



## **MOUNTAIN PINE BEETLE SURPLUS VOLUME EXPRESSION OF INTEREST INFORMATION PACKAGE**

April 14, 2004

### **BACKGROUND:**

The Ministry of Forests recognizes that the Mountain Pine Beetle epidemic in central British Columbia is continuing to grow. Currently, an estimated 4.2 million hectares are affected with up to 170 million cubic metres infested in the 12 management units with significant beetle populations. The areas hardest hit include Burns Lake, Vanderhoof and Quesnel.

The forest industry in the area is fully engaged and is harvesting and manufacturing as much timber as its existing licences will allow. Despite the industry's best efforts, it is apparent that the existing licensees cannot harvest all of the beetle-affected timber under the terms of their existing licences. The provincial Chief Forester has estimated that up to 200 million cubic metres of lodgepole pine may be affected and go unsalvaged if current damage trends persist and harvesting is not accelerated.

The Chief Forester's analysis shows that the long-term timber supply impact of the infestations will be reduced if the affected areas can be brought back into forest production as quickly as possible. This can be accomplished either through a provincial rehabilitation program or under a forest tenure requirement.

The very large area of dead stands also represents a significant fire hazard. As noted in the Filmon report, efforts must be directed at fuel management in the beetle areas. Harvesting of the affected stands will aid fire management by removing the hazard and breaking the continuity of the fuels.

The market for traditional lumber products is already well served. As a result of these factors, the Ministry of Forests is evaluating the potential for increasing the harvesting of the beetle-affected timber with the objective of promoting new or innovative uses for the timber.

District staff has estimated that up to an additional 40 million cubic metres could be available in the Quesnel, Vanderhoof and Burns Lake areas over the next 10 years. It is this volume that prompted the request for expressions of interest.

### **OBJECTIVES:**

The objectives of the Provincial Government in pursuing the opportunity presented by the ongoing mountain pine beetle infestations are as follows:

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- Utilisation of the dead pine prior to the value being lost, without disrupting existing markets for forest products;
- Early cost-effective reforestation of the affected stands;
- Economic diversification for communities whose long-term timber supply is being jeopardised; and
- Maintenance of environmental values.

All lands harvested will be subject to existing legislation and policy for tenuring, harvesting and silviculture obligations. Pricing will be consistent with the *Interior Appraisal Manual* of British Columbia.

The objective of the Ministry of Forests' call for expression of interest is to understand, through expert analysis, the tenure requirements of potential viable alternative uses for this fibre that are consistent with the *Forest Act* as to the tenure types, content and process for award for new licences. The tenure opportunities will then be advertised for award through a competitive process.

### **INFORMATION REQUIREMENTS:**

**1. Volume (annual and total) of timber needed, including term of licence and location.**

Information is required to identify the total fibre requirement, including potential sources of that fibre. This includes whether the intention is to purchase a portion of the fibre on the open market or if it is necessary to secure the full amount through the competitive process. The term of licence required would be tied to the amortisation period of any capital expenditure and to the expected availability of the fibre, recognising the deterioration of the fibre over time. Finally, information is required as to which of the three timber supply areas is the proposed source of fibre.

**2. Products and potential markets.**

The ministry is particularly interested in new and innovative uses for the dead pine. This interest is based on the desire to create new opportunities rather than simply increase competition in existing markets. Information should be supplied that identifies the proposed products and potential markets in sufficient detail that the information can be verified.

**3. Log characteristics and/or type of fibre required.**

It is expected that the beetle infestation in these areas will eventually collapse either due to a cold weather event or after killing the majority of the pine. The dead pine will deteriorate over time until it is no longer suitable for manufacture into solid wood products. Depending on the proposed product and the quality of furnish required, the length of time that suitable material from the affected pine stands is available will vary. Information should be provided that identifies the fibre needs and the expected length of time that dead pine stands could satisfy those needs. Additionally, information should be provided on how the different qualities of log within affected stands will be addressed.

**4. Location of proposed or existing manufacturing facility, if any.**

This information will help to identify transportation requirements, community infrastructure needs, and potential mitigation for disruption of traditional forest products manufacturing.

**5. Preliminary business plan.**

Verifiable information is required to establish the potential viability of the proposal. The information should include sufficient financial details to provide a basic understanding of the cost structure and market recoveries leading to the business case for the proposal. Any key assumptions in the business plan must be clearly identified. The business plan should include estimated timing of expected development, harvesting and manufacturing. All financial information will be held in confidence, as provided in the *Freedom of Information and Protection of Privacy Act*.

**6. Possible synergy with existing manufacturing capacity.**

Where the proposal involves cooperative interaction with other existing licensees or manufacturing facilities, the interaction should be identified and qualified. These interactions could encompass cooperative woodlands operations to merchandising of logs to ensure the correct furnish gets to the right mill. Please identify specific requirements to facilitate the proposed synergy.

**7. Environmental, operational or infrastructure risks or constraints envisioned.**

If there are any additional risks or constraints that are under provincial government mandate that impact on the potential timing or viability of the proposal, they should be identified. There is a potential that the projects could qualify for consideration under the 'Fast Track' initiative leading to special attention from administrative authorities.

**PROPOSED WORKPLAN:**

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| <b>April 2004</b>       | – Commence advertisement for Expressions of Interest  |
| <b>May 31, 2004</b>     | – Deadline for initial Expressions of Interest  |
| <b>Summer 2004</b>      | – Completion of expert evaluations of Expressions of Interest and advertisement of tenure opportunities |
| <b>Fall 2004</b>        | – Deadline for submission of tenders for tenure opportunities following eight-week advertisement period |
| <b>Fall/Winter 2004</b> | – Notification of successful applicants   |

**CONFIDENTIALITY:**

All Expressions of Interest and tender information supplied in response to the advertisement for a tenure opportunity will be held in confidence subject to the *Freedom of Information and Protection of Privacy Act*.