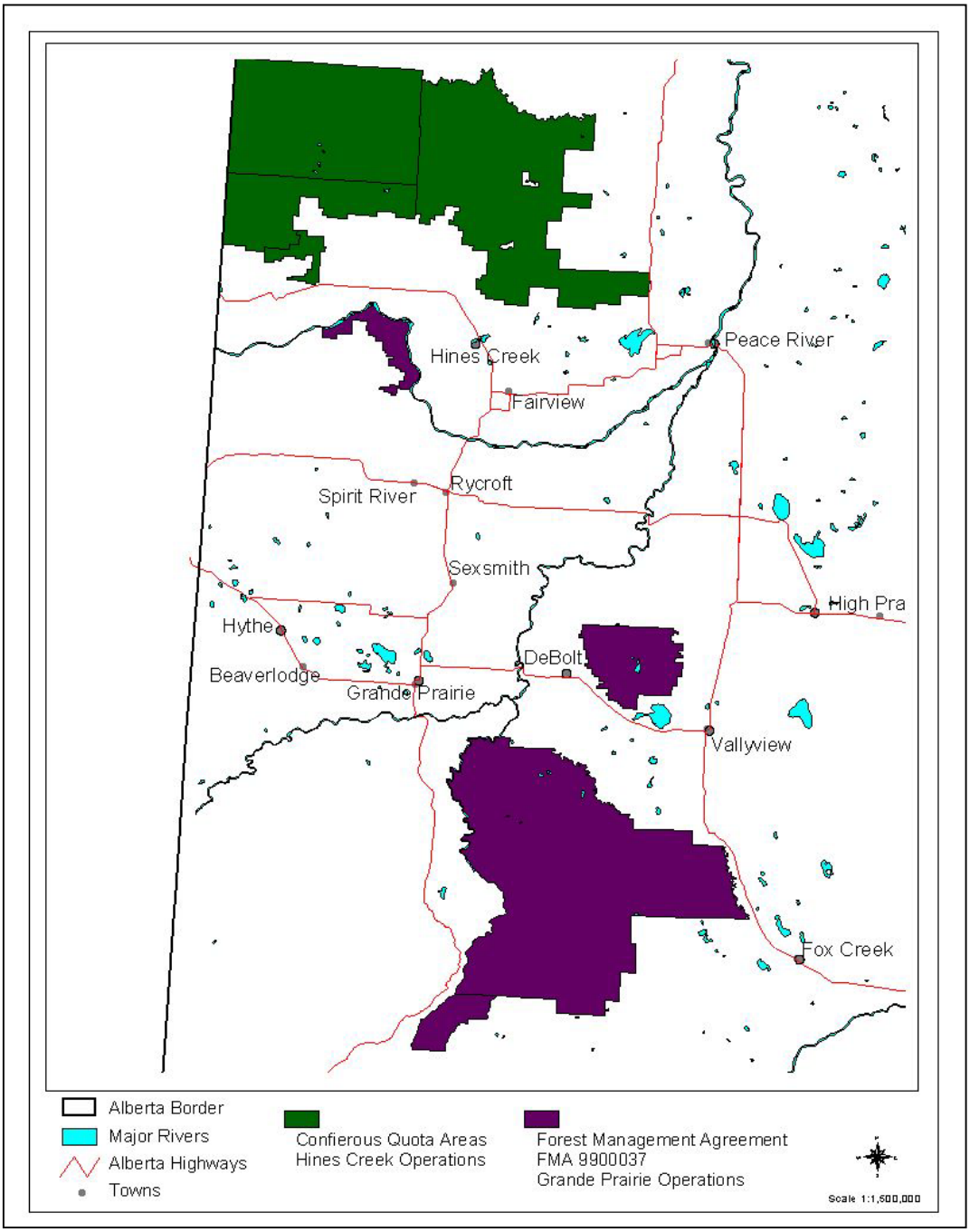
# ANNUAL PUBLIC REPORT

## Reporting Period May 01 2001 – April 30 2002



# 2001/2002 Annual Report for Alberta Region

The purpose of this report is to inform the public of Canfor's activities within Alberta for the reporting period of April 30, 2001 to May 01, 2002 ( 2001 Timber year – operating season). The previous years information (2000 Timber Year) is included to provide a comparison. To obtain more detailed information – see back cover.

Alberta Region is comprised of 2 operations; Grande Prairie and Hines Creek.

Grande Prairie Operations consists of a dimension sawmill located within the city limits of Grande Prairie. The Hines Creek Operations consists of a stud mill located outside the Hamlet of Hines Creek. The Alberta Government allocates timber to the mills operating within the province of Alberta through the tenure system, which includes the Forest Management Agreement and the Timber Quota system.

Grande Prairie operates under a Forest Management Agreement. A Forest Management Agreement is a long-term, negotiated and legislated agreement between the Province of Alberta and a company to establish, grow and harvest timber on a perpetual, sustained-yield basis in a defined land area. The volume of timber that can be harvested is determined through the Annual Allowable Cut (AAC) calculation. The Forest Company is required to conduct forest management responsibilities, established by the Government, which can change over time based on changing needs and science. The company is also required to construct major facilities to process the timber (e.g. sawmills, pulp mills, oriented strandboard plants, etc.).

Grande Prairie Operations recently submitted a new Detailed Forest Management Plan (DFMP) based on *ecosystem principles*. The AAC was recalculated and based on new objectives, a reduction in cut is proposed (see Table 1 below). Previously, the AAC for the landbase was 730 000 $m^3$. In addition, this new plan calculated the coniferous as well as the deciduous AAC. Tolko and Ainsworth have deciduous rights within our FMA. Canfor is working co-operatively with both companies to produce joint operational plans that meet the DFMP objectives. The DFMP was submitted to the Government on July 31, 2001 and approval is pending. Hines Creek operates under DMI's (*Daishowa Marubeni International*) Detailed Forest Management Plan, which also has incorporated ecosystem principles.

**Table 1 – Landbase information**

| STATISTIC | GP (FMA ) | HC (quota) |
|---|---|---|
| Total Landbase | 649,159 ha | 684,736 ha |
| Productive landbase (coniferous & deciduous) | 474,193 ha | 369,144 ha |
| Approved Annual Allowable Cut (AAC)- Hines Creek | - | 243, 000 $m^3$ |
| New AAC (coniferous) (2001)* (GP Only) approval pending | 640,000 $m^3$ | - |
| New AAC (deciduous) (2001)* (GP Only) approval pending | 453,712 $m^3$ | - |

Hines Creek operates under the Timber Quota tenure system that provides the quota holder with the long-term right to harvest a percentage share of the AAC in a forest management unit (FMU). In Hines Creek's case, their quota is within DMI's FMA and as such work closely with them during the planning stages. A quota does not have a landbase area associated with its cut, therefore there will be reporting differences.

## WOOD SOURCE/MILL REQUIREMENTS STATISTICS

Table 2 below depicts the volumes associated with the various wood sources from which the companies procure their timber. Purchase wood (crown and private) volume varies by year depending on availability. For example, in 2001, there was additional private wood available to the GP mill to purchase, therefore the FMA volume delivery was decreased. Mill requirements may vary in a given year depending on market conditions and then the volumes from the FMA/Quota deliveries are adjusted accordingly. For example, mill requirements in Hines Creek increased from 2000 to 2001 due to the amount of downtime that the Hines Creek mill took in 2000 due to poor market conditions. Therefore, an increase in both Quota volume and private volume is seen. In addition, 114.000 m3 of fire salvage wood was harvested which decreased the amount of Quota wood that would have been harvested to satisfy the large increase in mill requirement.

**Table 2: Wood Sources**

| STATISTIC | GP 2001 | GP 2000 | HC 2001 | HC 2000 |
|---|---|---|---|---|
| Mill requirement | 709,429 $m^3$ | 707,000 $m^3$ | 351,000 | 244.000 |
| Crown purchase | 11,072 $m^3$ | 2,510$m^3$ | 29,771 $m^3$ | 36,001 $m^3$ |
| Private | 216,233 $m^3$ | 93,213 $m^3$ | 5,264 $m^3$ | NA |
| *FMA or Quota to mill | 455,545 $m^3$ | 599,590 $m^3$ | 185,367 $m^3$ | 170,119 $m^3$ |
| Conifer incidental to mill | NA | NA | 21,176 $m^3$ | 33,408 $m^3$ |
| Fire Salvage (Slave Lake Burn- HC only) | NA | NA | 114,006 $m^3$ | NA |
| Salvage Wood from energy sector activity | 8,440 $m^3$ | 14,480 $m^3$ | 2,409 $m^3$ | 5,353 $m^3$ |
| **Total wood delivered to Mill** | **691,290 $m^3$** | **709,793 $m^3$** | **357,993 $m^3$** | **244,881 $m^3$** |

* FMA/quota wood is amount harvested less the amount sold to other mills (i.e. pulp logs & balsam to Weyerhaeuser, quota volume to Zavisha sawmill, etc.)

## HARVESTING STATISTICS

It is only recently that the deciduous trees within the FMA area have been utilized. Tolko and Ainsworth utilize the deciduous trees harvested on the FMA. Pure stands of deciduous are harvested by the deciduous companies only when sufficient incidental volume (deciduous volume contained in coniferous stands that Canfor harvests) is not available.

The volume harvested has a direct relationship to the table above.

**Table 3 – Harvesting Statistics from FMA/Quota Area only.**

| STATISTIC | GP 2001 | GP 2000 | HC 2001 | HC 2000 |
|---|---|---|---|---|
| Hectares Harvested (coniferous) | 2,398 ha | 2,492 ha | 1080 ha | 739.8 ha |
| Hectares Harvested (pure deciduous) | *90 ha (est)* | 703 ha | NA | NA |
| Conifer Volume Harvested | 548,699 $m^3$ | 627,712 $m^3$ | 215,367 $m^3$ | 191,910 $m^3$ |
| Incidental Deciduous Volume Harvested | 146,372 $m^3$ | 178 552 $m^3$ | 53,958 $m^3$ | 30,710 |
| Pure deciduous Volume Harvested | *20,000 $m^3$ (est)* | 150,396 $m^3$ | NA | NA |

Skidding to a roadside deck.

Loading logs onto truck

## LOG HAUL STATISTICS

Both Grande Prairie and Hines Creek utilize Government and Industrial road systems to bring in the required volume to the respective mills.

It should be noted that in the 2001/2002 timber season, Hines creek harvested 114,006 m3 from the Slave Lake Burn area which was hauled on Government roads, as opposed to private roads, due to location. This was also a longer haul as opposed to previous years, as noted in the 310km average log haul.

**Table 4 Log Haul Statistics**

| STATISTIC | GP 2001 | GP 2000 | HC 2001 | HC 2000 |
|---|---|---|---|---|
| Average log haul – Government roads | 147 km | 130 km | 310 | 85 km |
| Average log haul – Industrial roads | 188 km | 142 km | 75 km | 75 km |
| # of loads hauled on Government roads | 3,277 | 2,210 | 2,200 | 540 |
| # of loads hauled on Industrial roads | 9,130 | 9,650 | 4,150 | 3,650 |

Log truck hauling on industrial road system

Aerial view of Grande Prairie Sawmill site and log yard.

## ROAD BUILDING STATISTICS

Canfor has an objective to minimize landbase loss and share roads wherever feasible.

- Temporary roads are those built to access cutunits but are reclaimed after one or two seasons of use.
- Permanent roads are built for roughly 10-20 year period of use (or longer) and contribute to landbase loss

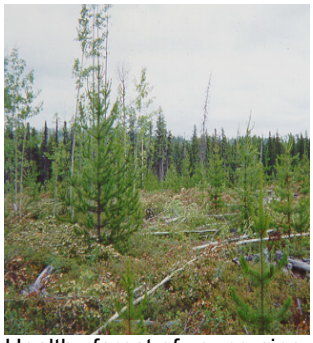
**Table 5 – Road Building Statistics**

| STATISTIC | GP 2001 | GP 2000 | HC 2001 | HC 2000 |
|---|---|---|---|---|
| Amount of temporary road built (KM) | 208 km | 103.4 km | 15 km | 19 km |
| Amount of permanent road built (KM) | 0 km | 12.0 km | 0 km | 0 km |

## SILVICULTURE STATISTICS

- All stands harvested are required to meet legal standards to ensure areas are successfully restocked. Only the coniferous statistics are currently tracked. Pure Deciduous area is currently not treated and regenerates naturally.
- Stand tending occurs after the area is surveyed to determine stocking density and if successfully restocked (SR). If not successfully restocked, the area will be re-scarified and replanted. If too much competition is present, stand tending may be required.

Overstocked stand required stand tending.



Healthy forest of young pine trees recently stand tended (thinned to provide optimum growing space).

- Silviculture statistics will vary on an annual basis. For example, the amount of hectares scarified in 2000 decreased by about 400 ha for 2001. This is due strictly to individual site factors. Each site is assessed as to what treatment is best suited. Therefore, depending on the types of stands harvested, the amount requiring scarification will vary.

**Table 6 – Silviculture Statistics**

| STATISTIC | GP 2001 | GP 2000 | HC 2001 | HC 2000 |
|---|---|---|---|---|
| Hectares Scarified (coniferous) | 221 ha | 685.7 ha | 254.8 ha | 191 ha |
| Trees Planted (coniferous) | 4.5 Million | 5.1 Million | 1.1 million | 1.7 Million |
| Hectares planted (coniferous) | 2,481 ha | 2,467 ha | 1,229.7 ha | 1,374 ha |
| Area Successfully Restocked (coniferous) (SR) | 2 676 ha (97.8%) | 3 224 ha (96.6%) | 1,658 ha (99.7%) | 1,613 ha (97.1%) |
| *Stand tending: Area treated – aerial herbicide | 2,327 ha | 2,014 ha | 725.4 ha | 393.5 ha |
| Stand tending: Area treated – backpack foliar | 51 ha | 73 ha | 0 | 0 |
| Stand tending: Area treated – mechanically thinned/weeded. | 409 ha | 300 ha | 49.1 ha | 0 |

Superior seedling performance – Planted in 1997, photo taken 2000.

Disc trencher scarifying cutunit to prepare planting spots.

## CERTIFICATION

Certification of sustainable forestry practices is becoming key to maintaining market share and meeting public demands. To that end, Canfor has sought and achieved certification under a variety of respected standards. (See Quick facts box )

Both Grande Prairie and Hines creek have received Forest Care and ISO 14001 certification.

***Quick Facts***

CANFOR'S CERTIFICATION CHRONOLOGY:

- June 1997 – Forest*Care* Certified;
- Nov 1999 - Environmental Management System Certified to the international standard of ISO 14001; and
- June 2000 – Sustainable Forest Management Plan certified to the national CSA standard. (Grande Prairie only)

### ISO 14001 – Environmental Management System (EMS)

In the fall of 1999, Canfor's EMS was developed to the ISO 14001 standard and fully implemented in all of Canfor's operations in B.C. and Alberta. An independent third party team of KPMG (management consultants) certified auditors conducted a registration audit that verified the Company's compliance.

Since the initial registration audit, Canfor has undergone three periodic assessments. All three have shown that Canfor has continually improved. In the Fall of 2002, Both the ISO 14001 and CSA certification will undergo its first re-registration audit (requirement after 3 years).

The EMS, combined with well-trained, highly motivated employees and advanced, proven technologies and techniques, allows Canfor to achieve high levels of performance through continual improvement.

### Canadian Standards Association (CSA)

Canfor has committed to the Canadian Standards Association (CSA) Z809-96 Sustainable Forest Management (SFM) System standards for area based tenures such as the Grande Prairie FMA.

An essential element for the success of sustainable forest management is the inclusion of systematic and formal public input into the management of the forested landbase. The Forest Management Advisory Committee, established in 1995 in Grande Prairie, was the public group used for this process. The CSA Criteria are listed to the right.

***CSA Criteria***

1. Conservation of Biological Diversity
2. Maintenance and Enhancement of Forest Ecosystem Condition and Productivity
3. Conservation of Soil and Water Resources
4. Forest Ecosystem Contributions to Global Ecological Cycles
5. Multiple Benefits to Society
6. Accepting Society's Responsibility for Sustainable Development

The purpose of the CSA standard is to describe the components and performance objectives of a sustainable forest management system. In 1996, 6 criteria were developed by the Canadian Council of Forest Ministers (CCFM) (refer to sidebar). The CSA process developed a set of critical elements for each criterion, numbering 22 in total. Through a process of public participation, the CSA performance framework attains a local relevance to the critical elements in the form of locally determined values, goals, indicators and objectives

In June 2000, after an extensive review by an independent third party audit firm, KPMG, Canfor's Grande Prairie Sustainable Forest Management Plan (SFMP) was certified to CSA Z809-96 standards. Canfor's two area-based tenures in B.C. also received certification at that time. Since June 2000, two surveillance audits have been conducted, January and Dec 2001. Results have shown that we are meeting our commitments.

## Additional Information and Contacts

Canfor welcomes questions and comments from the public regarding all of its operations. Please feel free to contact us at the numbers listed below.

Grande Prairie Operations holds an annual Public Forestry Open House annually in April for the public to view our operational plans and ask questions and provide input. These open houses are held in Grande Prairie, Valleyview and Grande Cache. Watch the papers for details.

Hines Creek Operations serves as an advisor on the Daishowa-Marubeni International (DMI) public advisory committee and participates in their stakeholder meetings to present operational plans to the public for comments and feedback.

Grande Prairie Operations has a Forest Management Advisory Committee (FMAC) that meets on a quarterly basis to discuss various topics of interest. They were instrumental in providing input into our Detailed Forest Management Plan and our CSA Sustainable Forest Management Plan and certification process.

Copies of the Sustainable Forest Management Plan (SFMP) as well as Grande Prairie's Annual Operating Plan/5 year General Development Plan are located in the local libraries in Grande Prairie, DeBolt, Valleyview, Spirit River and Grande Cache, as well as being available for viewing at our Offices listed below.

Once the Detailed Forest Management Plan for Grande Prairie is approved, copies will be sent to the local libraries and available to the public.

In addition, a detailed **Annual Performance Monitoring Report** is produced to document our progress towards meeting the CSA objectives as stated in our SFMP. This report is available at the Grande Prairie Office.

All plans and reports discussed above are available on Canfor's Website www.canfor.ca. Click on Forestry and environment (top) Certification (mid page) /CSA (top) /documents (bottom of page) /Grande Prairie FMA.


Grande Prairie Operations
Postal Bag 100 - 9401-108 Street
Grande Prairie, Alberta
T8V 3A3

**Contacts:**
*Woodlands Administration*
780-538-7736
*Advisory Committee Inquiries*
780-538-7738
*Mill Inquiries*
780-538-7756

Hines Creek Operations
Box 150
Hines Creek , Alberta
T0H 2A0

**Contacts:**
*Woodlands Administration*
780-494-4003
*Advisory Committee Inquiries*
780-494-4004
*Mill Inquiries*
780-494-4003