



File:19410-20/30

Date: October 18, 2017

To: All Tenure Holders within the Fraser Timber Supply Area (TSA)

Re: Completion of Phase I Refinements to Fraser TSA Operating Areas

I am writing to update Licensees and BC Timber Sales about the operating area review project, as a follow-up to the previous “all licensee” letter regarding this project, dated October 3, 2016. This letter is to notify licensees that Phase I of the project is now completed with the refinements in operating areas and spatial identification of proposed First Nation Woodlands Licences (FNWLs) in the Fraser TSA.

After considering input from various meetings with licensees and correspondence received on the project, the revised operating areas are depicted on the map entitled **Chilliwack Natural Resource District Operating Overview Map Version 3.1**, dated September 20, 2017. The project is supported with analysis work which considered a comparison of the total Timber Harvesting Land Base (THLB) volumes by a number of parameters by licensee relative to the Fraser TSA average profile. The District Operating Overview Map, spatial files of the operating areas, and analysis information for the project can be accessed from the Ministry’s FTP web site:

https://www.for.gov.bc.ca/ftp/DCK/external!/publish/OPERATING_AREAS/OCT2017/

I consider the process adequate to conclude this phase of the project and that it forms part of my expectations on licensee operating areas in the district. In an effort to avoid investment uncertainty and maintain business continuity, it is the district manager’s expectation that Licensees will strive to adhere to the operating map as provided for all future forest management planning and development within the Fraser TSA.

The project uses the most up to date estimates of total THLB volume as compared to the original 2015 Benchmark. The comparison analysis has been based upon a number of key principles and assumptions which I acknowledge as follows:

1. That a wholesale change in operating areas would have been overly disrupted and unreasonable given the history, complexity, and scale of the TSA. Rather, I accept the fact that refinements have trended each tenure holder towards the residual TSA profile and it is that opportunity that defines “equitability” in the process.

2. The residual TSA profile applied for comparison is a reasonable future condition whereby all currently proposed area based First Nation Woodland Licences areas have been removed from the current TSA opportunity.
3. The THLB volume criteria utilized are broad based and are good course filter considerations and are not necessarily a determining factor to trigger a change in operating area or a factor that will fully align with actual operations. I also concur in using additional comparisons criteria that were suggested by tenure holders throughout the process as being useful in comparisons.
4. That the declarations of planning intent and investments as of December 31, 2016, will continue to form part of the key considerations in any transition plan necessary as a result of this reallocation initiative with full consideration of First Nation consultation process.

An important outcome of this process is defining specific operating areas throughout the entire TSA explicitly for First Nation volume allocations. It is my expectation that applications received in these areas will be restricted to First Nation forest tenure opportunities only. In time, I anticipate further refinement to these First Nation Volume Based Tenure Operating Areas based upon negotiations between overlapping First Nation traditional territories. As well, once FNWL are established, this reallocation process will monitor BC Timber Sale (BCTS) reserve volume figures and rebalance where necessary the BCTS operating areas with the mandate of the Market Pricing System targets. I will continue to champion and support any form of partnerships between existing tenure holders and any first nation who seeks to use the expertise and resources of existing forest managers to action their volume opportunity.

I conclude with the notion that this process is never fully complete, that amendments will always need consideration. I will first ask you to consider addressing any particular problem profile or need by negotiating with the other tenure holders first. There is no restriction to trade or swap opportunities within your assigned operating area with another tenure holder. I only ask that this opportunity is clearly articulated, documented, and agreed to by each party prior to submission to this office.

My staff will contact each of you in short order to review in detail the assumptions, comparisons, and results contemplated from the removal of the FNWL planned for this TSA. I assume that strong communication will continue on strategies with incoming and exiting licensees for transition planning. In the event that you disagree or find errors in the data used in the comparison analysis, I ask that you contact me at 604-702-5700 or Mike.Peters@gov.bc.ca; or Tom Cole at 604-898-2100 or by email at Tom.Cole@gov.bc.ca.

Yours truly,

Mike
Peters

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Mike Peters
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