

SEEING THE FOREST AND THE TREES



for
HUPACASATH FIRST NATION
HUU-AY-AHT FIRST NATION
TSESHAHT; AND
UCHUCKLESAHT TRIBE

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Submitted by:

The Thunderbird Group
a consulting company
per:



Charlie Cootes, Jr.

SEEING THE FOREST AND THE TREES.....	2
1.0 EXECUTIVE SUMMARY	4
2.0 CURRENT SHARE OF WORK.....	6
<i>a. Evaluation of Current Work Availability.....</i>	<i>6</i>
2001-2002 Share of Work.....	7
2000-2001 Share of Work.....	7
1999-2000 Share of Work.....	8
<i>b. Evaluation of Upcoming Work Availability.....</i>	<i>9</i>
3.0 POST HARVEST MANAGEMENT OPPORTUNITIES	12
4.0 GEOGRAPHIC AREAS	15
CURRENT OPERATING AREA.....	15
5.0 TRAINING NEEDS FOR EXISTING CREW.....	16
6.0 MARKET STRATEGY	18
<i>Pitt-Brooke Communications</i>	<i>18</i>
STRATEGIC APPROACH	20
<i>a. Strategic Approach.....</i>	<i>20</i>
<i>b. Negotiation Opportunities.....</i>	<i>21</i>
<i>c. Strategic Recommendations.....</i>	<i>22</i>

1.0 EXECUTIVE SUMMARY

The Southern Region Nuu-chah-nulth Haahuulthii (traditional territories) are rich with resources, beyond compare. For centuries, since the arrival of the European and other cultures, these resources have been extracted. In this most current century, and the latter part of it, Nuu-chah-nulth has participated in this economy. Initially in Silviculture in the early 1990's with training programs and work opportunities offered and secured by licensees. Nuu-chah-nulth people have taken to this work and embraced it.

Due to global market conditions and international politics, British Columbia has not produced the levels of lumber that it traditionally has. The customers of the world have found the product elsewhere.

With less logging, there is less forestland utilized which requires silviculture treatments to return it to its original productive state.

First Nations are relatively new to the profession of forest / silviculture worker. First Nations have gained the skills required to do the work, yet lack the commitment to stay with it when the work is too sporadic to provide full time employment. They are beginning to lose the foothold in the industry that they have worked so hard to get, by political and demonstrated means. First Nations are not quite on an equal footing with the experienced contractors with regard to production or quality of work for the most part. They are close to achieving the objectives of the client, within operating and financial constraints, but the bar keeps getting lower. With market conditions, as they are, less lumber is crossing the border, and there is less forestland

currently requiring stand tending. Licensees are in an uncomfortable position of allowing the industry to dictate the price for the work, when there are contractors who just want to win the job at any cost, to keep their crews working. The prices for this important work are dropping, and First Nations are having a hard time keeping up with the "race to the bottom." First Nation crews are on the cusp of success in the forest industry. They have been involved for a relatively short while, and opinions in the field vary, but they deserve to be working also. With sustainability principles in people's minds, we as a society should be demanding more for our forests.

Government is in the process of re-creating the way business is conducted in this province. With luck, First Nation's Haahuulthii's will be seen as a priority again, and we can all get back to work keeping British Columbia beautiful and healthy.

Traditional silviculture treatments used to keep teams of men working for a full year's employment in the 1970's. Since this era there has been a noticeable decrease in the work and the employees respective paychecks. First Nations have entered this workforce in the 1990's and seek to maintain and increase their market share.

With hope and luck, their representatives in government will continue to negotiate fair agreements to keep them competing in this marketplace, which has gotten a whole lot bigger.

2.0 CURRENT SHARE OF WORK

A. EVALUATION OF CURRENT WORK AVAILABILITY

Nis'ma Sustainable Silviculture Ltd. was created in the Spring of 2001. Nis'ma Sustainable Silviculture Ltd. is comprised most member nations of the Southern Region Nuu-chah-nulth First Nations. The Ditidaht First Nation, Huu-ay-aht First Nation, Tseshaht First Nation and Uchucklesaht First Nation are all equal shareholders in Nis'ma Sustainable Silviculture Ltd.

A previous study, funded by FRBC entitled "Developing Forest Industry Partnerships" aimed primarily at acquiring a logging company owned jointly by the First Nations was discussed in 1999. In 2000 the study took on a new focus and examined the possibility of the similar concept, yet aimed at silviculture opportunities.

In April 2001, as mentioned above, Nis'ma Sustainable Silviculture Ltd. was formed and incorporated in July of 2001. All Southern Region Nuu-chah-nulth First Nations are participating in the new company, with the exception of the Hupacasath First Nation.

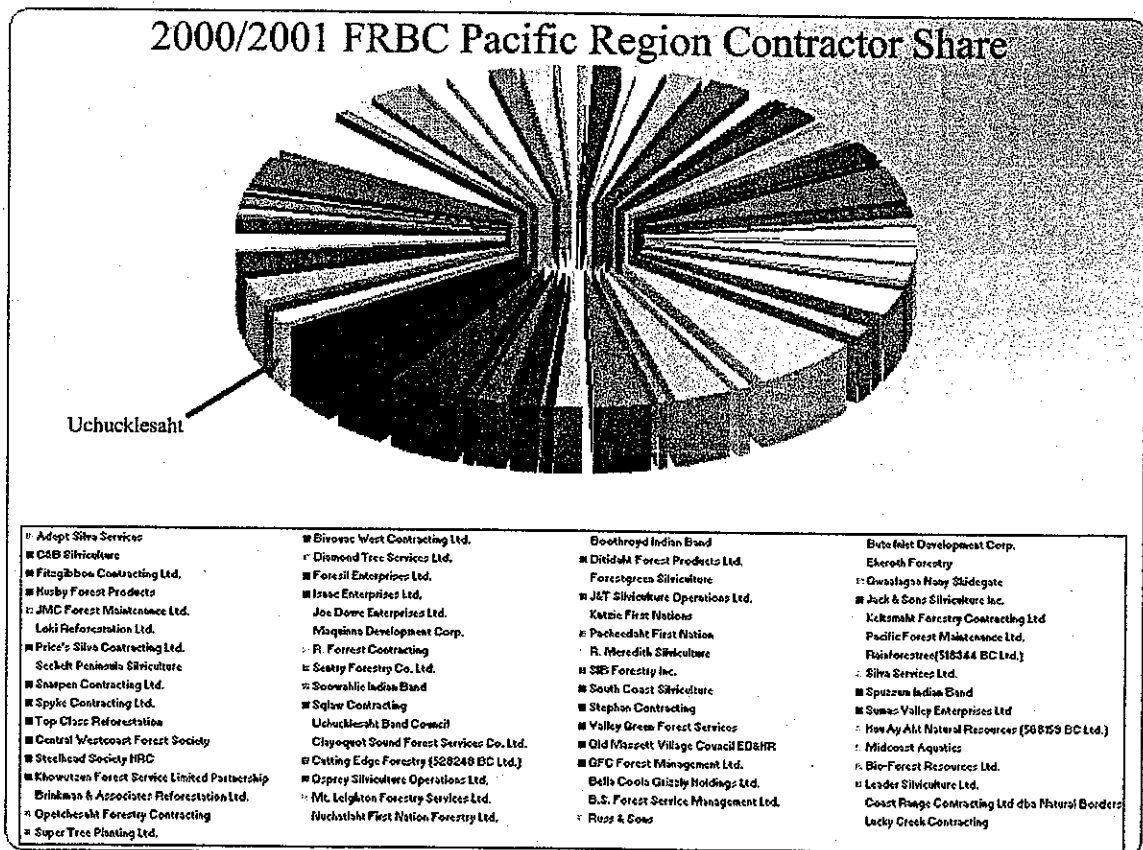
During the review of Forest Renewal BC, in July of 2001, most Nis'ma Sustainable Silviculture Ltd., participating First Nations took part in the review and submitted formal statements regarding matters of importance to Christie Brown. Resoundingly, the emphasis of partnerships, which Weyerhaeuser Company Limited has 19 of, was the matter of most importance. Quite simply, First Nations wanted these partnerships maintained, if not strengthened.

2001-2002 SHARE OF WORK

In 2001-2002 the FRBC delivery system administered in conjunction with New Forest Opportunities Ltd. and Renewal Investment Corp, Nis'ma Sustainable Silviculture Ltd. received an allocation of \$ 310,574.43 in direct award opportunities in Brushing and Hydro-riparian Spacing on the west coast of Vancouver Island.

2000-2001 SHARE OF WORK

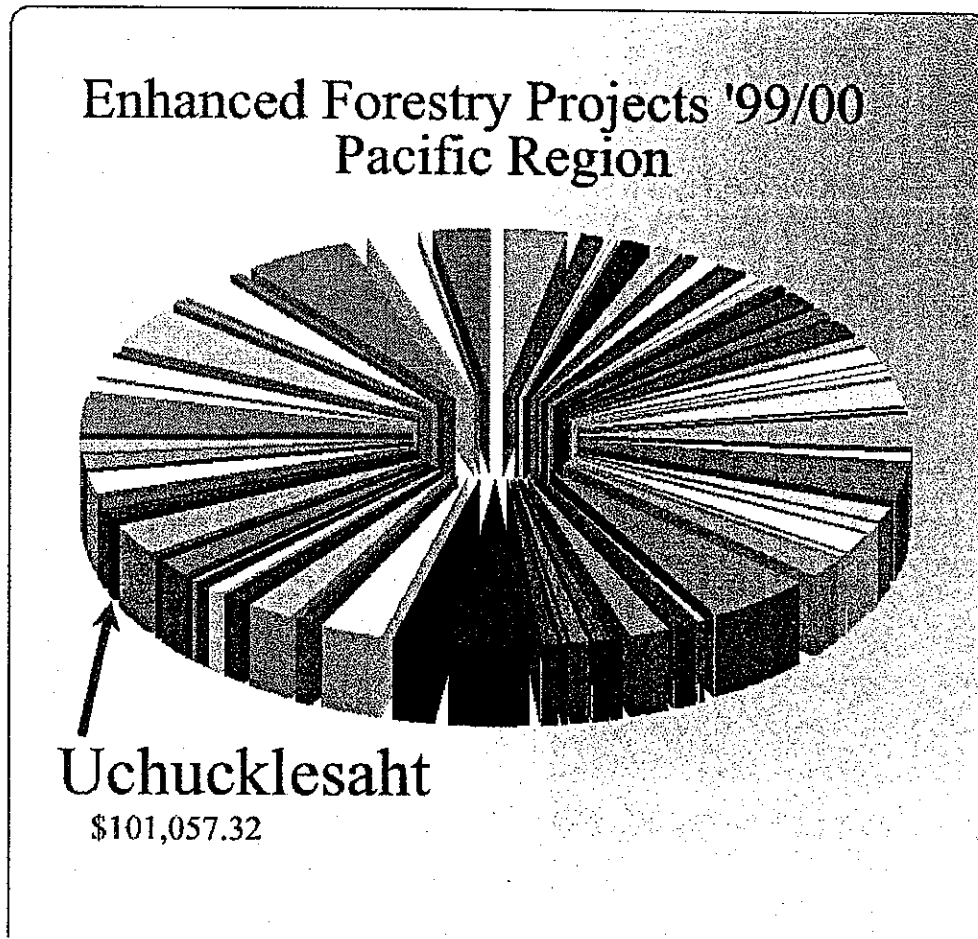
In 1999-2000, the Nis'ma Sustainable Silviculture Ltd. Nations received an allocation of \$ 315,731.58 in direct award opportunities on the west coast of Vancouver Island. There was an average of 66 Contractors operating in the Pacific Region during this period.



Source: New Forest Opportunities Ltd.

1999-2000 SHARE OF WORK

In 1999-2000, the Nis'ma Sustainable Silviculture Ltd. Nations independently received a total allocation of \$ 348, 300 in direct award opportunities on the west coast of Vancouver Island. There was an average of 66 Contractors operating in the Pacific Region during this period.



Source: New Forest Opportunities Ltd.

B. EVALUATION OF UPCOMING WORK AVAILABILITY

Since early July 2001, the Liberal Government has been following through on their commitment to restructure a number of processes related to the administration of the forestry and silviculture sectors. These changes are expected to affect virtually all forestry and silviculture activities and related work.

The Minister of Forests initiated a review of FRBC in July 2001, with the intent of the review being completed by September 30, 2001. Mr. Don Wright, the Deputy Minister of Forests and new CEO of FRBC, has corresponded by letter to FRBC stakeholders asking them for submissions regarding the future role and structure of FRBC.

In early July 2001, Management Services Minister Sandy Santori made the newspapers with a number of comments from an open cabinet meeting, which indicate that, "BC will scrap as quickly as possible the New Forest Opportunities Ltd. program of the Jobs and Timber Accord," Santori also said that open tendering on all government contracts will be restored. This led to an eventful summer in 2001.

FRBC received ~400 written submissions before the deadline (September 30, 2001) and ~100 written submissions since the deadline. Christie Brown, who carried out the review for the Deputy Minister of Forests, Don Wright, met with 85 groups during the review. Following the review, the committee recommended that FRBC and New Forest Opportunities Ltd. be scrapped.

Ultimately, in the end, government did in fact scrap Forest Renewal BC, New Forest Opportunities Ltd., and their respective programs entirely.

In October, 2001 the New Era forest stewardship began with Minister of Forests Michael de Jong announcing the new forest sector investment model called "Forest Investment Vote."

This led into the winter of 2002, when traditional planning normally occurs, and as such the FRBC Resource Management Planning Process did not take place. Contractors, such as Nis'ma Sustainable Silviculture Ltd. had employees ultimately searching for employment elsewhere.

Currently Licensees are waiting for the initial award allocation data from the Government of British Columbia. In the interim all previous partnership agreements, which were contingent on fund availability from FRBC, are no longer valid. Preliminary indications are that there will be a substantial reduction in funding allocated to the new Forest Investment Vote. In the case of Weyerhaeuser, the reduction appears to be in the magnitude of ~\$43 million down to ~\$6 million but this has not been confirmed.

Meetings held with senior Weyerhaeuser Company Ltd. representatives to explore the nature and extent of their Forest Investment Vote funding allocations were largely unfruitful as Weyerhaeuser was unable to confirm their funding levels. Weyerhaeuser did note that they plan on meeting the intent of the existing partnership agreements however they did emphasis that they are not aware of how this may be realised in the absence of knowing their funding allocations.

Most crews who traditionally have relied upon the direct award opportunities, are forced to wait until licensees know with clarity what the

allocations will be for these programs in 2002-2003. This is causing a significant planning delay and it remains uncertain as to exactly what level of revenue will be reinvested back into the land base. This is further causing difficulties for silviculture contractors, as they are uncertain as to when and how this new delivery mechanism will unfold and what implications may be realised.

With this apparent uncertainty it is not feasible to exclusively rely on the Forest Investment Vote funding to meet the employment and revenue targets of Nis'ma and other opportunities must be examined.

3.0 POST HARVEST MANAGEMENT OPPORTUNITIES

Post Harvest Management Opportunities that exist for Nuu-chah-nulth First Nation crews include the following:

- Waste and Residue Surveys;
- Tree-planting;
- Brushing and Weeding;
- Juvenile Spacing;
- Pruning;
- Hydro-riparian Spacing; and
- Trail Building; and,
- B.C. Hydro, power line maintenance.

Given the shrinking Forest Investment Vote contracting opportunities it becomes essential to expand the business opportunities for Nis'ma to increase market share and explore alternative contracting services to meet their employment and revenue targets.

To date Nis'ma has primarily focused on providing services to Licencees operating with the collective traditional territories of the partnering First Nations. It is suggested that Nis'ma consider expanding the scope of their services and pursue contracting opportunities outside of their traditional homelands. This can include expanding their services over Vancouver Island but it is suggested that Nis'ma further consider contracting opportunities throughout British Columbia and even Alberta.

It is further recommended that Nis'ma consider providing alternative contracting services which could include:

- Broadcast burning;
- Site preparation for planting;
- Fertilization; or even,
- Commercial and residential landscaping;

Although landscaping is not a typical forest sector application it can provide an opportunity to expand Nis'ma services beyond the ailing forest sector and stimulate commercial and/or residential landscaping contracts throughout the Alberni Valley. This may provide one sensible approach to diversifying beyond the forest sector while building on the existing skill sets of silviculture labourers.

The Ministry of Forests has also recently announced that they are no longer in the business of maintaining Forest Service Recreations Sites. These sites are scattered throughout the collective traditional territories of the Nis'ma partnering First Nations. Although it remains unclear as to how the Ministry of Forests Plans to deliver maintenance services it has been suggested that many sites will be leased to entrepreneurs to manage and maintain. There may be some opportunities here for Nis'ma to lease a number of sites and charge daily users fees to offset maintenance costs while employing Nis'ma works to collect and maintain the sites on a sub-contracting basis. This may serve as one mechanism to offset the summer fire season with meaningful employment. It is suggested that Nis'ma explore these opportunities as they are announced.

Other alternative considerations could include an expansion into providing trail building, boardwalk construction and/or foot bridge developments for eco-tourism operations such as the Clayoquot Wilderness Resort, Pacific Rim National Parks, the West Coast Trail, the Bamfield Huu-ay-aht Community Forest Society the City of Port Alberni as well as other communities.

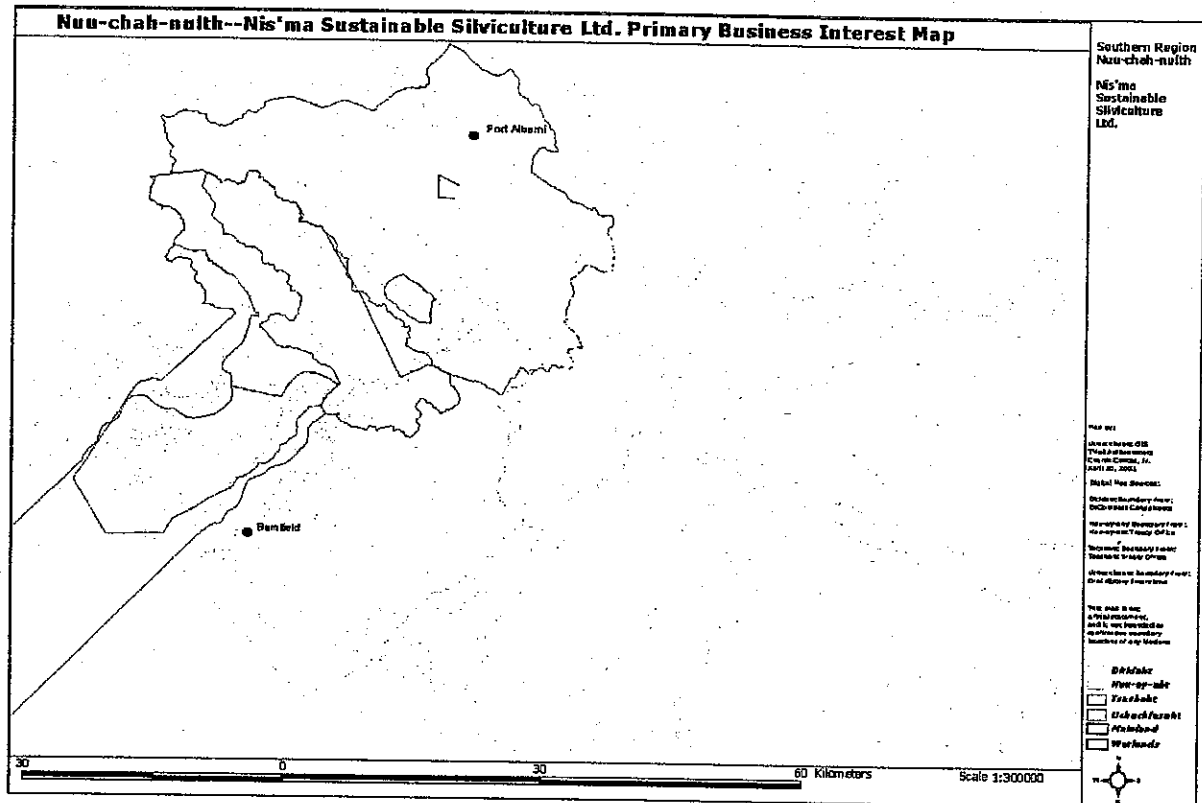
The Quu'as West Coast Trail Group, for example, retains contractors annually to clear brush and wind thrown timber from the trail. These contracts average between \$8,000 and \$15,000 annually depending on the extent of clearing required. Trail upgrading, which includes the installation of new footbridges, boardwalks and other infrastructure, is an annual contracting opportunity. Over the past 3 years Parks Canada has invested more than \$1,000,000 in trail upgrading.

Nis'ma can also pursue right-of-way clearing contracts from such agencies as BC Hydro, Telus and even gas companies. Services commissioned by these agencies include the removal of trees and brush from the service roads and around power poles and signal stations.

Another right of way contracting opportunity could focus on logging road infrastructure maintenance. This service could include the clearing of ditches and culverts to ensure that such things as beaver dams or wind thrown timber do not degrade roads.

4.0 GEOGRAPHIC AREAS

CURRENT OPERATING AREA



To date Nis'ma Sustainable Silviculture Ltd. focused their services in the interest area identified above. The initial 2001-2002 silviculture season has been largely rooted in the Haahuulthii's (traditional territories) of the member Nations, on the West Coast of Vancouver Island and Barclay Sound. This has been the focus area for Nis'ma as it is close to the homes of Nis'ma employees thus leveraging the access to the local work opportunities. It is strongly suggested that Nis'ma seek to expand upon their operating area to provide additional revenue and employment opportunities for the company.

5.0 TRAINING NEEDS FOR EXISTING CREW

Currently, most Nuu-chah-nulth silviculture employees, who have traditionally relied upon their usual season of employment, have found that season to be shrinking with the lack of funds that are forthcoming.

Nis'ma employees need to make the choice to modernize the skills that they currently possess, or be left by the wayside. The nature of the work requires a more finite degree of skill, judgmental and discretion, such as the change from juvenile spacing, where a typical treatment would look for 600 - 1200 stems per hectare following treatment, to the treatments with the Hydro-riparian Spacing where the employee/technician has a large degree of flexibility when applying the treatments, on the ground to returning an area to displaying more "Old-growth attributes," rather than standard density spacing.

A Forest Technician Certificate, which are offered at most Colleges and Technical Institutes are becoming the standard determining factor when selecting crewmen.

Over the last year, it was identified that most Nuu-chah-nulth crews lacked expertise to break into the power line and right of way maintenance contracting sector(s). A Certified Utility arborist is required to compete in this market place. *Section 24*, an arborist with *Sec. 21* indicated a willingness to enter into a partnership with Nis'ma to pursue these contracting opportunities. It is suggested that Nis'ma enter into discussions with *Section 21* to negotiate an equitable sub-contracting relationship with Somass to secure these opportunities in the future.

Providing Nis'ma seeks to diversify their contracting services to provide boardwalk or trail construction services it is suggested that a skills assessment be conducted of the crewman to determine if they possess the necessary skills to complete such projects in advance of soliciting the contracts.

6.0 MARKET STRATEGY

PITT-BROOKE COMMUNICATIONS

Pitt-Brooke Communications provided the following flyer for the benefit of Nuu-chah-nulth Silviculture crews.

“Focusing on the Nis'ma Sustainable Silviculture Ltd. model, SR Nuu-chah-nulth can fill the following silviculture requirements

- Contract administration and inter-agency liaison;
- Silviculture training;
- Silviculture surveys and prescriptions;
- Seeding;
- Tree-planting;
- Brushing and weeding;
- Juvenile spacing;
- Pruning;
- Hydro riparian spacing and rehabilitation;
- Fire suppression; and
- Trail building

SR Nuu-chah-nulth crews are fully equipped, trained and ready to work.

Basic silviculture activities—site preparation, tree planting and brushing, are a statutory requirement in British Columbia. The holders of tree farm licenses and woodlot licenses must provide these basic treatments within their tenures. Incremental silviculture activities—spacing, pruning, site rehabilitation are not required by law. But incremental silviculture is seen increasingly as an essential part of effective forest management. FRBC specifically targets and funds incremental silviculture activities.

The potential demand for silviculture services is immense. Approximately 152,000 hectares of forestlands are logged annually in BC. Every bit of it

requires some level of Silviculture Treatment. Nuu-chah-nulth crews can play a prominent role in helping to satisfy that demand.”

The recent development of a Nis'ma brochure will assist with marketing the company to forest sector stakeholders. It is suggested that this brochure be distributed to all stakeholders in the Port Alberni region including major and minor licence holders, woodlot owners, community forests, as well as other non-forest sector agencies such as other First Nations, BC Hydro and Telus.

It is critical to the success of Nis'ma to pursue contracts outside of the traditional territories of the partnering First Nations traditional territories. It is suggested that Nis'ma source out and provide bids on contracts that extend through the island and to a greater extent attempt to secure contracts on the mainland. Alberta continues to have a strong provincial economy and it is anticipated that numerous opportunities may also present themselves across the BC boarder and should note overlooked in the interim of BC's ailing forest sector economy.

STRATEGIC APPROACH

A. STRATEGIC APPROACH

Nuu-chah-nulth First nations crews will need to lobby Weyerhaeuser Company Limited to honour the spirit and intent of their existing Partnership Agreement(s), that were negotiated in April 2001, and support the sustainability principles our nations have for our Haahuulthii.

First Nations people are normally best suited to do this work, because they are attached to the land, and genuinely care for it. It has been this way since time immemorial. The Nuu-chah-nulth muschum (members), are very much attached to their Haahuulthii (traditional territory.) They find that they are born, raised and rarely leave Barkley Sound and the Alberni Valley for long, without returning at some point. The Barkley Sound area and Alberni Valley remains our home. They truly care about our haahuulthii, and the ability to earn a living tending to their ancestral lands is something that their muschum cherish, appreciate and seek.

The level of training required to be successful in this profession is not insurmountable. With applied energy, Nuu-chah-nulth people can retain these jobs.

B. NEGOTIATION OPPORTUNITIES

Negotiation opportunities continue to present themselves with regularity. All Southern region Nuu-chah-nulth First Nations have monthly business meetings with Weyerhaeuser Company Limited, International Forest Products Ltd. , Timber West and the Ministry of Forests.

Some of the First Nations participating in this study have Interim Measures Agreements with Government. The agreements usually have an economic development component to them. First Nations use these as the basis for negotiations in the resource sector, and employment for the member Nations.

Each of the First Nations must use every available effort to further the economic viability of our communities. Forestry and Silviculture are ways to achieve this.

It is suggested that Nis'ma expand their operating area outside of their traditional territories and consider approach other, non-forestry rooted agencies such as Telus and BC Hydro. Negotiating an equitable sub-contracting relationship with Somass Tree Services may be a suitable mechanism to pursue right of way contracting opportunities from these agencies.

Lastly, it must also be noted that there are hundreds, if not thousands of hectares of forested reserve lands that may require silviculture applications and these must not be overlooked as contracting opportunities.

C. Strategic Recommendations

The following are recommendation for a strategic approach to enhancing market share and diversifying the product line for the Company.

- 1) Nis'ma actively pursue among its member first nations and all other Vancouver Island First Nations all opportunities to perform forest rehab work on reserves. Consideration should be given to making a presentation on capability and services to staff at Indian and Northern Affairs Canada to promote themselves for work with Nations where INAC has influence or knows of reserves requiring treatment. Nis'ma could also assess needs and provide management plans for reserves.
- 2) Nis'ma actively pursue expansion of the working relationship with Somass Trees to gain a foothold in those areas where they are currently not equipped in terms of Capital Equipment or in terms of expertise (Professional Arborist). This expertise and equipment combined with appropriate political pressure and the existing Aboriginal Relations Policies that many of the target clients have (BC Hydro, Telus, Centra Gas) should provide a very salable package.
- 3) Nis'ma continue to work towards development of a comprehensive marketing package to present the Company to perspective clients. This may take the form of expansion of published material and the development of a web page, creation of a display booth for meeting/conferences, and /or a Power Point presentation.
- 4) Nis'ma consider taking part in select conference that have the capability of raising their profile in the industry. Conferences such as the Truck Loggers Convention and the Aboriginal Forestry Industries Council have the kind of exposure that can make them known to

potential clients. One immediate opportunity in this regard could include attending the "Meeting Forest Trends Aboriginal Forestry Conference" in June 2002 in Vancouver BC.

- 5) Nis'ma formulate plans that would include logistics (Crew membership, movement, accommodation, etc.) and possible joint venture relationships that would allow them to compete in other territories on Vancouver Island and BC. The possibility of teaming with other First Nations who may not have current capability to secure work in their Traditional Territories or on their reserve lands.
- 6) Consider expansion upon point 5 above to explore similar relationships in Alberta
- 7) Secure from the BC Government information on the disposition of the former BC Provincial Parks that are being released by BC. Develop a proposal package for presentation to those parties assuming operational control of the parks for services that Nis'ma could provide that would be compatible with Nis'ma expertise and identify additional skill that could be marketable to this niche market.
- 8) Pursue with utmost vigor, both directly as a Company and through the Member First Nations, the expansion of the role of this First Nations Company in "non-Forest Investment Vote" work for major and minor (Community Forest, Woodlots and or private land owners) licensees within their tenure areas. That is, work that is part of the "Free to Grow" responsibility of the licensees. Traditionally Company Crews and independent contractors have done this work. Member First Nations need to use the power they have in their relationships with the licensees to promote the interests of Nis'ma. This presupposes that Nis'ma is able to be relatively competitive with the industry standards for consideration of direct award based on the relationship.

- 9) Nis'ma should pursue relationships with local governments and Ministry of Highways (including Highways Maintenance Contractors such as Mainroad Contracting) to market roadside maintenance such as scrub tree removal on road rights of way for which they have responsibility.
- 10) Request that partner nations utilize the vehicles such as regular business meetings and Interim Measures Agreements to promote the interests of Nis'ma.
- 11) Identify expertise that is missing or that would be valuable for the Company to have and promote among possible candidates the ideas of securing additional education that would meet the needs of the company. Skills such as a Registered Professional Forester, Forestry Technicians, Arborists as well business and marketing skills would be invaluable and provide a high degree of flexibility.
- 12) Nis'ma should review with a view to participation in business organizations and associations that deal with their area of interest. These might include South Island Woodlot Association, Chambers of Commerce in appropriate centers, BC Silviculture Association, etc.