

IMPORTANT INFORMATION ON NEGATIVE IMPACTS AND FACTS IN STOPPING HAVESTING IN NORTH COWICHAN'S MUNICIPAL FORESTS

Information sheet and discussion points on the benefits of harvesting and negative impacts of ending harvesting in North Cowichan's second growth forests:

1) Economics of past and future harvesting has not been communicated accurately to the community:

2022 lost revenue:	17,000m ³ @ \$185/m ³	\$3,145,000
Past four years:	17,000m ³ x4 @ \$185/m ³	\$12,580,000

2) UBC Partnership undervalues municipal logs

Report shows \$90.00/m³ log value – UNREALISTICALLY LOW!

Log value August 2022 was \$193/m³ (MoF – Coast Selling Price System)

Log value understated by \$103/m³: **log values understated by \$1,751,000**

UBC projects log values to rise at 2% per year from \$90/m³ – **far too low**

3) High degree of risk with forecast carbon values:

(Voluntary Markets – Nature Based Offset pricing – Live Carbon Prices Today)

Current carbon value \$3.50 per tonne (in 2022 varied from \$15.92 in January to latest report \$3.50/tonne).

UBC proposal shows initial carbon price assumption of \$25.00 per tonne rising to \$102.00 per tonne over 30 years – **how realistic ?**

3GreenTree Report (May, 2020) uses \$5/tonne to \$20/tonne over 30 yrs.

BloombergNEK /Voluntary market less than \$50/tonne (graph attached)

Forecast \$2.25 mm carbon revenue in last year of proposed 30 year period referred to in the UBC report as “assumption”- **questionable and high risk**

4) Risk of “leakage”:

With no logging past log buyers shift log purchases to other suppliers.

This “leakage” jeopardizes carbon offset revenues. (3GreenTree report to Council May 29th, 2020)

Leakage risk is not mentioned in UBC proposal.

5) Extending rotation for Municipal Forest provides for carbon sequestration

This will provide **BOTH** carbon offset and log revenue

Annual Allowable Cut (AAC) of 27,000m³ with a 60 year rotation

Extend rotation to 100 years, reduce logging/AAC to 17,000 m³ per year

100 year rotation will achieve larger trees, improved value & more carbon will be sequestered.

Not considered in the UBC proposal.

6) Alternative logging methods:

Low impact and different selective logging practices will reduce visual impact and further protect linkages, hydrology, and sensitive ecosystems.

Not considered in the UBC proposal.

7) UBC proposal requires long term commitment of MFR to no logging:

To achieve saleable carbon offset credits requires long term dedication of MFR to no further logging and sequestering carbon only. (GreenTree report to Council May 29th, 2020)

With uncertainties of carbon revenue continuity and loss of log revenues the risk of serious financial loss for the MNC is very high!

8) Carbon Sequestration project requires up front expense of \$250,000 or more :

Not specifically mentioned in UBC report.

9) Impact of loss of logging revenues:

Estimated \$750,000/year contract logging funds flows into Duncan/North Cowichan.

Loss of wages for all woods workers, local supply purchases, repair expenditures, equipment purchases in the community will result.

Other MNC expenses to maintain trails, prepare and maintain parking areas, firefighting and fire protection, culverts, road maintenance, etc currently covered by log revenues would become a general taxpayer expense.

10) Coastal Douglas Fir ecosystem:

A large portion of the MFR is second growth in the CDF ecosystem

Managing MFR on a 60 or 100 year rotation does NOT destroy this ecosystem

Many wildlife species do well in the second growth in this ecosystem.

The Municipal Forest is a very well managed small scale forest holding, one of the best if not the best in the province. The Municipal Forest Reserve does accommodate a variety of users and uses. Through different selective logging practices it is possible to achieve **both** logging revenues and carbon offset credits in addition to continuing to provide for a variety of ecological needs and public use opportunities.

The Municipal Forest is self sustaining financially. Revenues from log sales cover all operating expenses. Some log sale revenue also goes into general revenue. In addition, some of the funds from log sales go to help fund specific community projects. Examples include community recreational facilities, Forest Discovery Centre projects, and post secondary student bursaries.

Permanently halting logging in favour of carbon sequestration and justifying the decision on the basis of carbon credit revenues exceeding log revenues is simply not correct! If Council believes it has a mandate to permanently halt logging in favour of achieving carbon sequestration credits then make the decision for THAT reason. Do NOT try to incorrectly justify the decision by telling the North Cowichan public that carbon revenues will be greater than logging revenues. That is simply not true!!

If Council is uncomfortable accepting the information provided to-day then strongly recommend MNC engage the services of a credible auditing firm (ie KPMG) to confirm or correct the figures and information provided in the UBC Partnership report. Engage a firm with qualified professional foresters and qualified accounting staff able to assess the veracity of the carbon sequestration credit assumptions/proposals and to recommend alternate selective logging forest management practices.