

Audit of Forest Planning and Practices

**Ministry of Forests
Small Business Forest Enterprise Program
Port McNeill Forest District**

FPB/ARC/21

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Report from the Board

A. Report from the Board

This is the Board's report on a compliance audit¹ of the Small Business Forest Enterprise Program² (SBFEP) in the Port McNeill Forest District (see map). The operating areas of the SBFEP are located on the northern portion of Vancouver Island, numerous islands in Johnstone Strait and the adjacent mainland coast from Knight Inlet north to Seymour Inlet.

The audit examined the SBFEP's operational planning, timber harvesting, silviculture, fire protection, and road construction, maintenance and deactivation, for the period July 1, 1997 to July 15, 1998 to assess compliance with the *Forest Practices Code of British Columbia Act* and related regulations (the Code).

The district responsibilities and individual SBFEP licensees' responsibilities and performance are closely linked. The district is responsible for managing the SBFEP, including preparing and approving operational plans, much of the road construction, maintenance and deactivation, and meeting silviculture obligations. The licensee is responsible for ensuring that all operations, including harvesting, are carried out in compliance with the Code. The district has a close working relationship with each licensee and an overall responsibility for managing the SBFEP and also ensuring that licensees have met their obligations. Because of this relationship, the Board holds the district responsible for the planning and practices of the SBFEP.

Before completing this report, the Board considered written representations from the Port McNeill Forest District as required by section 182 of the Act.

The Board's conclusions are based on an audit of the following plans and practices:

- operational plans approved during the audit period, including two different forest development plans, a fire preparedness plan, 48 silviculture prescriptions and 60 logging plans³
- operational plans approved before the audit period related to the practices audited
- harvesting of 33 cutblocks
- harvesting of 26 special forest product sales and cash sales
- layout of 71.8 kilometres of road
- construction of 30.8 kilometres of road
- maintenance of approximately 79 kilometres of road
- permanent and semi-permanent deactivation of 26.3 kilometres of road
- silviculture activities on 72 cutblocks
- protection activities

¹ Part B of this document provides background information on the Board's audit program and the process followed by the Board in preparing its report.

² The report from the auditor (Part C of this document) provides specifics about the operating areas of the Small Business Forest Enterprise Program, and the forest planning and field activities that were the subject of this audit and the audit findings.

³ The requirement to prepare logging plans was repealed on June 15, 1998, however, logging plans approved before that date continue to be in effect.

Conclusions

The district advised the Board in its representations that its position is that, in most cases, SBFEP licensees are responsible for forest practices that are carried out in the SBFEP. Because of the strong link between the district's role and SBFEP licensee responsibilities, the Board believes that the district does have the responsibility, not only for operational planning in the SBFEP, but also for ensuring that forest practices carried out by SBFEP licensees comply with the Code. The audit conclusions reflect this responsibility.

Overall

The district SBFEP's operational planning, timber harvesting, silviculture, fire protection and road construction, maintenance and deactivation activities generally complied with Code requirements. The audit identified instances of significant non-compliance with the description of, and prescriptions for, forest health in forest development plans and silviculture prescriptions, with bridge construction, and with timber harvesting activities in riparian management areas.

Forest health planning

The forest development plans did not comply with Code requirements to identify forest health factors and evaluate the significance of the risk posed to forest resources, even though insects and wind are important forest health factors that exist in the district. This lack of information prevents regulatory agencies, third parties and the public from effectively reviewing harvesting plans and provides no assurance that the district is adequately managing these forest health risks.

Forest health factors:
Influences on the forest that are usually a naturally occurring component of forest ecosystems, for example insects, diseases and other factors such as fire and wind.

The majority of silviculture prescriptions for specific cutblocks did not evaluate the potential for windthrow. The lack of information in the forest development plan and the lack of site-specific evaluations of windthrow risk are a particular concern because windthrow occurred along the boundaries of blocks harvested during the audit period. Evaluation of windthrow risk assists in locating cutblock boundaries away from areas where there is a high risk that boundary trees will blow down and cause impacts on other forest resources.

The district has advised the Board that it does not evaluate biotic forest health factors, such as hemlock dwarf mistletoe, spruce weevil and phellinus root rot, in operational plans because they are "endemic" or natural to the environment in the district. The district indicates that it will record and evaluate the factors in operational plans when these factors become "epidemic" or catastrophic. The Board does not accept this approach because the Code requires that all forest health factors be recorded and evaluated in operational plans. If, during the evaluation of forest health factors, significant risks to forest resources are identified, the Code further requires the forest development plan to describe measures to reduce those risks.

Bridge construction

Two of the three bridges built over fish streams did not comply with the Code because the construction work did not follow the approved plans. The bridges were constructed in a way, and at a time, that led to impacts on fish habitat in streams that are known to contain coho salmon.

The bridge construction resulted in localized impacts to the stream banks and bed and a potential safety problem on one bridge. District supervision and inspection of these bridge projects failed to prevent and correct these problems. The non-compliance is significant because, although the impacts on the streams were relatively minor, they were unnecessary and avoidable and there is a potential that future bridge construction projects could lead to further problems of this nature.

In addition, the construction included work in the stream channels that was not identified in the approved plans. This work at both bridge locations was done outside the time period normally recognized for work in or near fish streams. These “timing windows” have been recognized restrictions on the coast for many years and are identified in the *Riparian Management Guidebook*. However, the district manager did not identify any timing windows for work near these streams.

The district has advised the Board that, since the audit, remedial work has been conducted at one site and is planned for the other.

Timber harvesting in riparian management areas

Field practices carried out near streams in the SBFEP were frequently not consistent with approved operational plans. Harvesting practices specified in numerous approved plans could not be achieved on the ground because of the terrain or the type of equipment used. As a result, licensees frequently did not comply with plan requirements for harvesting activities in riparian management areas. These instances of non-compliance included trees felled and yarded in directions that were not permitted by the approved plans, and non-commercial trees near streams not being retained when approved plans required them to be retained.

The routine disregard for requirements in approved plans could lead to potentially serious problems. In addition, these plans could mislead the public and resource agencies by prescribing falling and yarding directions or retention levels that cannot be met and then are subsequently changed in the field. The district has advised the Board that, since the audit, it has revised the wording in its silviculture prescriptions and meets regularly with licensees to ensure that they understand the requirements of these plans.

In addition, non-compliance with the Code occurred on two cutblocks when harvesting took place around fish and non-fish streams that were not identified in operational plans. The Code requires that plans identify and classify all streams in proposed cutblocks. This ensures that practices in and around streams protect the streams and riparian areas. When streams are discovered that are not identified in the plans, the Code requires that work stop so the streams can be classified and appropriate practices can be prescribed to protect the streams. The failure to identify and correctly classify streams resulted in trees being removed from riparian areas and logging debris being deposited into fish streams.

While each individual instance of non-compliance was not significant, the occurrence of non-compliance in 9 of the 15 cutblocks examined and the resulting potential for damage to streams and riparian areas, is significant.

Recommendations

As provided by section 185 of the Act, the Board recommends that the Port McNeill Forest District:

- a) review the implementation of the Port McNeill Forest District Small Business Forest Enterprise Program;
- b) determine the causes of the non-compliance identified during the audit; and
- c) adjust existing procedures, or develop procedures where gaps currently exist, to ensure that SBFEP planning and practices comply with the Code.

The Board makes the following specific recommendations regarding the SBFEP:

1. Forest Health Planning

The Board recommends that the Port McNeill Forest District:

- a) record and evaluate all forest health factors that occur in the district in its operational plans for the SBFEP and, where a factor is a significant risk, include measures to address the risk;
- b) address site level windthrow risk in silviculture prescriptions; and
- c) continue to improve the location of cutblock boundaries to address windthrow risk and the risk to forest resources caused by windthrow.

2. Bridge Construction

The Board recommends that the Port McNeill Forest District:

- a) investigate, take enforcement actions and adjust procedures to address the non-compliance of the bridge construction with the operational plans;
- b) improve the monitoring in the field of SBFEP bridge construction to ensure that practices comply with approved operational plans; and
- c) ensure that any in-stream work complies with recognized timing windows by:
 - i) requesting the Ministry of Environment, Lands and Parks to identify appropriate timing windows for in-stream work in the district so that the district manager can implement them, and
 - ii) implementing the timing windows identified in the Riparian Management Guidebook, until district timing windows are identified.

3. Timber Harvesting in Riparian Management Areas

The Board recommends that the Port McNeill Forest District:

- a) properly identify and classify all streams, including small streams, in operational plans;
- b) prescribe harvesting practices and riparian treatments in operational plans that are appropriate for the site conditions and can be implemented on the ground;

- c) develop and implement operating procedures so that staff and licensees respond when streams that are not identified in operational plans are discovered during timber harvesting; and
- d) ensure that field inspections and monitoring of timber harvesting activities in the SBFEP are adequate to ensure that practices in riparian areas comply with appropriate operational plans.

In accordance with section 186, the Board requests that the Port McNeill Forest District advise the Board by February 29, 2000 of the actions taken to implement these recommendations.

Provisions for Non-Timber Forest Resources in Forest Development Plans

The Code requires that a forest development plan specify measures that will be carried out to protect forest resources. The Ministry of Forests believes it has responsibility under Section 4(c) of the *Ministry of Forests Act* to plan for the management and conservation of all forest resources in the SBFEP. Normally, broad objectives for the management of non-timber resources, such as the maintenance of

Higher level plan: a landscape level management objective or plan designated by government as a higher level plan. Forest resource objectives in higher level plans guide the objectives and management strategies in operational plans such as forest development plans.

successional stages of the forest for the protection of biodiversity or the maintenance of habitat for species such as grizzly bear, will be set out in higher level plans. To date, no higher level plans have been formally established for the Port McNeill district. The Code does not require that forest development plans address landscape level biodiversity and wildlife values that are identified in higher level plans that have not been formally established. As this was a compliance audit, it did not address whether the operational plans, including the forest development plans, adequately addressed these non-timber forest resources.

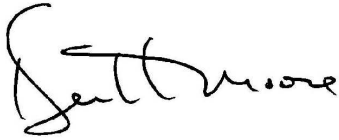
The Board is concerned that, although there are important wildlife, biodiversity and other non-timber forest values in the Port McNeill Forest District, the SBFEP forest development plans contain little or no information to describe these resources or explain how they will be protected. In the fourth year of implementation of the Code, the lack of any approved higher level plans has resulted in these forest resources not being addressed in operational plans. Landscape units and higher level plans exist in draft form for portions of the Port McNeill Forest District and information contained in these draft plans could assist with developing objectives to address non-timber forest resource values in operational plans.

It is the Board's opinion that, despite the absence of formally designated higher level plans, measures to protect non-timber forest resource values should be incorporated into forest development plans. The Board believes this is consistent with the intent of the Code.

Recommendation

As provided by section 185 of the Act, the Board recommends that the Port McNeill Forest District ensure that SBFEP forest development plans incorporate currently available information on non-timber forest resources in the district, include objectives for their management and specify measures that will be taken to protect these resources.

In accordance with section 186, the Board requests that the Port McNeill Forest District advise the Board by February 29, 2000 of the actions that will be taken to implement this recommendation.

A handwritten signature in black ink, appearing to read "Keith Moore". The signature is fluid and cursive, with the first name "Keith" being more prominent than the last name "Moore".

Keith Moore
Chair

November 22, 1999

The panel of the Board that considered the Report from the Auditor and representations, and concluded this report, was Keith Moore, Fred Parker, Mark Haddock, and Ingrid Davis.

Forest Practices Board Compliance Audit Process

B. Forest Practices Board Compliance Audit Process

Background

The Forest Practices Board conducts audits of government's and agreement holder's compliance with the *Forest Practices Code of British Columbia Act* and regulations (the Code). The Board is given the authority to conduct these periodic independent audits by section 176 of the Act. Compliance audits examine forest planning and practices to determine whether or not they meet Code requirements.

The Board undertakes both "limited scope" and "full scope" compliance audits. A limited scope audit involves the examination of selected forest practices (e.g., roads, or timber harvesting, or silviculture) and the related operational planning activities. A full scope audit examines all operational planning activities and forest practices.

The Board determines how many audits it will conduct in a year, and what type of audits (limited or full scope), based on budget and other considerations. The Board audits agreement holders who have forest licences or other tenures under the *Forest Act* or the *Range Act*. The Board also audits government's Small Business Forest Enterprise Program (SBFEP) which is administered by Ministry of Forests district offices. Selection of agreement holders and district SBFEPs for audit is done randomly, using a computer program, to ensure a fair, unbiased selection of auditees.

Audit Standards

Audits by the Forest Practices Board are conducted in accordance with the auditing standards developed by the Board. These standards are consistent with generally accepted auditing standards.

The audits determine compliance with the Code based on criteria derived from the *Forest Practices Code of British Columbia Act* and its related regulations. Audit criteria are established for the evaluation or measurement of each practice required by the Code. The criteria reflect judgments about the level of performance that constitutes compliance with each requirement.

The standards and procedures for compliance audits are described in the Board's *Compliance Audit Reference Manual*.

Audit Process

Conducting the Audit

Once the Board selects an audit and decides on the scope of the audit (limited scope or full scope), the staff and resources required to conduct the audit and the period covered by the audit are determined. Board staff also meet with the party being audited to discuss the logistics of the audit before commencing the work.

All the activities carried out during the period subject to audit are identified. This includes activities such as the sites harvested or replanted and road sections built or deactivated during the audit period. The items that comprise each forest activity are referred to as a "population."

For example, all sites harvested form the “timber harvesting population.” All road sections constructed form the “road construction population.” The populations are then sub-divided based on factors such as the characteristics of the sites and the potential severity of the consequences of non-compliance on the sites.

The most efficient means of obtaining information to conclude whether there is compliance with the Code is chosen for each population. Because of limited resources, sampling is usually relied upon to obtain audit evidence, rather than inspecting all activities.

Individual sites and forest practices within each population have different characteristics, such as the type of terrain or type of yarding. Each population is divided into distinct sub-populations on the basis of common characteristics (e.g., steep ground vs. flat ground). A separate sample is selected 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 the sub-population where the risk of non-compliance is greater.

Audit work in the field includes assessments from helicopters and intensive ground procedures such as the measurement of specific features like road width. The audit teams generally spend two to three weeks in the field.

Evaluating the Results

The Board recognizes that compliance with the many requirements of the Code is more a matter of degree than absolute adherence. Determining compliance requires the exercise of professional judgment within the direction provided by the Board.

Auditors collect, analyze, interpret and document information to support the audit results. The audit team, comprised of professionals and technical experts, first determines whether forest practices are in compliance with Code requirements. For those practices considered to not be in compliance, the audit team then evaluates the degree to which the practices are judged not in compliance. The significance of the non-compliance is determined based on a number of criteria including the magnitude of the event, the frequency of its occurrence, and the severity of the consequences.

As part of the assessment process, auditors categorize their findings into the following levels of compliance:

Compliance – where the auditor finds that practices meet Code requirements.

Not significant non-compliance – where the auditor, upon reaching a non-compliance conclusion, determines that a non-compliance event, or the accumulation and consequences of a number of non-compliance events, is not significant and is not considered worthy of reporting.

Significant non-compliance – where the auditor determines that the event or condition, or the accumulation and consequences of a number of non-compliance events or conditions, is 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 the non-compliance. A significant breach can also result from the cumulative effect of a number of non-compliance events or conditions.

Identification of a possible significant breach requires the auditor to conduct tests to confirm whether or not there has been a breach. If it is determined that a significant breach has occurred, the auditor is required by the *Forest Practices Board Regulation* to immediately advise the Board, the party being audited, and the Ministers of Forests, Energy & Mines, and Environment, Lands & Parks.

Reporting

Based on the above evaluation, the auditor then prepares the “Report from the Auditor” for submission to the Board. The party being audited is given a draft of the report before it is submitted to the Board so that the party is fully aware of the findings. The party is also kept fully informed of the audit findings throughout the process, and is given opportunities to provide additional relevant information and to ensure the auditor has complete and correct information.

Once the auditor submits the report, the Board reviews it and determines whether any party or person is potentially adversely affected by the audit findings. 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 to the public and government. The representations allow potentially adversely affected parties to present their views to the Board.

At the discretion of the Board, representations may be written or oral. The Board will generally offer written representations to potentially adversely affected parties, unless the circumstances strongly support the need for an oral hearing.

The Board then reviews both the report from the auditor and the representations before preparing its final report, which includes the Board’s conclusions and may also include recommendations, if appropriate.

If the Board’s conclusions or recommendations result in newly adversely affected parties or persons, additional representations would be required.

Once the representations have been completed, the report is finalized and released: first to the auditee and then to the public and government.

Report from the Auditor

C. Report from the Auditor

1.0 Introduction

As part of the Forest Practices Board's 1998 compliance audit program, the Ministry of Forest's Small Business Forest Enterprise Program (SBFEP) located in the Port McNeill Forest District was selected for audit from the population of Small Business Forest Enterprise Programs within the province. The Port McNeill SBFEP was selected randomly and not on the basis of location or level of past performance.

The SBFEP is a program within which the Ministry of Forests awards timber sale licences to small business licensees. The Ministry of Forests, through the district manager, and the individual licensees each have separate but interrelated roles and responsibilities within the program:

- The district manager is responsible for the overall managing and undertaking of the SBFEP. This includes preparing and giving effect to the forest development plan¹ and silviculture prescriptions², some road construction, maintenance and deactivation, as well as meeting silviculture obligations. The district manager can also choose to prepare and give effect to logging plans³ that small business licensees must follow.
- The individual small business licensees who have been awarded timber sale licences (TSL holders) through the SBFEP have a number of legal responsibilities, as reflected in their timber sale licence, and other permits (road permits and road use permits). These responsibilities may include preparing and obtaining approval of logging plans, some road construction, maintenance and deactivation, and ensuring that all operations, including harvesting, are carried out in compliance with the *Forest Practices Code of British Columbia Act* (the Code).

The district responsibilities and individual TSL holder responsibilities and performance are closely linked. The planning done by the district can impact directly on the TSL holders' ability to adequately carry out their responsibilities. The quality of a licence holder's timber harvesting activities can affect a district's ability to adequately carry out their work, such as silviculture obligations, after logging is completed.

The Port McNeill SBFEP operates within Port McNeill Forest District. This district comprises the northern portion of Vancouver Island, numerous islands in Johnstone Strait and the adjacent mainland coast from the vicinity of Knight Inlet north to the vicinity of Seymour Inlet. The major towns in the district are Port McNeill, Port Hardy and Port Alice.

The Port McNeill SBFEP has an allowable annual cut of 352,000 m³ with operations scattered throughout the district, both in the Kingcome Timber Supply Area and on portions of five tree farm licences. The actual volume cut during the 12.5 month audit period was approximately 352,254 m³.

2.0 Audit Scope

The audit examined the activities of the Port McNeill SBFEP in the areas of operational planning (such as forest development plans, silviculture prescriptions and logging plans),

timber harvesting, silviculture, fire protection, and road construction, maintenance and deactivation. These activities were assessed for compliance with the *Forest Practices Code of British Columbia Act* and related regulations (the Code), including the transitional provisions of the Code.

All activities, planning and obligations for the period July 1, 1997, to July 15, 1998, were included in the scope of the audit.

The Port McNeill SBFEP's activities during the audit period were:

- harvesting on 33 cutblocks
- harvesting on 26 special forest product sales and cash sales
- layout of 69 road sections totaling 71.8 kilometres
- construction of 28 road sections totaling 30.8 kilometres
- maintenance of approximately 79 kilometres of road, involving such activities as surfacing, culvert replacement and ditch cleaning
- permanent and semi-permanent deactivation of 17 road sections totaling 26.3 kilometres
- silviculture activities such as site preparation, planting, brushing and regeneration surveys on 72 cutblocks
- protection activities including fire preparedness planning, fuel management, and hazard abatement

Activities carried out by the Port McNeill SBFEP during the audit period fell under a total of six different forest development plans, two of which were actually approved during the period. One of the forest development plans approved during the period covered SBFEP activities in the Port McNeill Timber Supply Area and one covered SBFEP activities on the Tree Farm Licences within the district. In addition a total of 48 silviculture prescriptions and 60 logging plans were approved during the period.

Section 3 describes the results of the audit. The Board's *Compliance Audit Reference Manual Version 3, May 1998* sets out the standards and procedures that were used for the audit.

3.0 Audit findings

A. Planning and practices examined

The audit work on selected roads and cutblocks included ground-based procedures and assessments from the air using helicopters. The audit examined the following practices:

- timber harvesting practices on 15 cutblocks and their related operational plans
- timber harvesting practices on an additional 10 small scale salvage sales of which eight were covered by exemptions from silviculture prescriptions and two were covered by silviculture prescriptions
- planning and layout of four road sections, totalling 3.3 kilometres

- construction of four bridges and 13 road sections totaling 22.8 kilometres of which 14.4 kilometres were examined from the air
- maintenance of approximately 31.2 kilometres of road, of which 25.1 kilometres of road was inspected by helicopter
- permanent and semi-permanent deactivation of 13 road sections, totaling 21.5 kilometres of which 19.1 kilometres of road was inspected by helicopter
- silviculture activities on 17 cutblocks
- adherence to fire preparedness plans at six active timber harvesting and road construction sites

The audit also examined two forest development plans, 23 silviculture prescriptions and 21 logging plans approved during the audit period. The two forest development plans, which together covered the majority of operations examined during the audit period, were the 1997 to 2001 Kingcome Timber Supply Area Forest Development Plan and the 1998 to 2002 Tree Farm License Forest Development Plan. Of the 23 silviculture prescriptions examined, 17 related to cutblocks which had not yet been harvested.

B. Findings

The audit found significant non-compliance in the areas of bridge construction, riparian management in harvesting areas and the treatment of forest health in operational plans. In all other significant respects, the forest planning and practices of the Port McNeill SBFEP were in compliance with Code requirements in regard to timber harvesting, silviculture, fire protection, road construction, maintenance and deactivation, and operational planning.

Bridge construction

Two out of a sample of three bridge construction projects in the vicinity of fish streams were conducted at a time which was inappropriate for in-stream activities in fish streams and in a way that led to impacts on fish habitat. The two projects occurred on streams that are known to contain coho salmon.

Section 12(h) of the Forest Road Regulation specifically requires that crossings in fish streams be constructed at a time and in a way that protects fish habitat immediately upstream and downstream of the structure.

At the first stream (Fever Creek, an S2 fish stream) construction work did not follow the bridge design, resulting in encroachment of the bridge on the stream channel and localized impacts of machinery on the stream banks and bed. In addition, due to the way the bridge was constructed, it does not meet the safety requirements for the type of traffic that uses it. Subsequent to the identification of this problem during the audit, traffic restrictions were placed on the bridge.

At the second stream (an S4 fish stream) construction work resulted in the removal of well anchored debris from the stream channel, leading to localized scouring of the stream banks and bed.

Both construction projects were carried out outside of the generally recognized and applied work windows for activities in fish streams. However, these “windows” were not a Code requirement in Port McNeill district as, prior to June 15, 1998, the designation of specific work windows required the formal agreement of the district manager. No such agreement was ever formalized in the district.

The impacts to fish habitat were restricted to the area directly around the construction sites and are not expected to lead to any permanent impacts on fish populations.

The non-compliance was considered significant due to the following:

- Two of the three bridge construction projects over fish streams had led to impacts on fish streams.
- The impacts that occurred to the streams was considered to be preventable.
- The potential for future bridge construction projects to lead to further incidents of this nature.

It should be noted that assessments of both streams have been carried out post-audit. A remediation plan is in place for Fever Creek and we have been advised that remediation work has been undertaken on the S4 stream.

Riparian Management

The audit found non-compliance with the Code in respect of riparian management activities on 9 of the 15 harvested cutblocks examined. The key areas of non-compliance were:

- Falling and yarding direction in the vicinity of 31 non-fish bearing streams was inconsistent with the plan (*Timber Harvesting Practices Regulation*, section 7(1)(b) and section 8(1)(a)).
- Retention of non-commercial trees in the vicinity of 23 non-fish bearing streams was inconsistent with the plan (*Forest Practices Code of British Columbia Act*, section 67(1)(f)).
- Logging activities occurred around eight streams which were not identified in any plan. Six of the eight streams had sections that, by default, should have been considered fish streams under the Code. There is no evidence that the district manager was informed of the existence of the streams, or that an assessment was made as to what practices were appropriate for the riparian management areas of these streams (*Forest Practices Code of British Columbia Act*, section 51(2)). Such practices may have included retention of streamside trees, constraints on falling and yarding direction and requirements for the prompt removal of introduced logging debris.

Although each individual case of non-compliance was deemed to be not significant, the audit determined this non-compliance to be significant overall, due to its pervasive nature and the related potential for damage to streams and riparian management areas.

A contributing factor to the non-compliance with requirements for falling, yarding and retention of non-commercial trees was the development of riparian prescriptions that were not achievable on the ground given the terrain, the design of the cutblock and the logging method.

This was pointed out to the Port McNeill SBFEP during the Forest Practices Board's Special Investigation on *Forest Planning and Practices in Coastal Areas with Streams* in 1998. By the time of this audit, the district had already made adjustments to its new planning to address the problem.

Forest Health

The objective of the forest health section in forest development plans is to show how forest health factors for the area under the plan will be addressed to reduce the risks to forest resources. Section 29 of the *Operational Planning Regulation* specifies the following requirements in respect of forest health:

- Detected forest health factors that are currently causing damage or which may potentially cause damage in the area under the plan are required to be recorded and evaluated.
- If risks to forest resources are significant, the plan must propose management strategies to reduce those risks during the term of the plan.

The audit found that the Port McNeill SBFEP forest development plans did not identify or comment on any forest health factors. However, a number of forest health factors do exist in the district including:

- biotic factors such as hemlock dwarf mistletoe, spruce weevil and phellinus root rot; and
- abiotic factors such as windthrow.

The absence of information on forest health impacts directly on the ability of stakeholders to review and adequately comment on the proposed activities in forest development plans.

In addition to forest development plan requirements, forest health factors were also required to be recorded and evaluated in site-specific silviculture prescriptions (*Operational Planning Regulation*, sections 40(a) and (b)(ii)). The audit found that windthrow evaluations and related treatments were not described in the majority of prescriptions where windthrow and the risk of post-harvest windthrow existed.

The non-compliance in the treatment of forest health in operational plans was considered to be significant due to:

- the impact on the ability of stakeholders to review and adequately comment on forest development plans;
- the pervasive lack of windthrow evaluations in site-specific silviculture prescriptions; and
- the increased risk of future windthrow impacts due to plans being approved that do not evaluate the potential for post-harvest windthrow.

Although forest health information was absent from the forest development plans and windthrow evaluations were absent from the majority of silviculture prescriptions, no significant non-compliance was identified in the related field practices.

4.0 Other Comments

Requirements of the Forest Practices Code

The Port McNeill SBFEP forest development plans were required to specify measures that would be carried out to protect forest resources (*Forest Practices Code of British Columbia Act*, section 10(1)(c)). To meet this requirement, the plans had to meet the specific requirements of the *Operational Planning Regulation* and the objectives of any landscape level plans which had been designated by government as higher level plans.

Under the Forest Practices Code, such landscape level planning is expected to provide direction to forest development plans through the setting of landscape level objectives, which typically include objectives for the maintenance of successional stages of the forest, biodiversity and for the management of habitat for specific species, such as grizzly bear. However, as the Vancouver Island Land Use Plan and Central Coast Land and Resource Management Plan are not formally approved as higher level plans at this time, landscape level issues addressed in these plans were not required to be addressed.

In the absence of higher level plans, the *Operational Planning Regulation* still requires forest development plans to address:

- actions to achieve known landscape level objectives, including any biological diversity objectives;
- objectives respecting coarse woody debris and wildlife trees; and
- objectives for the management of identified wildlife.

Objectives for coarse woody debris and wildlife trees had been implemented at the time of the audit. However, there were no landscape level objectives (including biodiversity objectives) and no identified wildlife objectives that applied to the Port McNeill SBFEP's operating areas.

As a result, based on the requirements of the forest practices code, the Port McNeill SBFEP forest development plans were not required to address landscape level biodiversity and wildlife concerns as part of the measures to protect forest resources.

As this audit was a compliance audit, it included an assessment of the Port McNeill SBFEP forest development plans' compliance with the Code. However, the audit did not address the adequacy of landscape level protection of specific wildlife or biodiversity resources due to the lack of specific Code requirements related to these items in the Port McNeill district at the time.

5.0 Audit Opinion

In my opinion, except for the significant non-compliance described below, the operational planning, timber harvesting, silviculture, fire protection and road construction, maintenance and deactivation activities of the Port McNeill Small Business Forest Enterprise Program were in compliance, in all significant respects, with the related Code requirements as of July 1998.

As described in section 3, the audit identified the following situations of significant non-compliance:

- Two out of three bridge construction projects in the vicinity of fish streams were conducted at a time which was inappropriate for in-stream activities in fish streams and in a way that led to impacts on fish habitat.
- Riparian management activities were found to be in non-compliance with the Code on 9 of the 15 harvested cutblocks examined.
- Forest development plans did not identify or evaluate forest health factors in the district. In addition, the majority of site-specific silviculture prescriptions where windthrow and the risk of post-harvest windthrow existed did not evaluate the potential for windthrow which is a key forest health factor in the district.

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

Without further qualifying my opinion, I also draw attention to section 4 of this report, which explains the measures to protect forest resources that were required to be addressed in forest development plans in the absence of approved higher level plans. This situation does not constitute non-compliance on the part of the Port McNeill Small Business Forest Enterprise Program.

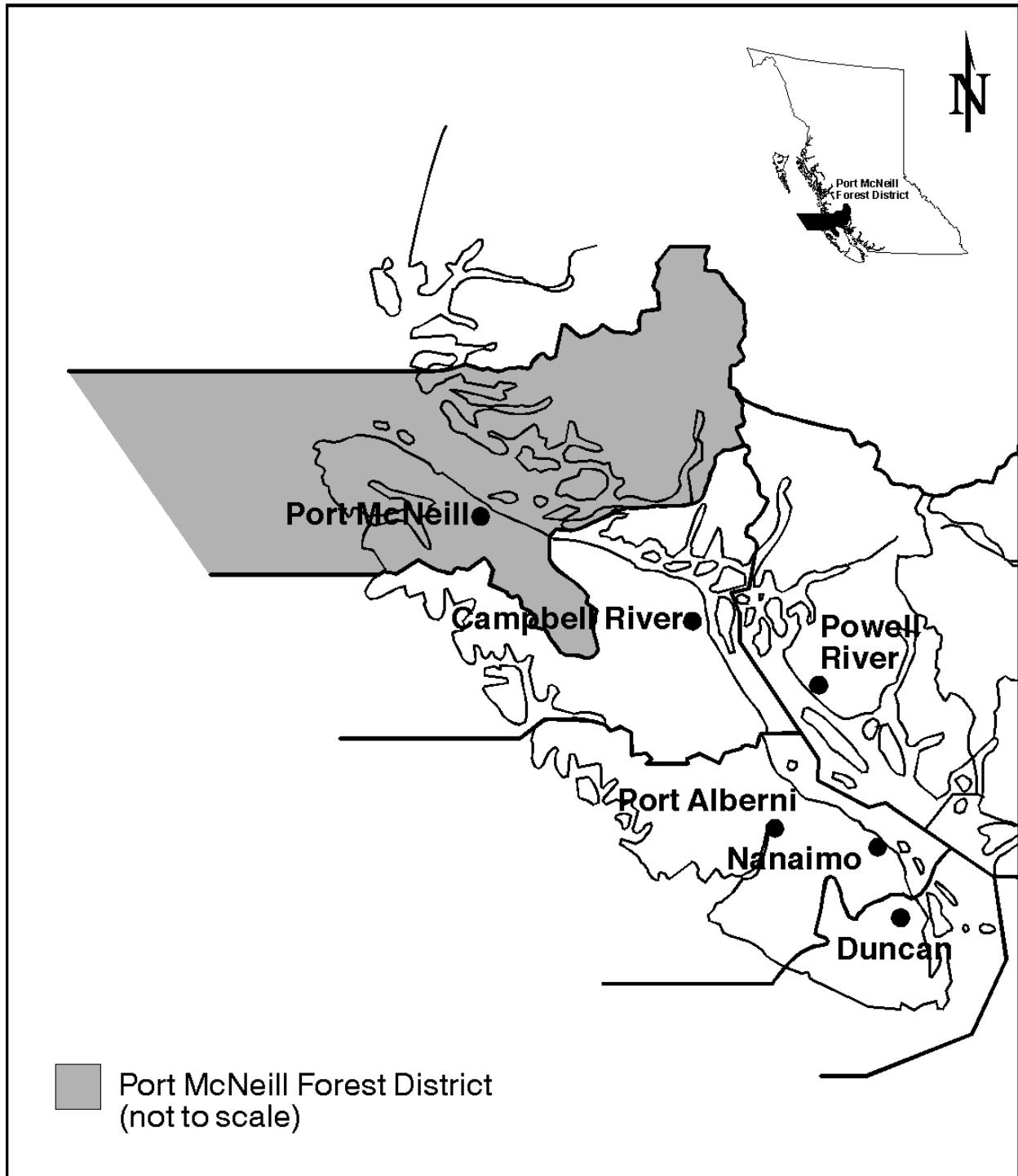
Sections 2 and 3 of this report from the auditor describe the basis of the audit work performed in reaching this qualified opinion. The audit was conducted in accordance with the auditing standards of the Forest Practices Board. Such an audit includes examining sufficient forest planning and practices to support an overall opinion of compliance with the Code.

A handwritten signature in black ink that reads "Chris Ridley-Thomas". The signature is written in a cursive, flowing style.

Chris Ridley-Thomas, R.P.Bio.
Auditor of Record

Vancouver, British Columbia
June 8, 1999

Audit of Port McNeill Small Business Forest Enterprise Program



Endnotes

¹ A forest development plan is an operational plan which provides the public and government agencies with information about the location and scheduling of proposed roads and cutblocks for harvesting timber over a period of at least five years. The plan must specify measures that will be carried out to protect forest resources (including water, fisheries, and other forest resources). It must also illustrate and describe how objectives and strategies established in higher level plans, where they have been prepared, will be carried out. Site specific plans are required to be consistent with the forest development plan.

² A silviculture prescription is a site specific operational plan that describes the forest management objectives for an area to be harvested (a cutblock). The silviculture prescriptions examined in the audit are required to describe the management activities proposed to maintain the inherent productivity of the site, accommodate all resource values including biological diversity, and produce a free growing stand capable of meeting stated management objectives. Silviculture prescriptions must be consistent with higher level plans that encompass the area to which the prescription applies.

³ A logging plan is an operational plan that details how, when, and where timber harvesting and road construction activities will take place in a cutblock, in accordance with the approved silviculture prescription and forest development plan for the area. Information about other forest resource values, plus all current field information for the area, must be clearly shown in the logging plan.



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NEWS RELEASE

For Immediate Release
November 30, 1999

Some Code Non-Compliance Found In Audit Of Port McNeill Forest District's Small Business Program

VICTORIA - A Forest Practices Board audit released today finds that the Ministry of Forests Small Business Forest Enterprise Program (SBFEP) in the Port McNeill Forest District generally complied with Forest Practices Code requirements. Significant non-compliance was identified in timber harvesting, bridge construction and operational planning.

"Most of the planning and practices in the Port McNeill District complied with Code requirements. However, the number of non-compliance situations is higher than in most of the other audits we have done," said Keith Moore, Board Chair.

The audit found problems with logging activities around streams in 9 of the 15 cutblocks examined. In addition, construction of two bridges over streams did not follow approved plans and impacted coho salmon habitat. The Board also found that plans did not address the potential for wind damage along cutblock boundaries after logging.

"We are starting to observe a pattern of relatively poor performance in the small business program. There have been problems in three out of four SBFEP audits that the Board has released within the past year. The ministry has the responsibility, not only for operational planning in the SBFEP, but also for ensuring that forest practices carried out by the SBFEP licensees comply with the Code. They need to do a better job," said Moore.

The Board report states that the forest development plans for the Port McNeill SBFEP contained little or no information to describe wildlife and other non-timber resources or to explain how those resources would be protected in areas planned for logging.

"These are important forest values, and consistent with the intent of the Code, measures to protect them should be included in forest development plans. However, because of delays in implementing higher level land use plans, there is actually no legal requirement that forest development plans include this information. Government needs to take a leadership role to ensure that measures to protect wildlife, biodiversity and other non-timber values are included in the operational plans for logging and road construction," said Moore.

Since 1996, the Board has released 21 audits of forest planning and practices-16 forest companies and 5 Ministry of Forests Small Business Forest Enterprise Programs.

The Port McNeill SBFEP was randomly selected for audit from the Small Business Forest Enterprise Programs in each of the 40 forest districts in the province. The audit examined the activities of the Port McNeill SBFEP in the areas of operational planning (such as forest development plans, silviculture prescriptions and logging plans), timber harvesting, silviculture, fire protection, and construction, maintenance and deactivation of roads. The operating area comprises the northern portion of Vancouver Island, numerous islands in Johnstone Strait and the adjacent mainland coast from the vicinity of Knight Inlet north to the vicinity of Seymour Inlet. The Port McNeill Forest District includes the towns of Port McNeill, Port Hardy and Port Alice.

The Forest Practices Board is BC's independent watchdog for sound forest practices. The Board provides British Columbians with objective and independent assessments of the state of forest planning and practices in the province, compliance with the Code, and the achievement of its intent. The Board's main roles are: auditing forest practices, undertaking investigations in response to public complaints, undertaking special investigations of any Code related forestry issues, participating in administrative reviews and appeals and providing reports on Board activities, findings and recommendations.

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Port McNeill Forest District SBFEP

The audit examined the SBFEP's operational planning, timber harvesting, silviculture, fire protection, and road activities for the period July 1, 1997, to July 15, 1998.

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