

# WASTE NOT, WANT NOT? POST-HARVEST RESIDUAL FIBRE

By Jim Girvan

It has been a wild ride in BC's forests over the past decade. We've seen mountain pine beetles devastate our Interior forests, spruce beetles chew up much of what is left and over the summer, fires have taken away even more merchantable timber.

On the coast, the weather severely limited access to harvest sites this year, and slow, but continuing efforts to address First Nations land claims have delayed cutting permits for many licence holders. Add to this recent AAC reductions and the net result is a much-reduced log supply across the industry.

For the coastal pulp and paper sector, however, reduced sawmill residual chip availability has driven the demand for pulp logs to near record highs despite ongoing curtailment at Neucel Specialty Cellulose and the closure of paper production at Paper Excellence at Howe Sound last summer.

Looking forward, reduced availability of residual chips from the BC Interior are

forecast as sawmills close in the wake of ongoing natural disasters. With reduced pulp logs available from the second growth harvest, the situation is demanding a call to action by pulp and paper producers.

Bob Lindstrom represents the BC Pulp & Paper Coalition, a collaboration of BC producers and the Ministry of Forests that has the goal of addressing issues of common concern. "The coastal pulp and paper situation is complex since we really need more low-quality fibre to flow from the primary harvest, but the value of our products limits what we can pay. This is of critical importance on the coast since a lack of wood supply is now threatening mill sustainability. Without a solution, mill closures and job loss may be on the horizon," cautions Lindstrom.

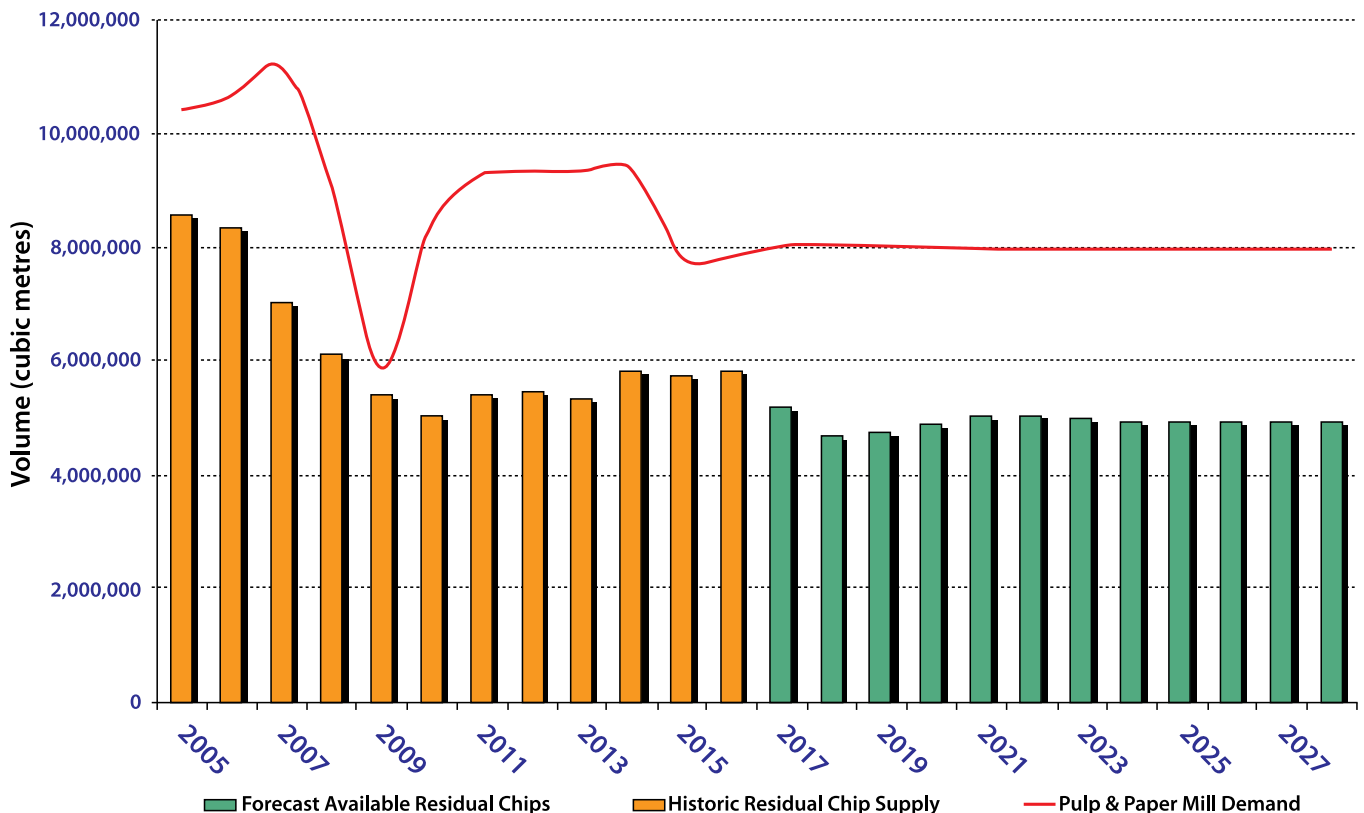
A solution being put forward by the Coalition is to motivate harvest-

ers to bring more pulp logs to market and leave less waste at roadside. "A lot of the waste fibre we are seeing at roadside that is typically piled and burnt is ideal for pulp production, if it would just come to market," says Lindstrom.

The situation has become so dire for pulp producers that in a move of desperation, some have started blocking log export permits to secure a short-term supply of logs. "This is a stop-gap measure on the part of companies while the Coalition works with government, licensees and other industry stakeholders to develop commercially viable, strategic solutions to waste wood utilization," notes Lindstrom.

So, what are the rules around leaving waste in the woods? Once an area is harvested and the timber has been scaled, a waste and residue survey is required to account for any volume left in the woods. This information is used to determine if additional billing is necessary.

## Coast Residual Chip Supply Vs Demand





“Waste” means timber, standing or felled, that meets or exceeds the timber merchantability specifications described for the coast.

It is the responsibility of the licensee to submit annual waste plans, conduct waste assessments in accordance with the manual, and submit waste field data into the online Waste System.

“Waste” means timber, standing or felled, that meets or exceeds the timber merchantability specifications described for the coast, not removed from a cutting authority. Coastal licensees are allowed a benchmark waste limit of 10 cubic metres per hectare for immature timber and 35 for mature timber. Waste is further classed as avoidable or unavoidable. Pieces that are unavoidable have been left on site due to safety concerns, environmental constraints, or physical impediments. Anything else is considered avoidable and is charged to the licence. Stumpage is payable on all avoidable waste.

Where waste has been charged on a cutting authority, licence holders pay the full stumpage rate (the 12-month average for all conifers) on sawlog grades and \$0.25 per cubic metre on hemlock and balsam pulp grades.

access to the fibre left roadside after logging and delivered a significant volume of good-quality peelers to Coastland. “The original harvest left all logs under eight inches behind. That is exactly the wood we use. The contractor made

**One of the key reasons the wood is left at roadside is a reluctance on the part of those who control public tenure to pay contract loggers to deliver the wood to market when its value is low.**

But it is not just the pulp sector that is eyeing up post-harvest waste as an opportunity. Clint Parcher is vice president at Coastland Wood Industries in Nanaimo and responsible for securing logs for their veneer operation. Parcher recalls a waste wood recovery operation recently whereby a contractor gained

some money and we got a reasonably priced log,” notes Parcher. “It makes one wonder why the logs were left in the first place.”

Coastland encourages all of their contractors to bring all logs down to a four-inch top to the sort. “While we don’t use those tops to make veneer, they are





perfect for making chips or perhaps they could support a post program. By bringing the smaller wood out as part of the primary harvest, it keeps costs to a minimum,” adds Parcher.

David Elstone, TLA executive director, cautions that one of the key reasons the wood is left at roadside is a reluctance on the part of those who control

spend money to create the wasted logs left at roadside and are rarely paid for that work or are paid a much lower rate for pulp logs. With pulp only worth \$45-\$50 per cubic metre today, the cost to harvest and deliver them is typically more than their market value. The tenure holders waste the wood, pay a small stumpage penalty and don’t pay

the issue of waste wood at roadside is a simple matter of economics. “On the coast today, when you account for road construction, development, logging, hauling and of course your bid, most old growth hemlock-balsalm stands that have a high pulp content (where the majority of waste is generated), costs close to \$100 per cubic metre to bring to market. With pulp log returns of \$45 today, it simply makes no sense other than to waste the wood at roadside or in the block,” notes Simpson.

When asked about the risk of being forced to bring waste wood to market, Simpson’s answer was simple: “If waste recovery is legislated, logging may stop altogether in many places as no one will want to risk losing that much money, or worse, only the highest-quality, highest-return stands will be logged, resulting in high-grading of AAC to the detriment of the standing inventory.”

Is there a viable solution? Reducing waste and increasing market availability

## **The tenure holders waste the wood, pay a small stumpage penalty and don’t pay the contractor, rather than losing money by bringing the logs to market.**

public tenure to pay contract loggers to deliver the wood to market when its value is low.

“Most logging contracts today include penalties when a contractor delivers pulp logs to their customers, even though a tree has to be felled and bucked to identify the saw log content. As a result, contractors are required to

the contractor, rather than losing money by bringing the logs to market. It is but one of the many contributing factors to the lack of contractor sustainability in the BC forest industry today,” laments Elstone.

Barry Simpson of Oceanview Forest Products and a seasoned veteran in the log business, agrees and notes that

of logs seems like a win-win for everyone, but the economics don't seem to work today and those who control the tenure or bid on timber sales have options.

In the BC Interior, the Forestry and Fibre Working Group, a collection of government and industry stakeholders, worked to develop guidelines that would encourage better utilization of waste as part of the 2015 Forest Fibre Action Plan. The goal was to establish a working relationship between primary fibre users (major licensee and BC Timber Sales timber sale licence holders) and secondary fibre users (parties that require residual fibre like pulp mills, chip and pellet producers).

The guidelines generally require primary users to inform secondary users where waste may be an opportunity and to work with them to facilitate recovery. Where business-to-business relationships don't result, there are steps the government can take to ensure the waste wood was made available up to and including issuance of a do not destroy (slash burn) order that would allow a secondary user access to the fibre under a fibre recovery tenure.

Could these guidelines be applied on the coast or could the primary harvest be done differently to reduce costs? Perhaps? FPIInnovations Fibre Supply group has developed a new guide to support those wanting to address the issue: *Best Management Practices for Integrated Harvest Operations in British Columbia*. This 48-page guide presents biomass handling guidelines that outline suggested step-by-step processes to be followed by the primary and secondary industries wanting access to the waste fibre while at the same time reducing supply chain costs.

Most stakeholders agree that the economics of the issue have to be overcome to make waste wood move to market and that any legislative intervention may do more harm than good. At the same time, consumers can't dictate what they are willing to pay, despite the costs, as the model is not sustainable. That said, without a stakeholder-driven solution, mill closures may be imminent, or a government-imposed solution may not result in the desired industry response. 🌲



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