

TENURE REFORM CHALLENGES

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TENURE REFORM REFERENCE

Tenure reform was front and centre in panel discussions at the February 2018 TLA Annual Convention and Trade Show (<https://tinyurl.com/ya6qb4nj>). A number of issues were raised regarding what is needed to meet the challenges faced by the industry now and the near future. The existing tenure system was identified as a deterrent by one or more panelists in each of three (3) panels.

Dr. John Innes, Dean, Faculty of Forestry, UBC, said “The whole forest estate should be considered as a working forest, not just the timber harvesting land base.” He said the tenure system is holding us back and indicated both a change in views is occurring among his students and forest professionals are questioning the sustainability of current forest policies and practices. His view was tenure reform could occur sooner rather than later.

Opinion: I support Dr. Innes’s view the whole land base should be managed as one unit, not just the timber harvesting land base. I am less optimistic regarding the pressure developing relative to tenure reform, as noted in the discussion below.

Bruce Blackwell, President, BA Blackwell and Associates, identified the tenure system is preventing adequate response to the threats of wildfire.

Opinion: I believe landscape level planning within the existing tenure system could address this, if collaboration and cooperation between licensees and Government was to occur.

Dr. Clark Binkley, Chief Investment Officer for Green Wood Resources, talked about the USA separation of timberland and manufacturing. He also identified the value of BC tenures are not worth much in his mind.

Opinion: I am a strong supporter of separating the management of forests from the manufacturing of wood products. The required managerial performance measures and skill sets for each of these components are different. As long as we have the manager of the mill determining the level of forest management, as we have in the interior, it will continue to be at the basic legal requirement level and short-term focused.

Justin Rigsby, CEO, Holbrook Dyson Logging, said “If you could broaden or carve up some of that [existing] tenure just a little bit and allow access to that timber [for small licensees] then I think you’ve got more opportunities to utilize the fibre base to its maximum capability.”

Opinion: Small companies have the tendency to be more innovative in moving toward full fibre utilization and directing logs to their highest value.

TENURE REFORM DISCUSSION

The tenure reform issue is not new. It has been around for at least 30 years. Many people have said reform should happen but no Government has moved forward on doing so, even when the benefits associated with forest management, provincial economics and community resiliency have been identified. I support the concept of tenure reform but recognize it is not without its challenges. Here are some with a few associated comments.

Why is Government reluctant to enter into tenure reform?

Tenure reform is complex and will, in part:

- Be “messy,” given the First Nations’ Rights and Title,
- Take years to put into place resulting in major disruptions to the industry while the process develops,
- Result in significant resistance from current Licensees,
- Result in Licensees asking for financial compensation in the millions of dollars for removing tenure from them consistent with the previous president set in past “claw backs” of Allowable Annual Cut,
- Bring forward a wide range of suggested new forms of tenure, many of which will be time consuming and not be economically feasible but generate a lot of discussion, confrontation, etc. and,
- Bring back the public backlash of years ago when it was proposed to convert some volume-based tenure(s) in the northeast into a Tree Farm License resulting in Government backing down.

Government would prefer to address issues on a case by case basis rather than through tenure reform, even if this will continue to build on a very complex and in some cases unmanageable legislative and regulatory infrastructure.

I know some advocates for tenure reform will argue that without it we are on a path to losing our entire forest economy and the sustainability of current forest dependent communities. I doubt this will occur as we have the ability and innovation culture to make the necessary changes to prevent this from occurring.

Why are the major licensees not supportive of tenure reform?

- They have a system that is working for them, even if it has its challenges.
- Their culture includes resistance to major change for as long as possible.
- Tenure is viewed as the tool to provide the fibre security needed to obtain loans and attract investors, even though there have been very successful companies in BC and the USA without any tenure.

- The existing tenures provide a “comfort zone” for companies rather than changing their management which would be needed to reflect the approaches of successful non-tenure companies.
- They would prefer to deal with issues within the existing tenure system, even if it is adding to the complexity of forest management.

What would cause politicians and forest companies to enter into tenure reform?

- A crisis for the forest industry that requires tenure reform, or
- A Government willing to take-on the challenges of tenure reform to achieve the long-term benefits.

I hope we do not experience a crisis and I am very sceptical a group of politicians will arise willing to take on the tenure reform challenges. Consequently, we have to find ways to move forward within the existing tenure system to meet a long-term forest stewardship vision and goals while reducing the complexity of the current legislative and regulatory infrastructure and meeting other objectives such as building community resiliency and a diversified and globally competitive industry. There have been numerous recommended worthy actions over the years to achieve these objectives. However, Governments have not addressed the key points, many resisted by the industry, to allow us to move forward. Hopefully this will change.

I am optimistic the innovation currently occurring within BC forest management and product manufacturing will help us move forward. However, Government needs to celebrate the accomplishments and further encourage these policy and operations practices with the understanding it is intended as an alternative to addressing the challenges of tenure reform. If Government is not willing to provide this leadership, we will move toward a crisis. This is a “no-brainer” from my perspective. I hope Government sees its value as well.