

Briefing Document
First Nations Forestry Council

BC Forestry Roundtable

Access to Mountain Pine Beetle Emergency Funds

September 5, 2008

THE ISSUE

Mountain pine beetles are found throughout British Columbia's interior and regularly kill older pine trees, but usually in relatively small outbreaks that are brought under control by cold weather.

The current MPB attack, however, is unlike anything previously seen and is expected to result in four out of every five older lodgepole pine trees in the province being killed. Two major factors explain the severity of the current outbreak. Warmer winter temperatures have allowed beetle numbers to build. And successful fire-prevention efforts have led to a proliferation of older pine trees on the landscape.

Significantly, the use of fire as a tool in modifying landscapes was common among First Nations throughout North America. Our communities deliberately set fires to promote open areas. These modified landscapes were more attractive to deer, moose and other species that we later hunted, and they were also more favourable for berry harvesting. By eliminating deliberate burns, which made for a patchy landscape, more trees were allowed to grow older, opening the door for today's devastating beetle attack.

The implications of the ongoing beetle attack are particularly severe for our First Nation communities, many of which are isolated and now surrounded by largely (but by no means completely) dead forest. The First Nations Leadership Council in a January 2008 news release notes that no less than 103 First Nations communities in BC are or are expected to be in the zone of the as-yet-over beetle attack.

The millions of dead pine trees present serious social and economic challenges to all Interior communities, but particularly our communities, who have few economic options open to them other than working with the natural resources around them. For this reason, it is vital that any strategy mounted to address the effects of the beetle infestation pays particular concern to First Nations.

The provincial and federal governments have both acknowledged that the beetle outbreak has and will continue to have serious environmental, economic and social consequences. As part of an effort to deal with this, the federal Conservatives promised during the last election campaign to provide \$1 billion to help B C address this crisis. BC Premier Gordon Campbell has indicated to BC First Nations through a "Commitments Document" that 20 percent or \$200 million of the promised federal funds should be directed toward helping First Nation communities.

The money from Ottawa is not materializing in any meaningful way, and its delay means that already dire economic conditions in many First Nations communities in the Interior where unemployment rates can be as high as 80% continue. Moreover, there is a growing sense of urgency that unless funding commitments are made to clear or to thin forests surrounding our communities, that catastrophic fires, fuelled by the massive number of dead trees killed by the beetles, could wipe out houses just as the devastating fires of 2003 did in the communities of Kelowna and Barriere.

There is also a concern that provincial funding priorities need to be reordered to place a greater emphasis on addressing all aspects of the beetle infestation, with a special emphasis placed on addressing First Nations concerns. The province has ultimate authority for forest resources, and has made decisions that have resulted in both dramatic increases in logging rates (a small portion of which have benefited a select number of our communities) and major spikes in stumpage or timber-cutting revenues to the province. A portion of those revenues need to be returned to First Nations on a cost-shared basis to assist in economic development and diversification initiatives. And there is likely to be a

small window for doing so because as the beetle-attacked trees lose their value they will become less economically attractive to log. The window for harvesting such trees for traditional forest products such as lumber and wood pulp ranges from five years (on wet sites) to perhaps 18 years on drier sites. After that, the trees may retain value as fibre sources for various bioenergy projects (a topic dealt with in a separate brief), but there may be considerable costs involved in harvesting trees for such purposes. And eventually, the dead trees will fall over at which point they will be almost impossible to utilize.

A coordinated approach by the federal government (which has historically provided funds to address emergency situations in areas that are traditionally in provincial jurisdiction) and the province which financially benefits from utilization of forest resources is urgently required to assist First Nations in:

- Clearing or thinning forests around our communities to better protect them from forest fire risks
- Participating more fully in reforestation, tree-thinning and other endeavours in beetle-attacked forests.
- Identifying viable economic opportunities to utilize beetle-killed trees, including forest products, and energy sources.
- Dealing with impacts of the beetle attack on various resources of importance to our nations, including Interior salmon runs, hunting and gathering sites.

THE CONCERN

There is a great deal of concern that the federal government, in particular, does not take the threat of the mountain pine beetle outbreak near seriously enough. The First Nations Leadership Council has noted that there appears to be “little national understanding” of what the beetle attack means for the provincial and national economy.

Unless there are firm, multi-year commitments by the federal government to address the challenges posed by the beetles our communities could be left in extremely dire straits.

At the same time, there needs to be more done by the province, which has ultimate jurisdiction for forest resources. While the province has made no shortage of attempts to draw Ottawa into committing more funds, there is little to suggest that the province is prepared to commit sizeable long-term funding to addressing a host of challenges posed by the beetle outbreak.

This is of concern because in decades past, provincial and federal administrations were able to commit steady, long-term funding over 10 years to massive and largely successful reforestation efforts in BC, through cost-shared programs known as Forest Resource Development Agreements. Over a ten-year period and two cost-shared FRDAs, the provincial and federal governments combined to spend \$1 billion on restocking previously logged, burned or beetle-attacked forests so that healthy numbers of trees were once again growing on those lands.

Given the magnitude of the challenges posed by the current beetle attack, the province’s lame response to date on the reforestation front has left many First Nations and many forestry professionals concerned.

Moreover, if a significant cash infusion by the province were to occur it would make a lot of sense to do so now, not just because such cash is needed to assist all Interior communities and especially First Nations communities, but because there is a financial window to do so now. And that window will soon close.

Each year, the provincial government collects sizeable funds from companies (including First Nation companies) that log trees on Crown lands that are also the traditional lands of our people. Because of the significant efforts now underway to log pine trees as a result of the mountain pine beetle attack, there has been a sizeable increase in the logging of pine trees and a sizeable increase in the stumpage funds collected by the province. The stumpage increases, in particular, have gone up dramatically because a few years ago the province did away with the minimum 25 cents a cubic metre stumpage charge for standing dead and dry trees.

For purposes of this brief, a database maintained by the province and known as the Harvest Billing System was analyzed, with emphasis placed on understanding how many trees have been logged in BC's interior over the past five years and how many of those trees were pine. The analysis also looked at how much the province cumulatively collected in stumpage payments. The analysis revealed the following:

- Between 2003 and 2007 more than 283 million cubic metres of trees were logged in BC's interior.
- Of those trees logged, more than 165 million cubic metres or 58 percent were lodgepole pine.
- Between 2003 and 2007 the provincial government collected more than \$3.65 billion in stumpage revenues as a result of those logging activities.
- Of those revenues, more than \$2.13 billion or 58 percent was generated by the logging of Interior lodgepole pine trees.
- All of this activity occurred on lands that our nations claim.

With nearly 60 per cent of everything logged in recent years being pine and with nearly 60 percent of all the stumpage revenues collected by the province derived from this resource, there is a great deal to be concerned about moving forward. Eventually, the pine tree resource is going to become less and less attractive to log because it will have deteriorated so much in value that it presents little of interest as a conventional wood fibre source. This means that in future years, the province will collect less in stumpage revenues and therefore have less available to distribute. There is a pressing need, then, to take advantage of the one-time opportunity that exists now with elevated logging rates in response to the mountain pine beetle and to redistribute a significant portion of those funds to First Nations.

The province has in recent years committed funds to assist various regions of the province by way of "beetle action" coalitions. And it has recently increased its funding of reforestation efforts in response to the ongoing crisis posed by the beetles. But both initiatives have been criticized for failing to provide steady, long-term funding and at near the levels that will be needed to make a difference.

Moreover, there appears to be no coordinated provincial effort to address the immediate and longer term needs of Interior First Nations communities that will be disproportionately affected by the beetle outbreak and its aftermath.

We need assurance that a long-term plan, funded by both the provincial and the federal governments, is put in place and that a priority is given to addressing the needs of our Interior communities. We propose the following actions be taken to begin to address present needs.

THE SOLUTION

First, the provincial government should immediately strive to ensure that one fifth of the promised \$1 billion in federal funds is dedicated to First Nations and that there is no delay in those funds making their way to our communities that are directly effected by the beetle outbreak. We also remain concerned about how the federal money has so far flowed to BC. The first \$100 million was in the form of a direct transfer to the province. But the second \$200 million was not transferred straight through, but instead went to Natural Resources Canada, Western Economic Diversification, and to Transport Canada for subsequent distribution, meaning funds did not ultimately flow directly to the communities most impacted by the outbreak.

Second, the province should immediately negotiate with Ottawa in an effort to secure new funding on a cost-shared basis for reforestation and forest restoration activities to address the beetle outbreak and its aftermath. Historical precedent exists for such cost-shared forestry agreements. Once funding is secured, a priority should be given to forest clearing or tree thinning on the periphery of Interior communities, and in particular First Nations communities. All efforts should be made to ensure that the communities affected have opportunities to do this work.

Third, the province should immediately share all stumpage revenues collected in the Interior on a 50-50 basis with First Nations based on logging rates in individual territories. There is a particular urgency in this regard because logging rates and stumpage revenues will decline in the not-too-distant future as the number of dead pine trees grows and their suitability as sources of wood fibre declines.

