

**FINAL DEVELOPMENT PLAN
FOR THE BRITISH COLUMBIA
WOODLOT PRODUCT DEVELOPMENT COUNCIL**

**Prepared by the
Woodlot Product Development Council Committee**

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February 10, 1997

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DEVELOPMENT COUNCIL**

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1. DESCRIPTION OF THE BRITISH COLUMBIA WOODLOT INDUSTRY

The term "woodlot" has different meanings in different geographic areas. It is generally accepted that the term "woodlot" applies to a small area of forest land which is managed by an owner/manager. Terms such as "small scale forest management" and "non-industrial forest land" tend to apply to woodlots. In Eastern Canada, woodlots are deeded parcels of land with the woodlot owner holding a fee simple interest in the land. The land is managed for its forest values. In Scandinavia, the concept of small scale forest management and ownership of a significant portion of the national forest resource by individuals in the form of woodlots has been around for generations. In those countries, a significant portion of the national annual allowable cut comes from privately owned parcels of forest land known as woodlots and the productivity level of the woodlot lands has won those woodlot owners international recognition. In these countries, national laws set standards for the minimum level of management acceptable on private forest lands.

In general, in British Columbia, we do not have the benefit of woodlot owners having been involved in small scale forest management for generations; neither do we have laws which set minimum levels of forest management which apply to all private forest land. Up until quite recently, the commonly accepted forest management challenges faced in British Columbia were those relating to harvesting our forest resources. We now recognize that managing forest land for its many values, and so that its productive capacities are improved, are very significant challenges for us.

A. Licensed woodlots.

The Provincial Crown Woodlot License Program was created in 1979. It is a British Columbia Ministry of Forests program designed to provide small scale forest management opportunities to individuals. At present there are about 500 Woodlot Licenses in British Columbia with a combined Crown and private land annual allowable cut of 500,000 cubic metres. An individual Woodlot Licensee's forest land base in British Columbia typically consists of 400 hectares of Crown forest land and 40 hectares of private forest land managed together as one unit under a Woodlot License Agreement with the Ministry of Forests. A typical annual allowable cut is 1000 cubic metres per year.

Woodlot Licensees tend to focus their energies on growing forests with the intention of maximizing growth while respecting other forest values. They are encouraged, and in many instances required, to do so by the Terms and Conditions set out in the Forest Practices Code and their Woodlot License Agreement.

B. Non-Licensed woodlots.

In British Columbia, there is a significant amount of private non-industrial forest land. Unfortunately, much of that forest land is not managed for its forest values. Often the only management function undertaken is harvesting and when that is done, commonly little regard is given to regeneration of those forests. Forest inventory information for non-licensed woodlots in British Columbia is extremely limited and a good data base which identifies all non-licensed woodlot owners does not exist. With the implementation of programs such as the Woodlot License Program and F.R.D.A. Private Lands Program many land owners are beginning to

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recognize the value of managing their forest land.

A small percentage of non-industrial private forest land owners manage their forests very intensively and at a higher level of management than required of Woodlot Licensees. This small group of woodland owners have very similar interests and needs as the Woodlot Licensees and in the future a method for including them in the Woodlot Product Development Council should be explored. At this time only all Woodlot Licensees in good standing with the BC Ministry of Forests will be included in the Woodlot Product Development Council.

2. CURRENT INDUSTRY MARKETING AND DEVELOPMENT

Nearly all products coming from woodlot licenses consist of saw logs for local sawmills. Some poles, building logs, pulp logs and peeler logs are produced. Some regions of the Province, such as the northeast, do not have very competitive log markets and in these areas log prices are significantly lower than areas such as the central interior where the log market is more competitive due to the larger number of wood processing facilities in the area. Most licensees sell their logs as bush run logs and arrange the sale themselves. Amongst woodlot owners, most market price data is shared by word of mouth and the price at which they sell their wood is not a matter of public record. The Ministry of Forests "category one small business sales" data is public though not quickly and easily available. It is a useful guide in gauging market prices. Some Licensees sell their wood by direct sale; others tender their wood to the highest bidder.

Woodlot Licensees come from varied backgrounds and as individuals their education and experience varies greatly. Many of the licensees who obtained the first licenses have a background in ranching and farming and were awarded their licenses because they committed a significant amount of their private land to the license. Changes to the award criteria and increased competition have resulted in newer licenses being awarded to individuals with education and experience closely related to forest management. Changes to legislation and regulations affecting Woodlots Licenses between 1985 and 1995 have resulted in a great increase in the amount of planning and bureaucratic process required to operate a woodlot. Woodlot Licensees who are not a Registered Professional Forester are required to retain RPF consultants as many of the documents a licensee must provide must be signed and sealed by an RPF.

3. INDUSTRY ORGANIZATION

The Federation of British Columbia Woodlot Associations is a Society which was established in 1988. Membership is made up of fifteen separate woodlot associations whose membership is comprised of a total of 350 non-industrial forest land owners and managers living in communities from Vancouver Island to the Peace River region. The Federation of British Columbia Woodlot Associations exists to serve its member associations interests by promoting and improving the economic and social benefits of small scale and intensive forest management. Licensed woodlot owners have the option to form and join woodlot associations. At the present time in British Columbia, of 500 woodlot licensees, approximately 280 belong to woodlot associations. The British Columbia Federation of Woodlot Associations (BCFWA) is a member of the Canadian Federation of Woodlot Associations which is a national organization comprised of Provincial woodlot organizations.

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The Federation has worked with the Provincial and Federal governments to improve the opportunities available to Woodlot Licensees. Successes to date include:

- A small volume stumpage reduction.
- A reduction in the use of bonus offers in awarding woodlot licenses.
- Exemptions from cruising requirements in some areas.
- The option to select variable or fixed stumpage rates.
- Small scale forestry participation in the FRDA II program.
- Top up of interior woodlot licenses to 600ha.
- Increase in size of woodlot program.
- Improvements in the evaluation and award criteria used to consider new woodlot applicants

The Federation continues to advocate other proposals for change. These include:

- Streamlining of woodlot license administrative procedures.
- Improved extension services for woodlot licensees.
- Reduction in stumpage by increasing the small volume allowance.

At the 1991 Annual General Meeting of the BCFWA held in Prince George, a motion was passed to explore ways and means to put a check off system in place which would raise funds to be used for the mutual benefit of woodlot licensees. At the 1992 Annual General Meeting in Nanaimo, a motion was passed giving the executive the direction to develop a Woodlot Product Development Council to be funded by a \$0.25 per cubic metre check off to be levied on the sale of all wood being sold from woodlot licenses. Based on this support, the executive of the Federation formed a steering committee for the establishment of the council.

The Woodlot Product Development Council shall be a separate and distinct organization from the Federation of British Columbia Woodlot Associations. All Woodlot Licensees shall be members of the Woodlot Product Development Council. The steering committee of the British Columbia Federation of Woodlot Associations is of the view that the Woodlot Product Development Council will do much of the work the Federation is currently doing, as well as further work as outlined in this plan.

At an executive meeting of the Federation of British Columbia Woodlot Associations held in early 1996, this plan to proceed with the formation of a Woodlot Product Development Council received unanimous approval.

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4. COUNCIL STRUCTURE

The Council members will be all of the woodlot license owners. In cases where a woodlot license is not owned by an individual, only one person at one time may be appointed by the owner to represent the woodlot. An Individual can only represent one owner at any time. The executive of the Woodlot Product Development Council shall consist of seven directors, five who are members (woodlot license owners) and two who are appointed by the Minister responsible for administering the Fisheries and Foods Industrial Development Act (FFIDA). The Ministers appointees will be at his or her discretion, however, it is recommended one appointee should have a good understanding of the processing industry with an interest in woodlot licenses and one a representative of the Ministry of Agriculture, Fisheries and Foods or the Ministry of Forests who has a specific interest in woodlot licenses and the forest industry in British Columbia. For the first term the member directors will be recommended by the British Columbia Federation of Woodlot Associations and appointed by the Minister. Three shall be appointed for a two year term and two for a three year term. For subsequent terms, member directors shall be elected for a two year term by the members. To provide continuity, in any year no more than three elected directors shall have their terms expire. If a director does not complete a full term, a replacement director shall be elected. The replacement director's term shall be limited to the remaining amount of time left in the term of the original director's term. The directors shall elect a chairperson, vice chairperson and recording secretary. No director shall serve more than six years without interruption.

Licensees (members) operate in most regions of the Province and a board of directors with regional representation will be encouraged but not mandatory. It is part of this Development Plan to support public policy initiatives that are embraced by forming a council under the Food and Fisheries Industrial Development Act. The British Columbia Federation of Woodlot Associations will encourage members to be supportive of ideas and initiatives to promote involvement from traditionally unrepresented groups. It is expected the council will actively encourage members to link up, either jointly or independently, with local and provincial programs which promote skill development in areas of council activity.

Elections of member (licensee) directors will occur at the Council's annual general meeting which will be held at a place and time designated by the Council Directors. All members (licensees) will be entitled to attend the annual general meeting and to vote for directors. All members shall be given a minimum of ninety days notice of the time and place of the annual general meeting. Nominations for director can be made by either the directors or by individual members (licensees). For a nomination to be valid it must be received at the Council office six weeks prior to the annual general meeting. The nominee must be a member (licensee) and have five members signing his or her nomination papers. The directors shall ensure that all members are provided an opportunity to mail in a ballot for the election of member directors.

For the annual general meeting a quorum shall consist of five percent of the total membership. For directors meetings a quorum shall consist of fifty percent of the directors of which the majority must be member (licensee) directors.

A chartered bank, as designated by the directors, shall be the bankers of the Council's

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funds. The secretary or executive assistant shall deposit all monies received by the council in that bank. No money shall be withdrawn except by cheque bearing the signature of either the chairman or the vice chairman together with the signature of either the secretary or the executive assistant. An annual financial statement (review) shall be prepared by an accountant within six months of the Council's year end.

5. THE LEVY

The levy will be \$0.25 per cubic metre of allowable annual cut on the Crown portion of each woodlot license. The levy will be collected by the BC Ministry of Forests along with the annual woodlot rent which the Ministry currently collects. The levy will not be collected along with stumpage at the time of sale as originally proposed. The levy will be refundable to producers (licensees). To receive a refund a producer must apply to the council directors in writing for a refund indicating the amount of the refund required. The application for a refund must be received in the Council's office not later than January 31st in the year following the year in which the levy was paid, and applies only to the previous year's levy.

For the levy to become non-refundable, an opportunity to vote by mail on the change must be provided to all producers. The results of this vote would be conveyed to the Minister responsible for administration of the FFIDA for action if the vote results indicate that a non-refundable policy is preferred.

Any motion which increases the amount of the levy or amends this development plan must be approved by the Minister responsible for administering the FFIDA and be passed by a two thirds majority of the members attending the annual general meeting. Notice of such motions must also be mailed to the full membership at least 15 days prior to the annual general meeting.

6. PURPOSE OF THE COUNCIL

The primary purpose of the Council shall be to benefit and promote the woodlot industry throughout the province of British Columbia. With funds collected through the powers granted to the Council under the Farming and Fishing Industries Development Act, the Council will:

- 1) Promote a positive image of the woodlot industry and its products.
- 2) Educate the general public and buyers about the benefits of B.C. Woodlots and small scale woodlot management.
- 3) Initiate and support research programs for the development and enhancement of the woodlot industry in the province.

In accomplishing this purpose, the Council will adopt objectives which may include the following:

- A) To support the existing infrastructure with:
 - Local, Regional and Provincial log selling price list

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- Woodlot contractor and consultant list
 - Sample contract formats
 - List of average costs for harvesting, surveys, plans and silvicultural treatments
 - Respond to government requests for information and woodlot industry representation.
- B) To research the following areas:
- Markets
 - Management areas identified as problem areas for woodlot operators
 - New products
 - New management techniques
 - Methods to ensure fair valuation of woodlot stumpages
 - Methods to ensure productive and efficient administrative procedures
- C) To complete market development projects which:
- Identify existing opportunities
 - Identify new opportunities
 - Help woodlot operators sell their products into markets which provide the greatest return and get the highest and best use out of them, ie: value added.
 - support the principles of forest and wood product certification ie. ISO 14,000
- D) To assist in technology transfer to producers in the following areas:
- Silviculture
 - Marketing
 - Harvesting
 - Protection
 - Inventory
 - Small Scale Forest Management
 - Woodlot License Administration
- E) To promote, benefit and educate through:
- Woodlot industry news letter
 - Education at public schools
 - Small scale forest management
 - Image enhancement.
 - Providing forum for woodlot licensees to improve and broaden markets
 - New management and harvesting technique for woodlots
 - Providing extension services
- F) Develop and maintain

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- Data base of current log prices in Districts of Province
 - Data base of contractors and consultations providing services to woodlot licensees
 - Models of written contract formats for woodlot licensees to use for their own contracts
- G) Obtain group insurance rates for benefit insurance such as life, dental and disability as well as specialized Liability Insurance.
- H) Identify areas of weakness in woodlot management and facilitate and encourage research in these areas.

It is recognized that this list of objectives is extensive and that the directors, with input from the members, will have to prioritize it. The intent of the list is to provide some guidance to the directors as well as let the Provincial Government and licensees know the intended focus of this council. The directors and members may establish new objectives which are required to serve the most important needs of licensees.

7. BUDGET

The Council will cover the expenses incurred by the executive and the directors of the council.

Proposed Budget:

Income	Number of Licensees	=	500
	AAC	=	500,000 m ³
	TOTAL INCOME 500,000 X \$0.25	=	<u>\$125,000</u>
Expenses	Wages and benefits, Manager	=	\$ 55,000
	Part time steno help	=	11,000
	Office rent, equip & sundry	=	17,000
	Mailing, telephone	=	8,000
	Director's expense	=	12,000
	Special projects	=	14,500
	Refund of levies	=	7,500
	TOTAL EXPENSES	=	<u>\$125,000</u>

The annual allowable cut attributed to the 500 woodlot licenses is approximately 500,000 cubic metres. This indicates a potential revenue of \$125,000 per year from the 25 cent levy if woodlot licensees did not request a refund. Expansion of the woodlot program through the top up of interior licenses and awarding of new woodlot licenses is expected to increase the amount of levy collected over the next 5 years by approximately \$100,000 per year. The Council will be able to access other funds for specific tasks and projects. Forest Renewal BC and The Ministry

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of Forests have indicated that they will encourage applications for funding which fit existing program goals. The Woodlot Product Development Council will be restricted as to what it can do by the revenue available to it. For \$125,000, it should be possible to maintain a small office with one permanent staff member. Given the limitations of the resources of the Council, it is expected that its services will not include on site inspections or extensive individual consultations with numerous individual licensees. The Council should be able to deliver on many of the items in the list of objectives. The outputs are based primarily around collecting and disseminating information. If significant funding is obtained for extension services, the council will be able to do on the ground consultations for individual members on their individual woodlots.

8. STRATEGY TO INFORM PRODUCERS

Producers have been informed of requirements of the Farming and Fishing Industries Development Act and about the proposed Council and levy by:

- 1) Strategy and plan approval by the Woodlot Product Development Council Committee of BCFWA. 1992 (done)
- 2) Strategy and plan reviewed by staff at the Ministry of Agriculture, Fisheries and Foods. 1993 (done)
- 3) Strategy and plan reviewed by Directors of BCFWA for comment. Oct. 1993 (done)
- 4) Introductory mail out to all Woodlot Licensees of strategy and plan of the Woodlot Product Development Council. Aug. 1994 (done)
- 5) Preparation of development plan and approval by the senior staff of the Ministry of Agriculture, Fisheries and Foods. April 1996 (done)
- 6) Mail out of proposed development plan to all Licensees. Nov. 1995 (done)
- 7) Tour of Province holding regional meetings to take input regarding the concept of a Woodlot Product Development Council. Dec. 1995 (done)
- 8) Amend the development plan as required based on input from above. June 1996 (done)
- 9) Obtain commitment from the Ministry of Forests to collect levy on behalf of the Woodlot Product Development Council. October 1996 (done)
- 10) Obtain final approval of Development Plan from the Minister of Agriculture, Fisheries & Foods. December 1996 (done)
- 11) Mail out of final development plan to all licensees and a ballot for the plebiscite. February 1997

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9. TIMELINE:

October, 1993 October, 1994 and October 1995	Information session on draft developmental plan held at AGM of Federation of B.C. Woodlot Associations.
November, 1995	Submitted proposal to Minister of Agriculture, Fisheries and Food (MAFF) for approval. Mail draft Development Plan to Woodlot Licensees for input.
December, 1995	Regional meetings with Woodlot Licensees to discuss Development Plan held.
January/Dec, 1996	Finalized details on how levy is to be collected. Amended plan and submitted final Development Plan to Minister of Agriculture, Fisheries and Food for approval
February, 1997	Submit final Development Plan to Woodlot Licensees with ballots for plebiscite.
April/May 1997	Count ballots. If approved, B.C. Federation of Woodlot Associations recommends individuals for appointment as inaugural Directors of the council based on merit, knowledge of the industry, and equitable principles. Minister makes decision and appoints council.

10. CONDUCTING THE PLEBISCITE

All Licensees will be sent a copy of this final Development Plan and a mail in ballot. For ballots to be accepted, licensees must mail in their ballots and they must be received by the Prince George office of Deloitte and Touche, Chartered Accountants (the returning office for this Ballot) by March 31, 1997. For the plebiscite to be successful a minimum of 50% of licensees must return their ballot and a minimum of 50% of ballots received must be marked in favor of forming a council. Deloitte and Touche will do the mail out to ensure the ballot is confidential and fair.