



YCS FORESTRY GOALS:

YCS aims to ensure environmentally, socially, and economically sustainable forestry across the Yukon.

Goals:

- an appropriate tenure system (how the rights to a wood supply are allocated, and what responsibilities go with that right),
- community-based regional forest management planning,
- meaningful consultation,
- sustainable harvest levels
- ecologically appropriate harvesting.
- increased public awareness of forest issues.

RECENT EVENTS:

July '02 Update: Great News in Forestry!

Years of work on forestry issues in the southeast Yukon are coming to fruition. As you may have heard in the media, DIAND Minister Robert Nault appointed George Tough as his Forestry Envoy to the Yukon to wade through the widely differing claims, opinions, and demands, and chart a course toward a stable, sustainable forest industry in the territory.

Mr. Tough met with representatives of a wide range of interests, including the Kaska First Nation, trappers, the Wilderness Tourism Association, CPAWS, YCS, and the forestry industry. He spent the bulk of his time listening to the Yukon Forest Industry Association and others who were advocating several times the current annual cut, and large, long term Timber Harvest Agreements immediately. Despite, or perhaps because of this, his recommendations were almost exactly what we have been calling for, for years. The course we have been advocating is not radical; it is the only sensible, viable way forward.



Mr. Tough called his report "Yukon Forestry Issues: A Reality Check and a New Direction." He emphasized the tremendous opportunity we have in the Yukon to do it right, and he criticized DIAND's administration of forestry to date. He concluded that forest management planning is necessary before determining a valid Annual Allowable Cut, and he recommended staying within the current 128,000 cubic meter per year harvest ceiling until that work is complete. He recommended that no large, long-term THA's be issued until the planning is complete. And he recommended that the planning be done in full cooperation with the Kaska First Nation, through their Memorandum of Understanding on Forest Stewardship.

He also recommended that DIAND should cease funding the Yukon Forest Industry Association (YFIA), at least until a mutually beneficial, forward-looking relationship has been established. This may have been in response to some members of YFIA undertaking law suites against DIAND to force government to issue them big THA's. YFIA itself has also uttered thinly veiled threats of legal action.

George Tough's report was excellent, but we waited with bated breath to hear whether the Minister would follow his envoy's recommendations. And the good news is that at a Whitehorse media conference on May 24, Minister Nault announced that he intends to take Mr. Tough's advice. Furthermore, he promised to provide the financial resources to do the planning and to fix up DIAND's forestry department: a million dollars per year for the next two years. He also committed to DIAND continuing to remain involved and provide resources after devolution.

These decisions set the stage for the Kaska Memorandum of Understanding on Forest Stewardship, which seems to be in the final phase of negotiations. The MOU is an historic agreement, which creates a tri-partite Council representing Kaska, Canada and Yukon, to oversee the development of forest management plans and policies for the Kaska Traditional Territory. The MOU will ensure that there is a plan for the Rancheria Caribou Herd winter range, and a remedial plan for Garden Creek before any more logging occurs in those areas, regional and sub-regional forest management plans, and an interim wood supply plan to keep industry going while the regional plan is being developed. The public and stakeholders will be invited to provide input into these plans. Once the MOU is signed, the hard work begins. But it will be positive, productive work, instead of the battles of the past years.

George Tough's report is on INAC's website at:

www.ainc-inac.gc.ca/nr/prs/m-a2002/for_e.html



BACKGROUND:

In September 2000, the Department of Indian and Northern Affairs (INAC) Forest Resources department attempted to create a system of forestry tenures called Timber Harvest Agreements (THAs), in the southeast Yukon. The plan was to allocate more than 6,600 square km. of essentially pristine forest to one company as a ten year, renewable, 100,000 cubic meter per year THA. Three smaller THAs were also planned, but the wood supply for these smaller operators would only have lasted five years, and after that only the large THA would have remained. In total, the proposed new tenures would have pushed the harvest in that part of the southeast Yukon 100,000 cubic meters above the 128,000 cubic meter per year harvest ceiling established by the current Timber Supply Analysis. The tenures in the southeast were meant to serve as a template for tenure development in the rest of the Yukon.

Land use planning is not complete anywhere in the Yukon, the land claim has not been settled in the southeast, forest and other inventories are inadequate in the south and almost non-existent everywhere else. In past consultation processes, Yukon people have consistently stated that they support ecosystem-based forestry, small scale, local forestry operations, community and woodlot style tenures, and value added manufacturing. Instead, Forest Resources planned to implement a corporate tenure system, which would squeeze out small local operators, leave all of the landscape planning and inventory responsibilities to industry, and which would not protect non-timber values and traditional ways of life.

First Nations, communities and stakeholders flooded INAC with letters. They demanded:

- 1) meaningful consultation, including Yukon-wide meetings, and
- 2) landscape level planning before long term tenures are issued.

Since September, a number of positive things have happened:

FOREST MANAGEMENT PLANNING:

INAC has committed to a community based, regional forest management planning process in the southeast Yukon. This process cannot be completed until INAC and the territorial government sign a Memorandum of Understanding on forest management planning with the Kaska, whose land claim in the southeast Yukon is not settled. Without Kaska participation, the planning process would be invalid, but while the MOU is being worked out, at least a start is being made.



ANNUAL CUT:

INAC has committed to not raising the annual cut in the southeast until a fully revised and consulted Timber Supply Analysis, based on new inventory, has been done.

MEANINGFUL CONSULTATION:

INAC and the Yukon territorial government (YTG) each hosted Yukon wide meetings in the spring of 2001, to get direction on forest policy and tenure issues. The reports from the meetings will help to direct INAC's and YTG's forestry policy.

THE YTG MEETING GAVE DIRECTION TO THE TERRITORIAL GOVERNMENT TO:

- address all forest values and users,
- support Yukon-wide forest management planning,
- investigate a variety of tenure models.

THE INAC MEETINGS ESTABLISHED THAT PUBLIC WILLINGNESS TO SUPPORT A FOREST TENURE SYSTEM IS DEPENDENT UPON THE ESTABLISHMENT OF:

- regional community based forest management planning,
- a socially acceptable harvest ceiling, and
- public participation in defining tenure criteria and evaluation of potential proponents.

ECONOMICS:

YCS commissioned forestry economics consultant Peter Drake to produce a background paper on forest industry options for the Yukon. This paper concluded that, no matter how high lumber prices are, commodity lumber production is not economically viable with the Yukon's small, remote wood supply. The Drake report suggested several value added possibilities that could work in the Yukon.

TENURE:

INAC did not issue a Request For Proposals for long term tenures in October, as they had planned. This has given YCS time to review alternative forest tenure models.



Local officials are under pressure from INAC Minister Robert Nault to issue forestry tenures soon. Forest Resources has therefore decided to issue a Request For Proposals for two 30,000 cubic meter per year tenures in a relatively non-contentious area near Watson Lake. This is far less volume than the 175,000 cubic meters per year worth of tenure INAC was proposing in September. It falls well within the current annual cut, and leaves wood for annual permits and future woodlot style tenures. This size of tenure is also appropriate for value added manufacturers, and should not give commodity lumber manufacturers unrealistic hopes about the size of the Yukon's wood supply.

NEXT STEPS

. . . .There is still lots to do!

ANNUAL CUT:

We need to ensure that the new Timber Supply Analysis for the Southeast Yukon will be sustainable, not just for timber, but for all values.

TENURE:

Continue to research and publicize appropriate alternatives to the corporate tenure model.

Ensure that tenure development everywhere in the Yukon is sustainable. There is a demand for a salvage Timber Harvest Agreement in the widespread spruce bark beetle kill in southwest Yukon. This salvage tenure could provide the local First Nation mill with a secure wood supply for a few years. But it needs to be located carefully to protect wildlife, tourism and traditional values. And the logging needs to be selection systems that protect the young, living trees among the old dead ones.

FOREST PRACTICES:

Ensure that ecologically sustainable logging techniques are entrenched in the criteria for companies to obtain a long term wood supply.



Get Forest Stewardship Council certification standards developed for the Yukon within the next two years. Over the upcoming year, our Forest Stewardship Council Certification Coordinator will:

- educate Yukon people about the economic and ecological benefits of FSC certification,
- identify representatives to sit on the First Nations, social, conservation, and economic chambers of the standards development team,
- assemble standards from other Canadian jurisdictions as a basis for creating our own standards,
- with the standards development team, begin writing draft FSC standards for the Yukon,
- research Forest Acts from other jurisdictions, and identify key components of a Forest Act for the Yukon. www.fscCanada.org

ALGONQUIN FOREST AUTHORITY & FOREST STEWARDSHIP TENURE MODELS:

The Algonquin Forestry Authority (AFA) is an arms length government body, which has held a 400,000 cubic meter per year forestry tenure in Ontario's Algonquin Park since 1975. The AFA has a board of directors composed of a range of stakeholders. The staff of the AFA comes from the private sector, but is answerable to government and the board. The Forestry Authority does the forest management planning, and the Ontario government signs agreements with mills to provide them with a dependable wood supply. The AFA includes the costs of planning and silviculture in the price that companies pay for wood. The Algonquin Forestry Authority required an initial government investment, but this investment was paid back within 3 years, and the AFA has broken even or made a profit every year since then.

The Algonquin Forestry Authority was created because of conflicts between logging and recreational concerns in Ontario's Algonquin Park. Since 1900 logging and recreation had co-existed in the park, but by the early 1970's major public debate developed about this. In response, a comprehensive plan was drawn up, which zoned the land base for various uses. The existing forest licenses were cancelled, the Algonquin Forestry Authority assumed the tenure for the whole area, and government signed agreements with the mills to provide a secure wood supply to them.



The AFA is not perfect - it enables logging in a park, some say that its consultation is no better than large corporate tenure holders, there are regeneration problems with a number of tree species, etc. However, it has provided the inspiration for the development of a made in the Yukon tenure called the Forest Stewardship Trust, which would incorporate the advantages of the AFA, while ensuring consistency with the Umbrella Final Land Claims Agreement (UFA), and the needs of communities and the environment.

An implementation study of the Trust model is required, to determine how it would fit within the Yukon's legislative regime, the UFA, and the unique circumstances of our forest industry. However, even at this preliminary stage, there seem to be a number of advantages to a Trust model:

ADVANTAGES TO COMMUNITIES:

- The Trust's mandate would be sustainability and preserving all values, rather than maximizing profits.
- It would ensure that forest management planning is not left up to industry.
- It would implement the regional forest management plans produced through community based planning processes, ensuring consistent operational planning over the large landscape.
- The Trust could be a transitional phase while communities build capacity to take on community tenures.
- It is appropriate in areas where the land claim is not settled, because compensation would not have to be paid to the Trust if selection lands were withdrawn from the tenure.
- The Trust would ensure meaningful public consultation through its board of directors, and through public meetings.
- It would ensure that competent people are doing the planning – in the Yukon this is an issue, since the Forest Resources' department is strained to the limit, and therefore planning is suffering. Also many industry players here may not have the resources or the experience to do effective long term operational forest management planning.

ADVANTAGES TO INDUSTRY:

Companies would have security, through multi-year wood supply agreements signed with government. A Request For Proposals would be issued, to determine with which companies the government would sign wood supply agreements. These wood supply agreements could be multi-year, renewable contracts, making it possible for companies to access bank financing and investment dollars. Mills could either buy wood that the Trust harvests, or companies could do the harvesting themselves.



It is good for small industry, because the Trust would plan woodlot type allocations together with other larger wood supply allocations. This creates economies of scale, sparing small operators prohibitive planning costs.

It is good for all industry players, because through stumpage they can pay for planning as they go, rather than having to invest a lot of money in planning up front.

Since the Trust would administer a much larger area than an individual corporate tenure, there would be flexibility in case of large fires and other natural disturbances.

The Trust would be responsible for undergoing environmental screening for the forest management plan, rather than industry.

YUKON FORESTRY FACTS:

- The maximum timber supply for the entire Yukon is approximately 350,000 – 400,000 cubic meters per year. This is less than the wood supply for one mid sized BC or Alberta lumber mill.
- Logging has boomed three times in the Yukon: during the gold rush at the turn of the century, during the building of the Alaska highway in the 1940's, and during the 1994/95 'green rush' when thousands of truckloads of raw logs were shipped to hungry southern mills.
- Forestry in the Yukon is still under federal jurisdiction, through Indian and Northern affairs Canada (INAC). Devolution of forestry and other responsibilities to the territorial government has been 'imminent' for years.
- The Yukon does not yet have a system of long term forestry tenures. There is currently only one 28,000 cubic meter per year tenure, held by Kaska Forest Resources. Other than this, timber has been allocated through yearly permits, and soon, under new Timber Regulations, three year permits. Industry is pushing for more stable wood supplies, through long term tenures. There is general support for long term tenure, but YCS and others insist that tenures have to be planned and allocated in ways that protect other forest users.
- Because we don't have an entrenched forestry tenure system, there is still a chance to create innovative tenures that do a better job of protecting non-timber interests than corporate tenures have done in other jurisdictions. (Link to About the Algonquin Forestry Authority and Trust Tenure Models)
- Three attempts at large (for the Yukon) lumber mills have been made in Watson Lake. All three companies have gone broke:



- Yukon Forest Products closed down in 1982, after operating at a loss for 13 years. It was acquired back out of receivership in 1984, but reverted back into receivership in 1986. The company had a 100,000 m³ per year Timber Harvest Agreement.
- In 1987 the territorial government bought the Yukon Forest Products mill, renaming it Hyland Forest Products. The territorial government sold 85% of the shares in 1989, losing \$12 million. The company, renamed Yukon Pacific Forest Products, went into receivership in 1990. This company had a 150,000 m³ per year THA.
- In Sept. 1998, South Yukon Forest Corporation finished building a new lumber mill in Watson Lake, with the verbal promise of a THA. The company received over \$1 million in loans and subsidies, but closed its doors in August 2000 after being refused a \$2 million loan by the Yukon government. South Yukon says they need a THA for 200,000 m³ per year as security for \$20 million in new investments needed to become economically viable. The harvest ceiling for the Forest Management Units where they want the THA is 128,000 m³.