



**Forest
Practices
Board**

Audit of Forest Planning and Practices

*Winton Global Lumber Ltd.
Forest Licence A18171*

FPB/ARC/206

October 2017

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Audit Results

Introduction

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

As part of its 2017 compliance audit program, the Board randomly selected the Fort St. James Natural Resource District as the location for a full scope compliance audit. Within the district, the Board randomly selected forest licence (FL) A18171, held by Winton Global Lumber Ltd. (Winton Global), for audit.

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



Typical topography of Winton Global's operating area.

Background

Winton Global's FL A18171 has an allowable annual cut of 505 541 cubic metres per year and lies within both the Prince George and Fort St. James Natural Resource Districts. This audit only includes those operations that took place within the Fort St. James district during the two-year audit period. Most of Winton Global's recent harvesting and road construction operations are in close proximity to each other and are located between Inzana and Witch Lakes, about 65 kilometres north of Fort St. James. Silviculture activities and obligations are within 75 kilometres north and south of Fort St. James. Winton Global harvested approximately 200 000 cubic metres in the district. All harvesting was carried out using ground-based systems and targeted lodgepole pine stands.

The district includes parts of the headwaters of the Skeena and Fraser Rivers, which drain into the Pacific Ocean, and the Peace River, which flows into the Arctic Ocean via the Mackenzie River. Large lake systems include the Trembleur, Stuart, Inzana, Pinchi, and Tezzeron, which are tributary to the Fraser River Basin. Other significant lakes include Takla, the Nation Lakes, Great Beaver, Kloch, Witch and Bear Lakes. The Stuart-Takla river system produces provincially significant salmon runs. It is a predominantly wild salmon fishery, composed of sockeye and chinook. The Driftwood River is a major kokanee spawning stream.

Audit Approach and Scope

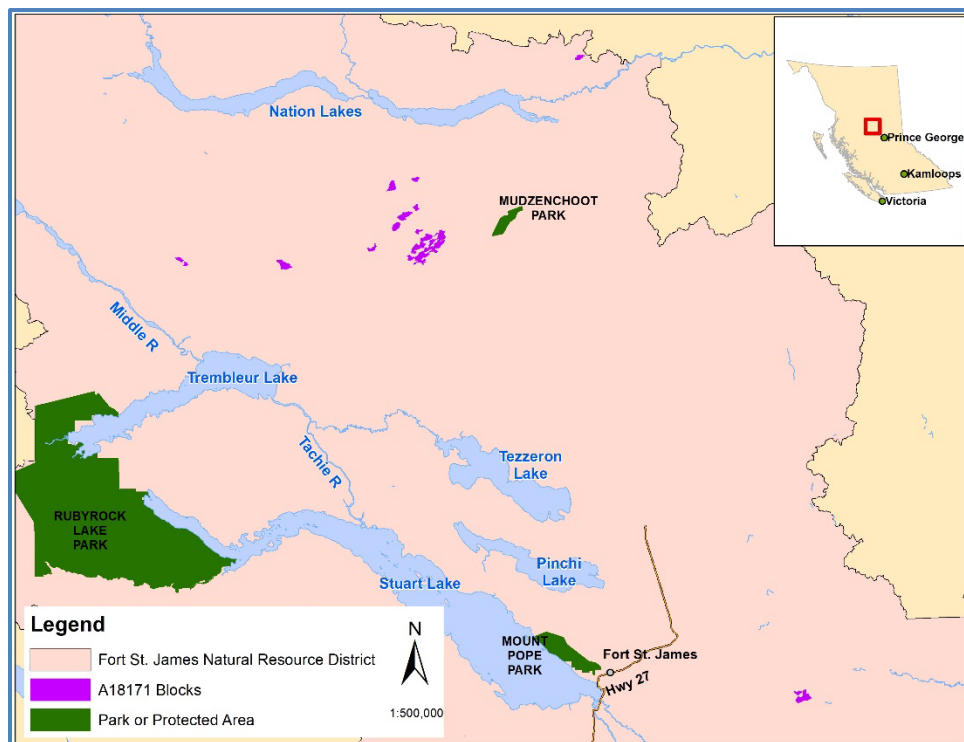
This was a full scope compliance audit with a two-year timeframe. All activities carried out by Winton Global in the Fort St. James Natural Resource District between June 1, 2015, and June 21, 2017, were subject to audit. The activities included harvesting, roads, silviculture, wildfire protection and associated planning.

Auditors assessed these activities for compliance with FRPA, the WA, and applicable regulations. Auditors' work involved interviewing Winton Global staff, reviewing the forest stewardship planⁱ (FSP) and site plans, assessing silviculture records, and field visits. Field sites were accessed by truck and helicopter.

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*.

Two forest professionals, a professional engineer and a chartered professional accountant made up the audit team. The audit team was in the field with Winton Global staff on June 19th and 20th, 2017.

Map of Audit Area



Planning and Practices Examined

Operational Planning

Winton Global planned its activities under an approved FSP, which remains in effect until December 2017. Auditors examined the FSP for consistency with legal requirements, including government objectives for landscape biodiversity, ungulate winter range, visual quality objectives and species at risk. Auditors also reviewed site plans during harvesting, road and silviculture field sampling to ensure that they accurately identified site conditions.

Timber Harvesting

Winton Global conducted harvesting activities on 7 cutblocks covering 870 hectares during the audit period. Auditors examined all of these cutblocks.

Road Construction, Maintenance and Deactivation

During the audit period, Winton Global constructed 20 kilometres, maintained 47 kilometres and deactivated 7 kilometres of road. All roads were in-block roads. Winton Global did not deactivate, install or maintain any bridges.

Auditors examined all of the constructed and deactivated roads and 41 kilometres of the maintained road.

Silviculture Obligations and Activities

Winton Global planted 4 cutblocks during the audit period. Regeneration delay was due or declared on 4 cutblocks and free growing was due or declared on 20 cutblocks. Winton Global did not conduct any other silviculture activities within the audit period.

Auditors examined 3 planted cutblocks, 2 cutblocks where regeneration delay was due or declared, and 10 cutblocks where free growing was due or declared.

Wildfire Protection

The WA requires licensees to assess the fire hazard at specified intervals, including an assessment of the fuel hazard and its associated risk of a fire starting or spreading. If the assessment identifies a hazard, it must be abated.

Five cutblocks required a fire hazard assessment to be completed before the audit period, and none of the cutblocks in the harvest population required that the hazard be abated before the audit period. Auditors did not encounter any active work sites.

Auditors examined all cutblocks where fire hazard assessments were required.

Findings

The audit found that the planning and field activities undertaken by Winton Global on the Fort St. James portion of FL A18171 complied in all significant respects with the requirements of FRPA, WA and related regulations, as of June 2017.

However, the audit identified an unsound forest practice relating to soil disturbance as discussed in the *Soil Disturbance* section below.

Soil Disturbance

Soil disturbance is disturbance to the soil in the net area to be reforested, resulting from the construction of temporary access structures or from gouges, ruts, scalps or compacted areas created during forestry activities. Without rehabilitation, disturbed sites often have reduced soil productivity and may not provide optimum growing conditions for new trees. For that reason, maximum allowable amounts of soil disturbance are regulated.

Overall, soil disturbance was within legal limits. However, on two cutblocks, auditors observed that rutting within localized areas approached the limits in the site plan. In these localized areas, timber had been skidded through moist sites—generally areas with minor depressions and sensitive soils. In 2016, Winton Global recognized that it may have exceeded site disturbance on one cutblock and conducted a site disturbance survey on this and other cutblocks to ensure they were in compliance. The surveys indicated that site disturbance did not exceed the limit specified in the site plans for the standard units. Although the site disturbance complied with legislation, this level of localized site disturbance is considered an unsound forest practice.

Operational Planning

Winton Global addressed site-specific resources in the site plans by accurately identifying and prescribing practices for resource features.

Winton Global refers proposed development to First Nations and other tenured resource users on an annual basis. It keeps an itemized record of the referral and any comments received. Winton Global manages for old forest, interior forest and young forest patch size retention objectives on an ecological unit basis. Its proposed development is assessed annually to ensure that old forest and old interior forest objectives are met, and every five years to ensure that young seral patch size objectives are met.

The FSP and site plans were consistent with FRPA requirements and there were no concerns with operational planning.

Timber Harvesting

Harvesting targeted pine-leading stands and was in accordance with the requirements of legislation and site plans. Topography in the operating area is gently rolling, with little rock or steep slopes. All harvesting used ground-based systems.

Natural drainage patterns were maintained, and streams and wetlands were well managed. Winton Global kept most streams and wetlands outside of the block boundary, and protected them with mature timber buffers.



Typical terrain, harvesting and road construction.

The FSP requires that at least 7 percent of the total area of the cutblock be retained as wildlife trees. Winton Global exceeded the 7 percent minimum and maintained between 14 and 40 percent of the gross block area in wildlife trees, with an average of 18 percent. Most of the wildlife tree retention was in patches around riparian areas adjacent to the harvested area.

One cutblock had a visual quality objective of 'modification' and Winton Global met the objective.

There were no issues with harvesting other than the soil disturbance concern noted above.

Road Construction, Maintenance and Deactivation

Road construction used conventional cut and fill methods on relatively flat ground, and roads were well-built and natural drainage patterns were maintained. Winton Global maintains a road ledger to track the activities and obligations on its roads. The Board did not consider any of the roads to be high risk. Roads were well maintained and adequately deactivated. There were very few natural drainage patterns, so most of the deactivation consisted of water barring and restricting access.

There were no issues with road construction, maintenance or deactivation.

Silviculture Activities

Winton Global planted the three sampled cutblocks in 2016 and 2017 with suitable tree species and stock. All planted stock met the chief forester's seed transfer guidelines. Winton Global kept the regeneration delay to less than two years. This is important to improve the establishment of the new plantation before the natural early seral vegetation begins to compete with the seedlings. The licensee declared that its harvested cutblocks had become free-growing stands prior to the date specified in its forest stewardship plan. Reporting obligations were up to date.

There were no issues with silviculture activities or obligations.

Wildfire Protection

Hazard Assessment

Auditors examined the five cutblocks that required a hazard assessment for compliance with *Wildfire Act* requirements. Winton Global had completed hazard assessments for all five cutblocks.

Hazard Abatement

It is Winton Global's standard practice to pile slash and then burn it when it is safe to do. The fire hazard was abated by burning the slash piles on the five cutblocks where the hazard assessment was completed, even though the hazard abatement was not yet due on any of them. The slash piles were very effectively disposed of.

There were no issues with wildfire protection.

Audit Opinion

In my opinion, the operational planning, timber harvesting, road construction, maintenance and deactivation, silviculture, and fire protection activities carried out by Winton Global Lumber Ltd., in the Fort St. James Natural Resource District portion of forest licence A18171 between June 1, 2015, and June 20, 2017, complied in all significant respects with the requirements of the *Forest and Range Practices Act*, the *Wildfire Act* and related regulations, as of June 2017.

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 *Soil Disturbance* section of the report, which describes an unsound forest practice.

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 FRPA, and WA.



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Victoria, British Columbia
October 6, 2017

Appendix 1: Forest Practices Board Compliance Audit Process

Background

The Forest Practices Board conducts audits of government and agreement-holders under the *Forest and Range Practices Act* (FRPA), section 122, and the *Wildfire Act* (WA). Compliance audits examine forest or range planning and practices to determine whether or not they meet FRPA and / or WA requirements.

Selection of Auditees

The Board conducts about eight or nine compliance audits annually. Most of these are audits of agreement holders. The Board also audits the government's BC Timber Sales Program (BCTS). This section describes the process for selecting agreement holders to audit.

To begin with, auditors randomly select an area of the Province, such as a 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 Board strategic priorities (updated annually), and the type of audit is determined. At this stage, we choose the auditee(s) that best suits the selected risk and priorities. The audit selections are not based on past performance.

For example, in 2010, the Board randomly selected the Mackenzie district as a location for an audit. After assessing the activities within that area, we discovered that a large licensee had recently closed operations due to financial problems. As the Board has expressed concern in the past about financially strapped companies failing to meet outstanding obligations, such as reforestation and road maintenance, and we knew that some of the licence area is very remote, the new licence holder was selected for audit.

For BCTS audits, a district within one of the 12 business areas within the province is selected randomly for audit.

Audit Standards

Audits by the Board are conducted in accordance with the auditing standards developed by the Board. These standards 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 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 from 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 fieldwork 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 week in the field.

Evaluating the Results

The Board recognizes that compliance with the many requirements of FRPA and WA, 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 FRPA and WA requirements.

Unsound practice – where the auditor identifies a significant practice that, although found to be in compliance with FRPA or WA, 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, events that are considered not significant non-compliance 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 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, Lands, Natural Resource Operations and Rural Development.

Reporting

Based on the above evaluation, the auditor then prepares a draft audit report. The party being audited is given a draft of the 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.

ENDNOTE

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 FSPs licensees are 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 cut blocks. FSPs can have a term of up to five years.



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