

Audit of Forest Planning and Practices C&C Wood Products Ltd.

Non-Replaceable Forest Licence A55477



FPB/ARC/75

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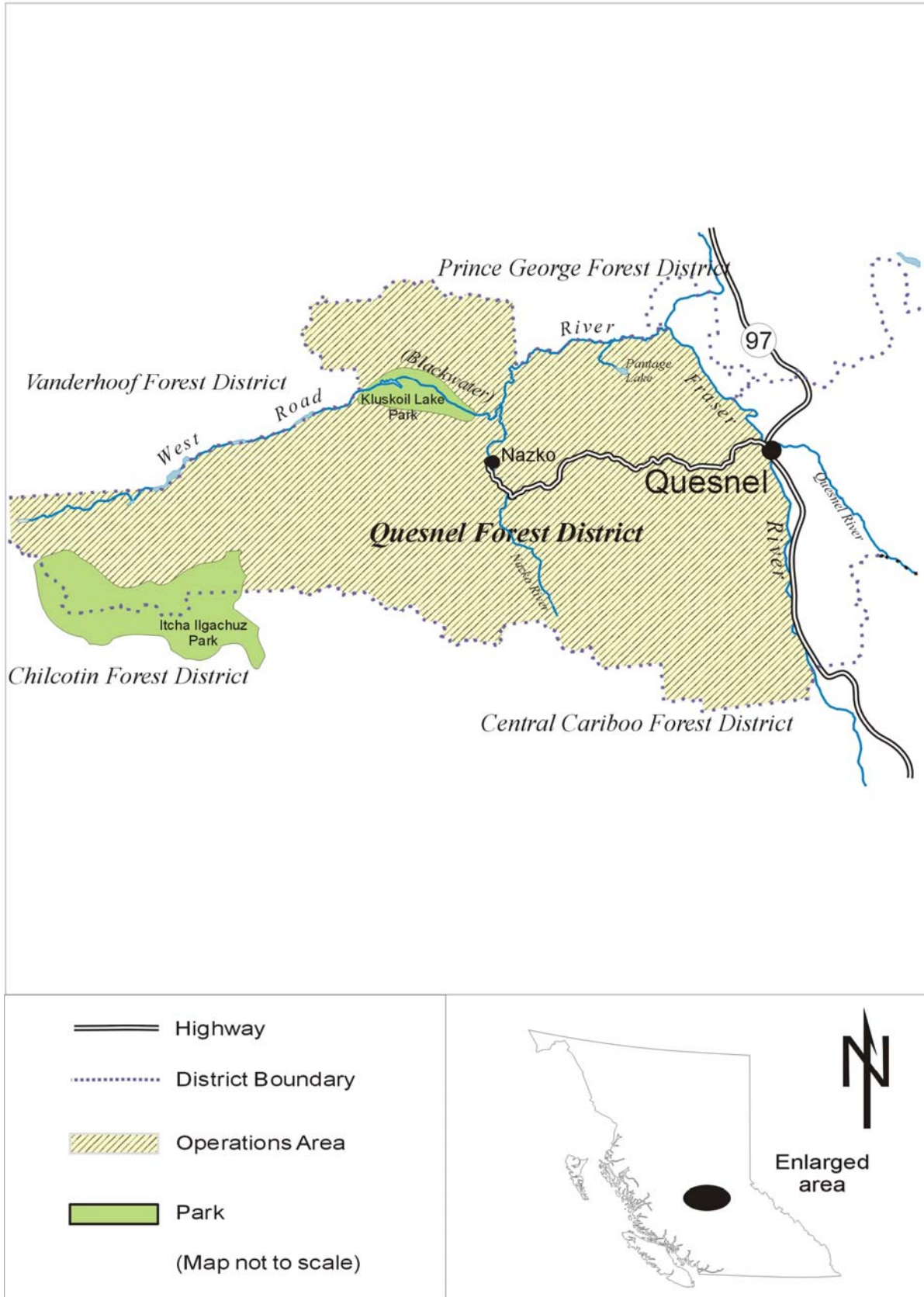
Board Commentary

This is the Board's report on a compliance audit of non-replaceable forest licence A55477, held by C&C Wood Products Ltd. The operating area is within the Quesnel Forest District, and current operations are focussed to the south and west of Quesnel (see map on page 2).

The unprecedented mountain pine beetle epidemic continues in the interior of the province, including the area audited. In response to this epidemic, C&C Wood Products Ltd. is focussing a majority of its harvesting activities on the salvage of small-diameter, pine-infested stands.

Given the pressure to salvage infested stands while economically viable, the Board is pleased that C&C Wood Products is in full compliance with the requirements of the Forest Practices Code and the *Forest and Range Practices Act*, and encourages C&C Wood Products to continue to comply with the legal requirements for planning and forest practices, while focussing on beetle-infested stands.

**Audit of
C&C Wood Products Ltd.
FL A55477**



Audit Results

Background

As part of the Forest Practices Board's 2005 compliance audit program, the Board selected non-replaceable forest licence A55477¹ for audit. The licence, held by C&C Wood Products Ltd. (C&C), based in Quesnel, BC, was selected randomly, and not on the basis of location or past



Part of C&C's operating area, showing beetle attacked trees near an area previously harvested.

performance. Information on the Board's compliance audit process is provided in Appendix 1 (see page 8).

The volume-based licence is within the East Narcosli area of the Quesnel Forest District, west of the Fraser River. The licence limits harvesting to forest types that are defined as dense 80-140 year-old pine stands with an average piece size of less than 0.2 cubic metres, based on close utilization (i.e., small-diameter pine stands). The forest licence permits the harvest of up to 121,600 cubic metres per year of small timber that meets the above definition. The 10-year licence is currently in its 8th year of operation. During the audit period (September 2004 to September 2005), C&C harvested approximately 190,000 cubic metres of wood in forest stands damaged by mountain pine beetle.

C&C has been in operation for 26 years and provides solid wood paneling to the do-it-yourself marketplace, using small-diameter logs. In addition to its pine and cedar paneling line, C&C also manufactures solid wood moldings and wainscoting. C&C has found a niche market for small-diameter wood that may otherwise be left standing, as this wood was previously considered unsuitable for dimensional lumber.

C&C's operating area is generally gentle (the flat and rolling terrain of the flatlands of the Cariboo Plateau), with poorly defined watercourses except for main river and creek channels. Some fish-bearing streams and lakes can be found in the area. The mountain pine beetle is the most significant forest issue in the audit area, and had the largest influence on harvest activities during the audit period. Mountain pine beetle has attacked the small-diameter pine stands that are the focus of C&C's operations, which was not expected, as the beetle normally only attacks older, large diameter trees.

C&C is currently operating under its 2001-2003 forest development plan² (FDP) for this licence. The plan has been amended several times, in order to facilitate the current harvesting of beetle-infested timber.

The Board's audit fieldwork took place during the week of September 19, 2005. At that time, C&C was actively harvesting one cutblock.

Higher Level Plans

Government declared portions of the Cariboo Chilcotin Land Use Plan (CCLUP) a higher level plan³ on January 26, 1996. C&C's forest licence lies within the CCLUP planning area, and C&C has developed strategies to comply with CCLUP requirements. Specifically, the forest development plan commits to following the direction provided by the CCLUP, including:

- special requirements for areas identified as habitat for blue and red listed species (e.g., the white pelican habitat surrounding Pantage Lake);
- biodiversity targets for old growth retention and seral stage distribution; and
- retaining windfirm trees and other vegetation along S4, S5 and S6 streams that have direct connectivity to fish-bearing waters.



An area harvested by C&C, showing debris piles along the roadside ready for burning.

During the period audited, C&C's operations were all in the Nazko Enhanced Resource Development Zone of the CCLUP, where the emphasis is on timber development.

Audit Approach and Scope

The audit examined C&C's planning, field activities and obligations in the areas of:

- operational planning (including forest development plans and site plans⁴);
- timber harvesting;
- road construction, maintenance and deactivation;
- silviculture; and
- fire protection.

These activities were assessed for compliance with the *Forest Practices Code of British Columbia Act* (the Code), the *Forest and Range Practices Act* (FRPA)⁵ as well as the *Wildfire Act*. All activities, planning and obligations for the period September 1, 2004, to September 21, 2005, were included in the scope of the audit.

The Board's audit reference manual, *Compliance Audit Reference Manual, Version 6.0, May 2003*, and the addendum to the manual for the 2005 audit season, set out the standards and procedures that were used to carry out this audit.

Planning and Practices Examined

C&C's forestry activities were planned and approved in the plan titled *C&C Wood Products Ltd. Forest Development Plan 2001 - 2003 for NRFL A55477*, and subsequent amendments. The FDP was consistent with the objectives and strategies indicated in the CCLUP. The Board audited the FDP and the site-specific plans for the blocks harvested, during the audit period.

The Board audited all 11 cutblocks that were harvested by C&C during the audit period.

To access the 11 cutblocks, C&C constructed new roads and entered into road use agreements with major licensees to use some existing roads, through the Quesnel Road Users Association. During the audit period, C&C:

- built 7.85 kilometres of road;
- maintained 64.5 kilometres of road; and
- deactivated 22.9 kilometres of road.

The Board audited all of the road construction, 59.5 kilometres (92 percent) of the road maintenance, and all of the road deactivation.

As harvesting under this licence has only been underway for the past eight years, there were no blocks with free-growing obligations due during the audit period. The audit did examine:

- 2 of 2 blocks with regeneration delay obligations;
- 8 of 8 blocks that were mechanically site prepared; and
- obligations to burn piles of debris on 4 of 5 blocks.

Although C&C typically conducts a fill planting program each spring, there were no fill planting activities undertaken during the audit period, as regeneration was occurring naturally. No other silviculture activities were conducted during the audit period.

Fire-preparedness plans and practices were also audited. Active harvesting operations were underway on one block during the audit fieldwork; consequently, auditors conducted fire tool inspections on this site.

Audit Opinion

In my opinion, the operational planning; timber harvesting; silviculture; road construction, maintenance and deactivation; and fire-protection planning and practices carried out by C&C Wood Products Ltd. on non-replaceable forest licence A55477 from September 1, 2004, to September 21, 2005, complied in all significant respects with the requirements of the *Forest Practices Code of British Columbia Act*, the *Forest and Range Practices Act*, the *Wildfire Act*, and related regulations, as of September 2005.

...all operations reviewed complied in all significant respects with the legislated requirements...

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.

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. Such an audit includes examining sufficient forest planning and practices to support an overall evaluation of compliance with the Code and FRPA.



Christopher R. Mosher CA, CEA(SFM)
Director, Audits
December 5, 2005

¹ A licence to cut timber that is not renewable. In this case, the licence permitted 121,600 cubic metres to be harvested each year for a 10-year period. C&C is currently in year 8 of its 10-year licence.

² A forest development plan is an operational plan that provides the public and government agencies with information about the location 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 certain forest resources prescribed by regulation. It must also be consistent with any higher level plans. Site-specific plans are required to be consistent with the forest development plan.

³ A higher level plan is a forest resource management objective that is established as legally binding by a written order. The objective applies to a resource management zone, landscape unit, sensitive area, recreation site, recreation trail, or interpretive forest site.

⁴ A site plan is a site-specific plan that is required in place of a silviculture prescription as of December 17, 2002, except where there is already an existing silviculture prescription. The site plan contains many of the same elements as a silviculture prescription and is designed to identify resource values and define what a free-growing stand will be on that site. However, it is not an operational plan under the Code and does not require review or approval by government to be implemented.

⁵ Most of the *Forest Practices Code of British Columbia Act* (the Code) was repealed on January 31, 2004, and replaced with the *Forest and Range Practices Act* (FRPA). The transitional provisions of FRPA state that the Code continues to apply to forest practices carried out under a forest development plan. This continues until there is an approved forest stewardship plan, at which point, the requirements of FRPA apply. Therefore, although FRPA came into effect prior to the audit period, the legislated forest practices requirements that applied to the auditee were the requirements of the Code.

Appendix 1: Forest Practices Board Compliance Audit Process

Background

The Forest Practices Board conducts audits of government and agreement-holders for compliance with the *Forest Practices and Range Practices Act* (FRPA). The Board has the authority to conduct these periodic independent audits under section 122(1) of FRPA. Compliance audits examine forest planning and practices to determine whether or not they meet FRPA requirements.

Most of the *Forest Practices Code of British Columbia Act* (the Code) was repealed on January 31, 2004, and replaced with FRPA. The transitional provisions of FRPA state that the Code continues to apply to forest practices carried out under a forest development plan, until there is an approved forest stewardship plan, at which point the requirements of FRPA apply.

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 British Columbia Timber Sales (BCTS) program. Selection for audit, of both areas and licensees or agreement-holders to be audited, is made randomly to ensure a fair, unbiased selection.

Audit Standards

Audits by the 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 and FRPA, based on criteria derived from those Acts and related regulations. 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 randomly selects an audit licensee and area, all activities carried out during the period subject to audit are identified (such as harvesting or replanting, and road construction or deactivation activities). 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.

A separate sample is then 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 areas where the risk of non-compliance is greater.

Audit field work includes assessments of features using helicopters and ground procedures, such as measuring specific features like riparian reserve zone width. The audit teams generally spend one to two weeks in the field.

Evaluating the Results

The Board recognizes that compliance with the many requirements of the Code and FRPA 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 legislated 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 Code and FRPA requirements.

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 worthy of reporting. Therefore, this category of events will not be included in audit reports.

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 many non-compliance events.

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 Minister of Forests and Range.

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.

Once the auditor submits the draft report, the Board reviews it 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 representations allow parties that may potentially be adversely affected to present their views to the Board.

The Board then reviews the draft report from the auditor and the representations from parties that may potentially be adversely affected before preparing its final report. Once the representations have been completed, the report is finalized and released: first to the auditee and then to the public and government.