep this information confidential, according to assistant director of operations Mike Wilkins.]

Perry: When I went back to the Forest Service and told them I managed to get the numbers directly from Fletcher, I was told ‘Well, that's their problem for telling you, isn't it?’

Renee Jackson: I'm here because I love this land. I scream, I weep inside, I can not stand the clearcutting slaughter. You say we have to give into the multinationals, that is so backward.

Ron Jarvis: We can't expect a forester who worked in the Nass — you Mr. Parker — who left 80 per cent of wood behind as waste, to protect the public interest.

Marlene Smith: It's clear that the big companies and the Ministry of Forests are in bed together. You bow down to the pressure of the big companies. You put us in the same position as the people of the First Nations.

Ron Stewart (PPWC): The Zeballos logging division has gone from 200 workers to 70. There is an abundance of corporate propaganda, but there is lack of information from the Ministry of Forests on the implica-

tions of more TFLs. Pulp chips are now being taken out of B.C. and manufactured elsewhere. I've seen with my own eyes, high quality logs turned into pulp chips.

At Howe Sound the mill expansion will result in:
— before upgrade, 500 men with a production capacity of 600 tonnes per day of pulp.
— after upgrade, 500 men, but a capacity of 1,500 tonnes per day of pulp.

Walter Latter (25 years in forestry): I'm full of frustration and a sense of hopelessness.

[Parker expressed the view that there was no relationship between stories of present wasteful mill practices, the practices on existing TFLs, and what would obtain if more TFLs were created.]

Mill Worker: There were 80 men at Crofton who went on work-sharing to help the company, but the company didn't share any of its \$80 million profit the following year.

Dave White: Companies aren't the culprits, it's the Ministry of Forests. I asked for the 1988 cut levels on the TFLs in Victoria and the information was secret. What are you hiding, Mr. Parker? Why won't you divulge information on harvest levels on TFLs? What is the point of these public meetings on TFLs if this basic information is not available?

Alberta created a heritage fund from its oil. B.C. instead subsidizes the forest industry and no heritage fund.

John Brassingwaite: Needs to be greater dispersal of cuts, smaller units. Progressive clearcutting must become a thing of the past. Need more sensitivity along tourism routes. Excessive wood waste must be eliminated. Forest Service must develop an unshakeable plan to lead us into the 20th century. No more knee jerk reactions. Protect the forest land base.

Gitksan and Wet'Suwet'en Chiefs: We identify for you those areas that are not available for tree farms in what you know as the interior part of the Prince Rupert Region. We will show that in this region your Ministry has permitted the forest companies to so overcut and highgrade the operable forest that jobs in forest-dependent communities are threatened in the near future. We

will show that the Province appears powerless to halt this trend and explain that this is one of the reasons the Gitksan and Wet'suwet'en Chiefs are reasserting their authority over their territories.

By highgrading we mean that the companies log the best timber, on the easiest terrain and closest to the mills first. After a while the value of the remaining forest becomes too low to profitably log even though its timber volumes initially helped determine the allowable cut.

Forest Service regional manager Bob Friesen states that if industry continues its current logging practices, only 12 million cubic metres of sawlogs remain in the Timber Supply Area. With an annual cut and mill demand running at about 1.2 million cubic metres a year, the summary indicates about **ten years** of timber supply for the Hazelton and Kitwanga area. These estimates assume the abandonment of the usual watershed rate-of-cut regulations that protect environmental quality.

The more valuable pine and spruce are being logged at rates up to three times higher than the forest can sustain. The less profitable hemlock and balsam are being correspondingly under-utilized. In the southerly units, the allowable cut assumes that the timber stands are to be utilized down to 140 cubic metres per hectare. But the companies are logging only on the more profitable stands with volumes about 250 cubic metres per hectare and higher.

Section 5 (8) Forest Act states “Where the Lieutenant Governor in Council considers it will be to the social and economic benefit of the Province, he may, *except for land in a Tree Farm License area,* cancel a Provincial Forest.

George Kalischuk: I notice that the five practised speakers are Corporate people applying for TFLs. According to them we've discovered a perfect way to manage the forests as there was nothing negative mentioned. I would suggest that an information meeting should show both sides of the coin, that is the negative side of TFLs as

well. There is no doubt a negative side to this issue. Parker should have provided a unbiased speaker that will inform us, the public, on the negative side of this issue. The perception otherwise, as I see it, is that these may be interpreted as propaganda sessions, not as information sessions.

Section 29 (6) of the *Forest Act* states "Where an offer made under subsection (1) is not accepted, the existing tree farm licence continues in force until it expires." As I see it this would effectively prevent any amendments to the conditions and terms of the license for 25 years.

Section 5 (8) states "Where the Lieutenant Governor in Council considers it will be to the social and economic benefit of the Province, he may, *except for land in a Tree Farm License area*, cancel a Provincial Forest. Also, Section 8.1 says "where the Minister considers it will be to the social and economic benefit of the Province he may, *except for land in a Tree Farm License*, delete land from a Provincial forest."

Why I as a taxpayer would give away free my/our timber resource and then pay millions perhaps as compensation, is difficult to understand. I suggest that protection be given against this type of liability to the taxpayer.

As I look at the *Act* today and interpret the jargon as best I can, I am simply annoyed. It appears to have been written by vested interests in the Council of Forest Industries.

Lance Hamblin: While the B.C. entrepreneur watches in frustration, big businesses continue to grow bigger and concentration of control in our forest industry continues to increase through mergers and acquisitions of major forest companies.

All that I have said so far would indicate that I am anti-big business. Quite the contrary is true. I believe big business and the economies of scale and investment created are essential to a healthy economy. What I strongly object to is the fact that the playing field in the forest industry is not level.

Government should be working to increase competition for timber, not decrease competition. Put control of our forest resource and particularly silviculture firmly in the hands of the people who own the resource and stand to gain the most by having a continuous timber supply — the

people of British Columbia. Use the legislative power given you by the voters of this province to put control of B.C.'s forest industry back into the hands of British Columbians.

Nishga'a Tribal Council: The Ministry of Forests document "Tree Farm Licences in B.C." quotes the Pearse Commission on Forest Resources in its introduction. We note that tree farm licenses are referred to as "proprietary interests." English language dictionaries define proprietary as "privately owned and managed." However, the Minister also claims, in writing, "A tree farm license grants a company the rights to timber, not the land." We wonder, then, why you refer to tree farm licenses as proprietary rights.

The banks certainly consider TFLs to be proprietary rights, as TFL holders may use their licenses as collateral. The proprietary interest of TFL licensees will make fair and expedient settlement of the land question throughout B.C. much more difficult. Whether by design or accident, governments may find that purchasing third party proprietary interests in TFLs to be excessive costs.

Garry Worth (PPWC, Local 10): We represent 6,500 workers employed in pulp and paper mills, sawmills, plywood plants, paper-converting plants and chemical plants in British Columbia.

The provincial government has no mandate whatsoever for such a sweeping, fundamental change in forest policy. These changes are entirely contrary to the recommendations made by the Pearse Report of 1976. In a democratic society, it is unthinkable that such a total reversal of policy

would occur without full opportunity for an exhaustive public debate. The *Forest Act* should be completely rewritten.

Jim Pine (Log scaler, 10 years experience in forestry): I would like to suggest to everyone here tonight that you start asking questions about juvenile wood because it is an extremely important issue that few people are aware of. These second growth logs will be producing a much higher percentage of juvenile wood lumber which is significantly inferior in quality to mature wood lumber. It is important because our second growth trees are going to be harvested before they have an opportunity to grow much mature wood. The forest companies and your ministry Mr. Parker have conspired to keep this fact hidden from the public.

It is hidden from the public because it reveals that public relations terms like "sustained yield" and "Forests Forever" are talking about quantity only and not quality. The forest industry would have us believe that we are simply replacing one forest with another. We are not!

Be clear about this. We are replacing our forests with wood-fibre plantations and there is one hell of a big difference between quality of the timber that we will be harvesting.

The significance of this information lies in our impending reliance on second-growth logs. As our old-growth forests disappear and we start to harvest our 50-75 year cycle second growth, we will be faced by juvenile wood problems that are not being publicly addressed. What are these problems? Ask any builder or carpenter and they'll tell you of its warpage problems, poor nailing properties, poor paint retention, and its weaker strength.

"It will be a sorry day in B.C. when the forest industry here consists chiefly of a very few companies, holding most of the good timber — or pretty near all of it — and good growing sites, to the disadvantage and early extermination of the most hardworking, virile, versatile and ingenious element of our population: the independent logger and the small mill man.

Our forest industry will be healthier if it consists of as many independent units as can be supported."

— H. R. MacMillan

Juvenile wood is known to be of lower quality than mature wood with respect to having lower tensile strength, shorter fiber lengths and greater longitudinal shrinkage. Each of these changes in material properties lowers the quality in most end products. Structural lumber can incur a greater degree of warpage, surface and cross checks, as well as lower strength values. "The strength values are commonly 15 to 30 per cent below normal but have been found to be as much as 50 per cent less" (Kellog and Kennedy, 1985) "Juvenile wood will yield less pulp due to high lignin content and lower density." (Smith and Briggs, 1985)

One of the most significant physiological differences in the structure of juvenile wood cells and mature wood cells is specific gravity. From a 1985 FORINTEK Canada workshop where they were discussing "silvicultural deterioration," Robert Kellog said, "I'd like to comment on the effect of a 2 per cent reduction in specific gravity. It doesn't seem like much of a loss, but if you apply it to the total resource going into the coastal pulp mills of B.C. it has been estimated to represent an annual product value loss of \$28 million."

In 1986, University of B.C.'s Forest Economics and Policy Analysis Project concluded that we would run out of economically viable virgin timber on the Coast in 17 years. We must soon be prepared to compete in the low-quality timber market with countries like New Zealand, Sweden, Chile and Brazil

In November, 1985, a study commissioned under the federal/provincial Industrial Development Subsidiary Agreement revealed that the B.C. lumber industry could add more than \$1.7 billion to its revenues by producing more specialty wood products. Why is your government not demanding that the forest companies increase their value-added capacity beyond the 10 per cent you propose as an incentive for the new TFLs thereby creating more jobs and wealth for this province in return for the very valuable resource that we are giving them?

The specialty wood industry currently accounts for only 15 per cent of the province's finished wood production. Why are the forest companies not producing more value-added products to extend the life of our old growth and allow for the gradual integration of ever-increasing volumes of

juvenile wood? I believe there are at least four reasons: 1) A desire to maintain present profit margins, 2) Fears that environmental groups and Native land claims will soon reduce their annual cuts by protecting more areas from logging, 3) The knowledge that they will be able to draw concessions from the government when the crisis comes, and 4) For large multinational resource companies, it makes no economic sense for them to slow down the rate of harvest.

This fourth point is clarified in an essay entitled "Clear-Cut Economies" by Colin Clark who is a professor of applied mathematics at the University of B.C. Clark says, considering all his costs, any (resource) owner must determine which will be most profitable:

"In November, 1985, a study commissioned under the federal/provincial Industrial Development Subsidiary Agreement revealed that the B.C. lumber industry could add more than \$1.7 billion to its revenues by producing more specialty wood products."

—federal/provincial Industrial Development Study, 1985

1) Hold on to the resource in anticipation of higher prices, 2) Use the resource slowly, in an effort to spread earnings over many years, or 3) Deplete existing stocks quickly, taking a fast profit. Entering into this determination of the optimum rate at which to gather a resource is the significance of real interest rates and here I quote Professor Clark directly, "That is, if dollars in banks are growing faster than a timber company's forests, it is more profitable (indeed more economical) to chop down the trees, sell them, and invest the proceeds elsewhere. The reason for this is clear: unlike other capital assets — a steel factory, say, or a skyscraper — natural resources provide no return until they are harvested." To these multinational resource companies you are asking us to entrust an even greater percentage of our non-renewable old-growth forests. I say we should be reducing their TFLs and letting our local communities manage their own resource.

Ed Tarasewich (Southern Interior Category #2 Wood Processors Association): I represent a group of small producers. Many of our members have worked very hard to procure offshore sales of timber to the Middle East, the Orient and the Australian continent. These enterprising firms should be rewarded, but instead your Ministry refused to allow our members to apply for long-term tenure — why?

In the 1976 Report of the Royal Commission on Forest Resources, Dr. Peter Pearse expressed his concern regarding the proper balance between large and small enterprises:

"There is a widespread agreement that the smaller and more specialized firms have an important role to play in the Province's forest industry... variety and numbers add resiliency to the industry... and spur production efficiency... In many of these matters the public interest can adequately be protected ... if the industrial environment is balanced, competitive and free of monopolistic distortions... In my opinion, the continuing consolidation of the Industry and especially the **rights to Crown timber**, into a handful of large corporations, is a matter of urgent concern. The desired balance and diversity in the industry can be maintained, as I suspect, with policies that provide ready opportunities for **all kinds of firms.**"

Our Association feels that the Ministry of Forests is not heeding this recommendation of the Royal Commission of 1976. We feel that as small business people we have already been given the short, or rotten end of the stick, long enough.

We are of the opinion that many Ministry officials are intimidated by these large corporations into making decisions which are not in the interest of the general public.

Jim Cooperman: I would like to give you, Mr. Parker, a small cedar board that I cut off a large plank that was milled here many years ago. The entire plank is clear, tight-grained, old-growth cedar, the type of wood that created huge profits for the early mills like Adams River Lumber Company, which was owned by an American. Most of this good quality wood is long gone... very little of it is left. Yet now, the mills still continue to export the very best wood. Why can't we save some of this quality wood and use it here in B.C.? Please save this board to remind you of the need to conserve what high-quality wood is left in B.C.

Martin Dillabough (Strathnaver): TFLs, 1) put the economic structure of the community at risk, 2) limit expansion of other enterprises, and 3) the TFL awarding process has only limited public input and tends to divide communities.

Howard Lloyd: I am a past Social Credit M.L.A. for Prince George, alderman, and chairman of the Central Interior Loggers' Association.

Former Forests Minister Tom Waterland stated an objective of 25 per cent of the annual allowable cut to small business and woodlots to ensure opportunity is maintained for the dynamic, innovative small operator. Under present policy it seems the total percentage of the cut available for both the Small Business Forest Enterprise Program and the Woodlot Program is 11.1 per cent.

Forests Minister Dave Parker's information brochure quotes Pearse as strongly supporting the TFL system and maximum assurance of wood supply to manufacturing plants. Yes, Pearse's report did say those things; however, the Ministry overlooked on the same page, (p.87), first volume of "Timber Rights and Forest Policy", that Pearse went on to state, "But there are, nevertheless, a great many problems associated with TFLs." A major objection (by Pearse) was the 21-year tenure and the perpetual rights. On page 91, Pearse recommended a basic term for TFLs of 15 years with an "evergreen option" of adding an additional five years, at each successive management and working plan review period, again restoring the 15-year term. Pearse felt this would maintain government flexibility and still ensure an ample period to allow investors to receive full depreciation of their investment.

Why did the Ministry of Forests chose to not only ignore the 15-year term for TFLs, but went even beyond the previous 21-year term Pearse found objectionable, and give the (current) TFL licensees a 25-year term renewable every 10 years?

Pearse also recommended that only 90 per cent of a previous TFL volume be rolled into each renewal along with only 80 per cent rollover on forest licences. The Ministry announced in 1987 that TFLs and FLs would be responsible by law for reforesting harvested areas to free-growing stage, "at their own cost." Yet, the Forest Service

continues to recognize these costs in the appraisal system. Full reimbursement will still be possible.

Also, only 7 per cent of B.C. timber sales, that paid by small business, has brought in 40 per cent of total stumpage revenue.

Robin Colby: In days past, fishing on Vancouver Island required the services of a locksmith with a set of picks in many areas as the forest was under MacMillan Bloedel's lock and key, and one wonders if this could not happen again.

One thing I felt came through on the Fletcher Challenge application in the Mackenzie — that Fletcher was unwilling to do any major expansion and, in fact, a lessening of employment would likely result, if the licence was not allowed. This seems to me to be blackmail, that is, "Give it to us or else."

Don't rush this TFL program through.

A. J. Hansen: Many of the present TFLs are managed very well. However, so are many of the non-TFL areas which are under the management of the Forest Service. Peter Pearse (p.89) compared reforestation practices on lands under FL and TFL tenure and found that long-term tenures (beyond 21 years) were no better or worse than those on FLs.

So far, TFLs have benefitted large companies more than small companies and therefore have accelerated the process of concentration in the industry. This is seen by most people as a serious threat to our free enterprise system.

(Re: Royal Commission, etc.) I support the suggestion that we get our facts straight and then take a detailed look at the available options before we make a decision. I personally have no specific request as to the form of the fact-finding process, as long as it avoids bias and distinguishes clearly between analysis, options and recommendations. Committee members should either be known as unbiased, or should represent all interested parties (industry, labour, government, non-government organizations, and Natives).

Whatever the structure and composition, the committee should be given a clear mandate to examine the TFL policy within the framework of B.C. forestry policy, along the lines of the Pearse Commission. It

should give priority to an analysis of the pros and cons to be derived in TFLs from

a) short-range and long-range silviculture in the TFL, b) development of better silvicultural methods, c) promoting or restricting the implementation of managerial improvements which are being applied by the ministry to non-TFL areas [such as environmental safeguards], d) promoting or restricting the process of public input and critical performance review, and e) inclusion of areas of low productivity in TFLs

The committee should also develop criteria for evaluating the economic effects which TFLs have had in the past and may have in the future on a) the profitability of the TFL holders' operations, b) the employment situation, c) the returns to the Crown, d) the over-all benefits to the provincial economy, without the "multiplication factor" (or with it, if a rational economic non-philosophical basis for this factor can be found), and e) development of commercial activities not related to logging.

The committee should further study theory and practice of consensus-seeking public input systems in B.C. and should make recommendations regarding the most promising process.

Irving Fox: My examination of the TFL issue is founded on two fundamental economic principles, namely: 1) for those commodities and services for which values can be reliably established through competitive purchase and sale, a competitive enterprise system is best suited to the realization of economically efficient production and use, and 2) for benefits and costs that cannot be reliably measured through competitive purchase and sale, neither a competitive enterprise system, nor any system dependent upon profit-making organization, can be relied upon to serve the best interests of society.

My conclusion is that TFL's violate both of these fundamental principles.

Mayor Gerry Furney (Port McNeill): While we support the general concept of TFLs, we feel companies should be **obliged and required** to work with the communities which house and service their people. Our local people deserve better than the spectre of some distant head office deciding to "shut 'er down."

