


SUMMARY

In British Columbia, major changes in forest policy have usually followed a Royal Commission. The first Commission was established in 1910. Chaired by F.J. Fulton, this Commission recommended policies to curb the speculative timber staking of the time. The Commission's advice against further long-term allocations was incorporated into forest policy for the next thirty years.

This system proved to be inadequate and in 1945 the second Royal Commission was established. Headed by G. Sloan, this Commission recommended the creation of management units. The "Private Working Circle" would grant individual enterprises long-term harvesting rights over forest areas in exchange for a commitment by these enterprises to practise sustained yield management on their holdings. Smaller operators were to have access to the Public Working Circles where public agencies performed the management duties.

These policy innovations were reviewed after a decade to determine their effectiveness; a task completed by the third Royal Commission which was also headed by G. Sloan. In its report of 1956, this Commission, with some minor exceptions, endorsed the implementation of the 1945 recommendations.

The fourth Royal Commission was established in 1975 and was chaired by Dr. Peter Pearse. Pearse identified several key issues which required policy revision. These included an improved framework for the administration of forest policy; a clarification of forest resource management goals; improved security of timber supplies through the tenure system; increased flexibility in the allocation of rights to public timber and the pursuit of deliberate policy outlining the pattern of future industrial development in the forest sector.
A review of the evolution of provincial forest tenure policy is essential to understand today’s tenure system. Over the years the most influential trend in the evolution of tenure policy has been the increasing reluctance of subsequent governments to alienate title to forest land. Consequently, developing a method whereby public ownership can be maintained while granting timber rights to private interests has been the primary objective of the Provincial Government since the turn of the century.

In British Columbia, major changes in forest policy have usually followed the recommendations of a provincial Royal Commission. The four previous Royal Commissions were established to reflect changes in the forest industry.

The following summary attempts to provide a comprehensive review of the history of forest tenure in British Columbia. To summarize these events in such a limited space does not do justice to the complexity of the issues involved. However, as a starting point the following summary should prove useful.
CROWN GRANTS:

In the pioneer days of the Province, timber land was not regarded as having any great value. Forest land, like other classes of Crown land, was sold primarily for settlement. In 1858, the earliest disposal of Crown lands carried with it all the natural resources. This Crown Grant procedure was consistent with the traditions of freehold ownership inherited from England. In 1859, a proclamation was issued by the Governor of the colony reaffirming this policy. It stated that “unless otherwise specifically announced at the time of the sale, the conveyance of the land shall include all trees...”.

In 1887, timber land became recognized as being of value in itself. An attempt was made to forbid the sale of Crown lands “chiefly valuable for timber”. However, due to statutory ambiguities and administrative laxity, grants continued to be readily available until 1896.

Between 1887 and 1888, grants of “Patented Lands” were made through a Special Timber Licence. This policy was supposed to reserve the actual timber with the grant. This new policy, however, reserved to the Crown a financial interest in the harvest in the form of a royalty.

In 1896 “timber land” was first defined and sale of this land was forbidden. This was notably the first effective step taken to establish the principle formulated in 1887 that timber lands should be held by the Crown. The act, however, was loosely enforced due to inadequate administrative measures. Thus, it was still possible for “timber lands” to pass into private ownership.

Although the export of timber cut under all forms of temporary alienation had been forbidden as early as 1901 (unless with the consent of the Lieutenant-Governor) there was no provision prohibiting the export of unmanufactured timber cut from these “patented lands” or other Crown lands disposed of until the passage of the March 12, 1906 “Timber Manufacture Act”. This Act required that all timber cut from Crown lands granted after the passage of the Act must be used or manufactured within the Province.

Railway lands were a unique form of Crown grants. For a number of years these lands were held by the federal government. This was a result of large tracks of timberlands being granted in aid of railway construction to the Dominion under the Terms of Union. In 1930, following the recommendations of a Royal Commission, the Dominion returned to the Province most of the railway belt and the Peace River Valley block, subject to any alienations made during its ownership. However, a large amount of fine timber on Vancouver Island was granted to the Esquimalt and Nanaimo Railway Company which remained in private hands for a longer period of time.
Crown grants were undoubtedly the most secure form of forest tenure due to their permanency and the wide scope of the rights they conveyed. However, the opportunities to influence land use and for the public to maintain an interest in forest land were both narrow. While the Crown Grant was slowing being phased out, other forms of tenure, which maintained Crown ownership of the forest land base, were introduced.

OLD TEMPORARY TENURES:

The policy of granting rights to harvest timber without alienating the land, by means of Timber Leases, was first introduced in 1865 in a Land Ordinance proclaimed in the Colony of Vancouver Island. By 1897, the provincial government had suspended allocations and reserved all the remaining unalienated timber. A refinement of the lease and three other forms of tenure evolved. A fifth was developed by the federal government during this time which eventually reverted to provincial control in 1930. These various forms of old temporary tenures are outlined below.

1. TIMBER LEASES:

Leases were first granted under the Land Ordinance of 1865. They imposed no limits on size, rentals, royalties, or terms of lease. The only fixed principle was that the lands should be leased only to those "actually engaged" in the industry. This served the purpose of preventing speculation in timber by private interests. A new Ordinance passed in 1870 empowered the Governor to grant rights to timber through Timber Leases which would be subject to whatever charges, terms, and conditions that he might prescribe.

Provincial legislation enacted in 1888 created a new form of lease which required the lessee to pay a royalty and an annual rent per acre. He was also required to maintain a sawmill with a specified capacity. In return, the lessee was able to cut all the timber on the specified lands for a term of up to 20 years. The rights conveyed by these leases were much more limited than the rights granted in a fee simple interest. They were of limited duration and the lessee's interest in the land was restricted to the designated purpose — cutting and removing timber.

In 1891, a system was introduced which sold leases by tender to the person paying the highest cash bonus. Amendments in 1892 reduced the lease term to a maximum of 21 years and that the required mill be appurtenant to the lease. By 1895 non-mill owners could acquire leases with the payment of an increased rental rate. In 1899, amendments were passed which made ownership of a mill insufficient, a mill now had to be operated 6 months each year unless excused by the Lieutenant Governor due to extenuating circumstances.

In 1901 holders of all leases issued under previous procedures were given the right to exchange their tenure for a new 21-year lease which would be renewable for successive terms of 21 years. This Act also required that all timber cut from timber leases or timber licences must be used or manufactured within the Province. Export was later allowed on certain terms. Provision was made in 1915 for the conversion of leases into special timber licences.

2. PULP LEASES:

Pulp leases were first granted in 1901 as a form of timber lease granted to owners of pulp-mills with one tonne of pulp per square mile of lease capacity. One provision being that the mill was to be operated six months in the year. Since the timber involved in pulp leases was usually of lower value the rental and royalty were payable at lower rates. A provision was made, however, for higher rental and royalty rates regarding sawlogs cut on a pulpwood lease which were not manufactured into pulp and paper.

As a result, less revenue was collected on first and second grade logs manufactured into wood-pulp or paper than those cut into lumber. Exportation of manufactured timber from this form of lease was not allowed under the 1901 Act. These leases were no longer granted after 1905 but rights of renewal have been maintained from time to time by statute amendments. The conversion of these Pulp leases into Special Timber Licences occurred in 1926 and 1927 when the timber was found to be unsuitable for the manufacture of pulp and paper.

3. TIMBER LICENCES:

This is a form of temporary alienation of timber and is of later development than leases as it was not established until 1884. The 1884 "Timber Act"'s main purpose was to derive revenue from the cutting of timber from Crown lands. Unoccupied Crown lands, other than Indian Reserves or lands exempted by the Lieutenant-Governor were available for licence.

Timber dues were imposed but prior to April 7, 1887 no royalty was reserved on timber cut from lands sold by the Crown. No Act set any specific rate of royalty in respect of timber cut from leased lands. The licence system, was therefore, more profitable to the operators than any other form of temporary or permanent alienation then in effect. Leases were generally only granted to mill-owners. Such a limitation was never imposed on timber licences. Licences became "Special Timber Licences" in 1898 and were given for one year, being renewable at the discretion of the chief Commissioner of lands, but were not transferable. The annual fee and royalties were increased.

Until 1903 the system of temporary alienation was conducted with the dual purpose of obtaining revenue and granting timber to operators. Provisions relating to granting timber licences were then liberalized with the purpose of assuring operators a future source of supply. This led to a period of great activity and speculation in timber licences. Consequently the revenues of the Forest Branch soared. The 1903 Act lengthened the term of licences to 5 years renewable.

The "Timber Manufacture Act" was passed, incorporating the 1901 provisions relative to the manufacture within the Province of timber cut from leases and licences, and enacted that timber cut from all Crown grants issued after March 12, 1906 should likewise be used or manufactured within the Province.
Licences issued after 1908 carried one year renewable terms, to a maximum of 21 years. The new legislation stipulated that the old licences already in force would be annually renewable for 16 years and the Timber Licence very popular and by 1907 it had become the most widespread form of harvesting rights. In 1910 licences could be converted into licences renewable from year to year so long as there was timber of commercial quantities on the licensed area. This made licences an equally secure form of timber tenure as leases. Time for conversion was eventually extended to 1929.

As of February 1944, licensed lands were subject to the annual forest protection tax, and the timber cut was subject to royalty as provided by the "Forest Act". Also, timber licences were renewable from year to year with an annual renewal fee. These annual renewal fees were fixed until December 31, 1954 by the "Timber Royalty Act" of 1914. This was later incorporated into the "Forest Act". As of 1974, the Timber Licence was still the most important form of old temporary tenure.

4. PULPWOOD LICENCES:

Pulp-Hood Licences began as Timber Licences. Between 1919 and 1921 they were converted under special provisions which gave licensees, who wanted to remove pulp timber, the same advantages in terms of royalty and renewal fees that Pulp Leases offered over Timber Leases.

SPECIAL FORMS OF LICENCES:

In addition to these general timber licences there were two special forms of licences: "hand-loggers' licences" and "hemlock-bark licences". Hand-loggers' Licences were personal licences allowing the holder to cut timber. These were first granted in 1886. In 1888 the term for which such licence could be issued was limited to one year.

In 1908 the fee was raised and the area of operations was confined to certain parts of the Northern Coast. The 1908 Act also forbade use of steam powered machinery by the holder of a hand-logger's licence. In 1920, use of any powered machinery was banned for these loggers. Timber cut from this form of licence was subject to royalty. Hemlock-bark Licences were really a form of lease. All of these have either lapsed or been converted to special timber licences.

THE FULTON REPORT — 1910:

From about 1904 on, a variety of circumstances converged to produce a frenzy of "timber staking" in the province. The number of timber licences rose from less than 15 hundred to more than 15 thousand in 3 years. The government welcomed the rental revenues that this increase produced, but was worried about the possibility that all Crown timber in the province would become committed.

In 1907, by an Order-in-Council, further issuances of cutting rights were suspended and all unallocated timberland was placed under reserve. Before taking anymore steps, the Government sought an assessment of its policy by appointing the first provincial Royal Commission of Inquiry into Forest Resources. This Commission's report was released in 1910. The Commissioners estimated that roughly three-quarters of the province's merchantable timber had been alienated in one form or another. The Commission was convinced that the forest industry's supply of timber was more than adequate for the foreseeable future. It, therefore, endorsed the government's decision to reserve the remaining unallocated timber from disposition.

The recommendations of the Fulton Report were well received and many were incorporated in the "Forest Act" of 1912. This legislation created the Forest Service as a specialized agency within the Department of Lands. The Fulton Report was also directly responsible for the development of Timber Sale Licences.

TIMBER SALE LICENCES:

The "Forest Act" of 1912 required that an area proposed for sale be "cruised and classified" before a Timber Sale Licence was issued. Sales were preceded by advertisements and tenders were called. The successful applicant was obliged to pay the standard rental, royalty and the appraised upset price determined by the Forest Service.

The Timber Sale Licence system was important as, at the time, it was the only means available for disposing of new rights to Crown timber (other than the Hand Logger's Licences). Until Sustained Yield policies were introduced in 1948, the Forest Service processed Timber Sale Licences without restriction.

FOREST RESERVES:

Forest Reserves were another important provision of the 1912 legislation. The "Forest Act" of 1912 authorized under the 1912 Forest Act. These were designed to attract and encourage investments in pulp and paper manufacture and to facilitate the use of timber best suited for pulping in existing or proposed mills.
THE 1945 COMMISSION:

By 1943 apprehensions had arisen over the unbalanced pattern of timber harvesting and over inadequate provisions for future forest crops. Timber Sale Licences were growing in importance but they were mainly clustered around the more developed areas.

There was only scant protection offered by Forest Reserves and little assurance of continuous forest production. The forest industry did not like the short-term Timber Sale Licence system as it did not provide adequate assurance of long-term raw material supply necessary for investment in new utilization plants. These concerns led to the appointment of the second Royal Commission of Inquiry in 1943.

The Commissioner, the Honourable G. McG. Sloan dealt mainly with the design of a sustained yield forest policy for the province in his 1945 report. He concluded that the public interest required a sustained yield policy to gain maximum advantage from the province's forest resources. This would also provide stability to the industry. Forest land, the Sloan Report proposed, should be managed to produce timber in perpetuity.

WORKING CIRCLES:

Two types of sustained yield management units were proposed to cope with this task. These Sloan referred to as "Private Working Circles" and "Public Working Circles". "Private Working Circles" involved a new licensing arrangement which would enable owners of Crown-granted land and old temporary tenures to combine their holdings with additional Crown land to form coherent management units which would be managed according to a sustained yield plan. By delegating to the licensee direct responsibility for managing these units, the private resources of the industry would work towards the sustained yield goal and the Forest Service would still be able to provide public safeguards through their supervisory role.

"Working Circles" as a sustained-yield program of forest management had several objectives. "Working Circles" were to provide for multiple forest uses; the perpetuation of the forest resource for the support of industry with the consequent development and the stability of regional communities dependent upon permanent payrolls.

Private working-circles, in particular, were to be those areas from which the privately owned and Crown owned timber would be utilized to supply the needs of one or more particular conversion units, whereas, Public working-circles were to fall into several classifications. The first would be areas from which Crown timber would be sold in accordance with sustained-yield principles and the production from which would be allocated to the open log market or to small millers with little or no timber of their own but whose manufacturing plants would be beneficial to the inhabitants of local communities. Another form of public working-circle might result from the merger of the holdings of private owners with no conversion plants of their own but who desire to practise sustained-yield forestry.

Crown forest lands not incorporated under these licensing arrangements would be divided into "Public Working Circles" and each would be directly managed by the Forest Service as a sustained yield unit.

Under the 1944 system of temporary alienations of timber lands that revert to the Crown when logged there was no motivation for operators who cut these lands to try-farms producing continuous crops. They were forced instead to move from one area to another to maintain production "cutting out and getting out".

Responsible operators with large investments in sawmills and pulp and paper plants realized that this process could not be kept up indefinitely. The first step, Sloan concluded, was the development of a form of tenure which permitted the operator to retain the land under temporary forms of alienation on the condition that the productivity of these lands be maintained continuously and that the cut is regulated on a sustained-yield basis.

Sloan upheld that it was undoubtedly in the public interest to maintain our forests on a sustained-yield basis to secure permanency of our forest industries.

Forest industries would only be stabilized if there was a continuity of supply of raw material for those industries. There can be a continuity of supply only if, on the second rotation, the cut does not exceed increment, and the cut must be sufficiently large to ensure production at a rate adequate to maintain a profitable operation. Privately owned timber reserves would be inadequate to maintain this program. Therefore Crown timber would be utilized for this purpose.

The allocation of Crown timber for units of industry would serve two purposes: First, it would enable the operator to maintain production from the cut of mature Crown timber during the period necessary to restock his own land; Secondly, the combined area of the private and Crown acreage should, on the second rotation, produce enough timber on a sustained-yield basis to maintain production of the unit in perpetuity, albeit perhaps not at the peak of capacity, but sufficient enough to ensure a profitable operation.

The reserve of Crown timber located near privately held lands would mean that the owner of the private timber lands could acquire the Crown tracts when needed. His logging methods would be subject to regulation and on the second rotation he would be limited in his cut to the sustained-yield production of the combined areas.

If insufficient areas were available to maintain economic production from this conversion unit on the second rotation on the basis outlined, he would be free to augment his supply of raw material from the open log market or from other private owners of timber who would be willing to merge their resources with his on a planned management basis during the mature cut.

Amendments to the Forest Act of 1947 incorporated many of the proposals of the 1946 Commission. The Minister had the authority to grant Forest Management Licences which embodied the "Private Working Circle" proposal. The name was later changed to "Tree-Farm Licence". "Public Working Circles" were eventually renamed "Public Sustained Yield Units".
The 1945 Report also recommended that another Commission of Inquiry be struck ten years later and in 1955 this advice was followed. The 1955 review was conducted once again by the Hon. G. McG. Sloan. The purpose of the 1956 report was to assess the government's progress with sustained yield policy.

SUSTAINED YIELD POLICIES AFTER 1945:

TREE-FARM LICENCES:

Originally called the "Private Working Circle", the Tree-farm Licence was appealing as an instrument of the new sustained yield policy. Without relinquishing title or complete control over public lands, the government was able to bring under management private lands, industrialists of the long-term timber supplies they required for investment in utilization facilities. Shortly after the new legislation was passed, the government began to receive scores of applications for this new form of tenure.

The Minister had unqualified discretion to decide how many licences were to be issued, what size and who they would be awarded to. This often generated criticism from unsuccessful applicants and the independent logging industry.

As of 1974 there were 34 tree-farm licences. The rights and obligations of the licensees were defined in part in the contract document and partly in the Forest Act and Regulations. Many provisions are common to all licences while others vary depending on the special characteristics of different licence areas or differences in policy when the licences were issued or renewed. Although only a general discussion of TFL's shall be pursued here, most Tree-farm licences contained unique provisions.

1. COMPOSITION OF TFL's:

Tree-farm licences include lands of varying status, but all the lands in each licence are managed as an integrated sustained yield unit, under a single plan. The Crown-granted lands and old temporary tenures contributed by the licensee are designated as "Schedule A" lands in the licence document, while the additional Crown lands included are described as "Schedule B" lands.

2. MANAGEMENT OBLIGATIONS:

The forest management responsibilities of licensees are heavier under Tree-farm Licences than under any other form of tenure. To ensure proper management and harvesting according to sustained yield principles, the licensee is required to submit management working plans for successive 5-year periods. These plans cover operations on all tenures within the licence, and include reforestation programs, inventory data, allowable cut calculations, and general development priorities for the areas covered. They must be prepared by a Registered Professional Forester and approved by the Forest Service, and they govern all harvesting activities.

To harvest timber from any land in the licence area, including old temporary tenures and Crown grants, the licensee is obliged to obtain Cutting Permits from the Forest Service, authorizing short-term operations on prescribed tracts under detailed terms and conditions. Cutting Permits also contain directives concerning utilization standards, slash disposal, environmental protection, etc.

3. CONTRACTOR HARVESTING:

Was first introduced in 1953 to meet the growing anxiety of small logging operators as more timber became allocated under Tree-farm Licences. It commits the licensee to provide the opportunity to independent contractors to log a specific percentage of the harvest from "Schedule B" lands.

PUBLIC SUSTAINED YIELD UNITS:

Originally the Public Sustained Yield Units were to differ from TFL's in two main considerations. First, the Forest Service was to be directly responsible for planning, reforestation and protection on these lands. Secondly, cutting rights in these units were to be allocated by competitive bidding. Public Sustained Yield Units were to provide a source of timber for those who could pay the market price. The first of these units was designated in the early 1950's and within a decade much of the province's major available timber producing regions had been delineated into what became known as "Public Sustained Yield Units".

The allocation of timber rights in Public Sustained Yield Units were modified forms of the standard Timber Sale Licence. The Minister had wide statutory latitude in prescribing the terms and conditions of these licences, and they had already proven to be highly versatile, having assumed a variety of special forms such as Pulpwood Timber Sale Licences and licences for other special products.

The new Timber Sale Licence arrangements introduced with the establishment of Public Sustained Yield Units were directed toward two objectives. The restriction of the rate at which new licences were issued and the regulation of the rate of harvesting under individual licences. These changes enabled the government to reconcile harvesting with the calculated sustainable yield in each unit.
OTHER SUSTAINED YIELD UNITS:

Besides the Tree-Farm Licences and Public Sustained Yield Units, two other types of sustained yield units evolved after the 1946 Royal Commission report. Farm Wood-lot Licences were designed to serve the special needs of farmers, and Taxation Tree Farms offered owners of Crown-granted forest land tax incentives to practise sustained yield forestry.

Farm Wood-lot Licences resulted from an amendment to the Forest Act passed in 1948 which authorized the Minister to grant to bona fide farmers the timber rights over small areas of Crown forest land. Actual production from these units is negligible in the provincial context.

A 1951 amendment to the Taxation Act created Taxation Tree Farms. This amendment provided tax relief for owners of Crown-granted land who agreed to practise sustained yield forestry according to plans approved by the Forest Service.

THE 1956 COMMISSION:

Sloan, in his 1956 Report, felt that he was standing at a momentous period in the economic and social development of this industry. It was a time of transition from a discarded policy of forest liquidation to one of sustained yield and forest management. Consequently, his main objective was to evaluate and resolve the conflicts existing between those of the long and the short view of our future policies — a task of great complexity.

Sloan concluded that the utilization of a desirable degree of administrative flexibility, if properly exercised in future years, could, in itself, avert or minimize any unforeseen and detrimental consequences that might arise from the projection of our present concepts into the unknown years ahead.

Forest policies as they relate to stumpage rates, taxation in its different forms on forest land and forest products, tenures and the assured supply of raw material at realistic cost levels, regeneration and other related matters must all be guided by an informed and sympathetic understanding of the vulnerability of our forest industry to foreign markets. In these matters government policy will of necessity play a major and decisive part.

The third Commission report, released in 1956 reviewed the government's progress over the intervening decade and made a number of suggestions for improvement. These recommendations were aimed chiefly at tightening administrative arrangements and, with a few exceptions, did not herald major shifts in policy.

EVENTS SINCE THE 1956 ROYAL COMMISSION:

By the mid-1960's the sustained yield program proposed by the second Royal Commission had taken firm root in the form of Tree-Farm Licences and Public Sustained Yield Units, and to a lesser degree as Farm Wood-lots and Taxation Tree Farms.

The dramatic industrial developments since the early 1960's led the government to introduce new policy innovations, but without the advice of Royal Commissions. Most significant have been new arrangements to accommodate the pulp industry in the Interior, certain adjustments to the old temporary tenures and the recommendations of the Task Force on Crown Timber Disposal.

PULPMOOD HARVESTING AREA AGREEMENTS:

Until the early 1960's, pulp manufacturing was confined to the Coast. In 1955 a Tree-Farm Licence was issued in the south-eastern part of the province to supply the first Interior venture — an integrated pulp and lumber complex at Caslegar — which began production in 1961. Pulpmood Harvesting Area Agreements were conceived to make available to new pulp ventures the small and decadent timber that was then considered unsuitable for sawmilling. This would leave the same, manageable "quota" allocations intact, superimposing a complementary pulp industry over the established sawmilling sector.

An amendment to the Forest Act in 1961 gave the Minister authority to designate any Interior Public Sustained Yield Units as Pulpmood Harvesting Areas. All of the agreements in force in 1976 carried a maximum 21-year term authorized by statute, renewable upon expiry. The main feature of these agreements was the option they conferred to harvest pulpmood in the designated area. Their holders were under no obligation to harvest timber but they could call on the government to issue Timber Sale Licences authorizing cutting.

CLOSE UTILIZATION LICENCES:

The "close utilization" standard involved removal of smaller trees, more of the stumps and tops and more defective pieces. New technology enabled the utilization of this material and the government offered incentives to lumber producers to install the needed facilities. When timber inventories and allowable harvests were recalculated to the "close utilization" standard they were inevitably larger. Therefore, the revised annual rate of cutting that could be maintained according to the Forest Service's sustained yield criteria was considerably higher than that committed under "quotas".
Holders of Tree-Farm Licences also made the shift from intermediate to close utilization standards, substantially increasing the annual cutting rates approved under management working plans. In Tree-Farm Licences, the licensee is entitled to the entire approved sustained yield harvest in the licence area, so there was no need for policy to allocate the additional cut among competing users as was done in Public Sustained Yield Units. Each licensee automatically inherited all of the additional harvest indicated when "close utilization" recovery standards were adopted for the unit. This contributed substantially to the increases in approved annual cutting rates for Tree-Farm Licences.

TIMBER SALE HARVESTING LICENCES:

Timber Sale Harvesting Licences emerged as a modification of the traditional Timber Sale Licence in 1967. The Timber Sale Harvesting Licence eliminated the awkward task of reconciling volume allocations with the inventory of licenced area. Between 1965 and 1969 four licences in the northern interior were issued to confer harvesting rights for 18, 19, and 21 years. In 1973 another special form of Timber Sale Harvesting Licence, carrying a 12 year term was introduced to allocate timber in Public Sustained Yield Units in the northern part of the province. The "third band" Timber Sale Licence was introduced in 1969 as a reward, in the form of additional cutting rights, for firms which adopted new technology and moved to the practise of close utilization standards.

MILL LICENCES:

Another forest management instrument was introduced in our province in 1969. Regulations passed under a Forest Act amendment empowered the Minister to require anyone wishing to construct or expand a wood utilization plant to first obtain a Mill Licence. Mill Licences are not forms of tenure over Crown timber. They only give permission to construct and operate manufacturing facilities.

OLD TEMPORARY TENURES:

Since 1907 when a moratorium was placed on them, no new old temporary tenures (Timber and Pulp Leases and Licences) have been issued by the province. From that date, the acreage covered by these tenures and their relative importance has gradually diminished, as licensees have liquidated the original timber or otherwise allowed them to revert to the Crown.

THE 1976 ROYAL COMMISSION:

The recommendations of the Sloan Commission of 1945, and its subsequent endorsement by the 1950 commission, had far reaching impacts on the forest industry. Within a short period of time a majority of the forest resources of the province were brought under the sustained yield management, either through private or public means in accordance with the recommendations of the two Sloan Commissions. By 1976, however, it was felt that the effects of these profound changes in forest policy needed to be reviewed once again in light of the increasingly complex nature of the forest tenure system in the province.

Political changes, coupled with mounting pressures on the available timber supply and increasing demands for environmental protection of the resource were cited as key factors in the determination that the present forest tenure policy was in need of reform. Thus, a fourth Royal Commission was struck, under the guidance of the Dr. Peter H. Pearse, to reevaluate and assess existing policies. The Commission was directed to examine the current state of timber allocation in the province, in order to formulate coherent recommendations that identified weaknesses and set priorities for reform.

At the outset of his Report, the Commissioner identified two objectives which guided his subsequent recommendations for tenure policy. First, Pearse concluded that the public interest was best served by continued public ownership of unalienated forest lands, but conceded that established private property rights effectively limited the scope of any possible policy reform, and that any abrogation of such rights was to be avoided. Second, new policies needed to acknowledge the existing economic and social structure of the industry, implying that publicly mandated restructuring was not practical.

Given these constraints, Pearse identified several key areas for policy revision, namely: the administration of forest policy; the pursuit of a deliberate policies outlining the pattern of future industry development in the forest sector; and a clarification of resource management goals with reference to the security of timber supplies and governmental flexibility in the allocation of rights to publicly owned timber.

ADMINISTRATION OF FOREST POLICY:

Recommendations were also made in the 1976 Report to improve the framework of public administration for implementing forest policy. Changes were requested in the formal instruments of policy (i.e. legislation, regulations, and contracts); reforms in the organization of the administrative agencies and their financing; and new approaches to planning forest operations and reformed administrative procedures for regulating them.
The most obvious priority was the overhaul of the Forest Act of 1912 which was updated through a patchwork of amendments. Pearse also recommended that there be a consolidation of the Fish and Wildlife Branch and the Forest Service into a new Department of Forest and Wildlife Resources. Proper provisions were to be made for silviculture, other forest uses and environmental values.

RESOURCE MANAGEMENT GOALS:

Dr. Pearse reaffirmed the Province's commitment to sustained yield management, but found several shortcomings with current practices. The Commissioner found serious inaccuracies in the determination of accurate timber inventory data necessary for the calculation of sustainable yields and, thus, also the calculation of annual allowable cuts. Moreover, it was found that operators were penalized, irrespective of possible market fluctuations, if harvest rates did not approximate the allowable cut on a five year basis. To remedy these problems, Pearse called on the Forest Service to develop more reliable estimates of recoverable timber and recommended that harvest rates be made more responsive to technological trends and economic realities.

1. UTILIZATION POLICIES:

Problems were also encountered in the area of utilization policy. It was found that rigid utilization standards were being imposed without consideration to the silvicultural, environmental and economic needs of a region. In addition to stumpage incentives for operators in areas where the recovery of marginal and sub-marginal timber was required, a system of variable utilization standards, dictated by local forest conditions, the circumstances of logging, and silvicultural practices, was, therefore, recommended by the Commissioner.

2. REGIONAL AND LOCAL MANAGEMENT PLANS:

Furthermore, it was realized that there were difficulties at the regional level with regards to resource use. Dr. Pearse called for the participation of public agencies and resource users besides the Forest Service, in the creation of regional management plans so that potential conflicts could be resolved prior to harvesting.

Finally, the Commissioner noted that resource management was generally of higher quality in the Tree Forest Licences than in any other management units, particularly the Public Sustained Yield Units, and that such localized planning should be brought up to the standard of practice found in the TFLs.

SECURITY AND ALLOCATION OF TIMBER SUPPLIES:

The Royal Commission of 1976 made some of its most important recommendations with regard to the security of raw material supply. Citing a perceived threat to timber supplies to forest companies due to ambiguities and inconsistencies in the tenure system, Pearse put forth extensive recommendations for the clarification of rights and obligations under all the major forms of licensing.

1. FOREST LICENCES:

In Public Sustained Yield Units, a new form of renewable harvesting right termed the "Forest Licence" was recommended to replace the Timber Sale Harvesting Licences and the "quota" Timber Licences. Such licences would have terms of 10 years or 15 years where needed to support a new enterprise. Sale would occur by competitive bid, and at the time of renewal. The licensee would have the right to initiate a new Forest Licence with a matching bid privilege allowing a cut of at least 80 percent of that authorized by the expiring licence.

Timber Sale Licences were to be revised in order to be more flexible and less onerous to the licensee who was usually a smaller, unincorporated operator. Such licences were intended to convey rights to timber supplies outside the current "quota" system — principally the "third band" timber sales introduced in 1969.

The scope of the licensee's responsibilities would be narrower than for Forest Licences, and a variety of sizes and terms ranging from 3 to 10 years were recommended. All Timber Sale Licences were to be sold by competitive bid, and were to carry no contractual renewal privileges in order to avoid the emergence of another "quota" system.

Finally, it was suggested that all licences be identified with a designated geographical area in addition to specifying an annual allowable cut. The licensee's forest management responsibilities would extend over the entire area during the term of the licence.

2. TREE-FARM LICENCES:

Pearsce concluded that Tree-Farm Licences were responsible for providing a rapid improvement of resource management. The Commissioner sought to preserve the great advantages this system offered, such as the defined geographical area over which the licensee had rights and responsibilities; the long terms of these tenures; and the strong incentives given to licensees to increase the productivity of the land. However, the somewhat ambiguous perpetual terms remaining in some licences needed to be revised to finite terms so that the Crown could retain more flexibility in the determination and allocation of forest land in the future.

As a result, Pearse recommended that all future Tree Forest Licences were to be renewed for a term of fifteen years. This "evergreen" renewal also provided the licensee with the option for an additional five year renewal at the end of each five year period (ie.
upon expiry of a 5 year management working plan). As well it was advised that the Forest Act be amended so that the terms of all previously granted TFL's, with perpetual terms, be fixed at 21 years from the date the legislation was passed, with a subsequent option for the 15 year "evergreen" renewal.

Thus, TFL's which had already been granted in perpetuity would expire after twenty-one years and then be subject to the new TFL terms. Moreover, new TFL's would now only be granted if the licence contributed a matching annual allowable cut through private lands and Old Temporary Tenures and if the new licence did not increase the concentration of harvesting rights amongst forest operators. It was assumed that the terms for each of these "evergreen" licences would be discharged to satisfaction of the Forest Service. Thus, the licence could be renewed in perpetuity, thereby, ensuring an adequate timber supply while providing the incentive for sustainable management by the usually large scale licensee.

3. REVISED TIMBER LICENCES:

Pearse recommended that all forms of the Old Temporary Tenures (Timber Licences and Leases, Pulp Licences and Leases, and Timber Berths) be consolidated under a revised "Timber Licence" category which would ensure an orderly harvesting and liquidation of these tenures, some of which dated from the nineteenth century.

Timber Licences within TFL's would be issued terms coinciding with the latter, and licensees were assured the right to harvest these tenures in accordance with the management plans for the TFL's.

For tenures outside existing TFL's new terms would be set, to a maximum of 20 years, to ensure efficient harvesting of timber before the tenure reverted expired. All such non-incorporated tenures were to be considered as a part of the Public Sustained Yield Unit in which they were situated.

4. PULPWOOD AGREEMENTS:

In order to resolve perceived difficulties and uncertainties regarding pulpwood agreements, the Commissioner recommended that the provision for the acquisition of Crown timber by pulp companies to offset deficiencies in residual chip supplies be retained and clarified in renegotiated agreements extending for 21 years. A large number of Timber Sale Licences would be maintained within reach of the mills to fulfill these needs.

The Forest Act of 1978:  

The Forest Act of 1978 in large measure enacted the recommendations put forth by the 1976 Royal Commission with some minor administrative revisions.

CONCLUSION:

As this report demonstrates, forest tenure policy in British Columbia is extremely complex. An understanding of the evolution of forest tenure policies should, however, provide insight into the policies which exist today. Unfortunately, due to the limited scope of this summary only a general survey of past policies has been presented. The reader is urged to consult specific Royal Commissions or Forestry Acts if greater detail regarding particular topics is required.