

***Wood Supply Alberta:
Perspectives on the Big Picture***

By

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Why Does Wood Supply Matter in Alberta?

The Forest Management Agreement (FMA) proposition has worked well in Alberta = commit to operating a facility in exchange for an opportunity to propose the AAC.

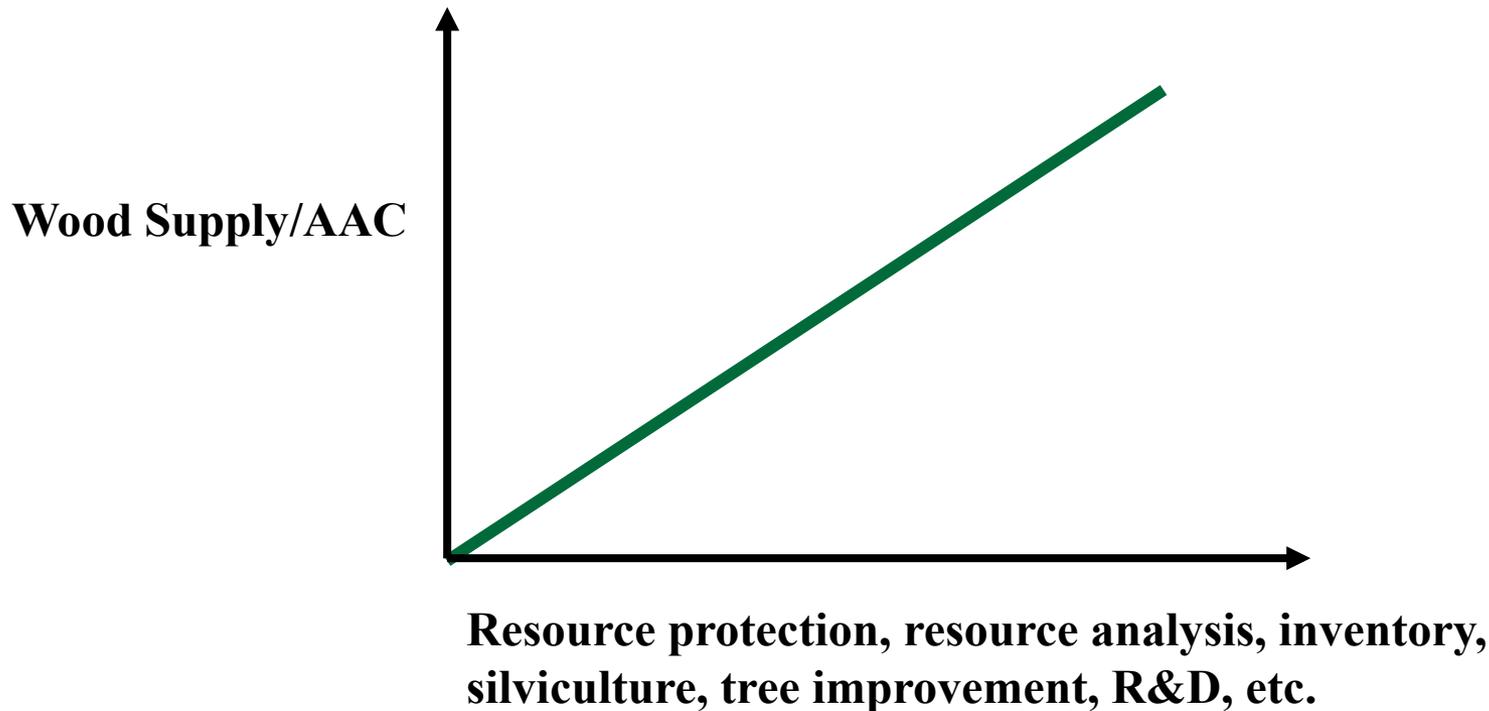
This proposition incents:

- **Investment in forest management by tenure holders to ensure a stable wood supply**
- **Investment by Government in resource management & protection**
- **Capital investment to build a competitive businesses**



Why Does Wood Supply Matter in Alberta?

However there is a direct relationship between wood supply and the level of forest management, and the environmental, social and economic benefits (and careers for foresters) that it brings



So Where's Alberta at? Quotes of Late...

AACs will decline by 1/3 in next few years

I want AAC's to go up by 33%, not down

We don't want to increase AACs, just find more unallocated or under-utilized fibre

Historic prices for forest products

Most important threat to tenure is loss of land

Eat lunch before the beetle does

Aspen is declining at unprecedented rates due to drought

It will get warmer and drier by 2050

Forest Act & Regs update, Regulatory Excellence and Red Tape Reduction initiatives

Alberta needs economic rescue...

The "deciduous" operators are using more conifer than ever...

So... maybe time to ponder our future...



Is Wood Supply our objective?

Alberta's Forests Act is currently being updated, and for the first time contains a "Preamble" that in part states:

"WHEREAS security of access to a sustainable timber supply is the basis of the forest industry's ability to contribute to Alberta's economic prosperity;"

We are striving to do the right thing in capturing wood supply from a predominantly older forest (i.e. "surge cut") under SFM policy, but a declining wood supply would not seem to align with a "sustainable wood supply"



Gaining wood supply in Alberta – then & now

Looking back, to gain AAC as an FMA holder:

- 1) Conduct a new forest inventory**
- 2) Pursuit of timber supply analysis and pushing policy on “sustainability”**
- 3) Adopt better assumptions on regenerating yields and commit to monitoring**

Today, the above is peaking, so:

- Acquire someone else’s tenure (often with a facility) = private deal subject to Government approval = ?? \$25+/m³ X AAC X years of approved AAC = \$MM**



What To Do? Forest Industry's Recommendations...

Alberta Forest Products Association Report to the Minister – “Investigating Innovative Ways to Improve & Enhance the Forest Resources of Alberta”

Survey of respected experts who recommended:

- 1) Timber supply & forest management on lands currently not available to...
- 2) Grow the Forest Faster
 - ✓ Growth & Yield – learn more faster
 - ✓ Enhanced Forest Management – shorten rotation age
 - ✓ Tree Improvement – best ROI to meet many objectives elsewhere
- 3) Policy Improvement
 - ✓ Redefine sustainable forest management & sustained yield in light of natural changes not in our control (climate, pest, climate change, drought & fire)
 - ✓ Constraints vs Incentives
 - ✓ Risk & Tolerance



Alberta Agriculture & Forestry Response...

Minister's 13% Announcement

1) List of ideas within the Ministry's control:

- **Unallocated timber areas under the Ministry;**
- **Unutilized harvest residuals;**
- **“Look at” increasing recognition of genetic gain;**
- **Reducing “subjective deletions” from landbase in AAC determination;**
- **Earlier inventory of forest recovery from wildfire**

2) (Long) List of ideas not entirely within Ministry's control:

- **Applying forest management to other forested public lands, reducing/mitigating restrictions & constraints / prioritizing forest management zonation, capturing timber salvage, and.....**



Explaining this to Weyerhaeuser...

Perspectives & experiences from working for Weyerhaeuser about the Alberta / US comparisons

US Timberlands	Alberta Timberlands
Own forest land as assurance of supply AND investment	Surface rights with forestry / wood supply influence (vs devolving to regulatory instrument)
Timber as a profit centre	Timber as a cost centre tied to a mill
ROI on intensive silviculture (density mgt, pruning, genetics) based on timber value and economic yield vs biological	Reforestation to natural forest as regulatory requirement (potential to influence Allowable Cut Effect ??)
Forestry innovation & IP as an asset??	Cooperatives, R&D institutions, collaborations
Environmental certification	Environmental certification



So... Thoughts To Consider...

- **Age class distribution is the dilemma i.e. capturing benefits from a predominantly older forest before nature does, then being converted to the opposite with mid-rotation “valleys” of not old-enough forest. History elsewhere is repeating itself here in Alberta.**
 - **What have others learned from this experience? Scandinavia, US Southern pine, eastern Canada, Lake States aspen, etc. What can we actually do about it now?**
- **If we can afford big \$ to *acquire* AAC, why not spend a fraction of that on silviculture & tree improvement to achieve the same? Why aren't we?**
 - **Plenty of evidence that enhanced forest management & tree improvement could reduce rotation ages and increase MAI in Alberta, as well as address nature's challenges (U of A Lieffers, Thomas, et. al.)**



So...Suggestions for the Future ...

- **Accountability to a “State of Forests” that publicly shows which way “things that count” are trending i.e. is it turning out as we assumed, and if we don’t like what we see happening, then...**
- **Forest management should not be defined just by *constraints* to protect & conserve, but also by *incentives* to achieve more – managing for wood supply *IS* about growing a forest**
- **We need to address being risk averse, and learn from others – we cannot afford a culture of “wait and see for ourselves”.**
- **One does not need to own land to invest in silviculture – an assured link to AAC will do...**

