

AUDIT OF FOREST PLANNING AND PRACTICES

Taan Forest Limited Partnership
and Taan Forest Ltd.

Tree Farm Licence 60 and Forest
Licence to Cut A87661

Haida Gwaii Natural Resource District

MARCH 2022
FPB/ARC/246



**Forest
Practices
Board**

BC'S INDEPENDENT
WATCHDOG FOR
SOUND FOREST &
RANGE PRACTICES

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Audit Results

Introduction

The Forest Practices Board (the Board) is the public's watchdog for sound forest and range practices in British Columbia. One of the Board's roles is to audit forest industry practices to ensure compliance with the *Forest and Range Practices Act (FRPA)* and the *Wildfire Act*.

As part of its 2021 compliance audit program, the Board randomly selected the Haida Gwaii Natural Resource District as the location for a full scope compliance audit. Within the district, the Board selected tree farm licence (TFL) 60, held by Taan Forest Limited Partnership, and forestry licence to cut (FLTC) A87661, held by Taan Forest Ltd., for audit. The two companies are referred to as Taan in this report.

This report explains what the Board audited and the results. Detailed information about the Board's compliance audit process is provided in Appendix 1.



Regenerating cutblock on Louise Island in the Haida Gwaii Natural Resource District. White cones are installed to protect cedar seedlings from deer browsing.

Background

TFL 60 and FLTC A87661 are within the Haida Gwaii Natural Resource District, which covers about one million hectares on Haida Gwaii, off of British Columbia's northwest coast. Taan's operations are primarily located on Graham and Louise Islands (see map on page 2). The Village of Queen Charlotte and Masset are the largest communities in the district and Taan's office is located in Skidegate, where staff prepare operational plans and implement forestry activities, including timber harvesting, road work, and silviculture.

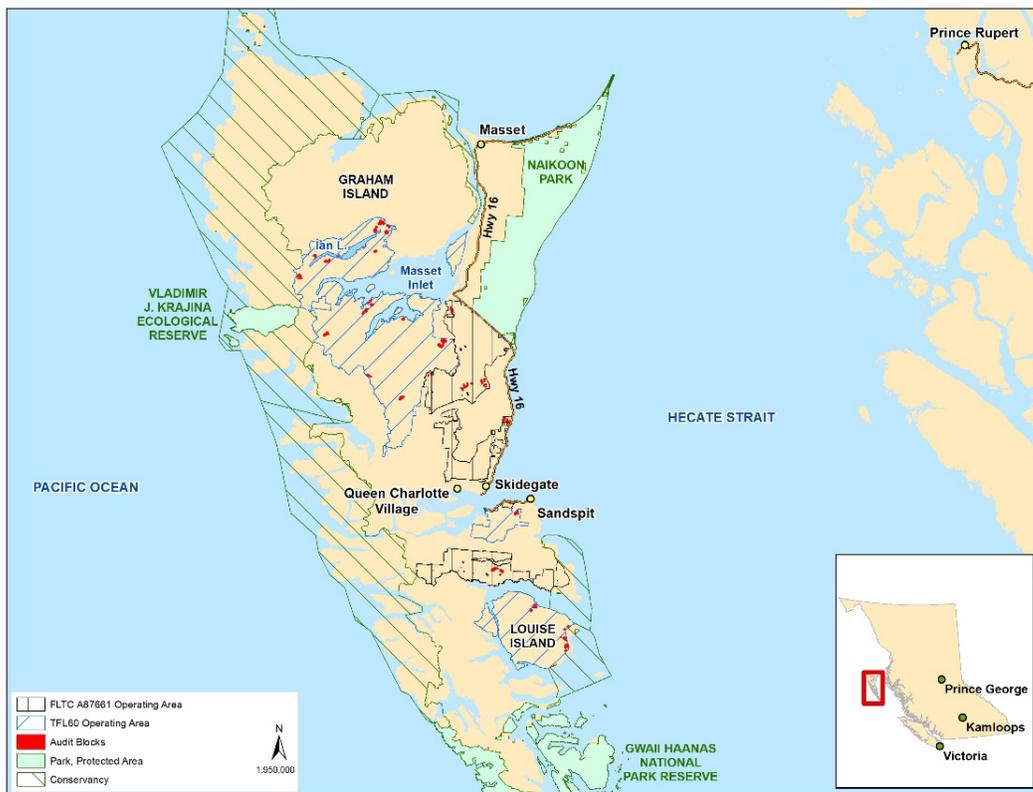
This audit took place within the territory of the Haida Nation (Haida). The Haida have been the stewards of Haida Gwaii since time immemorial, and the Forest Practices Board recognizes their deep connection with the land that continues to this day.

Forestry operations on Haida Gwaii are administered by the Ministry of Forest, Lands, Natural Resource Operations and Rural Development and the district is part of the West Coast Forest Region. Approximately half of Haida Gwaii is in parks, protected areas and conservancies, including Naikoon Provincial Park and the Gwaii Haanas National Park Reserve, of which nearly 478 000 hectares are collaboratively managed by the Haida Nation, the Province of BC, and the Government of Canada.

Taan's operating areas are accessible by truck, crew boat and ferry. The oceanic climate is generally mild with few extremes in temperature, but can be variable and unpredictable with frequent high winds and heavy rain that can constrain operations. The landscape of Haida Gwaii varies from gentle to mountainous terrain and is dominated by the Coastal Western Hemlock biogeoclimatic zone, with forests comprised of western red cedar, western hemlock and sitka spruce. The forests provide habitat for a variety of wildlife including black-tailed deer, black bear, goshawk, marbled murrelet, saw-whet owl, great blue heron, and Sandhill cranes, while the abundant streams support many fresh and saltwater fish species.

The allowable annual cut for TFL 60 is 279 000 cubic metres and for FLTC A87661 is 120 000 cubic metres. During the two-year audit period, Taan harvested about 316 000 cubic metres from the TFL and 117 000 cubic metres from the FLTC.

Map of the Audit Area



Audit Approach and Scope

This was a full scope compliance audit and all activities carried out between September 1, 2019, and September 22, 2021, are subject to this audit. These activities included operational planning (forest stewardship plan (FSP)ⁱ and site plans), timber harvesting, wildfire protection, silviculture, construction and deactivation of roads and maintenance of roads and major structures.ⁱⁱ

Auditors assessed these activities for compliance with FRPA, the *Wildfire Act*, and applicable regulations. This work included interviewing Taan staff; reviewing the FSP, site plans, and internal policies; examining records; and visiting sites to review field practices. Two forest professionals, one forest professional/geoscientist, and a chartered professional accountant made up the audit team. The audit team was in the field with Taan representatives from September 20 to 22, 2021.

The standards and procedures used to carry out this audit are set out in the Board's *Compliance Audit Reference Manual, Version 7.1, July 2016*.

Planning and Practices Examined

Operational Planning

Both licences are subject to the requirements in the *Taan Forest Ltd. & Limited Partnership Forest Stewardship Plan* (FSP 707), approved in May 2018 and expiring in May 2023. FSP 707 covers Forest Development Unit A, which includes most of the non-private and non-reserved land on Haida Gwaii.

Taan's operations fall within the area covered by the *Haida Gwaii Land Use Objectives Order* (HG Order) and other legal orders covering northern saw-whet owl, northern goshawk, marbled murrelet and scenic areas. The HG Order establishes land use objectives for cultural features, aquatic habitat, biodiversity, wildlife habitat, cedar management areas, forest reserve land as well as requirements for annual reporting and data submission to the Council of the Haida Nation (the Council). FSP 707 serves to link all aspects of the HG Order pertinent to forest management.

Auditors examined the FSP and stand-level site plans for consistency with legal requirements. During harvesting, road and silviculture field sampling, auditors also confirmed whether site plans accurately identified conditions on the ground.

The harvest and road activities in the audit population had the potential to affect riparian, soil, visual, karst and cultural resource values.

Timber Harvesting

Taan harvested 36 cutblocks during the audit period and auditors examined 21 of them in the field.

Auditors risk rated the cutblocks and chose samples that represented each risk class, resource value and geographic area within the audit area.

Road and Major Structure Construction, Maintenance and Deactivation

Taan constructed and maintained roads and bridges during the audit period. It also deactivated a small amount of road. No bridges were removed during the audit period. Auditors examined a sample of these activities on the ground.

TABLE 1. Population and Sample for Roads and Major Structures

ACTIVITY	POPULATION	SAMPLE
	(Kilometres)	(Kilometres)
Road Construction	45.8	29.0
Road Maintenance	1732.9	434.8
Road Deactivation	1.7	1.7
	(Structures)	(Structures)
Bridge Construction	14	13
Bridge Maintenance	289	73

Silviculture Obligations and Activities

Taan conducted planting and brushing activities, and had regeneration and free-growing obligations during the audit period. Samples were chosen to represent different geographic areas and biogeoclimatic zones within the audit area.

TABLE 2. Population and Sample for Silviculture Activities and Obligations

OBLIGATIONS AND ACTIVITIES	POPULATION (Cutblocks)	SAMPLE (Cutblocks)
Planting	54	11
Brushing	3	1
Regeneration (due or declared)	110	26
Free Growing (due or declared)	67	34

Wildfire Protection

Fire hazard assessments were due on 27 cutblocks and hazard abatement was conducted or due on 36 cutblocks during the audit period. Auditors examined all 27 cutblocks for fire hazard assessments and 21 cutblocks for abatement practices. There were 6 active sites during the field portion of the audit and 4 of them were field sampled.

Findings

The audit found that Taan's planning and practices generally complied with FRPA and the *Wildfire Act* as of September 2021. However, the audit identified an opportunity for improvement regarding reporting harvest and silviculture activities to government.

Operational Planning

The FSP and site plans were consistent with FRPA requirements and legal objectives. Taan addressed site specific resources in the site plans by accurately identifying and prescribing practices for resource features including riparian areas, visual quality objectives, wildlife habitat, karst, cultural features, and cedar stewardship areas.¹

Taan met annual reporting and data submission requirements of the HG Order by providing the Council with stand level information, including resource assessments, cultural surveys, cedar analyses and associated spatial data, for planned cutblocks and meeting with the Council to review the submissions.

Auditors had no concerns with operational planning.

Timber Harvesting

The auditors sampled 570 hectares in 21 cutblocks, which provided a wide range of key management values to evaluate.

Eight sampled cutblocks contained potentially unstable terrain. Taan completed terrain stability assessments and either excluded areas with potentially unstable terrain from harvest cutblocks or followed the assessment recommendations.

¹ The *Haida Gwaii Land Use Objectives Order* establishes the location of cedar stewardship areas and sets objectives to manage the supply of cedar for present and future cultural use in those areas.

The harvest sample included management areas for five wildlife species: black bear, northern saw-whet owl, northern goshawk, marbled murrelet and Sandhill crane. Taan followed its FSP strategies and internal policies and took appropriate measures for each species.

Four sampled cutblocks were within scenic areas and Taan completed visual impact assessments and met visual quality objectives for these cutblocks.

Most of the cutblocks sampled contained cultural resource features. Taan carried out detailed inventories to identify and report these features to the Council and followed FSP strategies to protect them.

In summary, auditors found that harvesting was conducted in accordance with the requirements of legislation, the FSP and site plans.

Road and Major Structure Construction, Maintenance and Deactivation

Road Construction

All documentation was complete, including road permits and road designs. Qualified professionals were used when necessary, such as when constructing roads near riparian areas or on potentially unstable soil, and their recommendations were followed. Taan used a road building contractor with a long history of road construction on Haida Gwaii. The contractor's familiarity with local material sources and construction techniques proved to be effective at protecting riparian areas, soils and ensuring roads were safe for industrial use.

Road Maintenance

Roads were mostly located on gentle and rolling terrain with infrequent sections located on potentially unstable terrain. Taan regularly monitored roads and addressed maintenance items in a timely manner. Culverts were functional and drainage was controlled. Road sections used for active hauling were stable and safe for industrial use.

Road Deactivation

Taan deactivated roads by removing drainage structures and installing cross ditches to maintain natural drainage patterns and applied grass seed to stabilize the roads.

Bridge Construction

Taan completed all professional design and documentation for the constructed bridges. Bridge installation followed the plans and was well-done.

Bridge and Major Structure Maintenance

Taan regularly inspected and maintained major structures and kept a detailed maintenance ledger that indicated they are proactively managing their crossing infrastructure. All structures inspected were in good condition.

Auditors had no concerns with any of the road or major structure work carried out by Taan.

Silviculture Reporting

Section 86(3)(d) of the *Forest Planning and Practices Regulation*ⁱⁱⁱ requires a party to report silviculture obligations in a timely manner. Although Taan was tracking its silviculture obligations, 32 percent of the silviculture treatments sampled were not reported on time into the government database, Reporting Silviculture Updates and Land status Tracking System (RESULTS). Failure to do so is a non-compliance with legislation. This is an administrative shortcoming that did not affect regeneration delay or free-growing obligations in the field and is therefore considered an area requiring improvement.

Subsequent to the audit, Taan advised the Board that the cutblocks with late reporting were not part of its usual tracking system as the silviculture obligations were acquired from a tenure transfer or were small non-typical salvage blocks. To ensure this oversight does not occur again, Taan has reviewed its silviculture obligations for all transferred and salvage cutblocks. Taan had confirmed their status, cross referenced and updated them within its reporting and tracking systems and provided systems access to all parties responsible for planning, surveying and reporting.

Silviculture Activities and Obligations

Auditors reviewed brushing and planting activities, as well as regeneration and free-growing milestones. Taan completed planting within two years of harvest and used a mix of species including cedar, spruce and lodgepole pine. Cones were installed on planted cedar to protect them from deer browse damage. Taan conducted silviculture surveys to monitor regenerating cutblocks for seedling establishment and survival and treated plantations where stocking and health issues were identified. Auditors found free-growing cutblocks generally showed good health.

Auditors had no concerns with silviculture.

Wildfire Protection

Taan developed its own fire hazard assessment and abatement strategy² that applies explicitly to its operations on Haida Gwaii, including a more refined assessment of fire risk than the provincial guidelines. The strategy was prepared by a qualified professional and provides direction to all Taan staff and contractors regarding which harvest areas require a fire hazard assessment, whether hazard abatement is required and how to conduct assessments and abatement practices, if required.

Fire Hazard Assessment

All sampled fire hazard assessments conformed to Taan's assessment strategy.

Fire Hazard Abatement

Hazard abatement on all sampled cutblocks conformed to Taan's abatement strategy.

Fire Preparedness

Auditors found adequate fire tools and suppression systems on the four active operations sampled. Logging contractors monitored fire weather stations for fire danger ratings, restricted hours of operation accordingly and used watchmen, if required, to minimize the risk of a fire starting or spreading.

Auditors had no concerns with wildfire protection activities.

² The *Wildfire Regulation* includes provisions for a qualified professional to specify hazard assessment and abatement strategies under sections 11 (3.1) (b) and 12.1 (3) (b).

Audit Opinion

In my opinion, the operational planning, timber harvesting, road and major structure construction, maintenance and deactivation, and fire protection activities carried out by Taan Forest Limited Partnership on tree farm licence 60 and Taan Forest Ltd. on forest licence to cut A87661 between September 1, 2019, and September 22, 2021, complied in all significant respects with the requirements of the *Forest and Range Practices Act*, the *Wildfire Act* and related regulations, as of September 2021.

In reference to compliance, the term 'in all significant respects' recognizes that there may be minor instances of non-compliance that either may not be detected by the audit, or that are detected but not considered worthy of inclusion in the audit report.

Without qualifying my opinion, I draw attention to the *Silviculture Reporting* section of the report, which describes an area requiring improvement.

The *Audit Approach and Scope* and the *Planning and Practices Examined* sections of this report describe the basis of the audit work performed in reaching the above conclusion. The audit was conducted in accordance with the auditing standards of the Forest Practices Board, including adherence to the auditor independence standards and the ethical requirements, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. Such an audit includes examining sufficient forest planning and practices to support an overall evaluation of compliance with the *Forest and Range Practices Act*, and the *Wildfire Act*.



Christopher R. Mosher CPA, CA, EP(CEA)
Auditor of Record

Victoria, British Columbia
March 7, 2022

Appendix 1: Forest Practices Board's Compliance Audit Process

Background

The Forest Practices Board conducts audits of government and agreement-holders under section 122 of the *Forest and Range Practices Act* (FRPA) and section 68 of the *Wildfire Act*. Compliance audits examine forest or range planning and practices to determine whether or not they comply with the applicable requirements of FRPA and the *Wildfire Act*. The Board conducts 6-8 compliance audits annually. Most of these are audits of agreement holders. The Board also audits the government's BC Timber Sales Program (BCTS).

Selection of Auditees

To begin with, auditors randomly select an area of the Province, such as a natural resource district. Then the auditors review the forest resources, geographic features, operating conditions and other factors in the area selected. These are considered in conjunction with the Board's strategic priorities, and the type of audit is determined. At this stage, auditors choose the auditee(s) that best suit(s) the selected risk and priorities.

For example, in 2016, the Board randomly selected the Dawson Creek portion of the Peace Natural Resource District as a location for an audit. After assessing the activities within the area, auditors noted that there were two community forest agreements that had not yet been audited by the Board. As the Board strives to audit an array of licence types and sizes each year, these two community forest agreements were selected for audit.

For BCTS audits, a district or timber supply area within 1 of the 12 BCTS business areas in the province is selected randomly for audit. The audit selections are not based on past performance.

Only those licensees or BCTS operations that have not been audited by the Board in the past five years are eligible for selection.

Audit Standards

The audits are conducted in accordance with auditing standards developed by the Board. These standards include adherence to the auditor independence standards and the ethical requirements, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour and are consistent with Canadian generally accepted auditing standards. The standards for compliance audits are described in the Board's Compliance Audit Reference Manual.

Audit Process

Conducting the Audit

Once the Board randomly selects an area or district and determines the scope of audit to be conducted and the licensee(s) to be audited, all activities carried out during the period subject to audit are identified (such as harvesting, replanting, road construction, road deactivation). Items that make up each forest activity are referred to as a population. For example, all sites harvested form the timber harvesting population and all road sections constructed form the road construction population.

The auditors select a separate sample for each population (e.g., the cutblocks selected for auditing timber harvesting). Within each population, more audit effort (i.e., more audit sampling) is allocated to areas where the risk of non-compliance is greater. For smaller audits, the sample will include the full population. Auditors also consider factors such as geographic distribution and values potentially affected by activities to ensure an adequate sample.

Auditors' work includes interviewing licensee staff, reviewing the auditee's applicable plans, reviewing applicable government orders, assessing features from helicopters and measuring specific features like riparian reserve zone widths using ground procedures. The audit teams generally spend three to five days in the field.

Evaluating the Results

The Board recognizes that compliance with the requirements of FRPA and the *Wildfire Act* is more a matter of degree than absolute adherence. Determining compliance, and assessing the significance of non-compliance, requires the exercise of professional judgment within the direction provided by the Board.

The audit team, composed of professionals and technical experts, first determines whether forest practices comply with legal requirements. For those practices considered to not be in compliance, the audit team then evaluates the significance of the non-compliance, based on a number of criteria, including the magnitude of the event, the frequency of its occurrence and the severity of the consequences.

Auditors categorize their findings into the following levels of compliance:

Compliance – where the auditor finds that practices meet FRPA and *Wildfire Act* requirements.

Unsound Practice – where the auditor identifies a significant practice that, although in compliance with FRPA or the *Wildfire Act*, is not considered to be sound management.

Not significant non-compliance – where the auditor, upon reaching a non-compliance conclusion, determines that one or more non-compliance event(s) is not significant and not generally worthy of reporting. However, in certain circumstances, these events may be reported as an area requiring improvement.

Significant non-compliance – where the auditor determines a non-compliance event(s) or condition(s) is, or has the potential to be, significant and is considered worthy of reporting.

Significant breach – where the auditor finds that significant harm has occurred, or is beginning to occur, to persons or the environment as a result of one or more non-compliance events.

If a significant breach of the legislation has occurred, the auditor is required by the *Forest Practices Board Regulation* to immediately advise the Board, the party being audited, and the responsible Minister(s).

Reporting

Based on the above evaluation, the auditor then prepares a draft audit report. The party being audited is given a copy of the draft report for review and comment before it is submitted to the Board.

The Board reviews the draft report and determines if the audit findings may adversely affect any party or person. If so, the party or person must be given an opportunity to make representations before the Board decides the matter and issues a final report. The opportunity to make representations allows parties that may potentially be adversely affected to present their views to the Board.

The Board reviews representations from parties that may potentially be adversely affected, makes any necessary changes to the report, and decides if recommendations are warranted. The report is then finalized and released: first to the auditee and then to the public and government seven days later.

ENDNOTES

ⁱ A forest stewardship plan (FSP) is a key planning element in the FRPA framework and the only plan subject to public review and comment and government approval. In its FSP, Taan is required to identify results and/or strategies consistent with government objectives for values such as water, wildlife and soils. These results and strategies must be measurable and once approved are subject to government enforcement. FSPs identify areas within which road construction and harvesting will occur but are not required to show the specific locations of future roads and cutblocks. FSPs can have a term of up to five years. A forest stewardship plan (FSP) is a key planning element in the FRPA framework and the only plan subject to public review and comment and government approval. In its FSP, Kalesnikoff is required to identify results and/or strategies consistent with government objectives for values such as water, wildlife and soils. These results and strategies must be measurable and once approved are subject to government enforcement. FSPs identify areas within which road construction and harvesting will occur but are not required to show the specific locations of future roads and cutblocks. FSPs can have a term of up to five years.

ⁱⁱ Major structure includes bridges and major culverts.

- Bridge means a temporary or permanent crossing structure with a span length equal to or greater than 6 metres or an abutment height of 4 metres or greater.
- Major culvert has a pipe diameter of 2 metres or greater or is a pipe or open bottom arch with a span greater than 2.13 metres.

ⁱⁱⁱ *Forest Planning and Practices Regulation*

86 Annual reports

(1) In this section and in section 86.1:

"location" means the approximate location;

"reporting period", in respect of the year in which the report referred to in subsections (2) to (5) is to be furnished, means the 12 month period beginning on April 1 of the immediately preceding calendar year.

(2) Repealed. [B.C. Reg. 104/2008, s. 1 (a) (ii).]

(3) Before June 1 of each year, an agreement holder must report to the district manager

(a) for each area in which timber harvesting was completed during the reporting period and to which section 29 of the Act applies or to which section 44 (4) of this regulation applies, the following information:

- (i) the area in which the harvesting occurred;
- (ii) the amount of area that was harvested;
- (iii) an update of the forest cover inventory;
- (iv) the location and approximate size of all associated wildlife tree retention areas,

(b) the location of any resource feature or wildlife habitat feature in or contiguous to a cutblock or road of which feature the holder is aware during the reporting period if

- (i) the holder has not, in a previous reporting period, reported the resource feature or wildlife habitat feature, and
- (ii) the order establishing the resource feature or wildlife habitat feature requires the location of the resource feature or wildlife habitat feature to be reported under this section,

(c) the pertinent information about seeds used during the reporting period to grow seedlings planted by the holder in cutblocks on the land to which the agreement pertains,

(d) an update of the forest cover inventory for each area in which during the reporting period

- (i) the requirements for the regeneration date have been met,
- (ii) the requirements for the regeneration date have not been met but the regeneration date has passed,
- (iii) a free growing stand has been declared under section 97 or 97.1 of this regulation or the requirements of section 46.11 (2) (b) of this regulation have been met, or
- (iv) a free growing stand has not been established, but the free growing date has passed, and

(e) a summary of any silviculture treatments that were carried out during the reporting period.



**Forest
Practices
Board**

PO Box 9905 Stn Prov Govt

Victoria, BC V8X 9R1 Canada

Tel. 250.213.4700 | Fax 250.213.4725 | Toll Free 1.800.994.5899

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For more information on the Board, please visit our website at: www.bcfpb.ca