

# The Community Forestry Guidebook II

Effective Governance and Forest Management

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FORREX Forum for Research and Extension in Natural Resources

British Columbia Community Forest Association



# The Community Forestry Guidebook II

## Effective Governance and Forest Management

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Susan Mulkey and J. Kenneth Day  
(Editors)



FORREX Forum for Research and  
Extension in Natural Resources

British Columbia Community  
Forest Association

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## ABSTRACT

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In the face of many challenges related to a range of social, ecological and economic factors, a growing number of British Columbia's forest-dependent communities see community forests as a way to stabilize their rural economies. By integrating economic, social, and ecological sustainability, community forests promote local livelihoods, encourage community participation, and foster long-term environmental stewardship.

Since its introduction in 1998, the Community Forest Agreement Program has expanded significantly and now 47 Community Forest Agreements operate province-wide, with another 11 communities and First Nations engaged in the application process. Along with this growth, community forest organizations have increasingly requested information, tools, and techniques specifically related to this unique tenure. This guidebook addresses several governance and forest management information priorities identified by BC Community Forest Association members.

Part One examines some of the basics of community forest organizational governance and policy. Topics include: developing suitable foundational statements; choosing an appropriate legal structure; primers on organizational governance and community forest policy; defining board of directors' governing principles, roles, and responsibilities; recruiting and orienting board members; the role of committees; the importance of management terms of reference; the basics of contract tendering and profit distribution policies; and experiences and lessons learned by community forest boards and managers around the province.

Part Two explores various aspects of operational community forest management. Topics include: spatial data and mapping tools; understanding goals, values, and objectives; area-based planning for values, and ecological goods and services; adapting to climate change; and determining whether the community forest's allowable cut fits its needs.

**KEYWORDS:** *allowable annual cut; area-based planning; BC Community Forest Association; board governance; board recruitment; climate change; committees; community forestry; community forest policy; contract tendering policy; forest management; foundational statements; governing principles; legal structures; lessons learned; mapping tools; profit distribution policy; sustainability; terms of reference.*

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## PREFACE

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In 2004, the BC Community Forest Association and FORREX jointly developed “The Community Forestry Guidebook: Tools and Techniques for Communities in British Columbia” as FORREX Series No. 15 ([http://www.bccfa.ca/index.php?option=com\\_k2&view=item&id=89:guidebook](http://www.bccfa.ca/index.php?option=com_k2&view=item&id=89:guidebook)). This publication captured the collective wisdom and lessons learned from the handful of community forest organizations in operation at that time.

Eight years later, and the number of community forests in British Columbia has grown substantially. Along with this growth, community forest organizations have increasingly requested specific information, tools, and techniques related to the size and long-term nature of the current Community Forest Agreement tenure. From organizational governance, forest legislation, regulations and policies, government programs and funding, markets and pricing, to forest management and planning software, community forest organizations expend great effort to secure and adapt existing tools to fit their unique situations. In “The Community Forestry Guidebook II,” we have tried to address the governance and forest management priorities identified by BC Community Forest Association members.

In Part One, we present twelve chapters that examine some of the basics of community forest organizational governance and policy. Organizational policy is a very large field, with many resources and experts who specialize in governance. As such, this section of the guidebook is by no means definitive. Our approach was to focus strictly on the priorities our membership identified through a survey. Over time, we will develop additional targeted resources on organizational issues.

In Part Two, we present seven chapters on various aspects of operational community forest management. These pieces include information on spatial data, mapping, and allowable cut computational tools; area-based planning for values, and ecological goods and services; and adaptation to climate change.

Both parts draw on the vast knowledge and experience of British Columbia’s community forest managers and boards of directors. By combining this information under one cover, we wanted to create a practical resource that existing and emerging community forest organizations can use to improve their transparency, accountability, and long-term sustainability.

**Susan Mulkey and Ken Day**

**December 2012**

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We could not have produced this guidebook without the assistance of our editor, Susan Bannerman of Kaatza Publishing Services. She adeptly refined our writing while navigating our publishing needs and time lines with grace and good humour. Desktop publishing was provided by the Alex Fraser Research Forest's Cathy Koot, who produced a visually pleasing document in several different formats. We are also grateful to our co-publisher, FORREX, for facilitating the printing of this guidebook.

Credit goes to Ella Furness for her idea of the "Policy in 20 Words or Less," and for developing other background information and resources concerning governance.

Our appreciation goes to Vince Battistelli of the Governance Group for his generosity in sharing his work on board governance for this guidebook. Vince is a great facilitator. He has assisted the BC Community Forest Association in gaining new insights on organizational development and has supported us in streamlining and evolving our operations.

For several years, we had wanted to collect the information in Part 1's Chapter 3 on Legal Structures. We are very grateful to Ola Stoklosa and the Business Law Clinic, operated by the University of Victoria's Faculty of Law, for their work on this important piece. The clinic is a free service staffed by upper-year law students who work together with clients to identify and define legal issues, research those issues, and then provide memoranda of legal information. The clinic can be reached at [blc@uvic.ca](mailto:blc@uvic.ca).

No thanks would be complete without acknowledgement of the BC Community Forest Association's Executive Director, Jennifer Gunter, and its Board of Directors: Kevin Davie, Gord Chipman, Marc von der Gonna, Don Brown, Grant Thompson, Robin Hood, Erik Leslie, Jack McLeman, and Shane Bresette, along with former directors Ramona Faust and Ross Hamilton. We are deeply grateful for their contributions to this project and for their ongoing advocacy of the development of community forests in British Columbia.

### Photo Credits —

We also thank the following photographers for contributing images to this guidebook.

#### Part 1

Chapters 1–3: Susan Mulkey; Chapter 4: Dan Adamson; Chapter 5: Dan Adamson (left), George Brcko (right); Chapters 6–9: George Brcko; Chapters 10: Kelsey Syfchuck (left) and Sonja Seher (right); Chapter 11: Kelsey Syfchuck and Sonja Seher (left), Rob Sanderson (right); Chapter 12: Susan Bannerman (left), UBC Alex Fraser Research Forest (right).

#### Part 2

Chapters 1–7: UBC Alex Fraser Research Forest



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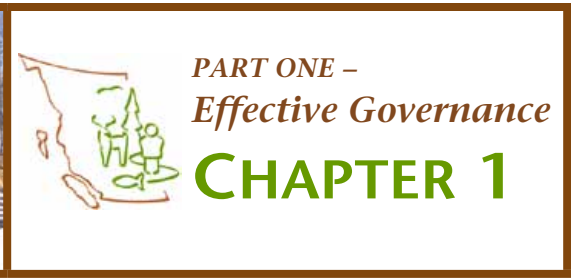
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# Essential Background: A Short History of Community Forestry in British Columbia

JENNIFER GUNTER AND SUSAN MULKEY

In recent decades, British Columbia's forest-dependent communities have faced changes related to a range of social, ecological, and economic factors, including mill closures and youth out-migration, dramatic forest health issues, and intense global competition in the province's traditional timber markets, which has moved the forest industry toward larger economies of scale, greater consolidation, and increased automation in their drive for efficiency. These trends are creating a net outflow of resource wealth, decreasing the direct economic tie between rural communities and their surrounding forest land base.

British Columbia's rural communities are looking for alternatives that will help stabilize their local economies and provide long-term employment opportunities. An increasing number of these see community forests as a way to take on many of the challenges they currently face. At its core, community forestry is about local control over, and enjoyment of, the benefits supplied by local forest resources. By integrating economic, social, and ecological sustainability, community forests promote local livelihoods, encourage community participation, and foster long-term environmental stewardship.

Here we provide a short history of the community forest movement in British Columbia and outline some of the benefits

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*British Columbia's rural communities are looking for alternatives that will help stabilize their local economies and provide long-term employment opportunities.*

*An increasing number of these see community forests as a way to conquer many of the challenges they currently face.*

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of this innovative tenure arrangement. We also describe the role of the BC Community Forest Association as an advocate for community forests across the province.

## **HISTORY OF COMMUNITY FORESTRY IN BRITISH COLUMBIA**

The concept of community forestry first developed in the province when Chief Justice Gordon Sloan, in the 1945 Royal Commission report *The Forest Resources of British Columbia*, recommended that municipalities manage local forests. This recommendation led to the establishment of the Mission Municipal Forest. In 1957, the second Sloan Commission recommended expanding this concept to involve other municipalities, but nothing came of this proposal. In the 1990s, a handful of community-based forest management initiatives were introduced, whereby local communities obtained industrial forest licences;

however, community forestry truly came of age in British Columbia with the piloting of a new forest tenure later in the decade.

The Community Forest Agreement, which was introduced through a pilot program in 1998, is a unique forest tenure that devolves central control of resource management on Crown land to communities. By 2004, only eight community forests were operating under 5-year probationary licence agreements. Through changes to the Forest Act in 2005, an additional 33 communities were invited to participate in the program. In March 2009, legislation was passed that removed the probationary aspect of the tenure, making Community Forest Agreement holders eligible to secure a 25-year renewable licence, thereby improving the incentive to invest in long-term planning and business relationships. Forty-seven Community Forest Agreements were operating province-wide by 2012, with another 11 communities and First Nations engaged in the application process.

### THE COMMUNITY FOREST AGREEMENT TENURE

Community Forest Agreements can be held by a municipality, community corporation, co-operative, society, First Nations band council, or partnership. These agreements are area-based tenures that grant holders exclusive rights to harvest timber. The tenure also grants non-exclusive rights to harvest, manage, and charge fees for botanical forest products and other products, as well as the ability to manage for water, recreation, wildlife, and viewscape resources. Community Forest Agreement holders have stewardship responsibilities that include strategic and operational planning, inventory maintenance, and reforestation (see sidebar, “Objectives of British Columbia’s Community Forest Agreement Program”). Community forests are subject to the provisions of the Forest and Range Practices Act, and pay stumpage fees to the Crown based on a tabular rate structure. Community Forest Agreements are issued for a 25-year term, and are replaceable every 10 years.

### OBJECTIVES OF BRITISH COLUMBIA’S COMMUNITY FOREST AGREEMENT PROGRAM

*British Columbia’s Community Forest Agreement Program has the following objectives.*

- *Provide long-term opportunities for achieving a range of community objectives, values, and priorities.*
- *Diversify the use of and benefits derived from the community forest agreement area.*
- *Provide social and economic benefits to British Columbia.*
- *Undertake community forestry consistent with sound principles of environmental stewardship that reflect a broad spectrum of values.*
- *Promote community involvement and participation.*
- *Promote communication and strengthen relationships between Aboriginal and non-Aboriginal communities and persons.*
- *Foster innovation.*
- *Advocate for forest worker safety.*

*For more information on the government’s Community Forest Agreement Program, see: <http://www.for.gov.bc.ca/htth/timber-tenures/community/index.htm>*

### STATUS OF THE COMMUNITY FOREST AGREEMENT PROGRAM

Fifty-eight communities are currently (December 2012) involved at some stage of planning or operating a Community Forest Agreement. The community forests now operating range in size from about 400 ha to 160 000 ha, with annual harvests of 1000–152 000 m<sup>3</sup>; the majority, however, are licensed to harvest about 20 000 m<sup>3</sup> per year (see sidebar, “Small Footprint, Big Benefits”). See <http://www.bccfa.ca> for the most up-to-date Community Forest Agreement Program Status Table.

### **SMALL FOOTPRINT, BIG BENEFITS**

*Although the program has grown significantly over the last 14 years, in 2012 the combined allowable annual cut (AAC) for this tenure (1.6 million m<sup>3</sup>) represents only 2% of the provincial cut. To put this in perspective, one company holds licences for a 2.7 million m<sup>3</sup> AAC in the Prince George Timber Supply Area alone. Despite the relatively small footprint, community forests have provided demonstrable benefits to communities, First Nations, and to the province as a whole.*

### **BENEFITS OF COMMUNITY FORESTRY**

A Community Forest Agreement allows communities to determine the values and objectives for management of the land surrounding their communities, the methods to achieve these objectives, and the benefits that derive from management. These benefits will vary from community to community as each identifies its unique values and priorities. For example, one rural mountain community has identified water protection as the highest priority for its community forest, whereas a First Nation community sees education and employment for band members as their key community forest priorities.

Community forestry is good for the forests, good for the people who live and work there, and good for the buyers and users of wood—in essence, local forests, local people, local decisions. Decisions made at the local level are, by definition, “locally appropriate” and provide incentives to consider the long-term benefits of sustainable management. When employment

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*Community forestry is good for the forests, good for the people who live and work there, and good for the buyers and users of wood—in essence, local forests, local people, local decisions.*

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and revenue stay in the community, financial returns are leveraged over and over again, enhancing the local environment, services, recreation, and tourism potential. Some of other benefits of community forestry include:

- Increased self-reliance of rural communities through long-term community economic development.
- Improved opportunities for local training, skills development, education, and research.
- Expanded potential to resolve conflicts over timber harvesting in drinking watersheds, viewscales, or other sensitive areas that are important to communities and to local and regional economic activity.
- Heightened awareness of forest management among residents through public participation in community forest activities.
- Strengthened relationships between Aboriginal and non-Aboriginal communities and persons.

### **BRITISH COLUMBIA’S COMMUNITY FORESTRY ADVOCATES**

The British Columbia Community Forest Association is a legally incorporated not-for-profit society that was formed in 2002 by the network of then-operating community forests. The association presents a unified voice for the interests of all British Columbia communities engaged in community forest management. Membership is available to all community forest organizations in British Columbia that support the association’s vision, mission, purposes, and guiding principles. Members include First Nations, local governments, and non-profit community-based organizations that are operating a community forest agreement, as well as those that seek to obtain local forest management rights.

Association members have the right to elect directors and to vote on key decisions. A non-voting associate membership is also available to local, regional, and provincial organizations that wish to promote and support community forestry, as well as individuals who support and want to be involved in community forestry in British Columbia. Associate members have

access to association-produced information and benefit from the network of other individuals and organizations working in community forestry. A supplier membership category is also available for suppliers of relevant goods and services relevant.

For more information about the BC Community Forest Association's current programs, services, and partnerships, go to: <http://www.bcccfa.ca>.

*Jennifer Gunter is the Executive Director for the BC Community Forest Association.*

*Susan Mulkey is the Manager of Extension and Communication for the BC Community Forest Association.*





PART ONE –  
*Effective Governance*  
**CHAPTER 2**

# Laying the Foundation for Your Community Forest Organization

SUSAN MULKEY

Strategic policy documents for community forest organizations usually begin with basic foundational statements that lay out why the organization exists, what the organization wants to be, and how it will do things (see sidebar, “Foundation Statements in a Nutshell”).<sup>1</sup>

Statements of mission, vision, and purpose supply the fundamental direction for your community forest organization, and statements of guiding principles or core values speak to its culture. Together, these foundation statements provide an essential framework to direct decision making and determine priorities. In addition, foundation statements provide your organization’s board of directors with a reference point for

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*An initial public discussion of your organization’s proposed long-term vision and fundamental purpose is valuable in promoting a shared understanding among the wider community and will enhance future accountability.*

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policy development, strategic planning, and goal setting, and your organization’s senior staff with guidance on management and administration.

Much discussion surrounds the importance of these types of statements—that their wide-ranging, “motherhood” nature is of little importance in the day-to-day functioning of an organization, and thus are a waste of time. Another objection is that the terms themselves are confusing and often used interchangeably, making their meaning murky at best.

British Columbia’s community forests represent many things to many people. Opinions will differ about their best use and priorities for management. Therefore, an initial public discussion of your organization’s

## FOUNDATION STATEMENTS IN A NUTSHELL

**Mission** – *Why we exist*

**Vision** – *What we want to be in the future*

**Guiding Principles** – *How we do things*

**Values** – *What is important to us*

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<sup>1</sup> This chapter is largely based on Vince Battistelli’s facilitation work with the BC Community Forest Association (with permission from The Governance Group, <http://governance.ca>). For more information about his review of the Association’s governance structures and processes, see Part 1, Chapter 4 “A Primer on Organizational Governance” [pp. 41–44] in this guidebook. In addition, input about foundation statements was also obtained from the Sunshine Coast Community Forest, Burns Lake Community Forest, and University of British Columbia’s Alex Fraser Research Forest.

proposed long-term vision and fundamental purpose is valuable in promoting a shared understanding among the wider community and will enhance future accountability (see Part 2, Chapter 2, “Understanding Goals, Values, and Objectives” [pp. 99–106] in this guidebook). Your organization’s foundation statements then become the basis for subsequent planning and priority setting, as well as supplying guidelines on how to conduct your activities.

## **A COMMUNITY FOREST’S FIRST FOUNDATIONAL STEPS**

The provincial government’s community forest application process actually requires that a community spend time together to develop its common vision for the forest (B.C. Ministry of Forests, Lands and Natural Resource Operations 2011). Applicants for a Community Forest Agreement must include a mission statement and a description of guiding principles, which are then confirmed in the final licence document. These foundation statements not only provide the basis for setting goals and objectives for community forest management and operations, they also form part of the annual reporting framework to the community, another condition of the Community Forest Agreement.

The first step in developing your foundation statements is to define the terms you will use, and most importantly, find agreement on what the terms mean to your organization. For example, a “mission statement” is often the same as a “statement of purpose.” The BC Community Forest Association has both a mission statement and a statement of purpose; the distinction is that the statement of purpose forms part of the Association’s constitution and thus can only be changed by a special resolution. The Association has also identified principles intended to help us achieve our vision. Other organizations may not have identified values, and yet have identified guiding principles. Therefore, there are no right or

wrong definitions. The statements can be simple or more complex—it is up to your group to decide.

The important thing is that your community comes together to discuss the fundamental aspects of the community forest organization—its purpose, mission, vision, and values. The goal of this conversation is to find a unified focus, or a common understanding, that everyone can support. When the community feels some ownership for the content of the foundation statements, a shared commitment to fulfill them will follow. Without the necessary community support at this critical level (and subsequently by an organization’s directors), your governing board may pursue entirely different objectives.

## **THE MISSION STATEMENT**

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### **The Mission Statement, In 20 Words or Less—**

*The purpose of the organization and reason why it exists. It guides decision making and priority actions.*

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The mission statement serves as the foundation of an organization. It clarifies the organization’s purpose and provides a unified focus for the work undertaken by its board, management, staff, and volunteers. An effective and powerful mission statement is one that everyone in the organization uses to guide their planning, decision making, actions, and resource allocation. It is also one of the board’s most powerful tools for assessing the relevance of the organization’s activities.

The board and staff should conduct a regular review of the mission statement to ensure it continues to reflect organizational values and update it as necessary. This review can also serve as a starting point for community engagement in the evaluation of the organization and its activities.

Here are some examples of community forest organization mission statements.

### **Creston Valley Forest Corporation Mission Statement**

*The Creston Valley Forest Corporation will effectively and efficiently harvest the allocated*

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*When the community feels some ownership for the content of the foundation statements, a shared commitment to fulfil them will follow.*

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volumes, while protecting the integrity of other resources and enhancing social and economic benefits of the community.

#### **Kaslo and District Community Forest Society Mission Statement**

The mission of the society is to manage the diversity of the values of the community forest in an ecologically responsible and fiscally accountable manner on behalf of the people of Kaslo and Area D of the Regional District of Central Kootenay.

#### **Burns Lake Community Forest Corporation Mission Statement**

Manage the community forest for the benefit of all residents of the community as a whole.

#### **Likely-Xatsúll Community Forest Corporation Mission Statement**

The Likely-Xatsúll Community Forest is a model, multi-use forest with a goal to provide a focal point which generates support and community pride. Through a positive collaborative effort, our communities will provide opportunities for economic ingenuity and innovation while ensuring environmental quality.

#### **Xaxli'p Community Forest Corporation Mission Statement**

Xaxli'p Community Forest Corporation carries out ecologically and culturally sustainable land use for the benefit of Xaxli'p people, considering the needs of present and future generations. The responsibilities of [the corporation] extend throughout Xaxli'p Survival Territory, which includes the Community Forest Agreement area.

#### **Lower North Thompson Community Forest Mission Statement**

To establish local control of dedicated forest resources for the long-term sustainability of the five participating communities. To secure for these communities an opportunity to be more self-determined. To engender economic stability in these communities. To practice and model exemplary stewardship of this local forest environment.

#### **Sunshine Coast Community Forest Corporation Mission Statement**

To profitably manage the Sunshine Coast Community Forest in a sustainable, effective and environmentally sensitive manner with broad community participation and support.

### **THE VISION STATEMENT**

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#### **The Vision Statement, In 20 Words or Less—**

*Describes where an organization wants to go. It is a statement of what we want to create in the future.*

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The vision statement describes what the organization wants to accomplish or realize over time. Because it describes the desired future for the organization, the vision statement serves as an important part of the foundational framework and is thus referenced when setting priorities and deciding which actions to take. We can then ask: Will the action move our broader vision forward and move us closer to our hoped for future? This helps everyone to understand how their efforts fit into the big picture.

Here are some examples of vision statements from provincial community forest organizations.

#### **Bella Coola Community Forest Vision**

*The Community Forest contributes significantly to achieving a self-reliant and sustainable community through a locally controlled, financially sound and responsible community forest business that operates within the sustainable capacity of a healthy environment to enhance the quality of life for all valley residents.*

#### **British Columbia Community Forest Association Vision**

*Our vision is a network of diverse community forest initiatives, where local people practice ecologically responsible forest management in perpetuity, fostering and supporting healthy and vibrant communities and economies.*

In conjunction with its vision statement, the BC Community Forest Association formulated guiding principles to achieve its vision (see sidebar, “BC Community Forest Association Guiding Principles”).

## ORGANIZATIONAL CORE VALUES

### Organizational Core Values, In 20 Words or Less—

*How to work together, how to treat other people, what is important, what we believe in.*

This is a statement about the values or ethics that apply to your entire organization. Core values provide board members, management, staff, and volunteers with a sense of common direction and a set of guidelines for day-to-day behaviour. Unclear or unstated values can create confusion and produce conflicts.

Often value statements and guiding principles are interchangeable or combined into one statement. Both are intended to articulate the standards for expected behaviour in the organization. These are values that should be considered and upheld by everyone representing or involved in the organization, including the board of directors, staff, contractors, and volunteers.

### Examples of Organizational Core Values

The following examples exemplify statements of organizational core values.

- We respect the unique approaches, diversity of opinions, and values of the community, our members, our shareholders and stakeholders.
- We strive for open, honest, accountable, and transparent communications with our community members, partners, and all stakeholders.
- We value collaboration, fairness, and integrity in our internal relationships and in dealing with all members, partners, and stakeholders.

### BC COMMUNITY FOREST ASSOCIATION GUIDING PRINCIPLES

*To achieve our vision, the [Association] will be guided by principles that promote:*

- Culturally, ecologically, and economically sustainable forestry and practice of community forest initiatives in a manner which respects First Nation rights and cultural values, and which fosters understanding and cooperation between communities and First Nations.
- Meaningful representation of community members in community forest initiatives.
- Informed public participation in community forest decision-making.
- Leading edge forest practices.
- Local forest-based employment.
- The resilience of forest ecosystems as a basis for social, ecological and economic health.
- Community responsibility for land use and allocation decisions.

- The Vision, Mission, and Guiding Principles serve as the foundation for the organization's strategic goals, decisions, and actions.
- We value professional standards of excellence in all aspects of personal, board, staff, and organizational governance.
- We are a financially responsible organization.
- We lead by example. We are accountable for our actions, successes, and failures.
- We establish and communicate clear expectations to staff, clients, and partners.
- We recognize the accomplishments of the organization as a whole.
- We strive to achieve excellence through innovation and continuous improvement.
- We believe in the value of networking with other community forest practitioners so that we can facilitate and acknowledge personal and professional growth.

Here are some examples of community forest organization value statements.

### ***Sunshine Coast Community Forest Corporation Value Statements***

- *Respect for the diversity of opinions and values of the Sunshine Coast*
- *Work to protect the water resources of the Sunshine Coast*
- *Have open, honest, accountable and transparent communications with our Stakeholders*
- *Display fairness and integrity in dealing with all Stakeholders (employees, contractors, suppliers and our public)*
- *Have respect for the environment*

### ***Cheakamus Community Forest Society Guiding Principles<sup>2</sup>***

*The CFA will be managed under the following principles:*

- *Forest planning and operations will follow strong Ecosystem Based Management objectives described in a jointly developed and approved Ecosystem Based Management Plan.*
- *The highest priority in management will be given to ensuring that any forest harvesting is compatible with Whistler 2020 and First Nation cultural objectives as stewards of the land.*

- *The Parties expect that in order to meet each Party's unique community and cultural objectives, the planning costs associated with operating the Community Forest will be higher than in other forest harvesting operations. As a result, the Parties will endeavor to conduct sufficient forest harvesting so as not to operate at a loss and to support those enhanced planning costs.*
- *Where possible, capacity building and First Nations and local contracting will be favoured.*
- *Decisions will be made by consensus where possible, recognizing both cultural and sustainability interests of the parties, with a simple and workable dispute resolution mechanism.*
- *Forest planning and operations will respect the land use plans of each of the parties, and the Whistler 2020 goals.*

### **REFERENCES**

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*Susan Mulkey is the Manager of Extension and Communication for the BC Community Forest Association.*

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<sup>2</sup> These statements appear in the Limited Partnership Agreement between Squamish Nation, Lil'wat Nation, and the Resort Municipality of Whistler.





PART ONE –  
*Effective Governance*  
**CHAPTER 3**

# Appropriate Legal Structures for Your Community Forest: Six Options to Consider

SUSAN MULKEY, OLA STOKLOSA, AND ELLA FURNESS

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## Legal Structures, In 20 Words or Less—

*The legal structure or business model selected to support a community forest should reflect the community's specific needs and values.*

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No preferred legal structure or business model exists to support community forestry in British Columbia. Rather, a community's choice of a legal structure should reflect its needs and values. To make a final decision on the most appropriate legal structure for your community forest, you must seek independent professional advice. Regardless of the structure chosen, the governing documents must clearly state your organization's purpose and indicate any changes to the standard language that may be required to align your legal structure with your proposed operational activities. This work is the “devil in the details” of building the community forest organization. Its importance cannot be underestimated.

British Columbia's *Forest Act* stipulates that a Community Forest Agreement can be held by a partnership, corporation, society, co-operative, municipality, or a First Nation.<sup>1</sup>

In addition, it is now legally possible for the holder of a Community Forest Agreement to change its legal structure, name, or request a tenure transfer (see sidebar, “Transfer Regulation”).

This chapter describes the six possible legal structures available to community forests and considers the implications of holding a Community Forest Agreement under each one. These legal structures are examined through the following lenses.

- Tax status
- Decision-making efficiency and stability
- Community consultation
- Relevant legislation
- Accountability
- Capacity for conflict resolution

Appendix 1 (see page 30) provides details of the legal structure of current Community Forest Agreements holders in British Columbia.

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*To make a final decision on the most appropriate legal structure for your community forest, you must seek independent professional advice.*

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<sup>1</sup> *Forest Act*, RSBC 1996, Chapter 157, Part 3: Disposition of Timber by the Government, Division 7.1, Section 43.2(3). [http://www.bclaws.ca/EPLibraries/bclaws\\_new/document/ID/freeside/96157\\_03](http://www.bclaws.ca/EPLibraries/bclaws_new/document/ID/freeside/96157_03) (Accessed November 2012).

## TRANSFER REGULATION

*It is now possible for the holders of Community Forest Agreements to change the legal structure of their community forest or to transfer the tenure to another entity. Changing names is also possible. For example, if a municipality was the sole shareholder when the Community Forest Agreement was awarded, it may request a tenure transfer on the basis of the following scenarios.*

- *It wants to move towards a corporation with multiple shareholders.*
- *It wants a limited partnership with other partners (First Nations, regional districts, etc.).*
- *It wants to create a new corporate entity in which it is either the sole shareholder or one of several partners.*
- *It wants to change to a society or co-operative structure.*

*Other examples include:*

- *Changing from a non-profit society to a corporation controlled by the municipality;*
- *Changing the minority number of the shareholders; or*
- *Changing the name of the organization to reflect an evolving image or need.*

### Transfer of Community Forest Agreements

*Under Section 54.4(1)(b) of the Forest Act, a Community Forest Agreement can be disposed of to a person or legal entity if:*

- *the Minister is satisfied that the Community Forest Agreement is substantially controlled by the same person(s) that controlled the Community Forest Agreement before the disposition; and*
- *the new person or legal entity meets the requirements of Section 43.2(3) of the Act.*

Before proceeding, it is important to note that all Community Forest Agreement holders, regardless of the legal structure they choose, have a statutory and regulatory obligation to consult and report to their communities about matters related to the agreement (see sidebar, “Agreement Holders Have an Obligation to Consult with the Community”).<sup>2</sup> This condition sets community forests apart from other tenure agreements, and helps ensure that community forest managers and boards are accountable to community residents over time.

## PARTNERSHIP

### What is a Partnership?

A partnership is formed when two or more persons carry on a business in common with a view of profit. No formal steps are required to

form a partnership. By default, partnerships in British Columbia are regulated by the *Partnership Act*<sup>3</sup> and are subject to the usual business licencing and tax registration requirements of any business; however, the partners can draft a partnership agreement between themselves to override many of the default provisions in the *Partnership Act*.

Partnerships are not separate legal entities and are not distinct from the partners. In a partnership, the assets and liabilities of the partnership are shared jointly and personally by the partners. When a legal action is brought against the partnership in the business name, all business partners at the time the matter giving rise to this action occurred will be liable. Each partner will be jointly and severally liable for the fulfillment of any promises made on the business’ behalf.

<sup>2</sup> Forest Act, RSBC 1996, Chapter 157, Part 3: Disposition of Timber by the Government, Division 7.1, Section 43.3. [http://www.bclaws.ca/EPLibraries/bclaws\\_new/document/ID/freeside/96157\\_03](http://www.bclaws.ca/EPLibraries/bclaws_new/document/ID/freeside/96157_03) (Accessed November 2012); Community Tenures Regulation, B.C. Reg. 352/2004. [http://www.bclaws.ca/EPLibraries/bclaws\\_new/document/ID/freeside/16\\_352\\_2004#section3](http://www.bclaws.ca/EPLibraries/bclaws_new/document/ID/freeside/16_352_2004#section3) (Accessed November 2012).

<sup>3</sup> Partnership Act, RSBC 1996, Chapter 348. [http://www.bclaws.ca/EPLibraries/bclaws\\_new/document/ID/freeside/00\\_96348\\_01](http://www.bclaws.ca/EPLibraries/bclaws_new/document/ID/freeside/00_96348_01) (Accessed November 2012).



## **AGREEMENT HOLDERS HAVE AN OBLIGATION TO CONSULT WITH THE COMMUNITY**

*When the Community Forest Pilot Program was set up in the late 1990s, those concerned (led by the Community Forest Advisory Committee) wanted to create a unique tenure that required community involvement and accountability. Unlike other tenures, the important difference here was to demonstrate community awareness, support, and participation in the application development and final submission processes. As the tenure evolved beyond the pilot program, this requirement was upheld through the efforts of the BC Community Forest Association. This uniqueness regarding community accountability is also reflected in the government objectives for the program and in the community forest's management plan. For example, all management plans, including the one submitted in the application as well as those required when renewing the tenure or adjusting its annual harvest, must specify plans for ongoing community consultation and participation.*

*Under Section 43.3 of the Forest Act, a management plan must be included in the application for a Community Forest Agreement. Section 8.2 of the Community Forest Agreement Application Requirements document and Section 6.02(h) of the Long-term Community Forest Agreement Licence document, ask the applicant to include the following in the management plan:*

- specify measures to be taken by the Agreement Holder to identify and consult with persons using the Community Forest Agreement area for purposes other than timber production and harvesting of prescribed products listed in Schedule "C", including:*
  - (i) trappers, guide outfitters, range tenure holders, and other Agreement resource users;*
  - (ii) an aboriginal group who may be exercising or claiming to hold aboriginal interest or treaty rights; and*
  - (iii) community members, local governments, and government agencies.*

*The applicant must also include: (1) a strategy that outlines how they will manage for Provincial Community Forest Agreement Program objectives; (2) the agreement holder's guiding principles; and (3) the proposed social, economic, and broad resource management goals for the community forest. In addition, the applicant must include a strategy for annual reporting to the community on these objectives, principles, and goals.*

*Nevertheless, after the initial application is approved, no government process has been established to police these requirements. Rather, the onus is on residents to hold the community forest organization accountable for the consultation commitments made during the application process and which form an essential part of the licence agreement.*

Joint and several liability means that each partner is equally liable for obligations of the business ("several liability"), but if any partner is unable to pay his or her share, the remaining partners are liable for the remaining amount ("joint liability"). Partners are also personally liable for debts of the business. This means that most personal assets owned by any partner may be liable to seizure for payment to creditors or successful plaintiffs in

legal actions. When the partner is a corporation or municipality, for example, this refers to the assets held by the corporation or municipality.

The effect of joint and several liability is most pronounced when one partner has considerably more personal assets than other partners. In this case, the less-wealthy partner may exhaust all of their personal assets without paying its share of the partnership obligations. After a

judgement has been awarded, the wealthier partner is required to pay its full share, as well as any shortfall left by the less-wealthy partner. In any partnership, a more-wealthy partner has more to lose than a less-wealthy partner.

Partnership property includes any property contributed to the partnership. Unless otherwise provided for in a partnership agreement (or some other agreement), any property that becomes partnership property is deemed to have been bought on behalf of, and held by, the partnership, even when the title is held by only one partner. In other words, the Community Forest Agreement and any rights attached to it will be the joint and several property of all of the partners in a partnership.

A partnership may carry on business under a “firm” or business name, but this name must not include words such as “corporation” or “limited,” which could potentially mislead the public into thinking the business is incorporated. In British Columbia, partnerships are only required to register if an involvement in trading, manufacturing, or mining is contemplated, but any partnership may register its name.

#### **Example of a General Partnership: The Cortes Forestry General Partnership<sup>4</sup>**

For over 20 years, the Cortes Ecoforestry Society advocated for management access and rights to the Crown land on Cortes Island. Representing the non-native residents and landowners on Cortes Island, the Society worked to acquire the rights to manage these forests in partnership with the Klahoose First Nation. The collective efforts were acknowledged by the British Columbia government in 2011 when the two communities were invited to submit a joint application for a Community Forest Agreement.

Because the two parties wished to be directly involved in the management of the community forest, a general partnership was selected as the legal structure. The Cortes Forestry General Partnership is an equal (50/50) partnership between the Klahoose Forestry Limited

#### **ESTABLISHMENT AND INITIAL FUNDING OF THE CORTES COMMUNITY FOREST CO-OPERATIVE**

*The initial cost of establishing the Co-op will be about \$5000, which will be borne by the non-native community. Preparation of the formal application for a Community Forest Agreement (including the draft management plan, community consultation, and incorporating the operating entity) is expected to cost about \$20 000. Once the B.C. Ministry of Forests, Lands and Natural Resource Operations has approved the application, developing a Forest Stewardship Plan and creating access to the first harvest area will cost about \$100 000. The total of \$120 000 for these two phases will be shared equally with the Klahoose Forestry Limited Partnership.*

Partnership No. 2 (representing the Klahoose First Nation) and the Cortes Community Forest Co-operative (representing the non-aboriginal Cortes community). Each party provides three representatives to the Partnership's six-member, decision-making Executive Committee.

The Partnership's goal is to acquire and manage a Community Forest Agreement for the benefit of the whole island, but not to acquire or hold any assets in the name of the general partnership. All aspects of the community forest operations are to be contracted out. The Partnership will concentrate its activities on harvesting and selling timber, with a focus on the local market for logs and the encouragement of value-added enterprises.

The Island's non-native community organized into the Cortes Community Forest Co-operative to give equal representation to all members. To comply with BC Securities Commission requirements, only 150 membership shares (at \$25 each) were offered to those who

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<sup>4</sup> This section is based on “How You Can Support the Cortes Community Forest Cooperative,” a background document available at: [http://www.cortesland.com/timeline/go4197a/Community\\_Forest\\_Documents\\_Online\\_javascript:fetchAttachment\('ar',4197;CCFC\\_Background\\_5.doc'\)](http://www.cortesland.com/timeline/go4197a/Community_Forest_Documents_Online_javascript:fetchAttachment('ar',4197;CCFC_Background_5.doc')).



agreed to abide by the Memorandum and Rules of Association, including residents and landowners over 16 years old, non-profit societies, companies, or co-operatives.

The Co-op also made a time-limited offering of investment shares. The purpose of this offering was to raise establishment funds and money to cover the initial community forest development costs, estimated to be \$120 000 (see sidebar, “Establishment and Initial Funding of the Cortes Community Forest Co-operative”). A \$500 minimum purchase acted as a non-interest-bearing loan, with payback made as the funds became available. Holders of investment shares have the right to call a discretionary Investment Shareholders meeting. Once the financial target has been reached, investment shares will no longer be sold. Offers of membership shares beyond the initial limit of 150 will then be reopened.

Profits earned beyond operational expenses will be shared equally between the two partners and redistributed to community organizations for purposes that will benefit the Island community. The two partners wish to be actively involved in decision making and operational control of the community forest, rather than turning management decisions over to a third party.

### Limited Partnership

A limited partnership created under the Partnership Act consists of one or more general partners and one or more limited partners.<sup>5</sup> Limited partners provide capital but have little or no control or engagement over the operation. As such, the liability of the partners is limited to the amount that the limited partner contributes or agrees to contribute. A limited partner cannot take part in the management of business, or contribute services, or the limited liability shield could be lost. The general partner on the other hand, controls and manages the operation and their liability is not limited.

This is the legal structure of choice for community forest partnerships between municipal governments and First Nations. Examples include

the limited partnerships of the Likely–Xat’sull Community Forest, Cheakamus Community Forest, McLeod Lake–Mackenzie Community Forest (see sidebar, “Example of a Community Forest Agreement Limited Partnership”), Lower Similkameen Community Forest, Eniyud Community Forest, Barkley Community Forest, Little Prairie Community Forest, Babine Community Forest, Monashee Community Forest, and Williams Lake Community Forest. Some involve a corporation or a society that serves as the general partner created to do the work of the partnership, whereas others involve a partnership agreement between existing organizations.

Unlike a general partnership (i.e., assumed when two or more persons are carrying on business with the view of profit), limited partnerships require more certainty. Limited partnerships must file a certificate with the registrar that outlines the business name, general nature of the business to be carried on, the names of the general partners, the term of the partnership, the amount of cash and property that the partners will contribute at formation (as well as any additional amounts to be contributed), and the basis on which partners are entitled to share profits or receive other compensation from the business.

To maintain the limited liability of each partner, it is critical that a director or officer of the general partner is not perceived as acting on behalf of a limited partner in doing the community forest work. Section 64 of the *Partnership Act* is clear that a partner may not take part in the management of the business of the limited partnership.<sup>6</sup>

The business name of the limited partnership must contain the words “Limited Partnership.” This lets people know they are dealing with a business that has limited liability of limited partners.

### Tax Status

A partnership is not a separate legal entity and as such it does not file a separate tax return.

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<sup>5</sup> For more information, see: <http://www.bcregistryservices.gov.bc.ca/bcreg/corppg/partnership/crllpfaq.page?>

<sup>6</sup> *Partnership Act*, RSBC 1996, Chapter 348, Section 64. [http://www.bclaws.ca/EPLibraries/bclaws\\_new/document/ID/freeside/00\\_96348\\_01#section64](http://www.bclaws.ca/EPLibraries/bclaws_new/document/ID/freeside/00_96348_01#section64) (Accessed November 2012).

### **EXAMPLE OF A COMMUNITY FOREST AGREEMENT LIMITED PARTNERSHIP**

*The District of Mackenzie in central British Columbia and the MacLeod Lake Indian Band set up a corporate structure to hold and operate community forest tenure. As a first step, the District and the Band have, with the consent of the Inspector of Municipalities, incorporated a new company called "McLeod Lake Mackenzie Community Forest Corporation." The District and the Band are the sole shareholders of this company, each holding 50% of the common voting shares. The company has a board of seven directors selected by the shareholders in accordance with the terms of a shareholders' agreement. The identities of those seven directors will be a matter of public record.*

*Under the terms of its corporate articles, the company's business is limited to:*

*... carrying on any and all activities, whether direct or indirect, for the purposes of managing a community forest tenure, operating a forestry-based business enterprise, and enhancing economic opportunity and promoting good forest stewardship within the communities of the shareholders of the company, including, without limiting the generality of the foregoing, making business investments, borrowing money, developing and implementing programs, advocating for policies that promote forestry-related business activities, owning, operating and disposing of forestry-related business assets, and all activities and undertakings ancillary thereto"*

*The company is the general partner of a limited partnership known as "McLeod Lake MacKenzie Community Forest Limited Partnership." A certificate summarizing the principal terms of the limited partnership agreement is filed with the BC Registrar of Companies in accordance with the Partnership Act. The partnership's general business purpose is the operation of an area-based community forest tenure in accordance with a Community Forest Agreement to advance the long-term economic and social needs of the District and the Band.*

*The District and the Band are the only limited partners and each holds equal unit interests. As with any limited partnership in the province, a limited partner is not liable to third parties as a general partner unless it takes part in the management of the business. The role of the District and the Band in the partnership's business is limited to the exercise of their rights to elect directors of the company, and neither will take part in the management of the business. Rather, business is managed by the company, a distinct legal entity controlled by its own board of directors. The company has unlimited liability for the debts of the limited partnership.*

*This structure takes maximum advantage of the District's and Band's tax-exempt status, while seeking to protect them both from any general liability arising from this business enterprise. The community engaged Bull, Housser & Tupper (Vancouver) to prepare the limited partnership. Because of the complexity of this partnership, which involves First Nations, the final costs are estimated to be ±\$50 000 (J. Vander Maaten, Assistant/Deputy Clerk, District of Mackenzie, pers. comm., February 2008).*

For income tax purposes, the losses or profits of the partnership are calculated for the whole business but are then divided among the partners according to their respective interests. This means that each partner's portion of the partnership profits or losses applies directly to their personal

annual income. Thus, whether the partners are a First Nation, a municipality, or a corporation, they are able to retain their respective tax status within the partnership and apply their portion of the profits and losses of the partnership on their own tax return (but see sidebar, "Tax Exemption").

### TAX EXEMPTION

*The partnership entered into by the City of Williams Lake and the Williams Lake Indian Band is exempt from income tax under Section 149.1(c) of the Income Tax Act.<sup>7</sup> Exemption applies to any corporation, commission, or association of which 90% of the capital is owned by a public body performing the work of the Government of Canada. In this partnership, the City of Williams Lake and the Williams Lake Indian Band are public bodies performing such work.*

### Decision-making Efficiency and Stability

A partnership can run the risk of dissolution. By default, a partnership exists only between the original partners. If a partner leaves the partnership, passes away, or becomes insolvent, the partnership is automatically dissolved; however, provisions in a partnership agreement can address these circumstances and provide that the partnership continues even if one of the partners leaves.

The *Partnership Act* provides that each partner is both an agent for the firm and for each partner in carrying on business operations. This means that every partner is empowered to sign contracts and bind the partnership to liabilities in the course of the partnership's business; however, a partner is not liable for the personal debts or liabilities of the other partners.

Under default statutory provisions in the Act, a simple majority is all that is required to decide ordinary matters connected with partnership business, whereas changes concerning the actual nature of the partnership's business require the consent of all existing partners. Depending on the needs of the community forest, however, a partnership agreement can be altered to require partner consensus in particular matters or a majority decision for other matters.

### Community Consultation

Unless specific language is added to the incorporation documents that identifies measures for community engagement, community forest organizations formed under a partnership arrangement have no legal obligation to consult the local community. All Community Forest Agreement holders, however, do have a statutory and regulatory obligation to consult and report to their communities regarding matters related to the agreement.

### Relevant Legislation

In British Columbia, partnerships are governed by the *Partnership Act*, which applies unless the partners draft an agreement that overrides the statutory provisions in the Act. The *Partnership Act* allows a great deal of flexibility in how its provisions may be altered to suit the needs of a given business. Partnership agreements are generally drawn up to:

- modify provisions of the Act to arrange the partnership according to the partners' wishes;
- outline ways in which the agreement accords with the Act's mandatory provisions; and
- reproduce unaltered sections of the Act for the benefit of the partners.

Some key statutory provisions in the *Partnership Act* that may be considered for alteration include the following.

- Section 21: Alterations to the fundamental nature of the partnership require unanimous consent.
- Section 27(a): Partners are presumed to have contributed equally to the partnership's capital and equally own the partnership.
- Section 27(a): Profits are distributed equally among all of the partners.
- Section 27(e): Each partner has the right to participate in the management of the partnership.
- Section 27(g): Admission of new partners requires unanimous consent.

<sup>7</sup> *Income Tax Act*, RSC 1985, Section 149.1(c). <http://laws-lois.justice.gc.ca/eng/acts/I-3.3/page-256.html#docCont> (Accessed November 2012).

- Section 27(h): Decisions regarding ordinary matters connected with the partnership are to be decided by a simple majority of the partners.
- Section 28: No partner may be expelled by a majority vote of the other partners.
- Section 35(1)(c): The partnership is immediately dissolved upon the notice of one or more partners that they will leave the partnership.

## Accountability

The accountability of partners to one another can be ensured in several ways. Provisions in a partnership agreement may limit the authority of individual partners to enter into contracts on behalf of the partnership. Agreements may also identify actions that require approval from the other partners and actions that individual partners are free to perform. If a partner acts outside the scope of the partnership agreement, then the other partners may have a defence for any legal liabilities resulting from that partner's actions. This defence is only successful if the third party is made aware of the limited powers of that partner. A partner who acted outside of their authority will also be liable to indemnify the other partners if they have the means to do so.

Partners owe each other and the partnership fiduciary duties. Fiduciary duty refers to the legal obligation to act in good faith when dealing with a firm's business and other partners—that is, a partner must not act in any matter adverse to the partnership without full disclosure to the other partners of their intention to do so or without obtaining their permission to do so. Each partner is expected to: (1) provide full information to all other partners of anything that may affect the partnership; (2) account for any personal benefit derived from their involvement with the partnership; and (3) only compete with the partnership's business with the prior consent of the other partners.

## Capacity for Conflict Resolution

A partnership agreement can potentially divide or unite partners, leading to power struggles

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*Communities benefit when partners share the same vision and see the importance of working together; if partners are not united on the fundamentals, management efficiency can be very poor.*

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and constant wrangling or to unification around a common aim. As a partnership arrangement itself does nothing to dilute municipal or band politics, and has no formal mechanism to involve other stakeholders, wider conflicts often play out in the management of the community forest. Communities benefit when partners share the same vision and see the importance of working together; if partners are not united on the fundamentals, management efficiency can be very poor.

The possibility of problems arising between partners and how these will be resolved can be addressed in the partnership agreement. Partners can agree on how disputes will be resolved—whether an informal process of negotiation will be sufficient or whether a more formal dispute resolution process will be necessary. Such details are at the discretion of the partners and can be decided when writing the partnership agreement.

## CORPORATION

### What is a Corporation?

A corporation is a separate legal personality independent of its owners (shareholders), and is a common model for either multiple individuals, or an individual entity such as a local government,<sup>8</sup> to own an interest in a business. A corporation provides limited liability for its shareholders; this means that the liability of each shareholder is limited to the amount of money they invested in the corporation. If a corporation becomes bankrupt, the corporation's unpaid creditors cannot seek compensation from the corporation's shareholders.

A corporation's articles of incorporation describe its general structure and operation.

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<sup>8</sup> Section 185 of the *Community Charter* ([http://www.bclaws.ca/EPLibraries/bclaws\\_new/document/ID/freeside/03026\\_00](http://www.bclaws.ca/EPLibraries/bclaws_new/document/ID/freeside/03026_00)) permits a local government to incorporate a company contingent upon the approval of the Inspector of Municipalities. The new company is then subject to the requirements of the *Charter*.



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*A corporation can put community economic, social, and environmental considerations into its governing documents, or it can solely pursue the maximization of shareholder value.*

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This primary document can only be modified if approval is given in a two-thirds majority shareholders' vote. The articles can describe the corporate name, any restrictions on the business of the corporation, the classes of shares and rights and restrictions attached to each class of shares, and the number of directors that may sit on the corporation's board of directors. A corporation can put community economic, social, and environmental considerations into its governing documents, or it can solely pursue the maximization of shareholder value.

The corporation's board of directors is its "controlling mind," directing or supervising its management. Directors have a duty to act in the best interests of shareholders. At the annual meeting, voting shareholders elect directors, who normally hold that office for a 1-year term, although this term may be as long as 3 years if allowed under the articles of incorporation.

Directors must be "natural persons" (i.e., not corporations), over 18 years of age, and not mentally incompetent or bankrupt. Although directors are not required to be shareholders of the corporation, they often are. Corporations not selling shares on stock exchanges often have only one director.

Subject to shareholder approval, directors are responsible for creating and updating bylaws, and have the authority to borrow money on behalf of the corporation and to issue shares. Boards of directors usually appoint officers (staff) who are responsible for the day-to-day operation of the business. Officers are employees of the corporation and often have titles such as "president," "vice-president," "chief executive officer," or "chief financial officer."

Ownership of the corporation is divided into shares, which can be held by any number of

shareholders. Because a corporation is legally distinct from any of its shareholders, shareholders own only a share of the corporation itself, and not a share of the corporation's assets. Therefore, the corporation fully owns its property; shareholders do not own a portion of each corporate property. For example, a 25% owner of a corporation does not own 25% of any car, desk, or stapler owned by the corporation; the corporation owns these items independently of its shareholders.

## **Tax Status**

A corporation is a distinct legal entity and, as such, files a separate tax return. Corporations are governed by different rules than individuals under the *Income Tax Act*.<sup>9</sup> Therefore, a person or group who is incorporating will not keep their personal tax advantages within the corporation's tax return. Also, any profits and losses incurred by a corporation cannot be used by shareholders for personal tax advantage; that is, if a corporation is not profitable, then shareholders cannot use the losses to offset their other taxable income.

Once a business becomes profitable, incorporation can provide tax advantages. For example, a Canadian-controlled private corporation's active business income is taxed at a relatively low combined federal/provincial rate. For most small businesses in British Columbia, the combined rate is 13.5%, which is assessed on the first \$500 000 of active business income.

## **Decision-making Efficiency and Stability**

Local governments (municipalities) most often select the corporation as the legal structure for their community forest tenures. The local government then becomes the sole shareholder of the corporation and has the control to name and appoint directors to the board of directors. In British Columbia, most corporate boards for community forests include a combination of elected officials and members of the public (e.g., Alberni Valley, Tumbler Ridge, and Babine Lake); however, some only have elected officials on their boards of directors (e.g., 100 Mile House and Fort St. James).

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<sup>9</sup> *Income Tax Act*, RSC 1985, Chapter 1. <http://laws-lois.justice.gc.ca/eng/acts/I-3.3/page-1.html> (Accessed November 2012).

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*Keeping politics out of the community forest boardroom and having elected officials at arms-length from operations has obvious advantages, but in many cases the mayor and council are the board. Consequently, when local government is the sole shareholder, general elections allow the community to loudly assert its voice regarding community forest management issues.*

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Decision making for the community forest corporation falls to its board of directors, who usually makes decisions via majority rule, although this can be varied in the articles of incorporation. Directors can run the day-to-day management, but in the case of community forest corporate boards, officers (staff or manager) are hired to do so for them. The board sets the policies and budgets to guide management.

If a local government is the sole shareholder of the community forest corporation, stability can be affected by general elections, which are held every 3 years for mayors, councillors, and regional district electoral area directors. This can expose the organization to the risk of political interference in the management of the community forest. Keeping politics out of the community forest boardroom and having elected officials at arms-length from operations has obvious advantages, but in many cases the mayor and council are the board. Consequently, when local government is the sole shareholder, general elections allow the community to loudly assert its voice regarding community forest management issues.

### **Community Consultation**

When a corporation holds a Community Forest Agreement, it has the statutory and regulatory obligation to consult with the community; however, other than to its direct shareholders, corporations traditionally have limited downward accountability and are seen as less accessible to the general community. For instance, some community forest tenures held by local government have boards composed exclusively of municipally elected officials.

### **CRESTON VALLEY: A CORPORATION WITH MULTIPLE SHAREHOLDERS**

*The Creston Valley Forest Corporation is governed by a 10-member board of directors, including five shareholders and five directors-at-large. The five shareholders include: (1) the Town of Creston, (2) Wildsight, (3) the Erikson Improvement District, (4) the Regional District of Central Kootenay, and (5) the Kitchener Valley Recreation and Fire Protection Society. Each of these shareholders may appoint one director to the board, for a total of five directors-at-large. Each of these directors holds office until the second annual general meeting after their appointment.*

This can create a real or perceived impression that community members have a limited voice in how the community forest is managed. Nevertheless, given the will, it is certainly possible for corporations to invest heavily in consultation and achieve a very public accountability.

To deal with this issue, a corporation can issue shares to community members or organizations (see sidebar, “Creston Valley: A Corporation with Multiple Shareholders”). Provisions in the articles of incorporation can also guarantee that mechanisms exist to include community perspectives in the direction of community forest activities. Alternatively, shareholders can establish a unanimous shareholder agreement that mandates the appointment of a director from the general public, ensuring that community consultation occurs within the corporation itself.

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*Corporations traditionally have limited downward accountability and are seen as less accessible to the general community . . . Nevertheless, given the will, it is certainly possible for corporations to invest heavily in consultation and achieve a very public accountability.*

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Formation of a citizens advisory committee is another mechanism to include community perspectives in forest management.

### Relevant Legislation

A federally incorporated company is subject to the *Canadian Business Corporations Act*<sup>10</sup> and a provincially incorporated company in British Columbia is subject to the *Business Corporations Act*.<sup>11</sup>

### Accountability

Ensuring the accountability of a corporation to the community requires co-operation. Legally, the corporate records of a company are only open to its directors, shareholders, and creditors, and are not publicly accessible. To access corporate records, a member of the public can be required to file an official request with the company, accompanied by an affidavit. To promote transparency and accountability, however, a board can develop policies identifying appropriate mechanisms that allow public access to company records. Several community forests use their websites to provide access to corporate documents, including annual reports and financial statements, forest management plans, organizational policies, and board meeting minutes.

Another way to increase accountability and ensure a community's vision for its forest is honoured is to restrict the company's activities through its articles of incorporation. For instance, company directors can use corporate revenues for any purpose, such as paying out dividends or keeping the money in the company for reinvestment. The articles can specifically prohibit certain activities, or specifically direct revenues.

Whether a local government names its mayor and council to the corporate board (e.g., 100 Mile House), or its board combines elected and appointed members (e.g., Valemount, Port Alberni, Tumbler Ridge, etc.), many agree that a high degree of accountability to the community is possible

through the general election process. Others, however, believe that having board control in the hands of politicians can confuse political agendas with forest management.

### Capacity for Conflict Resolution

To deal with conflict between directors in managing the community forest, an agreed-upon resolution process should be identified in corporate policy. A majority vote can likely address conflicts, but a consensus process can also be stipulated in the incorporation documents. In cases of more serious conflicts between the directors, a policy of negotiation or even a formal dispute resolution process can be implemented.

For conflicts between the board and the community, policies that clearly lay out how these will be managed must be put in place. If the community disagrees with the direction of a municipally controlled board, it can affect the board's actions through local government elections.

## SOCIETY

### What is a Society?

A society is a non-profit organization established by a group of people who wish to assist others or engage in non-profit group activities. Its activities are directed outward and are not aimed at making money for its members. If incorporated as a non-profit, the society is exempt from paying income tax.

Although societies are not legally required to incorporate, benefits can accrue from doing so. For instance, when incorporated, a society acquires all the powers of an individual, as well as an independent existence separate and distinct from its members. As such, it may enter into contracts, own property, and sue or be sued in its corporate name. Individual members are also not personally liable for any debts or liabilities incurred by the society.

A society remains in existence as long as it continues to meet the requirements established

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<sup>10</sup> *Canada Business Corporations Act*, RSC, 1985, Chapter C-44. <http://laws-lois.justice.gc.ca/eng/acts/C-44/index.html> (Accessed November 2012).

<sup>11</sup> *Business Corporations Act*, SBC 2002, Chapter 57. [http://www.bclaws.ca/EPLibraries/bclaws\\_new/document/ID/freeside/02057\\_00](http://www.bclaws.ca/EPLibraries/bclaws_new/document/ID/freeside/02057_00) (Accessed November 2012).

under the *Society Act*.<sup>12</sup> This is particularly useful for societies that have a long-term vision and that want to continue operations without the original members who incorporated them.

A society may only be incorporated for the purposes set out under Section 2 of the *Society Act*. These include “national, patriotic, religious, philanthropic, charitable, provident, scientific, fraternal, benevolent, artistic, educational, social, professional, agricultural, sporting or other useful purposes.” A society cannot carry on a business, trade, industry, or profession for profit or gain, although carrying on such a business is permissible as an incident to its purposes. It may not distribute any gain, profit, or dividend, or otherwise dispose of its assets to a member of the society. Unlike for-profit corporations, a society cannot have its capital divided into shares.

The *Society Act* requires at least five founding members and at least three directors at the time of incorporation. A corporation can be a member of a society, represented by a person it has authorized. If a society at any time has fewer than three members (including directors) for over 6 months, the society’s directors become personally liable to pay any of the society’s debts incurred at the end of the 6-month period. The directors remain personally liable until the society has more than three members again. A society’s directors and officers may be personally liable for different liabilities, including failing to remit withheld taxes or neglecting to pay wages to its employees. Director’s Insurance can help to limit an individual director’s liability.

Depending on its bylaws, directors are either elected or appointed by society members to manage or supervise the management of the society’s affairs. Society directors are charged with acting honestly and in good faith and in the best interests of the society. They must exercise the care, diligence, and skill of a reasonably prudent person in applying the powers and performing the functions as a director.

The Society’s board of directors is accountable to the membership and must report to them on at least an annual basis. Senior management hired by the directors is responsible for the day-to-day operations, including hiring staff. Senior management is accountable to the directors, and reports to them at board meetings.

## Tax Status

By definition, a society is a non-profit organization that receives tax advantages and that is restricted in how it can allocate its funds. To be eligible for tax exemptions, a non-profit organization such as a society must be organized and operated exclusively for social welfare, civic improvement, pleasure or recreation, or for any other purpose except profit. If it meets all of these requirements, a non-profit society is exempt from tax under Part 1 of the *Income Tax Act*<sup>13</sup> on all or part of its taxable income for a fiscal period. To remain eligible for this tax exempt status, no part of its income can be paid, or made available, to any society proprietor, member, or shareholder.

Community forest organizations who have adopted this governance structure legally can, and often do, make a profit from harvesting activities. If not allocated back to future forest management activities or special projects (e.g., education, recreational infrastructure, enhanced water monitoring), this money is distributed back to the community according to the organization’s policy. For example, Kaslo and District Community Forest distributes community dividends based on a \$2 per cubic metre levy on the previous year’s harvest.

Unlike a charity, a society is not required to register federally or provincially to acquire its tax-exempt status; however, it cannot issue tax receipts for donations or membership fees contributed, and it does not have to disburse a specified percentage of its earnings.

A society is required to file a Non-Profit Organization Information Return if: (1) it

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<sup>12</sup> *Society Act*, RSBC 1996, Chapter 433. [http://www.bclaws.ca/EPLibraries/bclaws\\_new/document/ID/freeside/00\\_96433\\_01](http://www.bclaws.ca/EPLibraries/bclaws_new/document/ID/freeside/00_96433_01) (Accessed November 2012).

<sup>13</sup> *Income Tax Act*, RSC 1985, Chapter 1, Part 1. <http://laws-lois.justice.gc.ca/eng/acts/I%2D3.3/page-1.html#h-2> (Accessed November 2012).



received or was entitled to receive taxable dividends, interest, rentals, or royalties totalling more than \$100 000 during the fiscal period; and (2) the total assets of the organization were more than \$200 000 at the end of the immediately preceding fiscal period.

### Decision-making Efficiency and Stability

An incorporated society is a relatively stable legal structure with a perpetual existence; even if some members or directors pass away or otherwise cease to be members, the society continues to operate.

A society's decisions are made by both the board of directors and the members. The board of directors must manage, or supervise the management of, the society's affairs, and may exercise all of the society's powers. Nevertheless, because society members elect or appoint the board (depending on the requirements in the bylaws), society members have a say in how it operates. Every member has one vote and, despite any contrary provision in the bylaws, may exercise that vote on every matter without restrictions. A society can also have non-voting members, but their numbers cannot exceed those of the society's voting members.

Democracy can be a messy business though; with greater public access to society membership, the concern exists that a single interest group may gather large numbers to attend the annual general meeting, unduly

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*Democracy can be a messy business though; with greater public access to society membership, the concern exists that a single interest group may gather large numbers to attend the annual general meeting, unduly influencing the election of directors.*

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influencing the election of directors. To prevent such occurrences, measures can be identified in the society's bylaws to limit membership access (see sidebar, "Kaslo and District Community Forest Society Membership Bylaw").

### Community Consultation

To become a member of a society, one generally has to pay an annual fee. Within a specific society, the bylaws will contain provisions regarding membership along with the rights and obligations of members. Because it is relatively easy for community members to join a society (compared to a corporation or a partnership), much opportunity exists for community consultation. Society members can directly affect the direction of a community forest by attending annual general meetings. Furthermore, a change in the society's constitution and bylaws requires a 75% majority vote of the society's membership, ensuring that members of the community have a say when a significant change is proposed.

#### **KASLO AND DISTRICT COMMUNITY FOREST SOCIETY MEMBERSHIP BYLAW**

*As part of its Constitution, the Kaslo and District Community Forest Society instituted the following bylaw:*

A person may apply to the directors for membership in the Society and on acceptance by the directors is a member. To qualify for acceptance as a member of the Society, a person must be a minimum of 18 years of age and have been a Kaslo or Area D resident for 30 days and resident of British Columbia for at least 6 months, or owner of land in Kaslo or Area D and resident of British Columbia for at least 6 months, and pay annual dues of \$5.00. A new member must have had a valid membership for at least 30 days prior to a general meeting to be eligible to vote at that general meeting.

*For more information, see: [http://www.kaslocommunityforest.org/index.php?option=com\\_content&task=view&id=2&Itemid=26](http://www.kaslocommunityforest.org/index.php?option=com_content&task=view&id=2&Itemid=26).*

## Relevant Legislation

In British Columbia, societies are governed by the *Society Act*.<sup>14</sup>

## Accountability

Societies are accountable to their members. If that membership is broadly based, it will represent diverse community interests. Under the *Society Act*, a society's revenues must only be used for the purposes stated in its incorporation documents. Any funds must be dealt with according to the society's bylaws, which may outline restrictions on the use of these funds.

The board of directors has the power to hire management and to provide a policy framework for the forest's day-to-day operations. Publicly filed annual financial statements are available for broad scrutiny, and society members have full access to documents and financial statements (unless the incorporation documents contain a provision limiting access). Such transparency ensures that management proceeds according to the membership's vision for the community forest.

## Capacity for Conflict Resolution

When a conflict occurs between society directors, it will likely be addressed through a majority vote but, as with a company, this provision can be changed to a consensus in the incorporation documents. A policy of negotiation between directors or a formal dispute resolution policy can also be implemented, if necessary.

When a conflict occurs between society directors and the community itself, society members can address the concerns of the community at the annual general meeting or by exercising their right to vote during board elections. Additionally, the membership may ask for an extraordinary general meeting, with the signed support of 10% of the membership in good standing. The directors must hold the requisitioned meeting not later than 75 days following receipt of the petition by the society.

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*Democracy can be a messy business though; with greater public access to society membership, the concern exists that a single interest group may gather large numbers to attend the annual general meeting, unduly influencing the election of directors.*

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## CO-OPERATIVE ASSOCIATION

### What is a Co-operative?

A co-operative association (co-op) is a corporate enterprise that is jointly owned by the members who use its services. Its activities are directed inward—it provides goods and (or) services to its members, rather than to the public at large and passes its profits on to its shareholders. Under a system of one-member, one-vote, all co-op members are equal decision makers in the enterprise.

A co-op is a separate legal entity and has the capacity as well as the rights, powers, and privileges of an individual. The liability of co-op members or investment shareholders for the association's debts or obligations is limited to the amount unpaid on the shares held by the member or investment shareholder.

To incorporate, a minimum of three individuals, eligible organizations, or a combination of both is required. An eligible organization, represented by an authorized individual, can include the government, a First Nation, or a company. To avoid personal liability, a co-op must have at least three members at all times. If a co-op carries on business without at least three members for more than 6 months, every director and officer of the association is jointly and separately liable for the payment of any association debts incurred during this time.

A co-op is structured around its members. Co-op members vote for the board of directors, which is responsible for co-op governance, including setting its direction and hiring senior management. The board is accountable to the membership and must report to them at least

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<sup>14</sup> *Society Act*, RSBC 1996, Chapter 433. [http://www.bclaws.ca/EPLibraries/bclaws\\_new/document/ID/freeside/00\\_96433\\_01](http://www.bclaws.ca/EPLibraries/bclaws_new/document/ID/freeside/00_96433_01) (Accessed November 2012).

## THE HARROP-PROCTER MODEL

*The Harrop-Procter Watershed Protection Society, a legally incorporated society, was the original organization to submit an application for a community forest. The Society's directors applied under the Co-operative Association Act to form the Harrop-Procter Community Co-op. This co-op functions as the decision-making body for forest operations and business planning, as well as product research, development, and marketing. HP Forest Products is a subsidiary company. The co-op is the proprietor and does business as HP Forest Products. For more information, see <http://www.hpcommunityforest.org/about/evolution.html>.*

on an annual basis. The senior management hired by the directors is responsible for day-to-day co-op operations, including hiring staff. Senior management is accountable to the co-op's directors, reporting to them at board meetings (see sidebar, "The Harrop-Procter Model").

Co-op membership is open to persons who can use the services of the association and are willing and able to accept the responsibilities of membership. Membership entitles each member to one vote. A member's right to vote derives from membership and not membership shares. A co-op's start-up capital usually comes from membership shares, and part of any surplus generated by the co-op may be returned to members in the form of patronage dividends. This type of return differs from profits earned on invested capital since as it is based on how much the member uses the co-op's service, not on the number of shares held by the co-op member.

Of all the legal structures discussed here, the co-op model is the most accessible and allows for the most direct community involvement. As with a society, community access is generally positive, yet not as desirable if people try to get involved in every business decision. Anyone wanting to become a member has to purchase a share and can only purchase one. This share results in one vote, so no one person or entity can dominate the organization. The price for a share is established at the time of incorporation. Establishing a higher cost for the shares is a way to raise equity, yet higher costs may exclude community members with limited financial means but who nevertheless have a great interest in the community forest.

## Tax Status

If the co-op holding the Community Forest Agreement is designated as a non-profit organization, then it will be eligible for tax-exempt status under Part 1 of the *Income Tax Act*.<sup>15</sup> To be eligible for these tax exemptions, a co-op must be organized and operated exclusively for social welfare, civic improvement, pleasure, or recreation, or for any other purpose except profit. If it meets all of these requirements, a non-profit co-op is exempt from tax on all or part of its taxable income for a fiscal period; however, to remain eligible for this status, no part of the co-op's income can be payable or available to the personal benefit of any co-op proprietor, member, or shareholder. The non-profit co-op may have to file a Non-Profit Organization Information Return if: (1) it received or was entitled to receive taxable dividends, interest, rentals, or royalties totalling more than \$100 000 during the fiscal period; and (2) the total assets of the organization were more than \$200 000 at the end of the immediately preceding fiscal period.

If the co-op is a for-profit organization, then it is taxed in the same way as a corporation. The deductions and credits that apply to a corporation also apply and a co-op will file the same kind of tax return. For more information on the taxation of corporations, see "Tax Status" in the Corporation section.

## Decision-making Efficiency and Stability

A co-op is a relatively stable legal structure. As a separate legal entity, it does not cease to

<sup>15</sup> *Income Tax Act*, RSC 1985, Chapter 1, Part 1. <http://laws-lois.justice.gc.ca/eng/acts/I%2D3.3/page-1.html#h-2> (Accessed November 2012).

exist on the death or bankruptcy of any one of its members. This is advantageous for an organization with a long-term vision. Further, co-ops are rarely susceptible to a pull-out or take-over since they are guided by the interests of local stakeholders rather than outside investors.

Co-op decision making is centred around its members. The day-to-day operation is undertaken by the directors who make the majority of decisions. Nevertheless, as with a society, the members elect or appoint the directors, who are then in charge of the co-op's decision making. As such, the board is accountable to the membership and must report to them annually. If the membership is unhappy with how the board conducts their business, then it can vote in new directors at the next annual meeting.

### Community Consultation

Designed to be democratic, a co-op represents the concerns and priorities of its members and therefore a broad-based membership is key to its legitimacy as a community organization. Based on community ownership, the co-op structure provides greater access for community members to direct the organization and management of the community forest.

The community voice will directly affect the community forest direction through annual general meetings and the community will also have access to ownership equity through co-operative share ownership.

### Relevant Legislation

In British Columbia, co-ops incorporate under, and are governed by, the *Co-operative Association Act*.<sup>16</sup>

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*Designed to be democratic, a co-op represents the concerns and priorities of its members and therefore a broad-based membership is key to its legitimacy as a community organization.*

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### Accountability

A co-op can be held accountable through provisions in the memorandum filed at its incorporation. These provisions can restrict both its business purposes and how revenue is used. Any alterations to this memorandum, which may change the direction of the community forest, must be authorized by a special resolution undertaken by the board of directors and involve the membership. Members also have access to the co-op's documents and financial statements, which supports organizational transparency.

### Capacity for Conflict Resolution

When a conflict occurs between co-op directors, it will likely be addressed through a majority vote but, as with a corporation or society, this provision can be changed to a consensus in the incorporation documents. If necessary, a negotiation policy can be agreed upon in advance, as can a more formal dispute resolution policy. When a conflict occurs between the co-op's directors and the community itself, co-op members can address their concerns at the annual general meeting.

## MUNICIPALITY

### What is a Municipality?

A municipality is a corporation of the residents of its area and is governed by its elected council. Municipal governments must operate within the powers given to them by the provincial government through laws and legislation.

Municipalities provide for: the good government of its community; services, laws, and other matters for community benefit; and stewardship of the public assets of its community. Another important purpose is fostering the economic, social, and environmental well-being of its community.

Municipalities have the capacity, rights, powers, and privileges of a natural person of full capacity, with the additional powers of expropriation and the establishment and enforcement of

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<sup>16</sup> *Co-operative Association Act*, SBC 1999, Chapter 28. [http://www.bclaws.ca/EPLibraries/bclaws\\_new/document/ID/freeside/00\\_99028\\_01](http://www.bclaws.ca/EPLibraries/bclaws_new/document/ID/freeside/00_99028_01) (Accessed November 2012).

bylaws. Municipalities are also able to raise funds through property taxes and user fees, and borrow through the Municipal Finance Authority to pay for services and capital costs.

Municipal councils must be elected every 3 years. With some exceptions, council meetings are usually open to the public. If a council meeting is not open to the public, the council cannot vote on the adoption of bylaws.

## **Tax Status**

Unlike the other legal structures discussed here, municipalities have the power to collect taxes under the *Community Charter*.<sup>17</sup> The types of taxes that it can collect include property taxes, parcel taxes, and local service taxes. Land owned by municipal governments is exempt from municipal property taxes. In the case of community forests, however, tenures are located on Crown land, and so the tax-exempt status does not apply.

## **Decision-making Efficiency and Stability**

Decisions regarding the community forest are made by municipal council members. Generally, a motion or any question before council is decided by a majority of the council members present at the meeting, and each council member has one vote. In the case of a tie, a motion is defeated. A council may change these provisions through a bylaw that establishes rules of procedure for council meetings, including the manner in which resolutions are passed and bylaws are adopted. Therefore, the municipal council can deem certain matters regarding a community forest to be of a special nature, and thus require a consensus or special majority.

## **Community Consultation**

For a municipally owned community forest, councils can be elected by the community residents. For example, the Mission Municipal Forest's council (board) is elected by the residents every 3 years. The *Community Charter* also

provides that a council may seek community opinion on a question that the council believes affects the municipality, by voting or any other process the council considers appropriate. The council (board) could, for example, provide for town hall meetings in which community residents have an opportunity to discuss issues and ideas pertaining to the direction and management of the community forest.

## **Relevant Legislation**

Municipal authority is found partly in the legislation and laws of the province, including the *Community Charter* and the *Local Government Act*.<sup>18</sup> The Charter establishes the basic structure and manner of operation for municipal councils. It addresses municipal purposes and powers, public participation, council accountability, municipal procedures, bylaw enforcement, and government regulations. The *Local Government Act* addresses boundary expansions and amalgamations, elections, land use regulations, and regional districts.

## **Accountability**

Residents can hold the community forest board (i.e., the municipal council) accountable through direct municipal elections. Further transparency is ensured by public access to municipal documents. Annual reports, council meeting minutes, financial statements (including council member remuneration), and many other documents must be prepared annually and made available to the public.

## **Capacity for Conflict Resolution**

When a dispute arises between a municipality and another level of government, the *Community Charter* sets out a process for dispute resolution arbitration. If a municipality governs the Community Forest Agreement, either alone or in a partnership with another entity, provisions for alternative dispute resolution can be drafted

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<sup>17</sup> *Community Charter*, SBC 2003, Chapter 26. [http://www.bclaws.ca/EPLibraries/bclaws\\_new/document/ID/freeside/03026\\_00](http://www.bclaws.ca/EPLibraries/bclaws_new/document/ID/freeside/03026_00) (Accessed November 2012).

<sup>18</sup> *Local Government Act*, RSBC 1996, Chapter 323. [http://www.bclaws.ca/EPLibraries/bclaws\\_new/document/ID/freeside/96323\\_00](http://www.bclaws.ca/EPLibraries/bclaws_new/document/ID/freeside/96323_00) (Accessed November 2012).



directly into the agreement; however, the council can also choose to enact a more informal system that addresses disputes through negotiations in which all voices are heard. Although a consensus decision-making system could be put in place, any deadlocks can be resolved by a majority vote.

## FIRST NATION

### What is a First Nation?

A Community Forest Agreement held by a First Nation is of particular importance because of the historical, spiritual, and cultural ties between First Nations and forests. For generations, First Nations have depended on the forest for food, shelter, medicine, and their livelihood. Community Forest Agreements involving First Nations ensure that First Nations communities gain greater access to the forest and also serve to increase the involvement of Aboriginal people in all aspects of the forest sector.

Aboriginal peoples were once independent, self-governing entities in possession of most lands in Canada. Aboriginal rights stem from this longstanding use and occupancy of the land.

Typically, Community Forest Agreement licences are held in the name of the First Nation. The First Nation deals with all issues pertaining to the licence and is the main contact for governmental agencies and notifications. Administration of the licence is generally conducted by a separate limited company, which is wholly owned by the First Nation to limit its liability.

### Tax Status

Section 87 of the *Indian Act*<sup>19</sup> creates tax exemptions for First Nations in some circumstances. First Nation land and personal property situated on reserves is exempt from taxation, but property not situated on reserve

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*First Nation land and personal property situated on reserves is exempt from taxation, but property not situated on reserve land, or businesses operating off-reserve, such as a community forest, is subject to taxation.*

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land, or businesses operating off-reserve, such as a community forest, is subject to taxation.

### Decision-making Efficiency and Stability

First Nations have a lot of flexibility in how they structure decision making for their Community Forest Agreement. A First Nations board can make decisions in different ways, and it must determine the best approach ahead of time, whether it be through a majority vote, consensus, or a consensus-driven approach. Establishing ground rules for working together can ensure future stability and efficiency and prevent deadlock. Organizational stability will also be affected by Band elections.

### Community Consultation

First Nation communities typically have their own established mechanisms for engagement with community members that reflect their cultures and traditions. Often the Chief and Council will be the voice directing the management arm of the community forest. As in non-native communities, First Nation communities encourage transparency.

### Relevant Legislation

First Nations are governed by the *Indian Self Government Enabling Act*<sup>20</sup> and the *Indian Act*.<sup>21</sup> The *Constitution Act*<sup>22</sup> gives constitutional protection to the existing Aboriginal and treaty rights of the Aboriginal peoples of Canada.

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<sup>19</sup> *Indian Act*, RSC 1985, Chapter I-5, Section 87. <http://laws-lois.justice.gc.ca/eng/acts/I-5/page-30.html#h-36> (Accessed November 2012).

<sup>20</sup> *Indian Self Government Enabling Act*, RSBC 1996, Chapter 219. [http://www.bclaws.ca/EPLibraries/bclaws\\_new/document/ID/freeside/00\\_96219\\_01](http://www.bclaws.ca/EPLibraries/bclaws_new/document/ID/freeside/00_96219_01) (Accessed November 2012).

<sup>21</sup> *Indian Act*, RSC 1985, Chapter I-5. <http://laws-lois.justice.gc.ca/eng/acts/I-5/> (Accessed November 2012).

<sup>22</sup> *Constitution Act*, 1982. Schedule B, Canada Act 1982 (U.K.), 1982, Chapter 11. <http://laws-lois.justice.gc.ca/eng/Const/page-15.html#h-38> (Accessed November 2012).

## Accountability

To ensure accountability, the board managing the First Nations community forest should put in place a business plan to which it is required to comply, or at least to account for changes to such a business plan. The board can also make their records and financial statements publicly available so that the community is aware of how the community forest is being managed.

First Nation management of Community Forest Agreements are similar to local government corporate models in that the controlling leadership may be subject to periodic elections. Some First Nations hold elections every 2 years under the Indian Act and the Indian Band Election Regulations,<sup>23</sup> some select their leadership according to their own community or traditional mechanism, and some (e.g., Westbank First Nation) are self-governing and have their individual rules about elections.

## Capacity for Conflict Resolution

To resolve conflicts successfully, a First Nations board should establish and follow a dispute resolution policy. Various conflict resolution models can be used here, such as negotiation between the conflicting parties, having a third party mediate, or even formal arbitration.

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<sup>23</sup> Indian Band Election Regulations, CRC, Chapter 952. [http://laws-lois.justice.gc.ca/eng/regulations/C.R.C.,\\_c.\\_952/index.html](http://laws-lois.justice.gc.ca/eng/regulations/C.R.C.,_c._952/index.html) (Accessed November 2012).

**APPENDIX 1** *Some examples of legal structures for community forest organizations*

| Community forest   | Community(s) served                              | Administrative authority holding the licence | Partners and shareholders  | Board structure  | Legal structure/business model   |
|--|--|--|--|--|--|
| 100 Mile House   | District of 100 Mile House                       | Municipality                                 |  | Elected Mayor and Council.   | 100 Mile Development Corporation wholly owned by the District of 100 Mile House.   |
| Alberni Valley Community Forest Corporation<br>( <a href="http://www.communityforest.ca">http://www.communityforest.ca</a> ) | City of Port Alberni and the Alberni Valley      | Corporation                                  | City of Port Alberni is the sole shareholder.                      | Seven directors appointed by the City of Port Alberni. Various directors represent the city and the two appropriate First Nations as well as one director representing the Regional District area. | Tenure is held and operated by the Alberni Valley Community Forest Corporation, which is 100% owned by the City of Port Alberni. |
| Alkali Resource Management Ltd.  | Alkali Lake or the Esketemc Community            | First Nation                                 | Esketemc First Nation is the sole shareholder.                     | Five directors: three from Esketemc First Nation, and two from the wider community.  | Esketemc First Nation own Alkali Resource Management Ltd. and the community forest tenure.                                       |
| Babine Lake Community Forest Society   | Village of Granisle and Lake Babine First Nation | Society                                      | Village of Granisle and the Lake Babine Nation are equal partners. | Directors include two councillors appointed from each partner, and two at-large directors from each partner. Nation directors hold two-year terms, the Village directors hold 3-year terms.        |  |
| Barkley Community Forest<br>( <a href="http://www.barkleyforest.ca">http://www.barkleyforest.ca</a> )                        | District of Ucluelet and Toquaht First Nation    | Limited Partnership                          | District of Ucluelet and Toquaht Nation equal shareholders.        | Five-member board. Two directors appointed from Ucluelet, two from Toquaht Nation, and together they agree on a neutral fifth director.  | In application phase.  |



## APPENDIX 1 *Continued*

| Community forest   | Community(s) served   | Administrative authority holding the licence | Partners and shareholders  | Board structure  | Legal structure/business model  |
|--|---|--|--|--|---|
| Bella Coola Community Forest Ltd.  | Bella Coola Valley  | Society                                      | Non-profit society has 15% share in forest company, with remaining 85% of shares held by local individuals and businesses.                               | Bella Coola Community Forest Ltd. board is elected by shareholders, with one seat is appointed by the Bella Coola Resource Society Board. The Regional District has one seat reserved on the board.  | Tenure is held by the Bella Coola Resource Society, a non-profit entity made up of residents and property owners in the Bella Coola Valley who become members with a \$5 one-time fee. All aspects of management, administration, and execution of operations on the tenure are exclusively contracted to Bella Coola Community Forest Ltd., made up of 63 investors who are local residents and (or) property owners. Profits from the enterprise are distributed to the local shareholders, including members of the society. The society then allocates its earnings to community projects, charities, or improvements. An advisory board also provides input to the management of forest resources. |
| Burns Lake Community Forest ( <a href="http://blcomfor.com">http://blcomfor.com</a> )  | Lakes Timber Supply Area, encompassing the Village of Burns Lake, Decker Lake | Municipality                                 | Comfor Management Services Ltd. is the sole shareholder. All shares are held in trust for the community by the Corporation of the Village of Burns Lake. | Comfor Management Services Ltd. has a six-member board, which is the same as the community forest board. Three at-large directors are Village of Burns Lake Mayor and councillors; three First Nation reserved seats for Burns Lake Band, Wet'suwet'en First Nation, and Office of the Wet'suwet'en Hereditary Chiefs. | Municipally owned limited company (Comfor Management Services Ltd.) owns 100% of the shares of Burns Lake Community Forest. Board provides policy direction to the General Manager, who oversees community forest operations.   |
| Cheakamus Community Forest ( <a href="http://www.cheakamuscommunityforest.com">http://www.cheakamuscommunityforest.com</a> ) | Resort Municipality of Whistler, Lil'Wat First Nation, Squamish First Nation  | Limited Partnership                          | Three partners—Resort Municipality of Whistler, Lil'Wat First Nation, and Squamish First Nation—each have one-third share.                               | Each partner appoints two directors to the 6-member board.   | Three equal partners oversee the management and operation of the forest under the auspices of the Cheakamus Community Forest Society, an independent, non-profit organization. Richmond Plywood acts as the operations contractor.  |

APPENDIX 1 *Continued*

| Community forest   | Community(s) served  | Administrative authority holding the licence | Partners and shareholders  | Board structure   | Legal structure/business model  |
|--|--|--|--|---|---|
| Cherryville Community Forest<br>( <a href="http://www.cherryville.net/crmc.html">http://www.cherryville.net/crmc.html</a> )        | Cherryville  | Society                                      | Regional District of the North Okanagan and the Splatshin First Nation are partners.   | Community-based board with representation from other community institutions.  | Non-profit Cherry Ridge Management Committee manages community forest. Cherryville residents are eligible for membership in the society.  |
| Cheslatta Carrier Nation Community Forest  | Cheslatta Carrier Nation, Southside, Burns Lake                    | Nation Band Limited Company                  | Partnered with Cheslatta Forest Products Ltd. Cheslatta Carrier Nation Community Members are the sole shareholders.  | Chief and council   | Cheslatta Carrier Nation owns and manages the community forest.   |
| Creston Valley Forest Corporation<br>( <a href="http://www.crestoncommunityforest.com">http://www.crestoncommunityforest.com</a> ) | Town of Creston, rural communities of Erickson, Canyon, and Lister | Corporation                                  | Five shareholders include: Town of Creston, Wildsight, Erickson Community Association, the Regional District of Central Kootenay, and the Kitchener Valley Recreation and Fire Protection Society. Each shareholder holds 20% or a one dollar (\$1.00) share of the Creston Valley Forest Corporation. | Nine directors: each shareholder appoints one director, for a total of five at-large directors who hold office until the second annual general meeting after their appointment. | Creston Valley Forest Corporation governed by 10-member board. Full-time forest manager reports to the board for all forestry and business management. Part-time office administrator reports to the Forest Manager and is responsible for all business administration. |

## APPENDIX 1 *Continued*

| Community forest  | Community(s) served            | Administrative authority holding the licence | Partners and shareholders  | Board structure   | Legal structure/business model  |
|---|--------------------------------|--|--|---|---|
| Dungate Community Forest<br>( <a href="http://www.valleyvision.ca/planners/dungate-com-for">http://www.valleyvision.ca/planners/dungate-com-for</a> ) | District of Houston            | Limited Partnership                          | The District of Houston is the sole shareholder of Houston Community Forest Inc. | A five-person board is selected by appointment. Board members have open-ended terms, and so far replacement has occurred as board members elect to leave. A mechanism exists to terminate board members, if required. | Licence is held by Dungate Community Forest Limited Partnership, which is a partnership between Houston Community Forest Inc. and the District of Houston. The District holds a 99% share of the partnership. |
| Dunster Community Forest Society  | Dunster                        | Society                                      | Owned by Society members.  | Seven directors, with six elected annually at the annual general meeting, and one permanent director position held by the Simpcw First Nation.  | A non-profit registered society was incorporated formally in 2005 as a means for the community to develop and manage a community forest.  |
| Fort St. James Community Forest   | District of Fort St. James     | Municipality                                 | District is the sole shareholder.  | Mayor and Council of the District of Fort St. James   | Licence is held by the District and managed through a comprehensive forest management agreement with a private company.   |
| Harrop-Procter Community Co-operative<br>( <a href="http://www.hpcommunityforest.org">http://www.hpcommunityforest.org</a> )                          | Villages of Harrop and Procter | Co-operative                                 | Shareholders are co-op members. All members have 1 share.                        | Eleven directors are elected from the co-op membership for 2-year terms.  | Management committee (three board members), forest manager, and office manager.   |

APPENDIX 1 *Continued*

| Community forest   | Community(s) served   | Administrative authority holding the licence | Partners and shareholders   | Board structure   | Legal structure/business model  |
|--|---|--|---|---|---|
| Kaslo and District Community Forest Society<br>( <a href="http://www.kaslocommunityforest.org">http://www.kaslocommunityforest.org</a> ) | Village of Kaslo and Area D of the Regional District of Central Kootenay                        | Society                                      |   | Nine directors, with seven elected from the membership, one seat reserved for Village of Kaslo appointee, one seat reserved for Area D appointee.   | Non-profit society with membership paying \$5 annually. Members must be residents or landowners of Kaslo and Area D and 18 years or older.  |
| Khowutzun Forest Service Ltd.<br>( <a href="http://www.khowutzunforest.com">http://www.khowutzunforest.com</a> )                         | First Nations community of Cowichan Tribes as well as communities of Duncan and North Cowichan. | Limited Partnership                          | Cowichan Tribes is the sole shareholder.  | Current board consists of three Cowichan Tribes members, including the Chief, Band Manager, and a councillor. In the future, the board will consist of three Cowichan Tribes non-elected members plus three members from the business community, and the chief financial officer for the economic development companies of the Cowichan Tribes. | Licence is held by Khowutzun Forest Services, which is a limited company and has a limited partnership with Cowichan Tribes. The board of directors is responsible for decision making between Khowutzun Forest Services and Cowichan Tribes. |
| Likely – Xatśúll Community Forest Ltd.   | Likely Xatśúll  | Corporation                                  | Likely Community Forest Society and the Xatśúll/Soda Creek Indian Band each hold one share. | Six directors, three from each community.   | A part-time co-ordinator contracts out all work under the guidelines presented by the limited company board.  |

## APPENDIX 1 *Continued*

| Community forest   | Community(s) served   | Administrative authority holding the licence | Partners and shareholders  | Board structure   | Legal structure/business model  |
|--|---|--|--|---|---|
| Logan Lake Community Forest Corporation<br>( <a href="http://www.loganlake.ca/business/community-forest-corporation">http://www.loganlake.ca/business/community-forest-corporation</a> ) | District of Logan Lake  | Municipality                                 |  | Six directors appointed by the District, and moving to seven; no term. Anyone may apply (not just community members). | Tenure is held by the District of Logan Lake. District incorporated a company to manage the tenure.               |
| Lower North Thompson Community Forest Society<br>( <a href="http://www.norththompsonvolunteer.com/node/41">http://www.norththompsonvolunteer.com/node/41</a> )                           | Lower North Thompson Valley (covering the communities of McLure, Louis Creek, Barriere, Chu Chua, and Little Fort). | Society                                      |  | Two directors from each of the five communities, plus one appointed Simpcw First Nation director.                     | Non-profit society with manager governed by 11-member board of directors.   |
| McBride Community Forest Corporation<br>( <a href="http://www.mcbridecommunityforest.com">http://www.mcbridecommunityforest.com</a> )  | Village of McBride and area.  | Corporation                                  | Corporate shares wholly owned by the Village of McBride.             | Five directors appointed by Village Council: three from Village Council and two at-large directors.                   | Corporate ownership: A part-time co-ordinator contracts out all work under the guidelines presented by the board. |
| Mission Municipal Forest   | District of Mission   | Municipality                                 |  | Mayor and six councillors elected every 3 years through municipal elections.  | District Forestry Department that manages the operation is a department within a normal municipal structure.      |
| Nakusp and Area Community Forest<br>( <a href="http://www.nakuspcommunityforest.com">http://www.nakuspcommunityforest.com</a> )  | Village of Nakusp and area (includes Burton, Fauquier, Edgewood)  | Corporation                                  | Village of Nakusp is sole shareholder.                               | Directors is appointed by the Village of Nakusp.  | Corporate ownership. Village and the Regional District have representation on board.                              |
| Powell River Community Forest<br>( <a href="http://prcommunityforest.ca">http://prcommunityforest.ca</a> )   | City of Powell River  | Corporation                                  | City of Powell River is the sole shareholder of the limited company. | Nine directors appointed by the city council.   | Limited Company: Powell River Community Forest Ltd.   |

APPENDIX 1 *Continued*

| Community forest  | Community(s) served                                     | Administrative authority holding the licence | Partners and shareholders  | Board structure   | Legal structure/business model   |
|---|---|--|--|---|--|
| Prince George Community Forest<br>( <a href="http://www.communityforest.princegeorge.ca">http://www.communityforest.princegeorge.ca</a> ) | City of Prince George                                   | Municipality                                 | Current: 100% City of Prince George.<br>Proposed: Three partners (City, First Nation, Regional District) will each have one-third of the shares. | Board consists of Mayor and Council.  | Currently managed by the Environment Department of the municipality. Planning to secure a long-term licence that will be governed through a corporation in partnership with a First Nation and the regional district.  |
| Revelstoke Community Forest Corporation<br>( <a href="http://rcfc.bc.ca">http://rcfc.bc.ca</a> )  | City of Revelstoke                                      | Corporation                                  | 100% of shares owned by City of Revelstoke; partner mills include Downie Timber, Kozak Sawmills, Cascade Cedar.                                  | Seven directors: the Mayor, two city councillors, the city administrator, and three appointees from the community.  | RCFC Holding Company is 100% owned by the City of Revelstoke. The Revelstoke Community Forest Corporation is 100% owned by RCFC Holding Company. Timber Removal Agreements with partner mills.   |
| Slocan Integral Forest Cooperative<br>( <a href="http://sifco.ca">http://sifco.ca</a> )   | Winlaw–Apple Dale–Perry Siding–Slocan–Red Mountain Area | Co-operative                                 | No partners or shareholders.   | Directors are appointed through the membership of three residents' organizations, each of which has two sitting directors. At least one other director is elected "at large." Board contains a minimum of five and a maximum of nine directors. | Co-operative run by a board of directors. Directors are appointed by the membership of three long-standing residents' organizations: the Red Mountain Residents Association, the Elliot-Anderson-Christian-Trozzo Watersheds Association, and the Winlaw Watershed Committee. At least one director is elected "at large." Co-op members need to own land and (or) live within the watersheds managed by the community forest. |
| Sunshine Coast Community Forest<br>( <a href="http://www.sccf.ca">http://www.sccf.ca</a> )  | District of Sechelt                                     | Corporation                                  | District of Sechelt is 100% shareholder.   | Up to 10 directors recommended through Nominations Committee and approved by the shareholder for 1-year term.   | Corporation with volunteer board composed of community residents.  |



**APPENDIX 1** *Continued*

| Community forest                              | Community(s) served  | Administrative authority holding the licence | Partners and shareholders  | Board structure  | Legal structure/business model  |
|---|--|--|--|--|---|
| Tumbler Ridge Community Forest Corporation    | District of Tumbler Ridge  | Municipality                                 | District of Tumbler Ridge is sole shareholder of corporation.  | Five directors, one of which is the Mayor or his designate. The other four directors are community volunteers appointed by the Town Council.   | Municipally owned limited company.  |
| Valemount Community Forest Company Ltd.       | Village of Valemount   | Municipality                                 | Village of Valemount is 100% shareholder.  | Nine-person board consists of a minimum of three directors appointed from village council by Mayor and six directors elected by board; all positions must be ratified by village council. Two-year terms for directors; 1-year terms for executive (pres/vice-pres/treasurer). | Limited company 100% owned by municipality.                                       |
| Vermillion Forks Community Forest Corporation | Town of Princeton, Area 'H' of Okanagan-Similkameen Regional District, and Upper Similkameen Indian Band | Corporation                                  | Three partners—Town of Princeton, Okanagan-Similkameen Regional District, and Upper Similkameen Indian Band—hold equal shares. | Two directors appointed by each partner; each partner determines terms and appointment processes.  | Corporation with three partners; board of directors with chief executive officer. |

APPENDIX 1 *Continued*

| Community forest  | Community(s) served                                      | Administrative authority holding the licence | Partners and shareholders  | Board structure  | Legal structure/business model  |
|---|--|--|--|--|---|
| Wells Gray Community Forest Corporation<br>( <a href="http://www.wgcfc.ca/home.html">http://www.wgcfc.ca/home.html</a> )                              | Wells Gray Country, including the District of Clearwater | Corporation                                  | No partners. Shareholders are representatives from community forest board of directors, advisory committee, one District of Clearwater representative and one position held for a community member. Under the Wells Gray Community Forest Society. | Elected through an application process open to the entire community. Selection is made by the "Selection Committee," consisting of two members from the Corporation's board and two members from the advisory committee. Terms are 2 years rotating. | Corporation is directed by a board with seven members. One director position is reserved for First Nations. The corporation's officers include a President, Vice-president, and a Secretary/Treasurer. Day-to-day operations come under the direction of a general manager, who reports to the board. |
| Westbank First Nation<br>( <a href="http://www.wfndc.ca">http://www.wfndc.ca</a> )  | Westbank First Nation                                    | First Nation                                 |  | Three directors appointed by Chief and Council.  | Heartland Economics LP is a wholly owned subsidiary of Westbank First Nation Development Corporation. Heartland's manager reports to the board on business and operations issues and to Chief and Council on licence issues.  |
| Wetzin'Kwa Community Forest Corporation<br>( <a href="http://www.wetzinkwa.ca">http://www.wetzinkwa.ca</a> )  | Town of Smithers, Village of Telkwa                      | Corporation                                  | The Town of Smithers and Village of Telkwa hold equal shares in a numbered company. The numbered company has 100% ownership of the corporation.  | Seven directors, four designated (appointed), and three from community at large (elected). Terms are for 3 years (staggered).  | Volunteer board with four designated directors (one each from Smithers, Telkwa, Office of the Wet'suwet'en, and NwePro); also three directors from the general community.   |
| Williams Lake Community Forest<br>( <a href="http://williamslakecommunityforest.wordpress.com">http://williamslakecommunityforest.wordpress.com</a> ) | City of Williams Lake and Williams Lake Indian Band      | Limited Partnership                          | Each limited partner holds 499 shares; two shares to the general partner.  | Board consists of six directors, three appointed by each limited partner.  | Mayor and chief will receive a list of desired board director qualifications and probably a list of potential candidates with those traits. Appointments will be supported by resolutions of Mayor and Council/Chief and Council.   |

**APPENDIX 1** *Concluded*

| Community forest  | Community(s) served | Administrative authority holding the licence | Partners and shareholders                       | Board structure   | Legal structure/business model |
|---|---------------------|--|---|---|--------------------------------|
| Xaxli'p Community Forest Corporation<br>( <a href="http://www.xcfc.ca">http://www.xcfc.ca</a> ) | Xaxli'p             | Corporation                                  | Xaxli'p Chief and Council holds 100% of shares. | Six directors are elected at the annual general meeting; two are from Xaxli'p Chief and Council, and four are from the general Xaxli'p community. Board term is 1 year, unless shareholders vote otherwise. |                                |





PART ONE –  
*Effective Governance*  
**CHAPTER 4**

# A Primer on Organizational Governance

SUSAN MULKEY

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## **Organizational Governance, In 20 Words or Less —**

*The processes, policies, and strategies used  
to guide behaviours, relationships,  
and decision making for an efficient and  
effective organization.*

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**G**overnance of a community forest organization is the job of its board of directors. The board holds the ultimate legal and ethical responsibility for everything that goes on in the organization and has a leadership role to govern in the organization's best interests. The key to understanding effective governance is in clearly distinguishing between governance and management. The essence of what a board of directors does is to set out what gets achieved; how that gets done is up to management.

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*The key to understanding effective  
governance is in clearly distinguishing  
between governance and management.  
The essence of what a board of directors  
does is to set out what gets achieved; how  
that gets done is up to management.*

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Consequently, it is the board as a whole, and not individual directors, staff, or volunteers that set an organization's direction and policy.

## **EFFECTIVE GOVERNANCE: OUR OWN EXAMPLE**

The BC Community Forest Association celebrated the 10th anniversary of its establishment in 2012. From 2002 to 2012, the Association had grown from eight members to over 50. Because of the growth of both the Association and the provincial Community Forest Agreement Program, together with changes in the forest industry, the Association's Board of Directors decided it was time to conduct a comprehensive review of the organization's governance structures and processes. This review was focussed on finding ways to work more effectively and efficiently, and on enhancing the Association's ability to meet all challenges. The review's hoped-for outcome was to promote organizational change that strengthens the Association by creating a financially stable, nimble, flexible organization that is able to respond to its members' needs, to seek and evaluate opportunities, and to communicate its value to members and partners.

During this process, the following organizational elements were reviewed and assessed.

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<sup>1</sup> This chapter is largely based on Vince Battistelli's facilitation work with the BC Community Forest Association on effective governance and governance best practices (with permission from The Governance Group, <http://governance.ca>). It is an adaptation of his presentation and materials regarding areas of governing that concern community forest organizations.

- Foundation Statements
- Society Constitution and Bylaws
- Organizational Structure
- Roles/Responsibilities of Staff and Directors
- Communication Procedures
- Financial Management Systems

The Association's Board hired Vince Battistelli, President and founder of Governance Group Consulting (<http://governance.ca>), to facilitate the review process. Battistelli conducted interviews with staff, directors, and a few partners to gather baseline information about the current functioning of the Association and also individual board and staff members' ideas on the desire for growth and change. Thirty-five Association members participated in a survey that gathered similar information.

A key finding of this review was that the Association's current governance structure relied on a high level of staff consultation with the board on all activities, from strategic-level planning to the day-to-day activities. Battistelli introduced us to his *Leadership Focused Governance* framework and to the tools needed to help our organization become more effective and efficient. This approach to effective governance uses principles similar to John Carver's policy governance model (Carver 1997), which clearly separates board and management roles, responsibilities, and duties. Board and staff members are now engaged in integrating this approach into our organization's relationships and processes.

## THE NUTS AND BOLTS OF EFFECTIVE GOVERNANCE

Effective governance is centred on two necessary and complimentary dimensions—governing and managing. With this approach, the board's

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*The key to understanding effective governance is in clearly distinguishing between governance and management. The essence of what a board of directors does is to set out what gets achieved; how that gets done is up to management.*

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primary job is to *govern* and management's job is to *manage and operate*. When an organization functions effectively, its board and management work as partners in these areas, yet are clear on their different roles and responsibilities.

A community forest organization board fulfills its leadership responsibility by:

- identifying the goals or results to be achieved annually by the organization; and
- setting the conditions and constraints that must be satisfied by management.

Within this effective governance approach, a board spends its time focussing on outcomes and “what we have achieved to date,” rather than on “what we are doing right now.” Board governance is enabled through the organization's:

- vision statement;
- a strategic plan that includes annual goals, strategies, and outcomes;
- a budget; and
- a policy framework.

The board of directors turns these products over to staff members, who use them to develop an operational plan and to guide day-to-day activities.

A board of directors does not approve operational affairs—that is, how something gets done. These affairs are left to management, a tactic referred to as “staying out of the kitchen.” For example, when a person goes to a restaurant and orders a bowl of soup, they do not tell the cook what ingredients to use or how to prepare the soup—a restaurant patron stays out of the kitchen. After the soup is eaten, they can then decide whether it is satisfactory.

This approach to governance does not need to be rigid. From time to time, issues will arise in which a board of directors will work together with staff to strategize on the best course of action; however, management should not continually go to the board for direction or help. If a board supplies clear expectations of the results it is looking for, then management should take decisions and actions on its own to achieve these results.

Therefore, a key aspect of this approach to governance is the board's responsibility to



supply *guidance and direction*. By maintaining up-to-date foundation statements and a strategic plan, a board articulates what it wants the organization to achieve. A strategic plan should lay out the results or outcomes that management are expected to achieve through the community forest organization's operations. Management then develops an operational plan that outlines the necessary strategies and actions to accomplish the desired results.

## PUTTING EFFECTIVE GOVERNANCE INTO ACTION

### The Importance of Strategic Planning

Your board of directors should convene a strategic planning session to map out the future of the community forest organization. A review of the organization's foundation statements should form part of this process, although generally these statements should not require changes. Nevertheless, placing everything on the table for review is a good way to ensure its ongoing relevance to the organization and those it serves. Such a review may show that some aspects require an update to reflect new developments, conditions, or knowledge.

In addition, the strategic planning session should consider the organization's current and future challenges and opportunities. Other issues that may potentially affect the organization (or those it serves) should also be considered. This "environmental scan" is an important way to ensure effective guidance and direction by the board.

Using the information clarified through this review, the board, in partnership with management, should develop a 3–5 year strategic plan. Although plan development is ideally a collaborative effort between the board and management, the board has the leadership responsibility to make the final decision regarding its content.

The strategic plan should have clearly stated goals and measurable objectives. With these components incorporated, a strategic plan becomes the board's direction on outcomes that must be fulfilled and achieved by management. The new strategic plan can then be used to

determine the resources (management, finances, board expertise) needed to implement the plan.

### Other Board Responsibilities

In addition to supplying guidance and direction, other important board responsibilities include:

- setting policies for organizational conduct, oversight, and monitoring;
- protecting the interests of the organization;
- ensuring the financial health and well-being of the organization; and
- establishing a relationship with the community and other stakeholders to understand their interests.

A community forest board establishes *standards of organizational conduct* to guide the work, decisions, and actions of board members, management, and volunteers. This responsibility is carried out by adhering to all organizational legal obligations and by implementing the organization's guiding principles and core values. These values should be followed by everyone in the community forest organization. In addition, a board code of conduct policy will set out the acceptable conditions for attitudes, behaviours, and actions expected of the organization's directors. Policies and agreements (annually updated and signed by each director) on personal disclosure, conflict of interest, and confidentiality will serve to properly implement this board responsibility. In addition, a board sets policies and practices for *oversight and monitoring* to ensure the general oversight of the organization's management, administration, and operations, and also to monitor the performance of management. Monitoring includes evaluation of achievement of results as directed by the strategic plan, compliance with organizational policies, and legal expectations.

A community forest board can *protect the interests of the organization* in several ways. One example is when a board exercises its authority to recruit, hire, monitor, compensate, evaluate, and terminate senior management. A board should also engage in risk management practices in its collective decision making and when reviewing management strategies. For

example, a regular scan of the environment in which the organization operates will identify changes, threats, and opportunities. A board must also ensure that an active recruitment plan for board leadership is in place. The search for potential new members should be an ongoing activity. Another way in which a board will protect the interests of the organization is by annually assessing its own performance, and documenting and reporting on this performance to the organization's stakeholders.

To *ensure the financial health and well-being of the organization*, a community forest board is required to set policies related to budgeting, financial controls, and risk management and to learn to effectively and regularly review financial statements.

A community forest board is also required to *establish a relationship with the community* to understand its interests (i.e., perspectives, needs, concerns, and expectations), as well as those of the organization's stakeholders.

Developing a plan and activities to stay in touch with the community stakeholders is most effectively undertaken in collaboration with management. Management is in a position through day-to-day operations to have knowledge of stakeholder interests and can therefore provide valuable information to the board.

For a more detailed account of board responsibilities, see Part 1, Chapter 6, "Effective Governance: Tools That Shape Your Board's Role in Guiding the Organization" (pp. 49–62) in this guidebook.

## REFERENCES

Carver, J. 1997. Boards that make a difference: A new design for leadership in non-profit and public organizations. Jossey-Bass Inc., San Francisco, Calif.

*Susan Mulkey is the Manager of Extension and Communication for the BC Community Forest Association.*



PART ONE –  
*Effective Governance*  
**CHAPTER 5**

# A Primer on Community Forest Policy

SUSAN MULKEY

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## Community Forest Policy, In 20 Words or Less—

*Through approved policy, the board articulates the conditions and constraints on how the work of the organization will be conducted.*

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**P**olicy is a major tool that a board uses to guide the actions of everyone in the organization. Policies should be current, relevant, and address all areas of board and organizational functioning. All policy builds on the legal obligations in the organization's constitution and bylaws and on the direction outlined in the foundation statements.

## BOARD POLICY AND OPERATIONAL POLICY

Your community forest organization requires two key categories of policy.

1. Board or Governance Policy
2. Operational Policy

**Board Policy** – Created by the board, this type of policy sets the conditions, constraints, and limitations within which board and management must operate in carrying out their roles and

responsibilities. For example, such policies might state:

1. The board will develop and put into place a 5-year strategic plan that will be reviewed annually and updated as necessary. The strategic plan will contain clearly stated and measurable goals. The strategic plan will serve as the essential tool for development of the annual budget and for direction to management.
2. A review of the organizational foundations statements will be conducted annually and updated as necessary. Stakeholder consultation will be conducted on any changes under consideration before those changes are made.
3. Role of the Chairperson: The Chairperson has no authority to make decisions for, or on behalf of, the board unless specifically authorized to do so.
4. The Community Forest Manager is the only staff or contract personnel to take directions from, report to, and be accountable to the board. The board's communication with staff or contract personnel on any issues, including operations on the community forest operating area will be conducted through the Manager.
5. The Manager must ensure the protection of staff, volunteers, and contractors working on the community forest from unsafe and unhealthy conditions in the workplace.

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<sup>1</sup> This chapter is largely based on Vince Battistelli's facilitation work with the BC Community Forest Association on effective governance and governance best practices (with permission from The Governance Group, <http://governance.ca>). It is an adaptation of his presentation and materials regarding areas of governing that concern community forest organizations.

Other categories of board policy include: community engagement, financial management and budgets, relationship with management, powers delegated to the manager and manager reporting, board succession planning and member recruitment, and board committees.

**Operational Policy** – Created by management, this type of policy guides the day-to-day business of the organization. For example, such policies might state:

1. All conditions or criteria that will be used to evaluate bids for work on the community forest will be included in the bid package. Criteria in determining the winning bidder should include but not be limited to the following general considerations. See Tendering Section
2. All contractors will submit minutes from monthly safety meetings and pre-work sessions.

Other operational policies might deal with WorkSafe BC compliance, certification status in the BC Forest Safety Council, contractor payment methods, schedule of waste assessments, hold-back release timing, credit checks, insurance requirements, monitoring loads delivered to mills, contractor performance review, and non-compliance follow-ups.

### **Linking Board and Operational Policies**

Let's take a look at how board and operational policies might mesh together. The Wells Gray Community Forest Watershed Management Policy provides the following example.

#### **Background** –

*The Wells Gray Community Forest land base includes the District of Clearwater Watersheds, which collectively occupies 30% of the community forest area. Watersheds include McDougal Creek, Hascheak Creek, and Russell Creek, which provide a large quantity of drinking water for Clearwater.*

#### **Board-level Policy** –

*Wells Gray Community Forest will manage timber and non-timber resources in order that water quality, quantity, and timing of flow are maintained.*

#### **Operational-level Policy** –

*To ensure that water quality, quantity, and timing of flow are maintained, Management will:*

1. *Keep to a minimum the construction of roads and stream crossings within the watershed.*
2. *Consider alternative silviculture systems and leave-tree strategies to help to maintain timing of flow or critical stream temperatures on high-value streams.*
3. *Ensure equivalent clearcut area does not exceed set limits without doing further hydrological assessments prior to harvesting.*
4. *Ensure all proposed development and harvest locations will be reviewed by a qualified hydrologist.*
5. *Refer all proposed development locations and operations timing to the District of Clearwater.*
6. *Contract with a qualified professional to conduct a detailed analysis on areas being considered for harvesting where terrain class IV and V terrain, or slopes greater than 50% in community watersheds are located and have been confirmed to exist through field reconnaissance.*

Another example adapted from the Wells Gray Community Forest demonstrates the linkage between board-level policy and operational-level policy.

#### **Board-level Policy** –

*A primary objective of the Wells Gray Community Forest Corporation is to provide opportunities for local employment.*

#### **Operational-level Policy** –

**1.0 Use of Local Work Force** – *Management will ensure that at least 85% of all contracted work (based on the contract value; assessed over a 5-year period) will be awarded to local contractors. All contract awards will be based directly or indirectly on a competitive bid process. Contracts may be direct-awarded at the discretion of the General Manager, when it is considered to be in the best interest of the Corporation to do so. The rationale for direct awards will be documented and kept on file.*

**2.0 Contractor Registry** – A Register will be developed every 2 years by local advertisement. Contractors will be selected from this Register or contacted directly by the General Manager.

**3.0 Contractor Selection Criteria** – Selection will be based on a combination of monetary bid, contractor experience and equipment profile, recommendations based on successful completion of similar work, and proven ability to complete the work in the time frame identified.

**4.0 Bidding** – The Corporation will solicit bids via local paper advertisements. Information packages will be made available. Contract requirements, including experience, will be specified. Contractor responsibilities will be documented. The closing date for submitting bids will be noted. A bid submission sheet will be provided.

Bidding contractors will be notified in writing noting the successful bidder. Only the name of the successful bidder will be released. No bid figures will be disclosed.

**5.0 Contractual Requirements** –  
The Contactor must:

1. Have their principal residence in Electoral Area A (Wells Gray Country).
2. List all subcontractors and provide documentation that they meet the criteria noted in this section.
3. Provide verification that the contractor has the experience to perform the work and complete it in the time specified by the Wells Gray Community Forest Corporation.
4. Be in good standing with WorkSafe BC and the BC Forest Safety Council as a Safe, Certified Company. A copy of the contractor's Safety Program will be required.
5. Provide proof of Comprehensive General Liability Insurance in the amount specified by the Corporation.
6. Provide a deposit in the amount specified.

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*A consistent understanding of the separation between a board's role to govern and management's role to manage is crucial in policy development.*

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*Clear policies help your organization to demonstrate transparency, a factor that is essential in community forestry.*

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7. Provide reference letters when requested.
8. Designate the supervisor when different from the company principals.

A consistent understanding of the separation between a board's role to govern and management's role to manage is crucial in policy development. Therefore, the detailed day-to-day practices and procedures covered by operational policy are best left to management to develop. It is the board's role to "stay out of the kitchen"; however, operational policy must be consistent and aligned with board policy.

## **A BRIEF INTRODUCTION TO POLICY DEVELOPMENT**

Policies must be clearly defined and stated in meaningful language to support efficient governing by the board. They supply management and staff with the necessary clarity and comfort regarding the specific details of their jobs. They also provide the community with transparency regarding the governance and management principles of the community forest organization. In the absence of a clearly defined policy framework, conflicts within the community forest organization are inevitable. It is easier and less stressful to create a policy framework that averts potential conflicts.

Board members will come and go and with them goes the institutional memory surrounding the decisions made during their tenure. With succinct policies, a board's values and perspectives are accessible, allowing new members to more quickly gain an understanding of the organization's governance and operations.

A community forest organization must live and operate from its policies. It is, therefore, important to make any policy completely real for your organization—this means that the people involved in the organization must have ownership for the policies and buy into the need to adhere to them. Clear policies also help your organization to demonstrate transparency, a factor that is essential in community forestry.



## POLICY FORMAT

It is useful to develop a standardized policy format. This format will ensure that all aspects of a decision or a direction determined by the board or by management are stated completely. A standardized policy format will also help all involved in the organization to understand how the organization works.

Here are some suggestions for developing and reviewing your policies.

- Date of board approval or revision for board-level policy and manager approval or revision for operational-level policy.
- Policy Statement – The actual policy.
- Related Policy Areas – References to other policies that may affect the implementation of the policy.

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PART ONE –  
*Effective Governance*  
**CHAPTER 6**

# Effective Governance: Tools That Shape Your Board's Role in Guiding the Organization

SUSAN MULKEY

Effective governance for community forest organizations is centred on two necessary and complimentary dimensions—governing and managing. Here we concentrate on the tools that shape your board's role in guiding the organization: its governing principles, roles, and responsibilities.

## BOARD GOVERNING STATEMENT

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### Board Governing Principles, In 20 Words or Less—

*Helps define the board authority, board relationship with management, and general board conduct as a governing body.*

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Board governing principles are tools that guide a board in defining its overall role, its relationship with staff and with each other, and how it will conduct itself as a governing body. These principles provide a common platform from which the board and board members function in carrying out the business of governing.

Here are some examples of board governing principles.

- *Recognition that the Board exists to govern on behalf of those who have delegated the power and authority to act on their behalf and in the best interests of the shareholders, the community, and all other stakeholders.*
- *[XYZ Community Forest] accepts a governance model that is a partnership of the Board and the Management.*
- *The Board designates Management as responsible for managing, administering, and operating [XYZ Community Forest]. In doing so, it delegates to this position the power and authority necessary to execute the relevant duties and responsibilities.*
- *The power and authority of the Board only exists when it acts as a whole. As individuals, Board members, including the President, exercise no power or authority in [XYZ Community Forest], and cannot act or speak for the Board unless specifically delegated to do so by the Board.*
- *The only decisions or positions of the Board are those made by the Board through the accepted decision-making process, ensuring that the Board speaks only with a unified voice.*
- *Board members commit to partnering with each other, and with management, to engage*

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<sup>1</sup> This chapter is largely based on Vince Battistelli's facilitation work with the BC Community Forest Association on effective governance and governance best practices (with permission from The Governance Group, <http://governance.ca>). It is an adaptation of his presentation and materials regarding areas of governing that concern community forest organizations.

*in actions and decisions that contribute to building and maintaining a healthy, effective, and functioning Board and organization.*

- *The Board, the President, and the Management work from the premise that the President’s primary role and function is to lead and manage the Board and not to direct and supervise the Management.*
- *The Management is the only staff person who reports to the Board (with whom the Board communicates and interacts and who the Board holds accountable for performance).*
- *Annual assessment and evaluation of organizational performance (both governing and management) is an essential requirement.*
- *A current and complete governance framework, including all necessary policies, is essential for the Board and the Management to successfully fulfill their respective mandates.*

## **BOARD TERMS OF REFERENCE**

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### **Board Terms of Reference, In 20 Words or Less—**

*Describes the responsibilities, authority of the board, and the authority they delegate to management.*

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Often referred to as the “Roles and Responsibilities of the Board” or the “Board Job Description,” these statements are a central and essential component of an effective governance framework for any community forest organization. Expanding on our previous introduction to effective governance (see Part 1, Chapter 4, “A Primer on Organizational Governance” [pp. 41–44] in this guidebook), here we provide specific examples of the tasks or jobs that are the responsibility of the board of directors.

### **Guidance and Direction**

- *Guide and direct the affairs of [XYZ Community Forest] in the best interests of the organization.*
- *Guide and direct the affairs of [XYZ Community Forest] in a manner that is consistent with*

*the organizational foundation statements (mission, vision, purpose, values) and standards of organizational conduct.*

- *Determine [XYZ Community Forest]’s overall strategic direction, business priorities, and policies.*
- *Review and monitor progress in achieving the goals and outcomes established in the strategic plans.*
- *Establish and implement policies and practices that enable [XYZ Community Forest] to maintain general oversight of its management, administration, and operations.*
- *Delegate to the Manager all duties of management, administration, and operation of [XYZ Community Forest].*
- *Identify and address issues that are likely to have a material impact on [XYZ Community Forest], the shareholder(s), and the community stakeholders.*
- *Develop, in concert with management, annual and long-term strategic plans, goals, and desired results for [XYZ Community Forest].*
- *Engage in risk management practices when reviewing work plans and when making major decisions.*

### **Organizational Conduct**

- *Identify conditions and constraints for how the work of [XYZ Community Forest] will be carried out and establish policies to address them.*
- *Ensure the organizational code of ethics and conduct are followed by everyone in [XYZ Community Forest].*
- *Direct management to implement systems designed to ensure that [XYZ Community Forest] operates at all times to the highest ethical and moral standards.*
- *Adhere to all identified Board rules.*
- *Adhere to the general legal obligations of incorporation of [XYZ Community Forest] and to the statutory duties under employment, environmental, and financial reporting law, and under the withholding provisions of taxation law.*

## Oversight and Monitoring

- Ensure a collaborative partnership agreement with the Manager is in place.
- Periodically assess the performance of the Manager regarding achievement of results, compliance with policies, regulations, laws, and other expectations established by the Board.
- Monitor [XYZ Community Forest]’s progress towards its goals and expected results or outcomes.
- Identify the principal risks to [XYZ Community Forest]’s business and take all reasonable steps to ensure the implementation of appropriate systems to manage these risks.
- Revise and alter the strategic direction of [XYZ Community Forest] in light of changing circumstances.

## Protect the Interests of the Organization

- Recruit and hire the Manager, monitor their performance, approve their compensation, provide advice and counsel to the execution of their duties, and replace, as required.
- Direct the democratic process within [XYZ Community Forest], including the election of Directors and director succession.
- Develop, approve, and monitor compliance with all major policies that govern [XYZ Community Forest]’s operations.
- Ensure timely reporting of any other developments that have a significant and material effect on the performance of [XYZ Community Forest] and as required under the [XYZ Community Forest]’s constitution and bylaws.
- Document and report on [XYZ Community Forest]’s performance to the community and its stakeholders on an annual basis.
- Assess board performance annually.

## Financial Health

- Approve the annual budget and any expenditures that deviate materially from the approved budget.
- Ensure that budgets comply with organizational policies, and meet operational

requirements, strategic goal priorities, and long-term financial obligations.

- Direct management to ensure that systems are in place for maintaining the integrity of and implementing [XYZ Community Forest]’s internal financial control and management information systems.
- Ensure that annual financial results are reported fairly and in accordance with generally accepted accounting principles.

## Community and Stakeholder Relations

- Develop and implement a plan for enabling effective communication with shareholders, the community, and other stakeholders on a regular and transparent basis.
- Ensure that [XYZ Community Forest] understands the interests of the shareholders, community, and other stakeholders.
- Respond to or delegate responses, as appropriate, to inquiries, requests, or demands from the community, regulatory agencies, shareholder(s), or other stakeholders.
- Report annually to the shareholder(s), the community, and other stakeholders on the Board’s stewardship for the preceding year.

## BOARD MEETING RULES

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### Board Meeting Rules, In 20 Words or Less—

*The obligations and rules that guide the meeting process, decision making, and conduct of the board of directors in meetings.*

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Meetings work best when directors follow a set of ground rules that have been developed and agreed to by all members of the board. These should be reviewed and revised if necessary at the beginning of each board year and a copy given to each director.

All community forest boards of directors must clearly identify the decision-making process they will use. Many community forest boards use *Robert’s Rules of Order* (<http://www.robertsrules.org>). These rules require a motion, a seconder,

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*All community forest boards of directors must clearly identify the decision-making process they will use.*

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and a vote, with a simple majority vote to pass. This is also the model used by municipal governments. Some community forest organizations require a higher majority (e.g., 60–75%) for approval. Others employ a consensus approach to decision making, with a fallback to a vote should an impasse occur. Regardless of the decision-making process chosen, be sure that it is consistent with the organization's bylaws.

Here are some examples of rules related to director participation during meetings.

- *Each Director is obligated to act in the best interests of [XYZ Community Forest]. This may require a Director to set aside other interests and responsibilities so as to be able to meet this obligation.*
- *Prior to each meeting, each Director will come prepared to discuss all items on the agenda having carefully and thoughtfully reviewed the complete agenda package and related documents.*
- *Each Director is expected to attend all Board meetings. Absence from consecutive meetings without due cause will launch a formal membership review by the Board.*
- *Participate actively and constructively in the discussions of the Board.*
- *One Director speaks at a time. Directors are expected to listen to and respect the thoughts of other Board members.*
- *Focus Board discussions on matters related to governing, policy, strategy, and results rather than day-to-day management of [XYZ Community Forest].*
- *Discussion at the Board table is intended to identify all major facts relating to an issue, and to work towards reaching consensus. Management provides reports and supporting information to the Board outlining technical information pertinent to the decision-making process.*
- *The Board decision-making process outlined in the Board policy is used respectfully.*
- *Identify and avoid potential areas of conflict, real or perceived, and ensure these are declared and reviewed.*
- *All Directors are required to support all decisions made by the Board, regardless of how they or others voted on any particular resolution.*
- *Board discussions, votes, and documents are strictly confidential and shall not be released to third parties, including the shareholder and community stakeholders, when identified as confidential by Board resolution.*
- *Directors who cannot abide by the rules, policies, and decisions of the Board should reconsider their ability to serve on the Board. In such instances, the Board may seek to have the director removed as per the process identified in the governing documents.*

## **DIRECTOR TERMS OF REFERENCE**

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### **Director Terms of Reference,**

#### **In 20 Words or Less—**

*The responsibilities and limitations of a director and the guidelines for effective board participation.*

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At the most basic level, a director must understand that the board's role and purpose is to govern. When a director understands the difference between governing and managing, they act accordingly and do not encroach on management's areas of responsibility.

Equally important is a director's responsibility to stay informed on matters relevant to governing the organization, to participate actively in the business of the board, and to positively contribute to providing leadership and direction to the community forest organization.

Principles and general guidelines exist to maximize the contribution a director makes to board effectiveness. A director's responsibilities in this area are concerned with their personal approach, commitment, and style of involvement as they function as a board member. Organizations gain the most when board directors are committed to working together in the best interests of the



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*Organizations gain the most when board directors are committed to working together in the best interests of the organization and when a serious commitment to effective participation exists.*

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organization and when a serious commitment to effective participation exists (see sidebar, “Obligations and Expectations of a Director”).

### **Personal Conduct of a Director**

The personal conduct of individual directors has a great impact on board effectiveness. Directors are required by the organization’s incorporation

documents to “act honestly, in (leadership) good faith and in the best interests of those who the organization is there to serve.” Additionally, they are expected to follow the guidelines or rules agreed on by the board regarding how it will govern and conduct itself. This includes the respect for confidentiality, code of conduct, and disclosure policies that apply to all directors.

### **Director Participation**

A director is most effective when they participate actively and constructively in board discussions. They are a resource to both the board and management when they come to meetings prepared, having read any relevant material and therefore ready to discuss the related agenda items.

## **OBLIGATIONS AND EXPECTATIONS OF A DIRECTOR**

*Here are some sample statements concerning the obligations and expectations of directors.*

As a member of the Board, each director will:

- fulfill the legal requirements and obligations of a director, which includes a comprehensive understanding of the statutory and fiduciary roles;
- consider the interests of the communities that [XYZ Community Forest] serves, ensuring that the best interests of [XYZ Community Forest] are paramount; and
- participate in the review and approval of [XYZ Community Forest] policies and strategy and in monitoring their implementation.

Communication is fundamental to board effectiveness and therefore each director will:

- participate fully and frankly in the deliberations and discussions of the Board;
- encourage free and open discussion of the affairs of [XYZ Community Forest] by the Board;
- ask probing questions, in an appropriate manner and at proper times; and
- focus enquiries on issues related to strategy, policy, implementation, and results rather than issues relating to the day-to-day management of [XYZ Community Forest].

Directors will abide by the following limitations and constraints:

- Not engage in illegal activities.
- Not make public statements or take part in public demonstrations that may tend to reflect negatively on [XYZ Community Forest]. In the case of potentially adverse activities, these shall be discussed first with the Chairperson or the Board as a whole.
- Not use information acquired in the course of duties except in the best interests of [XYZ Community Forest], nor act in conflict with [XYZ Community Forest]’s interests.
- Not divulge the contents of work regarding sensitive and (or) confidential issues performed for [XYZ Community Forest] under any circumstances without the prior approval of the Board.
- Not receive payment for duties conducted in their role as a Director; however, out of pocket expenses will be paid as per the organizational policy.

Directors should make a concerted effort to attend all board meetings and to notify the Chair of inability to attend any board meeting. If a director is likely to miss several board meetings and therefore is unable to fulfill their obligations, they should seriously consider whether they should remain as a director on the board.

Directors should focus their board discussions on issues related to governing, policy, strategy, and results rather than day-to-day management of the community forest organization. Individuals must identify and avoid potential areas of conflict, real or perceived, and ensure they are declared and reviewed.

Inform yourself of the proceedings, decisions, and proposed actions decided upon at missed board meetings within a week of the meeting. By doing this, you can immediately register any dissent regarding any decisions or actions taken at the meeting you missed.

A director should advise the Chair before introducing significant and previously unknown information at a meeting. This way, the Chair can ensure the board is equipped with whatever is required for a well-informed discussion of the new subject. Any director has the right to propose agenda items. Avoid surprises by putting them forward to the Chair directly before the meeting rather than adding late items to the agenda.

Directors are entitled to express any contrary opinions or views held on matters under discussion or consideration by the board. Nevertheless, once a board has made a decision or taken an action on the matter, directors must respect this. It is not constructive or helpful when directors attempt to raise or discuss the matter at other times during the meeting or to bring it up at subsequent meetings.

All directors will offer full support to staff outside the board room. The Chair is the sole public spokesman for the community forest organization, although it is likely they will request management to speak on behalf of the organization on operational matters.

Other than through board policy or direction, directors should not become involved in the management and operations of the organization. Directors make a contribution

to achieving the goals and work of the organization by volunteering as a member of a board or management committee and by actively contributing to its work. Directors should also understand the difference between committees of the board and those of staff and respect the operational boundaries of each.

Additionally, a director should not raise concerns about any aspect of the organization's operation with the senior management or other staff. Rather, these concerns should be communicated to the Chair; a request can be made to have the matter put on the board agenda. If timeliness is an issue and there is sufficient interest among board members, then a special meeting can be called to discuss the matter.

## **BOARD LEADERSHIP TERMS OF REFERENCE**

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### **Board Leadership Terms of Reference, In 20 Words or Less—**

*The responsibilities and limitations of a director and the guidelines for effective board participation.*

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Leadership on a community forest board is most commonly exercised through the Executive or board officers. The talent and capabilities necessary to provide board leadership should dictate who fills these positions. Problems will inevitably arise when officers are selected merely because they have served the required time on the board, have demonstrated loyalty to the organization, or have more time to take on an enhanced role. Board members selected to fill elected officer positions must possess the knowledge, skills, and attitudes required to do the job.

A clear and transparent process to fill officer positions is essential. Although a secret ballot process may seem formal for many positions, it is a useful approach to reduce pressure on board members. It is also vital to fully understand the full extent of the role and responsibilities of a board officer.



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*Volunteers are often passionate people, but sometimes they don't understand how a board works. I often find my role as Chairperson is to facilitate problem solving. If you don't take on that role, then the board goes off in many different directions. The role of the Chairperson is to be a facilitator and an educator.*

— Ted Richardson, Chair,  
Wells Gray Community Forest

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Below we provide detailed descriptions of the roles and responsibilities of board presidents, vice-presidents, secretaries, and treasurers. Your community forest organization may not require all of these officers, or may label these positions with different names (e.g., Chair, Vice-chair, etc.). The type of organization and the level of staff support available to the board will influence the roles and responsibilities of a board officer.

***The President will:***

- Ensure that the Board has full governance of [XYZ Community Forest]'s business and affairs and that the Board is alert to its obligations to [XYZ Community Forest], to the shareholder, community and stakeholders it serves, to management, and under the law.
- Provide leadership to the Board; assist the Board in reviewing and monitoring the strategy, policy, and directions of [XYZ Community Forest], and the achievement of its objectives.
- Ensure that there is cohesion of direction and purpose at a policy and strategic level.
- Encourage each director to contribute to deliberations, particularly in areas calling upon that director's unique skills, experience, and background.
- Facilitate deliberations of the Board in a manner that encourages the candid expression of each director's opinion and discourages any conduct or language that would reasonably be seen as intending to block the full expression of another director's views.
- Ensures that the Board follow the governance model under which it has agreed to operate.
- Ensures that the Board develops and follows an annual work plan.
- Build consensus, develop teamwork, and resolve conflict within the Board.
- Communicate with the Board to keep it up to date on all major developments, including timely discussion of potential developments, and direct management to ensure that the Board has sufficient knowledge to permit it to make major decisions when required.
- Establish annually, in advance, the annual schedule of Board meetings and co-ordinate fulfillment of the requirements set in the bylaws, policies, and the Board Manual.
- Co-ordinate the agenda, information packages, and related events for Board meetings with the Management and the Secretary.
- Review minutes of Board meetings for accuracy and edit as appropriate.
- Chair Board meetings, meetings of Members, and the Annual General Meeting.
- Attend committee meetings, where appropriate, to better understand and observe the thinking and issues reviewed and discussed at the committee level.
- Ensure that Board and Board committee meetings are conducted in an efficient and effective manner.
- Ensure that the Board receives adequate and regular updates from management on all issues important to the welfare and future of [XYZ Community Forest].
- Represent [XYZ Community Forest] with external organizations or governments to promote specific organizational objectives.
- Serve as spokesperson for [XYZ Community Forest].
- In co-ordination with Management, ensure that [XYZ Community Forest]'s Management and, where applicable, the Board are appropriately represented at official functions and meetings.
- Ensure that an orientation process for new directors and the new President is conducted in timely manner.

- Serve as the official liaison person with the Management.
- Ensure that the Board and Management are working with an up-to-date strategic plan.
- Ensure that a succession plan is in place.
- Act as a signing officer for cheques and other documents.
- Ensure that the Board is diligent in conducting its oversight and monitoring functions.
- Meet privately with each director at least annually to discuss the effectiveness of the President, that director, and the entire Board.
- Assist the Board in the discharge of its duties and responsibilities relating to the review of the following:
  - organizational goals and policies of the Board
  - strategies and business plans developed by Management
  - management, capital, and operating plans, financial statements, and management reports
  - the allocation of resources
  - the annual performance evaluation of Management

#### **The Vice-President will:**

- Act in the absence of the President.
- Learn the duties of the President and keep informed on key issues.
- Work closely as consultant and advisor to the President.
- Prepare to serve a future term as President.
- Orient the new Vice-President.

#### **The Secretary will:**

- Keep copies of [XYZ Community Forest]’s bylaws and the Board’s policy statements.
- Maintain the register of shareholders/members.
- Notify Board members of meetings (in partnership with the President).
- Keep record of Board attendance.
- Make sure that a quorum exists for Board meetings.
- Keep accurate minutes of meetings, including recording all motions and decisions of meetings.
- Distribute copies of minutes to Board members promptly after meetings.

- Conduct general Board correspondence and keep records of all Board correspondence.
- Review and approve Board minutes and corrections to confirm their accuracy, and sign official documents of [XYZ Community Forest], as required.
- File the annual return, amendments to the bylaws, and other incorporating documents with the Corporate Registry, or other authority.
- Look after the common seal of the Company.
- Make sure members are notified of general meetings.
- In the absence of the President and Vice-President, chair Board meetings.
- Orient the new Secretary.

#### **The Treasurer will:**

- Chair the Finance Committee (if applicable).
- Work with Management to understand all financial reports.
- Report on the year-end financial statements at the Annual General Meeting.
- Act as signing officer, with another officer or the Manager, for cheques and other documents.
- Orient the new Treasurer.

## **CODE OF CONDUCT POLICIES**

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### **Code of Conduct Policy, In 20 Words or Less—**

*Sets out the conditions for the attitudes, behaviours, and actions expected of an individual on the board*

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All new board members will be asked to sign a “Code of Conduct” (see sidebar, “Sample Policies: The Code of Conduct”). This important document sets out the behaviours and obligations expected of community forest board members. It represents the collective agreement of board members on how they will conduct themselves in their interactions with one another and explains what is expected regarding the fulfillment of their responsibilities.

### **SAMPLE POLICIES: THE CODE OF CONDUCT**

In fulfilling my responsibilities as a Board member of the [XYZ Community Forest]  
I agree to:

- Exercise the duties of care, diligence, and skill.
- Exercise and discharge the powers and duties of a director honestly and in leadership faith.
- Participate and contribute to building and maintaining a strong, healthy, productive, and effective functioning Board.
- Respect and honour the governing principles that Board members will avoid communication with staff other than the Management on matters related to administration or operations.
- Abide by all Board policies governing Board member behaviour, practices, decisions, and actions.
- Respect and abide by the Board's core values and governing principles.
- Refrain from behaviour that undermines the Board's integrity, deliberations, and decision making.
- Respect the confidentiality of Board discussions and deliberations.
- Honour my obligations to attend all Board meetings and where this is not possible, notify the President in advance of my inability to attend.
- Come to Board meetings having read the materials relevant to the meeting agenda.
- Abide by the Board's rules and by the method or process agreed to for conducting Board meetings.
- Respect the right of each member to contribute his/her position or opinion to Board discussion and deliberations, even though I might disagree with them.
- Ensure that my views and opinions are expressed in Board discussions and to honour the principle that a Board decision made fairly is the position on the matter decided.
- Use Board agendas and meetings to voice my disagreement with Board positions and decisions and not attempt to undermine the Board by using public forums or special interest groups or mechanisms to voice my disagreement.
- Support the work of the [XYZ Community Forest] by attending [XYZ Community Forest] events.
- Assist the Board with its work by volunteering to be a member of at least two Board or management committees during the course of the Board year.
- Abide by any policy or rules of the Board regarding conflict of interest, which include the annual signing and submission of the Disclosure Statement.
- Not use my position as a Board member to obtain employment with the [XYZ Community Forest] for myself, family members, or close colleagues.

The Board member will sign two copies of this agreement. One copy will be kept by the [XYZ Community Forest] and the other by the member.

Print Board Member Name \_\_\_\_\_

Board Member Signature and Date \_\_\_\_\_

As a board policy tool, the code of conduct has several purposes. It helps new board members become aware of, and commit to, attitudes and behaviours that will be expected of them in their role as a director. It is also used to remind board members that they agreed to abide by the code. During the recruitment process, the code of conduct can be used to orient potential board candidates to the community forest's organizational culture.

## CONFIDENTIALITY AGREEMENT POLICY

### Confidentiality Agreement Policy, In 20 Words or Less—

*A commitment is made to respect all confidential discussions and business of the organization.*

Under an effective governance approach, a policy is usually required for directors to honour and uphold the need for discretion when discussing the affairs of the community forest organization. A confidentiality form (see sidebar, “Sample Policies: Confidentiality Agreement”), when signed by directors and kept on file within your organization, will help to clarify the expectation for confidentiality and hold directors accountable to respect it.

## CONFLICT OF INTEREST AND PERSONAL DISCLOSURE POLICIES

### Conflict of Interest and Personal Disclosure Policy, In 20 Words or Less—

*The Board expects of itself and its directors ethical conduct that does not violate the integrity of the organization.*

A conflict of interest is a breach of an obligation to the community forest organization. Such conflicts have the effect, or intention, of advancing one's own interest (or the interest of others) in a way that is detrimental to the organization's interests or that is

## SAMPLE POLICIES: CONFIDENTIALITY AGREEMENT

### [XYZ Community Forest] Confidentiality Agreement

In return for the [XYZ Community Forest] giving me access to confidential information in the form of draft proposals, draft legislation, draft regulations, briefing materials, correspondence, or verbal communication for the purposes of involvement in the affairs of the [XYZ Community Forest], I agree to keep confidential the documents and information that I obtain from this access or a result of this involvement.

Nothing in this agreement prevents me from disclosing confidential information or a confidential document:

- to a person who has executed a confidentiality agreement with the [XYZ Community Forest] similar to this one,
- if the disclosure is required by law, or
- if the information has first been made public by the [XYZ Community Forest].

If confidential information or a confidential document is made public by someone other than me, I may discuss the information or document that has been made public with any person as long as I do not, in that discussion, disclose any confidential information or document that has not already been made public.

The Board member will sign two copies of this agreement. One copy will be kept by the [XYZ Community Forest] and the other by the member.

Print Board Member Name:

Board Member Signature and Date:

potentially harmful to the organization's integrity or fundamental mission. Conflicts of interest, or the appearance of such conflicts, must be avoided.

Specifically, a conflict of interest is possible in the following circumstances.

- A director stands to gain financially (either directly or indirectly) as a result of a decision of that director at a board meeting.
- A director's private affairs or financial interests are in ongoing conflict with their duties and responsibilities as a director.
- A director's actions compromise or undermine the trust that the public and board members place in the community forest, or may be viewed as corrupt.
- A director does something that could impair their ability to act in the community forest's best interests in the future.
- A director accepts gifts or money in return for favours, or accepts gifts that may make it look like they are in return for favours.

- A director gives other people confidential information about the community forest.

A clear policy that defines conflict of interest and offers procedures to manage real or perceived conflicts of interest is essential to the effective and ethical functioning of your board of directors. Here we recommend a complimentary, two-pronged approach (see sidebar, "Sample Policies: Conflict of Interest and Personal Interest Disclosure Statements," pp. 60–61). The first is a policy to manage conflicts of interest. The second represents a requirement for each board director to annually disclose personal interests, employment, associations, memberships, and other affiliations.

*Susan Mulkey is the Manager of Extension and Communication for the BC Community Forest Association.*

## **SAMPLE POLICIES: CONFLICT OF INTEREST AND PERSONAL INTEREST DISCLOSURE STATEMENTS**

### **[XYZ Community Forest] Conflict of Interest Policy**

- Conflict of interest occurs when a Board member participates in discussion or a decision about a matter that may benefit the Director directly or indirectly.
- A Board member is in a conflict of interest when a personal interest exists that could influence their decisions and impair their ability to act in [XYZ Community Forest]'s best interest.
- Board members must not use their positions to obtain for themselves, family members, or close associates employment within [XYZ Community Forest].
- A conflict of interest also exists when the interest of a friend, a family member, a business associate, an employer, or other person with whom the Director is associated, or owes an obligation, or an entity in which the Director holds a significant interest, could impair the Director's ability to act in [XYZ Community Forest]'s best interest.
- A conflict of interest includes a perceived conflict of interest. A Board member has a perceived conflict of interest when a reasonable person could perceive that the Board member might make or influence a Board decision in the Board member's personal interest or in the interest of a person or entity associated with the Board member.
- All business dealings between a Board member and [XYZ Community Forest] will comply with Board policy.
- Should a Board member be considered for employment, they must temporarily withdraw from Board deliberations, voting, and access to applicable Board information.
- If a director thinks they have a conflict of interest, it is their obligation to inform the other directors of the potential conflict. Directors are obligated to be aware of any real or perceived conflict of interest they might have regarding any matters relating to the [XYZ Community Forest] and to declare this conflict to the Board.
- Directors who have knowledge of another director's conflict of interest (real or perceived) have an obligation to bring this to the attention of the director in question. If the director in question does not declare their conflict, then the director with the knowledge of the conflict is obligated to alert the Board to the potential conflict of interest.
- The Board may acknowledge a conflict of interest of one of its directors and act to allow the conflict if it acknowledges the conflict and deems it to be acceptable.

### **Procedure for Management of Real or Perceived Conflict of Interest**

- Prior to, or at the beginning of, a Board or Committee meeting, individual Board members and management and staff members present, will voluntarily disclose any possible conflicts of interest to the Board or Committee.
- Should a dispute over the existence of conflict of interest arise, the Board will settle the dispute. The Board's decision will be final.
- A conflicted person will, when requested by the Board to do so, leave the room and will not participate in any discussion of the topic at any time.
- The temporary absence of a conflicted Director will not affect the meeting's quorum.

*CONTINUED ON NEXT PAGE*



**SAMPLE POLICIES: CONFLICT OF INTEREST AND  
PERSONAL INTEREST DISCLOSURE STATEMENTS (CONTINUED)**

- Notwithstanding any of the above, a person who leaves the meeting for conflict of interest reasons may be recalled by the President to answer questions of fact when his or her knowledge of the matter will assist the Board or Committee.
- Declarations and subsequent absences will be noted in the minutes of the meeting.
- A person deemed to be conflicted will refrain, at all times, from attempting to exert any influence on the issue.

**[XYZ Community Forest] Personal Interest Disclosure Statement**

**Purpose**

The purpose of this Personal Interest Disclosure Statement is to allow the [XYZ Community Forest] Board of Directors to declare personal interests, organizations, and affiliations in order to manage for real or perceived conflict of interest. This form is an important component of the [XYZ Community Forest] Conflict of Interest Policy.

**Process**

Members of the [XYZ Community Forest] Board of Directors must complete the Disclosure Statement by listing employer, contracts, organizations, memberships, and other affiliations that may present a real or perceived conflict of interest. Please also list organizations that do not fall within these categories.

The [XYZ Community Forest] keeps completed Disclosure Statements on file. Statements shall be updated annually following Board of Director elections.

**Employment**

State employer (and [or] major contracts) and briefly describe the nature of your work:

- Organizations and memberships
- State all clubs, societies, organizations, and other memberships relevant to the [XYZ Community Forest]

**Other Interests**

List any additional information that is potentially of interest to the purpose of Conflict of Interest Policy.

I acknowledge that the information contained in this form is complete and accurate.

The Board member will sign two copies of this agreement. One copy will be kept by the [XYZ Community Forest] and the other by the member.

Print Board Member Name \_\_\_\_\_

Board Member Signature and Date \_\_\_\_\_





# Recruit a Skilled Board and Orient Them Well

SUSAN MULKEY AND ELLA FURNESS

**C**ommunity forest boards of directors require a broad range of expertise. Although having board members with forest industry experience is always valuable, community forestry is different than traditional forestry and requires diverse skills and competencies. It is also essential that new board members understand how the organization and its board works. Providing a binder of educational materials about your organization will help the whole board function more efficiently.

## RECRUITMENT

### Board Recruitment Guidelines, In 20 Words or Less—

*Know the experience and skills needed for the board, establish a process, find the right people, and orient them well.*

The following list of suggestions will give you an idea of the skills, knowledge, and experience that are useful to consider when recruiting board members (MacDonald 2008).

- Experience in working as part of a group and participating in group decision making.
- Ability to communicate clearly and sensitively with people.

- Experience in conflict management and consensus decision making.
- Experience in managing the operations of a small- to medium-sized commercial or non-profit entity.
- Previous experience as a member of a Board of Directors of a commercial or non-profit entity.
- Experience in operating a business.
- Experience in accounting or financial activities.
- Experience in managing legal issues.
- Experience of dealing with staffing, personnel, and recruitment and with the legalities of contract development and management.
- Experience in developing and organizing communications, such as marketing, website management, and working with the local press.
- Knowledge and experience in forest management and in addressing forestry issues.
- Experience in managing consultation and stakeholder involvement processes with local communities and First Nation interests.
- Experience and knowledge of non-timber resource areas, such as recreation, biodiversity, and environmental sustainability.

The process for recruiting new directors to a community forest board will depend on the structure of the organization and the directives in its governing documents. Thus, several approaches to recruitment are possible. Some municipally

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*The process for recruiting new directors to a community forest board will depend on the structure of the organization and the directives in its governing documents.*

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run community forests may simply appoint their councils to serve as directors on the board, and some have a blend of community members and elected officials. Other boards are elected by the members of a society or co-operative at an annual general meeting. Regardless of the approach used, it is important have a policy that describes the process of recruitment and who is responsible to carry out the process.

Volunteers are a valuable, and regularly overworked, resource in our communities. It may be difficult to find people who are willing to put their names forward as potential directors. Although a senior staff person may offer suggestions, recruitment of new directors is ultimately the responsibility of the board itself. Replacement of retiring directors is also a very important task, and yet it is frequently left to a few weeks before an annual general meeting before getting any attention. A good practice is for your board to form a standing committee that will seek out and cultivate potential new directors throughout the year.

Some organizations convene a nominations committee, consisting of two or three members of the existing board, whose job is to recruit more people. This committee follows a specific set of procedures to ensure that the process of finding and orienting new board members is as easy and transparent as possible. Other boards do this without creating a committee, but the aim is the same either way—to recruit the best people possible, with the right combination of skills to compose a competent, knowledgeable, skilled board to manage the community forest.

### **Recruitment Process Guidelines**

Some of the following recruitment guidelines may not be applicable or necessary in every recruitment process, especially when few skilled volunteers are available to fill the new seats.

- Decide who is going to carry out the recruitment process, and what steps will be followed; create a board policy to this effect.
- Review the skills and experience required for the board, what skills are currently represented, and what is missing. This will ensure the board has the required collection of skills and experience.
- Draw up a list of the skills and experience you are seeking.
- Compile a list of questions to ask candidates at an informal interview (or phone call) and draw up a score sheet. This will enable each director involved in the recruitment process to record their scoring opinion beside each skill or area of experience you seek of new directors (if many people are interviewed, it is easy to lose track of who said what).
- Publicize the position(s) through word of mouth (via the existing directors, membership, and friends and allies in the community; through local advertising on notice boards and at community gathering place; and through local newsletters, websites, the local paper, and other local organizations.
- Send candidates detailed information about your expectations of board members, as well as a policy pack that explains important details about your organization.
- Ask candidates to write a short letter explaining how they match the qualities you're looking for and why they want to volunteer for the board.
- Make a shortlist of candidates who best match the qualities and invite them to meet you for an informal interview.
- Ask the same questions of everyone. This way you will get a clear picture of the candidates and what they could bring to your organization. Don't let any personal prejudices or biases affect your opinion of the candidates.
- Review the key skills and experience of each candidate and rank the best candidates.

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*Send candidates detailed information about your expectations of board members, as well as a policy pack that explains important details about your organization.*

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- Invite the best candidates to a board meeting as an observer.
- Make candidate recommendations to the recruitment committee or to the body that makes recruitment decisions. If the recommended candidate(s) are approved, or voted in at a meeting of the membership, they are then welcomed as a full director.
- Carry out orientation with the new directors and have them sign any forms needed by law or as part of your organization's policies.

## BOARD ORIENTATION POLICY

### Board Orientation Policy, In 20 Words or Less—

*Provide essential information about  
the organization to new directors.  
Welcome in new folks.*

It is essential that new directors understand how your organization and its board works. Educating new directors at the beginning of their term will assist them in becoming effective board members and help the whole board to function more efficiently. Orientation of new directors also helps to “level the playing field” by supplying them with the same information as returning directors.

Invest time in putting together a binder for each director that includes documents introducing them to your organization and informing them about their roles and responsibilities. The binder can become a useful resource to the directors throughout their term and can be updated as required. An orientation session, held as soon as the new directors are recruited, can serve as both a group training session and a welcoming social event.

### Board Orientation Binder Contents

The contents of a board orientation binder will vary according to your model of board governance or style of operations. Here are some examples of materials to include.

1. **Table of Contents** – All pages should be numbered and dated

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*Invest time in putting together a binder for each director that includes documents introducing them to your organization and informing them about their roles and responsibilities.*

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### 2. Organizational Basics –

*Constitution and Bylaws  
Foundation Statements  
Strategic Plan  
Annual Work or Operations Plan*

### 3. History/Background –

*Fact Sheet on the Community Forest  
Organization's History  
Meeting Minutes and Annual Reports  
Brochures or Other Promotional Materials*

### 4. Board Policies –

*Board Terms of Reference  
Board Governing Principles  
Board Rules  
Responsibilities of the Executive Positions  
Board Committees Terms of Reference*

### 5. Organizational Policy Manual

### 6. Finances –

*Annual Budget  
Annual Audit  
Investments  
Insurance  
Fiscal Calendar  
Summary of Funding Sources*

### 7. Board and Staff Information –

*Name, Position, Length of Service, Addresses,  
Emails and Phone Numbers, Biographies*

## REFERENCES

MacDonald, W. 2008. Board building – Recruiting and developing effective board members for not-for-profit organizations: A self-guided workbook. The Muttart Foundation, Edmonton, Alta.  
[http://www.muttart.org/sites/default/files/downloads/publications/recruiting\\_development.pdf](http://www.muttart.org/sites/default/files/downloads/publications/recruiting_development.pdf)  
(Accessed November 2012).

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# Operations, Governance, and Advice: The Role of Committees

SUSAN MULKEY

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**Committees, In 20 Words or Less—**  
*Organizations commonly use committees to provide advice on different aspects of the organization's work.*

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Organizations commonly use committees to provide advice on different aspects of the organization's work. Committees are often where the details of an issue are discussed and considered. Normally, an organization will have committees of the board, chaired by a director, to ensure a communication link back to the board. However in keeping with the leadership or policy governance approach, we make a distinction between board committees and operational committees.

## OPERATIONAL COMMITTEES

Within an effective governance approach, committees needed to accomplish strategic and operational plan goals should take direction

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*Wider involvement on a community forest operational committee adds a fresh, local perspective to a discussion or an issue.*

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from, and report to, the community forest manager. This is especially important when the manager is accountable to the board for accomplishing the results of the operational plan.

When a board director sits on an operational committee, they are not participating in their role as a director; instead, they participate as a volunteer providing expert advice to management. This can be a challenging, yet important, distinction for a director to make.

Operational committees may also include other volunteers from the community. Wider involvement on a community forest operational committee adds a fresh, local perspective to a discussion or an issue. When community members participate in committee activities, they are in a position to learn about the details and constraints faced by the community forest organization in its decision making. A seasoned committee volunteer should also be considered a good candidate for board recruitment.

Operational committee volunteers do not make decisions or give direction to management. Such direction is only given by the board through the agreed-upon process. Instead, the role of committee volunteers is to offer advice and recommendations.

## BOARD COMMITTEES

Committees of the board address issues related to their own roles and responsibilities. For example, finance, board policy development or governance, and board recruitment and nominations are all areas that can be delegated to board standing committees. Board committees, however, do not make decisions. These committees serve to offer recommendations to the board, who then makes a decision through the agreed-upon process.

## ADVISORY COMMITTEES

Several community forest organizations in British Columbia use advisory committees, or as one community calls it “a Citizen’s Council,” as a mechanism to access opinion, guidance, and expertise from the wider community. This type of committee serves as an advisory body to the board and management but does not have any decision-making authority. Advisory committee recommendations are forwarded to the organization, which then uses the information to guide its decision making.

Advisory committees can act as standing committees that meet regularly on a range of issues. For example, these committees provide important input about the community’s views and preferences regarding specific forest management practices and policies, or community forest operations in general. Alternatively, these committees are formed to address specific plans or issues. To be effective, it is important to clearly articulate a committee’s terms of reference at the outset (see sidebar, “Terms Of Reference Sample: Bella Coola Community Forest Advisory Committee”).

Here is a detailed example of terms of reference statements used by the Residents’ Advisory Committee (the “Committee”) to the Kaslo and District Community Forest Society’s Board (the “Board”).

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*Several community forest organizations in British Columbia use advisory committees as a mechanism to access opinion, guidance, and expertise from the wider community.*

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- *The [Committee] is open to anyone who is a resident of [Regional District of Central Kootenay] Area D or a resident of the Village of Kaslo.*
- *The [Committee] will meet at least twice per year. A [Committee] meeting may be called by the Board or by the Chair of the previous [Committee] meeting.*
- *Any number of residents may attend a [Committee] meeting and participate fully in discussion and decision making.*
- *Members of the Board may attend [Committee] meetings and participate in discussion but not in voting.*
- *The [Committee] is created by the Board to receive input from area residents and reports its recommendations solely to the Board. Publicizing of [Committee] recommendations is a function of the Board.*
- *[Committee] meetings will operate by Robert’s Rules of Order to ensure fair participation by all participants.*
- *Because the [Committee] may have a changing group of participants, the meeting Chair and minute-taker from the previous [Committee] meeting will be confirmed by the participants at each [Committee] meeting, or in the absence of the Chair and (or) minute-taker from the previous [Committee] meeting, these positions will be filled by election by the participants.*
- *[Committee] recommendations are to be determined by consensus, but if consensus is not possible, a vote may be conducted.*
- *The [Committee] will record in its minutes whether consensus or a vote resulted in each recommendation to the Board, and if by vote, the number in favour of the recommendation will be recorded.*
- *[Committee] meeting minutes will record the names of all participants and the mover and seconder of motions. The minutes will be submitted to the Board Secretary by the Friday prior to the next regular monthly Board meeting.*
- *The [Committee] agenda items will be received by Board members, the office administrator, or the previously elected/confirmed [Committee] Chair and transmitted promptly to the previously elected/confirmed [Committee] Chair for inclusion in the agenda of the next [Committee] meeting.*

## **TERMS OF REFERENCE SAMPLE: BELLA COOLA COMMUNITY FOREST ADVISORY COMMITTEE**

### **Excerpt from the Bella Coola Community Forest Advisory Committee's Terms of Reference**

#### **Introduction**

The Bella Coola Community Forest initiative is enabled by the Bella Coola Resource Society [the "Society"] as tenure holder and delivered by Bella Coola Community Forest Ltd [the "Manager"] as the manager of the licence.

#### **Advisory Committee**

Given the multitude of resource values and community concerns regarding use of surrounding forests, management is complex and can be controversial. Therefore, a Community Forest Advisory Committee, made up of knowledgeable local individuals and experts, will be formed to help advise the [Manager] and the [Society] on issues of concern. The scope of the Community Forest Advisory Committee is to review and advise on matters of resource management, not the day-to-day business matters of the [Manager]. Participation on the committee is voluntary.

#### **Advisory Committee Structure**

##### **Membership**

- Participation is voluntary
- Can be local resident knowledgeable in local resources and issues
- Can be a representative of a local organization
- Up to 10 members at any one time
- Members are expected to support the [Society's] vision and the [Manager's] mission for the community forest
- [Manager] and [Society] appointees may participate in meetings of the Advisory Committee

##### **Recruitment**

- Initially by select invitation
- Invitees to determine additional recruitment strategies –newspaper, additional invitation, etc.

##### **Term**

- At least 1 year commitment
- Renewable annually

##### **Committee Function**

- Format for the committee meetings will be informal with a set agenda and task completion expectations.
- Members may designate a Chair for the meetings.
- There is no real decision-making authority but consensus will be strived for to provide recommendations. If consensus is not possible, then each point of view will be communicated to the [Society] and [Manager].

##### **Amending the Terms of Reference**

- The Terms of Reference for the Advisory Committee may be amended from time to time upon joint approval of the [Society] and [Manager].

- *The date, time, and place of each [Committee] meeting will be advertised at least 2 weeks in advance of the meeting, and the notice of the meeting, including the meeting agenda, will be advertised at least 1 week in advance of the meeting. The agenda will include all topics to be discussed at the meeting and advertising will be at the expense of the Board.*
- *[Committee] meetings may take place in the Board meeting room. If larger space is required, facility rental will be paid for by the Board. Reasonable [Committee] meeting expenses (photocopying, etc.) will be paid by the Board if supported by receipt.*
- *The Board will provide to the [Committee] a copy of all information that is available to*

*[Board] members and the [Committee] will have the same rights to request additional information as do [Board] members.*

- *The Board will publicize the formation of the [Committee], its terms of reference, and its purpose to residents throughout [Regional District of Central Kootenay] Area D and the Village of Kaslo. Future changes or amendments to the [Committee] terms of reference will be publicized in a similar manner.*

*Susan Mulkey is the Manager of Extension and Communication for the BC Community Forest Association.*



PART ONE –  
*Effective Governance*  
**CHAPTER 9**

# Managing Your Forest: The Importance of Terms of Reference

SUSAN MULKEY

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## Management Terms of Reference, In 20 Words or Less—

*Define the authority delegated by the board to management. Clarify expectations related to duties, roles, and responsibilities.*

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Under an effective governance approach, your board establishes the goals or results that management must achieve and also sets the conditions and constraints by which management must achieve them. These goals, results, conditions, and constraints are made clear through the organization's foundation statements, organizational policies, and the strategic plan. Your community forest manager must then conduct the day-to-day administration and operations within these parameters.

The community forest board does not get involved in defining the means or methods by which management will achieve the goals, results, conditions, and constraints. This approach allows senior managers to use their experience and expertise to determine tactics and procedures that will get the work done in the most cost effective and efficient ways.

## RECRUITING A SENIOR MANAGER

Many community forest board members, particularly those with forestry or management experience, will find it challenging to delegate operational authority. Some board members think they know what has to be done and would prefer a hands-on approach to governing, perhaps even as a way to save money. Many directors on community forest boards have a hard time “staying out of the kitchen” (see Part 1, Chapter 5, “A Primer on Community Forest Policy” [pp. 45–48] in this guidebook). Nevertheless, when your manager is allowed to conduct the day-to-day administration and operations within the conditions and constraints set by the board, the organization will have a happier, more innovative, and productive manager (see sidebar, “The Partnership Between the Board and the Senior Manager”).

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*When your manager is allowed to conduct the day-to-day administration and operations within the conditions and constraints set by the board, the organization will have a happier, more innovative, and productive manager.*

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<sup>1</sup> This chapter is largely based on Vince Battistelli's facilitation work with the BC Community Forest Association on effective governance and governance best practices (with permission from The Governance Group, <http://governance.ca>). It is an adaptation of his presentation and materials regarding areas of governing that concern community forest organizations.



## THE PARTNERSHIP BETWEEN THE BOARD AND THE SENIOR MANAGER

*It is essential for community forest organizations to recognize the partnership that exists between a board of directors and a manager. The manager is a resource to the board and the board must clearly state the authority it will delegate to its community forest manager.*

*The senior manager is the only staff person who takes directions from, reports to, and is accountable to the board. All other staff and contractors are hired by, take direction from, and report to the senior manager; however, a staff person may occasionally be asked by the senior manager to address the board directly.*

*An important skill or talent to consider when recruiting senior management is the applicant's ability to effectively relate to the community. Good communication, patience, and humility are necessary skills to navigate the determined range of opinions, emotions, and politics that can rise up in the work of a community forest manager.*

A senior manager's job description must be more than a list of tasks and activities to be completed. Instead, your board should develop an employment contract that:

- sets out the scope of the manager's position;
- identifies the expectations related to the manager's duties, roles, and responsibilities;
- outlines the conditions to be met in carrying out the duties and responsibilities; and
- defines the outcomes or results to be achieved.

This will give the manager a clear understanding of the responsibilities and expectations for which the board will hold them accountable.

### SENIOR MANAGER TERMS OF REFERENCE

The terms of reference for the senior manager will outline the expected duties as well as the results or outcomes to be achieved. The senior manager's work must focus on:

- achieving the results and outcomes articulated by the board in the strategic plan; and
- the outcomes stated in the manager's terms of reference.

Here we provide three examples the Manager's Terms of Reference that are consistent with an effective governance approach. These terms of reference provide the board with a clear tool for evaluating the success of the manager in achieving its stated expectations. They do not identify the specific activities in which the manager must

engage (i.e., meet regularly with various industry-sector organizations, conduct weekly meetings with staff, or publish and distribute the monthly newsletter). How to achieve the expected results is the business of the manager and their staff; the board does not get involved in determining the means or methods for achieving results.

#### Example 1: A Contract Forestry Manager Position

##### *General Accountability*

*The Contract Forestry Manager is accountable for ensuring the management of the XYZ Community Forest Agreement, and the financial success of the day-to-day operations of the XYZ Community Forest Company, including overseeing forestry operations, marketing, and community engagement.*

*The Contract Forestry Manager is responsible for the co-ordination of forest management, which includes ensuring compliance with all obligations regarding forest management, harvesting, and reforestation to the satisfaction of the Ministry of Forests, Lands and Natural Resource Operations and in accordance with the XYZ Community Forest Company's commitments to the long-term sustainability of the forest resource, commitments to the community, and the XYZ Community Forest Agreement's Foundation Statements.*

- *Lead and manage the organization in developing the strategies and initiatives to fulfill the organization's mission and achieve*



*the vision and strategic outcomes, within the parameters established by the Board.*

- *The Contract Forestry Manager will work in partnership with the Board to provide leadership to the organization through the development of its mission, vision, strategic goals, and positions on matters of importance to the shareholders, the community, partners, and other stakeholders.*
  - *Full responsibility for managing the organization falls to the Contract Forestry Manager. The Contract Forestry Manager may consult the Board on some matters, but the responsibility for making management decisions belongs to the manager. As a responsible partner, the Contract Forestry Manager will keep the Board informed of key decisions and actions they have or plan to make regarding their mandate and responsibilities.*
  - *In collaboration with the Board of Directors, develop the vision/outcomes and strategic goals that define the direction and results to be achieved.*
    - *It is the Board's responsibility to develop the organization's mission statement. Together, the Board and the Contract Forestry Manager develop the vision and strategic outcomes for the organization.*
    - *The Contract Forestry Manager, in collaboration with appropriate staff, then develop the strategies and operational plan for achieving the vision and strategic goals.*
    - *The Board has a responsibility to review the strategies with the Contract Forestry Manager and senior staff to ensure that these are consistent with the organization's core values, do not put the organization at unacceptable risk, and have a high probability of achieving the strategic goals.*
  - *Develop and implement the strategies and operational plans necessary to achieve the vision.*
    - *Although the Board will be involved in developing and deciding on the vision and strategic goals, the Contract Forestry Manager and staff are responsible for developing the goals to be achieved annually and for the strategies to achieve these goals. This is not a role or responsibility*
- of the Board. However, the Board needs to support the staff in their endeavours.*
- *Develop and operate the organization within a budget that enables achievement of the vision/outcomes while fulfilling the organization's existing obligations.*
    - *The Contract Forestry Manager is responsible for developing annual budgets that reflect the strategic and operational plans, requirements, and obligations and submitting these to the Board for approval.*
  - *Develop and keep current a long-term financial plan that addresses operational and capital requirements, organizational growth, diversity of resource generation, potential risks, revenue surplus, and reserve or contingency funds, and sets out the assumptions on which the plan is built.*
    - *It is part of the Contract Forestry Manager's responsibility to ensure the financial health and viability of the organization. It is a task in which they will most likely involve volunteers from the Board and or the community.*
  - *Ensure the integrity of the organization's internal control and management systems.*
    - *It is the Contract Forestry Manager's responsibility to put in place financial management and administrative systems that meet the standards of the auditor, the Ministry of Forests, Lands and Natural Resource Operations and other administrative, management, professional, or accrediting bodies.*
  - *Direct and monitor the activities of the organization in a manner that ensures its assets are safeguarded and optimized in the best interests of the organization and the persons it exists to serve.*
    - *The Contract Forestry Manager is expected to put systems in place that safeguard the organization's assets (i.e., sound financial management systems, insurance, policies, and practices), as well as policies, procedures, and practices for regularly monitoring the assets.*
  - *Identify the principal risks that could be faced by the organization and ensure the implementation of systems to manage these risks.*
    - *The Contract Forestry Manager is expected to engage in risk management practices*

- that minimize risk to the organization and must ensure that these practices are known and implemented by staff.*
- *Hire, manage, supervise, evaluate, and, if necessary, terminate the employment of staff within approved budgetary parameters.*
    - *The responsibility for all matters related to employee relations (hiring, compensation, discipline, supervision, and remuneration of employees) belongs to the Contract Forestry Manager.*
  - *Develop and implement operational policies and practices necessary for the effective and efficient operation of the organization.*
    - *All operational policies and practices for the organization are the responsibility of the Contract Forestry Manager. This includes review, monitoring, and enforcement of existing policy and creation of new policy.*
    - *The Contract Forestry Manager must develop operational policies and practices and ensure that all staff understand and properly implement them.*
  - *In collaboration with the Board, develop and implement plans and strategies for communicating and building relationships with the shareholders, community, and key stakeholders. Along with the Chair, act as a principal spokesperson for the organization.*
    - *The Board and the Contract Forestry Manager will develop strategies that define the role of each in communicating and developing relationships with the organization's various stakeholders. This will involve keeping each other informed of any issues or developments that are likely to have either positive or negative impacts on any of these relationships.*
    - *Sharing the role of principal spokesperson means that the Contract Forestry Manager must follow the same rules that apply to the Chairperson. This means that they cannot make statements or take positions on matters where the Board has not yet made a decision or developed a policy. Any positions or statements that they do make must simply be a restatement of an existing Board position.*
  - *Ensure that the Chair and the Board are provided with relevant and timely information regarding substantial issues.*
    - *It is the responsibility of the Contract Forestry Manager to ensure that the Chair and the Board have, in a timely manner, information that may impact on the public image of the organization or that is important to the Board's ability to fulfill its governing responsibilities.*
  - *Foster an organizational culture that promotes ethical practices and encourages individual integrity and social responsibility.*
    - *It is expected that the Contract Forestry Manager will establish policies, practices, standards, and code of conduct for staff and volunteers that will help to ensure achievement of this Board expectation.*
  - *Seek Board approval for expenditures, revenue measures, leases, or other actions and transactions falling outside the guidelines and policies approved by the Board.*
    - *The Contract Forestry Manager is expected to be fully aware of this Board expectation (and in some cases policy) and ensure compliance.*
  - *Work with the Board of Directors to lead and direct the organization and to assist it with governance and Board development, where needed.*
    - *Although Board development may not be the Contract Forestry Manager's area of expertise, they should have access to resources to help the Board engage in effective governance practices and improve or enhance their knowledge and skills as directors.*
  - *Provide a safe, secure, and healthy working environment for all staff and volunteers.*
    - *This is a legal requirement as well as an expectation for which the Board will hold the Contract Forestry Manager accountable. Addressing this matter should be reflected in planning and budgeting.*

## **Example 2: A Manager's Terms of Reference with Typical Activities**

This example is consistent with the effective governance approach to the manager's terms of reference. It includes a list of typical activities that will likely be a part of the job of a manager. It does not try however to be prescriptive in the activities or tasks of a manager.

### **General Accountability**

- *The Manager of the Community Forest Corporation is accountable to the Corporation's Board of Directors.*
- *The Manager provides guidance and direction to staff and contractors in accordance with the Corporation's objectives, strategies, and commitments.*
- *The Manager is expected to maintain co-operation and communication with the Corporation's personnel, contractors, suppliers, the community, and all government agencies required to carry out responsible stewardship of the community forest.*
- *It is the job of the Manager to guide and oversee the operation of the community forest's area-based tenure to utilize the available forest resources efficiently and to respond to changing demands of the marketplace, forest management, and community requirements.*
- *Typical activities of a community forest manager in fulfilling their responsibilities are:*
  - *Ensuring a sustainable supply of fibre is available to be marketed annually or as market conditions dictate and that sufficient Standing Timber Inventory is available to maximize revenue opportunities.*
  - *Developing plans for road construction, harvesting forest resources of the tenure, including conducting inventories of the forest resource, proposed management objectives and strategies, public consultation, and timber supply analyses and objectives.*
  - *Meeting Ministry of Forests, Lands and Natural Resource Operations requirements for resource management on a sustained yield basis by securing Ministry approval for Forest Stewardship Plans, resource development permits, logging plans, and other required plans and prescriptions for the area.*
  - *Managing the area-based tenure on which the Corporation carries out harvesting methods, reforestation, and forest protection.*
  - *Protecting the forest resources by undertaking regular observation activities to detect and appraise the significance of any forest insect or disease in the region.*
  - *Ensuring compliance with established standards for road construction, timber harvesting and hauling, and silviculture by independent contractors working for the Corporation.*
  - *Working with mill personnel to identify timber requirements and preparing competitive timber sales to encourage value-added manufacturing, local processing of timber, and opportunities to maximize revenues from the sale of logs.*
  - *Ensuring a high level of forest stewardship of the community forest by meeting and, whenever possible, exceeding the requirements of the Forest and Range Practices Act, and the relevant portions of the Forest Practices Code of British Columbia Act, and pursuant regulations.*
  - *Adding value to the land base through collaboration with other businesses and stakeholders, volunteer groups, recreational associations, tourism operators, and others.*
  - *Responsible for the upgrading and improvement of business practices.*
  - *Developing support for the Corporation in the local community through involvement in community affairs and identification of opportunities for Corporation to add value to the community and community forest land base.*
  - *Building effective relations with the community and partners in the Corporation's business, including contractors, employees, and government ministries and agencies, and the Village Council and its staff.*
  - *Leading the Corporation's staff to function as an effective team consisting of trained and motivated members.*
  - *Coaching the forestry team, ensuring the members have clear objectives, receive comprehensive feedback on performance, and have personal development plans focussed at achieving excellence.*
  - *Investing in personal growth, development, and self-renewal by updating credentials, acquiring new skills, staying abreast of new developments in forestry, and upgrading this performance.*

### Example 3: A Manager's Terms of Reference—A List Approach

This example clearly states the purpose, authority, reporting responsibilities and limitations of a manager; however, rather than focussing on outcomes and placing an emphasis on achieving the results articulated by the board in the strategic plan, it includes a “shall do” list in the terms of reference. An additional shortfall of this approach is that it is impossible to include all activities a manager may have to conduct. Thus, we see catch-all responsibilities, such as “Perform other related duties as assigned by the Board from time to time.” This type of statement makes it difficult to assess a manager's performance.

#### Purpose

*The purpose of the Manager is to manage the overall operations of the Community Forest Corporation, within Board Policy and all relevant legislation, including maintaining the licence, strategic planning, administration, and staff and contractor supervision.*

#### Authority

*The Manager reports to the Board. The Manager has signing authority on the organization's account.*

#### Activities and Responsibilities

*The Manager shall:*

- *Prepare and manage the Board-approved annual budget;*
- *Secure appropriate personnel and supervise all contracts of personnel working for the organization and efficiently co-ordinate the day-to-day operations and activities of the organization;*
- *Serve as the link between the daily operations and the Board;*
- *Serve as the contact for community members and government agencies;*
- *Perform the Professional Forester's obligation under the Foresters Act and the Forest and Range Practices Act;*
- *Perform stumpage calculations and timber marketing;*
- *Serve as the Chair for the Operations Committee and hold a meeting at least once a month;*

- *Attend meetings of the Board and committees as required;*
- *Ensure that the organization maintains a positive public image by participating in the organization's public outreach program;*
- *Act as the public spokesperson for the organization when requested by the Board;*
- *Perform other related duties as assigned by the Board from time to time; and*
- *Annually review all organizational insurance requirements to ensure adequacy and current status.*

#### Reporting

- *The Manager will report in writing to the Board at least every 2 weeks, or as requested by the Board, on the progress of their work identified in the various aspects of their duties through the Manager's Status Report template; and*
- *The Manager will provide the Board with bi-weekly written time and expenses report.*

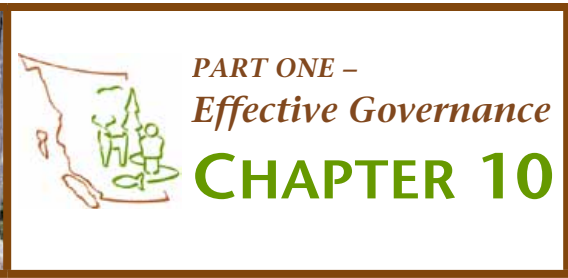
#### Limitations

*The Manager shall not:*

- *Engage in illegal activities;*
- *Make public statements or take part in public demonstrations that may tend to reflect negatively on the Corporation during the term of this contract, and, in the case of potentially adverse activities, to discuss them first with the Chairperson of the Board or the Board as a whole;*
- *Use information acquired in the course of duties under this contract, except in the best interests of the organization, nor act in conflict with the Corporation's interests; or Chairperson of the Board or the Board as a whole;*
- *Use information acquired in the course of duties under this contract, except in the best interests of the organization, nor act in conflict with the Corporation's interests; or*
- *Divulge the contents of work regarding sensitive and (or) confidential issues performed for the Corporation under this contract under any circumstances without the prior approval of the Board.*

*Susan Mulkey is the Manager of Extension and Communication for the BC Community Forest Association.*





# Creating Local Jobs: The Basics of Contract Tendering Policy

SUSAN MULKEY

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## Contract Tendering Policy, In 20 Words or Less—

*The process for bidding and awarding is open and transparent, and expectations of contractors is clearly stated.*

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**A**ny definition of community forestry always includes the importance of creating local jobs and economic development opportunities. Unlike most forest operations contract tendering processes, the bidding process for community forest contract work considers factors other than the lowest bid.

## GENERAL PRINCIPLES AND CRITERIA TO GUIDE THE CONTRACT TENDERING PROCESS

The contract tendering policy for your community forest should address some of the following general principles.

- Work on the community forest is made available to qualified people from the community.
- Work on the community forest is shared among qualified local contractors and road builders.
- The tendering process is seen to be accessible, transparent, and fair by the community and the contractors.

- The bidding process ensures a good price to the community forest and to the contractors.
- The process and the final decision are free from real or perceived conflicts of interest.

Although all of these principles are important to include in your contract tendering policy, sometimes other conditions will take precedence when running the community forest's business. To ensure transparency, any limitations should be clearly laid out. Here are some examples.

- The estimated contract amount is under a predetermined value (e.g., \$20 000).
- Management determines that only one local entity is capable of performing the contract work.
- The work entails an emergency requirement and any delays in conducting a contract tender process will be significantly injurious to the community forest's business.

The bid package should contain the conditions or criteria used to evaluate the bids. Here are some criteria that can be used to determine the winning bid, although many other possibilities exist.

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*Any definition of community forestry always includes the importance of creating local jobs and economic development opportunities.*

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- Business includes a local employment component
- Business is locally based
- Business includes a local purchasing policy
- Business is financially sound
- Business is WorkSafe BC compliant
- Business is certified by the BC Forest Safety Council
- Company experience and track record
- Type of machinery available
- Status of environmental management systems
- Business mobilization capacity
- Ability to deliver on schedule

### **WHAT ABOUT BOARD MEMBERS BIDDING ON WORK FOR THE COMMUNITY FOREST?**

Often the people who show the most interest in sitting on your organization's board also work in the forest industry. Although board members with such practical local forest expertise are indeed assets, how can your organization still achieve the required fairness and transparency, while also avoiding conflicts of interest?

Case in point: Back in the days when community forests were new, one community forest was very busy. Every log truck driver in town was working for it, except for one—the driver who sat as a volunteer on the community forest board. This community forest had a policy that board members were not eligible to work for the organization. This is a great idea in principle—it avoids conflict of interest and seems fair to the community. As a director, this board member has insider information, such as all the budgeting details for the community forest's cutblock, to which other bidders would not have access. If this director submitted a bid, it would create a problem for the whole organization. Through the years, other community forest

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*Under an effective governance approach, your board will provide management with general guidelines that include clear principles and criteria for tendering contracts. Management will then put this general guidance into operational terms.*

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organizations have also noted: “We would not have a board if we had a policy like this. We must let board members bid on the work.”

So how can your organization's tendering policy address the general principles mentioned here and still allow board members to bid on community forest work? One solution is to provide all the information to which the board member has access as a supplement to the bid package, including the cutblock budget and any additional information required to ensure transparency. The process would then be strengthened by the board conflict of interest policy and signed disclosure statements (see Part 1, Chapter 6, “Effective Governance: Tools That Shape Your Board's Role in Guiding the Organization” [pp. 49–62] in this guidebook).

### **SAMPLE CONTRACT TENDERING POLICY**

Under an effective governance approach, your board will provide management with general guidelines that include clear principles and criteria for tendering contracts, such as a priority to hire locally. Management will then put this general guidance into operational terms (see sidebar, “Sample Policies: Contract Tendering Policy”). It is management's job to develop the details of the bid package, oversee the tendering process, and make the final decision on the contract award. Management may choose to strike a committee to assist with developing the terms and conditions of the tender, screening the bids, and making recommendations for the award. If a board member sits on the manager's committee, they are participating as a volunteer, not a director.

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*We sometimes meet ourselves coming around the corner in a small town.*

— Bruce Fraser, Former Chair of the Forest Practices Board

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*Susan Mulkey is the Manager of Extension and Communication for the BC Community Forest Association.*

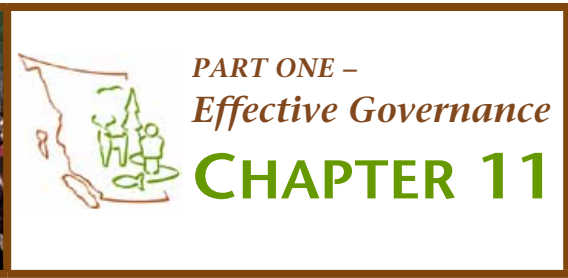


### **SAMPLE POLICIES: CONTRACT TENDERING POLICY EXCERPT**

*This sample is adapted from the Sunshine Coast Community Forest's tendering policy. Chapter 5 contains another example of a contract tendering policy from Wells Gray Community Forest (see Part 1 [pp. 45–48] in this guidebook).*

1. Contracts that we propose to enter into will be subject to a public tendering process.
2. Details of the proposed project or activity will be publicized by advertisements in local media and on the website. Where necessary, publication may be extended to other media as well to ensure the maximum numbers of potential bidders are informed.
3. All tender responses will be received in sealed envelopes and opened together in the presence of the Manager.
4. Only bids that are compliant with the terms and conditions of the tender will be assessed.
5. Management will assess the compliant tenders based on, but not limited to, the following:
  - The price of the contract
  - The ability of the bidder to provide local employment
  - The ability of the bidder to use local suppliers, where appropriate
  - Availability
  - Demonstrated success and compliance with:
    - a. [Workers Compensation Act] and Regulation specifically:
      - i. Safety Program
      - ii. Prime contractor requirements
      - iii. Status of account
      - iv. Accident history
      - v. Registration and certification in the BC Forest Safety Council
    - b. Training and [environmental management systems]:
      - i. Standard operating
      - ii. Training and compliance
      - iii. Track record
    - c. Financial capacity
    - d. Requirements for payment (cash flow issues)
    - e. Rate structure (no hidden costs)
    - f. Demonstration of Insurance
    - g. Equipment capacity and ability to produce
    - h. Past performance history
6. A ranking spread sheet for each bid will be used to determine the actual rate of the tender with respect to the work. The goal is to clearly show the difference between bids and the details of the actual benefit to the organization in the bid. The tender with the lowest bid may not be awarded as the other factors listed above are also considered.
7. If a bidder has proposed a rate that is significantly lower than other submissions where the bid package meets all other bid criteria, management may choose to discuss with that bidder all the factors to understand and assess the reason(s) for the low rate.
8. The work will be awarded to the bidder that best matches the identified criteria and the judgment of Management.





# Reaping the Benefits: The Basics of Profit Distribution Policies

SUSAN MULKEY

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## **The Basics of Profit Distribution Policies, In 20 Words or Less—**

*Annual profits are directed to projects that meet  
identified criteria and benefit the community.  
The process is transparent and fair.*

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**I**t is a fundamental premise of community forestry that profits from forestry operations will stay in the community and create some form of community benefit. Typically, profit is identified on an annual basis and is thought of as money left over after meeting commitments in the organization's annual budget or the income that exceeds what is required for forest management. Once a community forest has met its budget commitments, profit or surplus revenues are allocated according to the organization's policy.

Communities derive many benefits from community forest management, but the definitions of benefits, profits, or priorities are possibly quite different from one community to the next. Each

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from community forest management,  
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or priorities are possibly quite different  
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organization must create a policy that reflects their specific priorities and that lays out a process for determining the amount of annual surplus funds and an approach to distribution. As you will see in the examples presented here, profits generated by British Columbia's community forests are distributed in several ways—there is a never a “one-size-fits-all” approach.

## **CREATING A PROFIT DISTRIBUTION POLICY: THINGS TO CONSIDER**

A profit distribution policy will explain how to spend your profit and will give community members the ability to apply for funds in a fair and transparent way. With such a policy, decisions about distribution are easily made when queries or requests for donations arrive.

### **Budget First**

Although communities will expect to see a distribution of your organization's profits, the annual community forest budget must include sufficient funds to achieve the organization's mission and objectives, and retain enough earnings for long-term forest operations and planning. Some community forest organizations often include additional line items in their annual budgets to address such interests, as shown in the following examples.

- **Operations Reserve** – Forest operations require long-term planning horizons and funds for expensive infrastructure (e.g., roads and bridges) when needed. On a long-term, area-based tenure, major roads are often paid for over time, not through revenues from a single block. Also, consider the product markets, which we know will fluctuate. Although we can make some projections, we cannot assume that these markets will always provide the revenue we need, when we need it. A healthy operational reserve is a good idea and can be built up over time.
- **Special Projects** – The community forest organization can choose to initiate special projects that will help them make progress on their mission, goals, and objectives. Undertakings such as enhanced land-based activities, recreational infrastructure, and educational projects can become a line item in the annual budget. These special projects create a unique way to bring benefits to the community and become an essential part of the effect of the community forest.
- **Economic Development** – Some community forest organizations make, or sponsor, an annual wage contribution towards an economic development function in the community, such as a grant writer or an economic development officer.
- **“Goodwill”** – Other potential budget items include a “Goodwill Fund” for *ad hoc* funding of immediate community needs and requests.

Each organization’s approach to a profit distribution policy will reflect their organizational model, leadership, decision-making process, and community history and involvement. At the beginning of forest management operations, many organizations will have start-up loans to pay off. A shareholder relationship may be in place that lays out a directive on how profit is to be defined and distributed.

To free the board of directors from the task of adjudicating grants and monies directed to the community, several organizations donate some or all of their surplus funds to an external organization, such as a community trust or foundation, for distribution. Community forest

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*Create a profit distribution policy before you accrue any surplus. Ensure your policy is clearly stated and your process for distribution transparent. Evaluate your policy annually.*

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organizations with a such policy include Burns Lake, McBride, Likely, Cheslatta, and Slocan. Wells Gray created a separate society whose sole purpose is to distribute community forest funds.

There are no right or wrong models for profit distribution. Here are some important points to consider when developing an approach for your organization.

- Profit = Community Benefits
- Define profit. Take a look back at your foundation documents, goals, and objectives; use these as a guide to identify benefits.
- Create a profit distribution policy before you accrue any surplus. Ensure your policy is clearly stated and your process for distribution transparent. Evaluate your policy annually.
- Announce your available surplus when the organization’s year-end accounting is completed.
- Identify your priorities or criteria for distribution; these priorities may change through time.
- Identify a method to determine the annual amount to be distributed. Is it a fixed dollar figure for every cubic metre harvested? Is it a percentage of net revenue? Is it a flexible amount arrived at after a budgeting process has determined short- and long-term needs?
- Determine who will distribute the profit. The process of profit distribution can consume a tremendous amount of time for a community forest board already busy in managing the forest tenure. Should distribution be the job of the community forest board? The shareholder? A separate organization? The community at an annual meeting?
- Avoid community conflict by involving the community in the identification of profit distribution priorities. This will protect the community forest organization from negative attacks.

- Consider projects with demonstrated community support and where the project outcome will be considered a community asset.
- Start with a small community allocation to demonstrate accountability. This allocation can attend to community expectations and allow for internal systems to be properly developed.
- Encourage partnerships between community groups.
- Promote the use of community forest funds to match or leverage funds from other sources.
- Provide notice that all organization decisions regarding funding must be considered final.

### **EXAMPLES OF PROFIT DISTRIBUTION MODELS**

Here are a few examples of profit distribution activities at some British Columbia community forests.

#### **Valemount Community Forest Company**

- The Company's policy states that it will operate at arm's length from the Village of Valemount.
- Surplus revenues arising from the operations, as approved by the Company's board of directors, will be distributed to the Village for programs and initiatives identified by the village council and (or) village taxpayers/residents to the village council.
- The Company may make recommendations to the mayor and council for land base expenditures on the community forest, or other local forest areas, in accordance with the community forest organization's guiding principles.
- The Village will seek public input as part of its review process to determine use of funds generated by the Company.
- The Company may also recommend that all or part of any profits be used to increase land base productivity, to enhance recreational and tourism, and (or) other multiple-use considerations on the community forest area.

#### **Bella Coola Community Forest**

- At the beginning, the organization used the *Community Forestry Guidebook* (Gunter

[editor] 2004) and contacted BC Community Forest Associations members. The organization followed the advice given, keeping the politics out of its decision making, and running the community forest as a business.

- The organization was formed as non-profit society, with members paying a one time, \$5 fee.
- The Regional District has one seat reserved on the organization's Board of Directors.
- A company was formed made up of 63 local investors, who raised \$253 000. This company elects a board of directors and has the right to manage the licence, which is held by the Society.
- Shareholders receive the profits, and the Society has a 15% share. No entity can have more than a 15% voting share.
- The organization also has a community advisory group (targeted group) that advises the Society and the company. The Society's board decides how to distribute its 15% share.

#### **Wetzin'Kwa Community Forest Corporation**

- The Community Forest Agreement is held by a numbered company with two 50% shareholders—the Village of Telkwa and the Town of Smithers.
- In 2011, the Company distributed \$150 000 as grants. A few direct awards were also made to organizations with which the Company has memorandums of understanding. A competitive process is also in place, which is based on the Mountain Equipment Co-op grants program; maximum grants of \$15 000 are possible.
- Grants are only available to a charitable or non-profit organizations.
- Any profits that are not needed for reserve funds go to the grants program.
- The profit-distribution process, call for proposals, and recipients are all posted on the Company's website.
- A portion of the profit-distribution funds go to local First Nations. WCFC has provided each of its shareholders (Town of Smithers and Village of Telkwa) as well as the Office of the Wet'suwet'en (which is one of the WCFC "strategic partners") with an annual "gift" of equal amount the past 2 or 3 years (~\$5,000

each; and rather than this amount go into general coffers, WCFC has requested that these funds be directed towards a land-based or sustainability type of activity or investment.

- Local First Nations organizations (e.g., Office of Wet'suwet'en or Band or other) can also apply through the Community Grant Program.

### McBride Community Forest

- The Village of McBride set up a corporation, wholly owned by the Village. The community forest acts as a business, an option which does not put the taxpayers at risk.
- Any profit is distributed to the Village as a dividend. Projects are funded both within and outside of the Village limits. The dividends are also used to leverage other funds.
- Additionally, an allocation of \$10 000–20 000 per year is made for a grant-in-aid program, for which applications are accepted twice a year.
- Although the organization's board decides on how to disperse the funds for the grant-in-aid program, any requests of \$250 or less can be dealt with by the community forest manager.
- Through the Northern Development Initiative Trust,<sup>1</sup> a Community Development Trust was established with a matching contribution by the community forest organization. A community group at arm's length from the Company distributes funds annually. Any interest accrued by the fund is also paid out annually.

### Wells Gray Community Forest Corporation

- Wells Gray Community Forest Corporation (forest management entity) determines the amount of surplus funds and disperses this sum to the Wells Gray Community Forest Society, who distributes the funds twice a year.
- This model keeps profit distribution at arm's length from the forest management.
- The purpose of the Society is: To promote the economic and social welfare of the residents of Wells Gray Country (including the District of Clearwater), including the provision of support

for benevolent and charitable enterprises, federations, agencies, and societies engaged in furthering these purposes.

- Although the corporation originally thought that the foundation would hold its shares, the foundation was not interested in doing so. Instead, the foundation receives the profits and then distributes the interest according to Canada Revenue Agency rules for foundations.
- The Community Forest Agreement holder has a goal of being responsive to local needs in a timely fashion; however, the foundation model limited the agreement holder's ability to address *ad hoc* funding requests.
- In cases where broad community support exists, some direct awards have been issued. In 2012, the direct award process was terminated as the demand was too great. So far, no community debate has taken place about where the profits should go.
- The Society allocates some funds to the local foundation for its own funding process. At one time the foundation was investigated as the lead organization for distribution of profits to the community, but it was determined that the process does not meet the community forest's criteria to be responsive and timely with the granting program.
- For certain funding actions, the Society wants to be able to make quick decisions.

### Likely–Xat'süll Community Forest

- The Community Forest Agreement is a 50/50 partnership between the Likely and the Xat'süll First Nation communities. Each holds 50% of the shares in the limited company.
- Every year, profits are set aside and split equally between the two communities to disperse as they choose.
- Some joint projects include providing firewood for the elderly and single-parent families.
- Likely disperses its share on the "dotmocracy" model.<sup>2</sup> All projects submitted are posted on the walls of the community hall where people vote for their favourite projects with a specific

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<sup>1</sup> For more information, see: <http://www.northerndevlopment.bc.ca>.

<sup>2</sup> For more information, see: <http://dotmocracy.org>.



number of dots. The projects with the most dots receive funding, until the money runs out. Tourism projects are consistently the priority.

- Xatsúll profits are distributed by chief and council. They used some of the profit to leverage more funds for their community/health centre.

### **Burns Lake Community Forest**

- The board of directors for Comfor Management Services Ltd., the municipally owned limited company that manages the Community Forest Agreement, has established a policy of allocating up to 30% of its before-tax earnings to a special Priorities Account.
- This policy requires a written application for the dispersal of monies from the Priorities Account.
- Comfor has an evaluation committee that reviews applications for funding and makes formal recommendations to the board; the board then vote on whether to approve the full amount or a portion of the request.
- Comfor has identified a complex funding approach correlated to five identified priorities: (1) local management of resources and economic diversification; (2) local employment and processing of resources; (3) recreation, forestry training, and education); (4) other community support; and (5) promotional advertising and activities. Applications for monies allocated to priorities 3, 4, and 5 will only be considered from non-profit or community support organizations within the Lakes District.

### **Powell River Community Forest**

- The limited company managing the Powell River Community Forest annually forwards surplus revenues as a dividend cheque to the City of Powell River, who is the Company's sole shareholder.
  - In 2011, the Company forwarded \$659 554 to the City after a successful year.
  - The dividend cheque is deposited into the Community Forest Reserve Fund, which was established through bylaw. This amount is declared at the Company's annual general meeting as part of the audited annual financial report.
- Money from this fund is for use in special projects that will benefit the community as a whole; the fund is not used for city operations or regular capital expenditures.
  - Potential community projects are reviewed by the Company's board and the City Council. Company representatives and city staff meet on an ongoing, collaborative basis to review the status of the reserve fund and jointly review the potential project list.
  - When the dividend cheque is presented to the City for deposit into the reserve fund, the board may identify eligible projects it recommends for funding.
  - The Company and the City consider a range of project proposals of different sizes from both city and community groups. Community groups wishing to apply for funding from the reserve fund send a proposal with costing details to both the City and the Company's board of directors.
  - To guide the Company's project review, the board developed the following evaluation criteria.
    - The allocation of funds is consistent with the Community Forest Reserve Fund bylaw: There is demonstrated community support and the project outcome will be considered a community asset.
    - The shareholder (the City of Powell River) is likely to support the project.
    - Proposals are encouraged from community groups, non-profits and public sector agencies.
    - Partnerships are encouraged between the City and their user groups.
    - Proponents have a solid track record in the community and be a stable entity in the future.
    - Proponents who already have an investment in the project, or have raised a portion of the funds themselves, will be considered favourably.
    - Community forest funds may be identified to match or leverage funds from other sources (e.g., infrastructure grants).
    - Community projects that are ready to be developed are preferred; funds must be used in a timely, efficient manner.

- The fund is intended for capital projects, not for planning, administration, or ongoing operations.
- Projects should create opportunities for local workers, contractors, and manufacturers.
- Projects that will demonstrate the use of locally manufactured wood products are encouraged.
- Project proposals may be submitted at any time.

## APPLICATIONS FOR FUNDING

If your community forest organization adopts an annual granting program, then supplying an application for funding or a donation request form is a good idea. These forms explain the information you expect all applicants to provide, and the criteria used to evaluate the submissions. It also serves to standardize the information you receive, streamlining the evaluation process.

Applications will frequently be written by a volunteer for a community-based organization. Although it is important to ensure that an organization has the capacity to successfully deliver on a project, supporting good project proposals from new and emerging groups also has value. Mentoring criteria can become a requirement for funding proposals that come from groups with no track record.

Consider including the following requirements on your funding application forms.<sup>3</sup>

- 1. General Instructions** –  
Deadline for submission, email or address for submission, contact person for more information, special instructions on eligibility requirements.
- 2. General Information about the Applicant** –  
Project title, legal name of the applicant, key contact information, including name, address, phone, and email.
- 3. Project Description** –  
Request a brief description of the project.  
Provide a space on your application form that matches the amount of information you want

to receive. Applicants can be invited to provide additional information on a separate sheet.

- 4. Contribution Category** – The community forest organization may want to identify goal areas or contribution categories for funding. The applicant can be asked to identify where its project fits into the goals identified by the community forest for community benefits.
- 5. Anticipated Benefits or Outcomes of the Project** –  
The applicant can be asked to describe what community benefits can be expected as a result of this project.
- 6. Project Budget** –  
Keep it simple, but information should include salaries/fees, equipment, and supplies. Ask whether funds are available from other sources that will contribute to the project and, if so, the amount and the source.
- 7. Start up and completion dates.**
- 8. Project partners** (if any).
- 9. Reporting or Evaluation Requirements** –  
Accountability is a good idea. You can require a report (form can be provided to simplify and streamline) from a project that received funding before any additional funding is given.

## REFERENCES

Gunter, Jennifer (editor). 2004. The community forestry guidebook: Tools and techniques for communities in British Columbia. FORREX–Forest Research Extension Partnership and British Columbia Community Forest Association, Kamloops and Kaslo, B.C. FORREX Series Report No. 15. [http://www.bccfa.ca/index.php?option=com\\_k2&view=item&id=89:guidebook](http://www.bccfa.ca/index.php?option=com_k2&view=item&id=89:guidebook) (Accessed January 2013).

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<sup>3</sup> Adapted from criteria developed by the Lower North Thompson Community Forest Society and Valemount Community Forest Company Ltd.



# Community Forest Management: Crossing the Bridge From Governance to Operations

SUSAN MULKEY AND KEN DAY

Community forest managers work under unique conditions that include the scrutiny of an entire rural community. When a community holds “a sense of stewardship” over an area, the community forest manager is under pressure to address a range of community interests while also delivering on the board’s expectations to run a successful small forestry business. Different parties in the community will likely expect different results. Anticipating every potential outcome of a decision is impossible. Decisions made with the best of intentions will sometimes hit their target; others may fall short. Conflicts can mushroom quickly. The greatest challenges community forest managers face often involve the “community” part of the community forestry equation—that is, public interests rather than forest management issues.

In this final chapter of Part 1, we tie together important aspects of community forest governance and operations by focussing on some of the challenges that every community forest in British Columbia has experienced. First, we provide examples that serve to illustrate potential considerations in a manager’s decision-making process when confronting issues related to community and board of directors’ expectations and constraints. We conclude by offering up some of the experiences and lessons learned by community forest boards and managers around the province.

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*The greatest challenges community forest managers face often involve the “community” part of the community forestry equation—that is, public interests rather than forest management issues.*

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## CHALLENGES FACING COMMUNITY FOREST MANAGERS

Here we focus on some of the challenges facing managers in meeting both the expectations of their community and the constraints imposed through board governance and forest management. The statements below, challenges experienced by every community forest in British Columbia, illustrate some potential considerations in a manager’s decision-making process.

### “We Need More Money For Our Community Project”

To generate additional net revenue, a manager has the following three options.

1. **Cut More Volume –**  
The community forest’s allowable annual cut must be reconciled every 5 years. Because overcutting the 5-year periodic harvest incurs financial penalties, cutting more volume this year

will mean cutting less in a future year. Future expenses (e.g., silviculture costs) will likely be incurred in a year when revenues are lower.

## 2. Cut Higher Value –

Trees have various characteristics that make them attractive or unattractive to a buyer. Sooner or later, all stands in the timber harvesting land base should be cut. If poorer-quality stands are repeatedly deferred from cutting, then eventually only poor-quality stands will remain. This practice is often referred to as “high-grading.” Therefore, the poorer-quality stands should be cut when markets will support their harvest.

## 3. Cut Lower Cost Volume –

Stands occurring on easy ground, or where roads are already in place, will be cheaper to cut and therefore reduce harvest costs. Consistently harvesting the lowest-cost stands commits the community forest to ever-increasing production costs.

### **“We Should Spend Some Of The Extra Cash You Are Saving”**

Cash reserves are an important tool to manage future obligations. For example, harvesting today incurs a stream of future expenses for silviculture activities, such as planting, brushing, and surveys. A manager will develop an estimate of future expenses for each stand harvested and a board can choose to create a cash reserve to fund these liabilities. The only other option is to book the liabilities and trust that current revenues will always be available to fund them. This latter approach is risky because it puts significant pressure on future annual cash flows; however, creating a big cash reserve makes the community forest business look “plump.”

University of British Columbia Professor Bruce Larson has counselled: “never make yourself worth more dead than alive.” Cash reserves for silviculture alone can be substantial. For example, if a community forest with an allowable annual cut of 20 000 m<sup>3</sup> expects an average silviculture cost of \$6 per cubic metre, then a silviculture liability of \$1.2 million will accumulate over a 15-year period. Creating a cash reserve of more than a million dollars definitely makes you “worth more

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*Cash reserves are an important tool to manage future obligations.*

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dead than alive.” Prudent managers and boards of directors will use a combination of cash reserves and booked liabilities to manage future expenses. This will maintain an accounting of the liabilities and supports the need for the cash reserve.

### **“Send Some Logs To XYZ Lumber Company—They Are Short Of Logs”**

Log sales are the core business of most community forests. For many managers, selling logs is much like buying a car—although we don’t do it very often, we are negotiating with someone who does it every day. Log prices, established in a province-wide (even international) market, can be variable. Although everyone is familiar with the softwood lumber futures often quoted on the evening news, log markets are only weakly tied to the market price of lumber. Here are some points to consider when deciding how and where to sell your logs.

- Regardless of the demand for lumber, a sawmill with a log surplus will not offer a good price for your logs. For instance, selling logs to an Interior mill in late winter will likely bring a poor price. A better strategy is to time your sales negotiation for when the mill has a low log inventory.
- The price of lumber and lumber inventories vary significantly throughout the year. Determine whether you are selling into a rising or falling market, and then set your sales agreement accordingly.
- Certainty has a value. If you want the buyer to enter a multi-year purchase agreement, then you will be selling market risk along with your logs. You can therefore expect the buyer to reduce the log price accordingly.
- Community forests are “market loggers.” In this approach to logging, quality and customer service are high priorities. Market loggers treat their customers’ business with respect, and don’t divulge confidential pricing information. Many logging companies approach their business with a volume



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*Regardless of the demand for lumber, a sawmill with a log surplus will not offer a good price for your logs.*

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production objective, which may not mesh well with your market-logging sensibilities.

- Every stand contains higher- and lower-value logs. Often, the whole stand will be sold to a big Interior sawmill or to a coastal buying station. Alternatively, you may market the higher-value logs separately, providing a higher selling price for a portion of the stand, diversifying your customers, and presenting an opportunity to support small-scale timber-frame and log-home builders and other value-added businesses. However, sorting out those high-value logs will reduce the stand value to the primary buyer, and must be openly negotiated in the log sale agreement.
- As a result of lumber industry consolidation, some community forests may only have one buyer in the local market. Therefore, occasionally selling outside the local market may be necessary to obtain fair pricing.
- Because of time lags between buying logs and selling products, small local mills may have cash-flow problems. A community forest might decide to finance the log purchase for a short time, although this should be a cautious business decision. Be careful about selling to unreliable buyers and don't be afraid to ask for cash before the logs are delivered.
- Log brokers provide a helpful service by supplying market intelligence on current pricing and by identifying market opportunities within a log profile. Brokers can also buffer the manager from decisions that may be unpopular in the community. Find a broker that offers to sell your wood on a percentage basis—this way, they profit when you do. Also, be sure to check a prospective broker's references.

### **“Don't Log There, That's Where I . . .”**

Although local folks may hold a strong attachment to a particular community forest location, they generally don't express any concern until an

immediate threat is perceived and planning work is well advanced. For example, proposed operations may affect: pet graves; favourite trails, viewpoints, or mushroom-picking areas; or the aesthetics of adjacent properties. It is usually possible to accommodate these local values within harvest planning by placing an untreated reserve or a machine-free zone within the cutblock, or by tweaking the cutblock's silviculture strategy. Listen to peoples' concerns and take input at all times. Undertaking your fieldwork well before operations commence will give you time to adjust your plans. Proactively consult with immediate neighbours as you develop harvest plans (see Part 2, Chapter 2, “Understanding Goals, Values, and Objectives” [pp. 99–105] in this guidebook).

### **“How Come You Gave The Hockey Team \$1000, But You Only Gave Our Baseball Team \$250?”**

Distributing community forest profits is controversial—regardless of how much money you distribute, it is never enough. Profit distribution choices should always follow carefully constructed board guidelines; a community forest manager should be outside this decision-making process (see Part 1, Chapter 11, “Reaping the Benefits: The Basics of Profit Distribution Policies” [pp. 81–86] in this guidebook).

### **“You Have To Log This Year Because People Need The Work”**

Concerns such as this usually arise when the community forest has already invested much money in preparing for a future harvest. The planning and fieldwork are done and the roads are built. The logging itself will incur further labour, supervision, silviculture, and road maintenance costs. To be profitable, your business operation must do better than just break-even. A community forest business must achieve a sufficient margin between selling price and logging costs to cover all the upfront planning and administration costs as well as the silviculture costs to follow, and to realize a profit at the end of operations. Selling below this price means the community forest is losing money.

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*While your board of directors may decide to increase local labour inputs and take a lower cash profit, no responsible, sustainable business can sell at a price lower than the break-even point.*

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Robin Hood from the Likely-Xatsùll Community Forest often says that “you need to define profit,” and he is right. While your board of directors may decide to increase local labour inputs and take a lower cash profit, no responsible, sustainable business can sell at a price lower than the break-even point.

### **“Director Smith Has Stepped Down From The Board”**

A good manager should develop strong and respectful relationships with board members, ensuring they have clear and sufficient information on which to base their governance decisions. To create a successful bridge between governance and operations, board members should be people who are able to work with the manager, a situation that requires some thoughtful recruiting techniques (see Part 1, Chapter 7, “Recruit a Skilled Board and Orient Them Well” [pp. 63–66] in this guidebook). Boards benefit from frequent changes in membership that inject fresh ideas and renewed energy to the organization. Such ongoing renewal is healthy and preferable to a rarely changing membership; infrequent changes often lead to organizational stagnation but can tend to be of a more radical and disruptive nature when they inevitably occur. The goal for board recruitment is to draw in qualifications and other perspectives that will help the board to function both cohesively and effectively.

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## **EXPERIENCE AND LESSONS LEARNED: ADVICE FROM COMMUNITY FOREST BOARDS AND MANAGERS**

A community forest manager tells the story of a harvesting operation and new road building that put him in the middle of a conflict with local pine mushroom harvesters. The plans for development of the area had been public for a couple of years, yet no comments or protest had been received. But it was in September when the contractor showed up ready to build 5 km of road, right in the middle of mushroom picking season, that the manager learned about meaningful community consultation. Here is his experience and the lessons learned.

*When we got to the road location, I was surprised how many people were out there to protest the road development through what they said was a highly valuable mushroom picking area. By the time I got home, there were six messages on my home phone. Within a short while, there were two local petitions, and the media was all over it. We were blind-sided by the response. We thought that we had done our due diligence. We thought we were taking a very practical approach.*

*The issue quickly became so emotional for the community and for the community forest. It was easy to become too reactionary or to dig in. I had to ask myself, “what did I do wrong as a manager, what did I overlook?”*

*There had been two mushroom studies done in the area, but I had not spoken to the consultant when planning the road. I should have found some way to use local expertise. It is hard because pickers are not organized and do not come forward to identify where their interests are on the land.*

*As management for the community forest, we said: “You have to form a group, and we will sit down with you and hash this out.” We drew a line about holding a public meeting, concerned that it would be too volatile and unproductive.*

*As a result of sitting down with the mushroom harvesters, three compromises were reached: (1) we reduced area harvested by 10%, (2) we increased buffer strips, and (3) we shifted some of the areas. People were not perfectly happy, but they were glad to be acknowledged.*



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*Maintain your cool, and learn not to take things personally.*

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### **Lessons learned—**

- The dialogue is always ongoing.
- Maintain your cool, and learn not to take things personally.
- Understand that people are passionate about their stuff (interests).
- Prepare to be innovative—we live in a world where we are all too rigid—take a chance and “think outside the box.”

Some issues will become very emotional. This reality is illustrated in another community forest where the manager proposed harvesting in a small cutblock within the community forest operating area. Suddenly, he was faced with the need to navigate intense conflict from adjacent land owners and confidentiality leaks on his board. The community became divided and uncomfortable power struggles ensued. The manager’s time became consumed with lawyers, accountants, and community opinion. The situation began to negatively affect both him and his family. The impact on his kids especially concerned him. He felt uncertainty around his future in the community forest organization and in the community.

He made a decision to use the crisis as leverage for board organizational development. The board and management worked together to develop a much-needed policy framework that laid out expectations and responsibilities of directors, including a code of conduct and conflict of interest guidelines. The process was educational for the board, and the new policy continues to strengthen the organization.

Though it was a difficult time with costs for legal fees, staff time, and volunteer resources, the majority of the community appreciated the information and the educational opportunity to learn more about their community forest.

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*Don’t engage in public with the conflict buzz when it arises, especially with media.*

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The big take-away lessons were valuable. Don’t engage in public with the conflict buzz when it arises, especially with media. Be responsible to put out the facts. Don’t think that everyone is going to choose your side. Stay professional and work with people in the community who want to work with you.

### **Advice from Community Forest Managers**

Here is valuable advice from some of the many community forest managers who have shared their experiences with us.

- *Often a community forest starts as a grassroots initiative where many people put in lots of time and take on a range of leadership roles. It is hard to emerge from an informal volunteer role to the role and responsibilities of a board member or into a manager’s role. Develop policies early. Policies give clear direction to board, staff, and the public. The alternative is to build policies out of crisis, which will cost the organization time and money.*
- *There must be clearly defined lines of communication between a board and management. The board needs to give the manager consistent direction.*
- *Develop memorandums of understanding with groups who use the community forest land base. Then they know what the process is upfront for communication and how the community forest will interact with their interests on the land base.*
- *The squeaky wheel gets the most attention, but there are others that have to be listened to as well. Don’t lose sight of the silent supporters.*
- *It gets frustrating for managers to not get any meaningful input from the community or from user groups. Instead of simply expecting people to come to us, we also went to their meetings. We realized that we have to meet people where they are, not count on them to come to us.*
- *Be proactive with the media and get them to report on the good work you are doing. We developed a very strong community email list and we post regular updates on our plans and activities. When the media is on the list, they are always getting information to report on, including the good news about the community forest.*

- Consider options beyond traditional media—social media can be very powerful at the community level. You have more control because you are making your own posts, instead of writing a response to a letter to the editor.
- Often the public only hears about problems with the community forest. Blow your own horn and celebrate your successes. Write them up and circulate widely.
- Keep your local media informed—educate when necessary.
- Build a network of peers—people you trust—and use them as a sounding board.
- Be transparent. Admit failures, take corrective action, make the necessary policy changes, and move on.
- Maintain the trust between your governing body and the public.
- Be cautious in areas of inexperience; be aggressive in areas of expertise.

### Advice from Community Forest Boards

Community forest board members were asked for their best advice gained through experiences in their communities, especially when facing the need to manage conflict both within the community and within the organization itself. Here is a sampling of what they said.

- With a solid governance model, sound policies, good leadership, and strong management, your community forest has a good chance for success.
- Don't expose the manager to controversy. It is the board's job to back him up in the community. The board makes the strategic decisions and needs to stand up in the community as the ones responsible. The chairperson should be the official spokesperson for the organization.

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*It takes a special kind of person to do the job of the community forest manager. You have to be comfortable seeing your name out there a lot, good and bad. It's not the criticism, it's the exposure that is a challenge.*

— Jesper Nielsen, Manager of Nakusp and Area Community Forest

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*At the end of the day, you have to have the courage of your convictions—don't second guess yourself. You are doing the best you can every day. Give yourself the chance to do it better tomorrow than you did today.*

— Marc von Der Gonna, Vice-President, McBride Community Forest

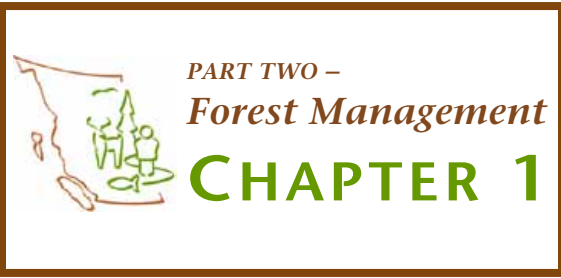
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- The role of the Chair is critical. The Chair should facilitate between the board and the manager, supporting everyone.
- You have to get your board policies in place.
- Volunteers are often passionate people, but sometimes they don't understand how a board works. I often find my role as Chairperson is to facilitate problem solving. If you don't take on that role, then the board goes off in many different directions. The role of the Chairperson is to be a facilitator and an educator.
- The “Come from Aways” – The new people in town who volunteer for the board: they haven't breathed your community's reason for having the community forest, so they question every basic philosophy. Yes, we need new blood, but new folks—should they become Chair in their first year?
- Good to adopt the “farm team” approach (new board members that are learning the ropes). Develop board members by getting them involved in projects. Mid-term vacancies can be filled temporarily by “farm team” members.
- Develop clear goals and objectives that are measurable. Use them to report on your progress regularly to the public.
- Face problems early on. Get outside facilitators when there is a serious problem.
- It is very important to have your board members on the same page with the organization's vision.

Susan Mulkey is the Manager of Extension and Communication for the BC Community Forest Association.

Ken Day, MF, RPF, is the Manager of the University of British Columbia's Alex Fraser Research Forest.

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# Spatial Data and Mapping Tools

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**G**ood mapping is the foundation for well-made decisions in resource management, planning, silviculture, and operations activities within any community forest.

Modern digital mapping technology has profound and positive impacts on the ways land managers and forestry specialists manage forest resources. Spatial database systems can be a big help to management decisions requiring the integration of multiple values. A variety of such tools is available.

## SPATIAL DATA

Also known as *geospatial data* or *geographic information*, spatial data is information that identifies the geographic location of features and boundaries on Earth, such as natural or constructed features and oceans. Spatial data is mappable information that is usually stored as co-ordinates and topology (rules defining the relationship between different features and data sets). Spatial data is often accessed, manipulated, or analyzed through geographic information systems (GIS).

An organized, flexible, and well-documented spatial database allows managers of area-based forest tenures to make informed management decisions over the long term.

## Data Sources

A multitude of free spatial data and imagery is available for download at the British Columbia Land and Resource Data Warehouse (LRDW) website (see below). There, you can order land and resource data such as site series attributes for biogeoclimatic zones, terrestrial ecosystem mapping, wildlife habitat areas, stream classifications, wetland riparian classes, recreational opportunity spectrums, recreational visual sensitivity units, and seed planning zones. A number of screens will direct you to login, select data, and request the format. Your data are then compiled. Once your request is processed, you receive an email with a link to download the data to your computer.

Although the information available from the LRDW is designed to be used by holders of large, volume-based tenures and is not ideally suited for the small areas (< 40 000 ha) typical of area-based tenures, it still can make valuable contributions to a community forest's spatial database.

## Data Visualization

The provincial government has a web-based map system specific to forestry users that makes it easy to visualize the layers available in the LRDW and to build maps online. To access either the LRDW or WebMap, you must have a BCeID access.

Once a BCeID is obtained, the LRDW is accessed at: <https://apps.gov.bc.ca/pub/dwds/home.so/> and the forestry map system at: <http://www.for.gov.bc.ca/mof/mapview.htm>

### **BCeID Access**

A BCeID account provides convenient, secure, and private electronic access to several government mapping services. BCeID is a web-based system that makes it possible to sign in to participating government online services with a single user ID and password. This means that you don't have to remember different ID/password sets for each website you visit.

Three types of BCeID account are available: Basic, Personal, and Business.

**Basic BCeID** – Allows you to access online services that need to recognize your account when you return, but do not need to know who you are. To obtain a Basic BCeID, verification of your identity is not required and registration is completed entirely online.

**Personal BCeID** – Allows you to access online services that require a verified identity for activities in which you act in an individual capacity (i.e., not as a business). To obtain a Personal BCeID, verification of your identity is required in person.

**Business BCeID** – Allows you to access online services that require a verified unique identity for your organization in which you act in a business capacity as an authorized representative of the business (i.e., not as an individual). Business BCeID may be used by representatives of companies, partnerships, sole proprietorships, or organizations including municipalities and not-for-profit societies. Additional accounts for employees can be created as required.

For more information about BCeID and to register, go to: <https://www.bceid.ca/>

### **Global Positioning System Tools**

Basic data can also be obtained directly in the field using a Global Positioning System (GPS) device. These devices store lines, polygons, and points that can be used later to create

new layers of data and map elements. Hand-held GPS devices that enable uploads and downloads cost around \$300–500 and can be successfully used after a short training period.

Garmin™ offers a wide range of GPS devices that can be used to collect field data. For more information, go to: <http://www.garmin.com/garmin/cms/site/us/onthetrail/>

## **MAPPING TOOLS**

Mapping tools are programs that can create new layers or manipulate existing spatial data. A large array of mapping tools exists—some are low-cost with limited functionality, whereas others cost more but have greater performance capacity. The more complex the tool, the more expensive and time consuming is the necessary training in its use. Table 1 shows some mapping tools available to community forests along with the suggested skill levels required to learn and operate the tools.

### **Web Mapping Tools**

#### **Google Earth**

Google Earth™ allows you to travel the world through a virtual globe and view satellite imagery, maps, and terrain. Its rich, geographical content provides realistic view of the world. Widely available, the program is free to download (<http://earth.google.com/>) and easy to use. It is also suitable for sharing information between interested people.

Using Google Earth, it is possible to draw free-form paths and polygons in a 3-D viewer and then save these to a folder. Path and polygon data include features such as name, description, style view, and location.

With some more documentation, your own spatial data can be converted to KML format (Google Earth mapping language) and posted or sent to other users by email. Similarly, others can provide you with their spatial data. For example, the Ministry of Forests, Lands and Natural Resource Operations has provided the BCCFA with a KML file for all the community forest agreements in British Columbia. It is available for download at: <http://www.bccfa.ca>.



**TABLE 1** Mapping software suitability

| Mapping tool:       | Suitable for:   |
|---------------------|---|
| <b>Google Earth</b> | Use by people with moderate computer skills after a few hours of training. Training can be done online using Google Earth tutorials, or through courses available at local colleges.  |
| <b>OziExplorer</b>  | Displaying data collected by GPS units. People who have a basic familiarity with mapping can learn the program using the OziExplorer website, or sometimes colleges offer short courses.  |
| <b>ArcView 3.x</b>  | Use by people with a good understanding of mapping and computers. Familiarity with database management and data management is necessary. Most resource management professionals could learn to use ArcView effectively after a 2–3 week, full-time course usually delivered at a local college. |
| <b>ArcGIS</b>       | Use by professionals. ArcGIS is expensive and challenging to learn, but the results and possible uses of this program are the most comprehensive. It is recommended that community forests access this program through a specialized contracting company.                                       |

You can also connect a GPS device to your computer to import waypoint and track data into Google Earth. This will allow you to view the data in Google Earth, save the data as KML files, and send the files to other viewers.

The use of the program is easy to learn from a set of online tutorials (see: <http://earth.google.com/support/bin/answer.py?answer=176576>). Each tutorial provides a hands-on lesson using the application. Tutorial topics include:

- Navigating on the Earth
- Searching for locations
- Marking locations
- Obtaining co-ordinates

With the additional help of Google Maps™, you can: create, save, and share maps; add text, photos, or video; and share the results. For more information, go to: <http://maps.google.com/>

### **OziExplorer**

OziExplorer is a basic mapping program that is affordable and easy to learn and use. With it, you can download and upload GPS data from all commercial GPS devices, and can work with shapefiles (see sidebar, “Definitions”) obtained from different sources.

OziExplorer operates using one projection system only (see sidebar, “Definitions”). Once you select a projection, all subsequent map co-ordinate downloads must be set to that system to be usable. The program can be downloaded at: <http://www.ozixplorer.com/>

### **DEFINITIONS**

**Shapefiles** – A combination of three to six files used by ArcView® to store spatial and attribute information of points, lines, or polygons.

**Map Projection** – The surface of the earth is curved but maps are flat. To convert feature locations from the spherical earth to a flat map, the latitude and longitude co-ordinates from a geographic co-ordinate system must be converted, or projected, to planar co-ordinates.

The provincial government uses the following projected co-ordinate systems:

- NAD 1983 UTM grid 10
- NAD 1983 BC Environment Albers

When you set up your database, it will be useful to adopt one of these projections.

The *unregistered* version of this program can be used at no cost and without time limits. The *registered* version can be used only if you purchase a licence, which costs about \$100.

With *OziExplorer*, you first load a base map image of your area of interest, which is obtained from either scanning a paper map or purchasing one in a digital format. If you do not have a purchased (registered) copy or retail version of *OziExplorer*, then you are limited to using a bitmap (BMP) image file for this base image. Otherwise, you can use map images in other formats (e.g., TIF, PNG, JPG, or ECW).

It is possible to use *OziExplorer* without this map image by selecting the “Blank Map” (Auto Scale) option on the map menu; however, having an existing map on which to base your work makes the task much easier.

### **ArcView, Version 3.x**

ArcView®, made by Environmental Systems Research Institute (ESRI), is powerful software that allows you to visualize, explore, query, and analyze data spatially.

Version 3 and lower, though now more than 10 years old, is particularly straightforward to learn and continues to be used by many resource practitioners. It was written in a language called “Avenue” that, while no longer supported by ESRI, is kept viable by the user community. As such, there is a risk of reduced support for this program in future. Also, if your computer is operating with Windows 7, any version of ArcView 3.x will not install, at least for now (the user community may create a means to do so).

To use ArcView, you don’t need to know how to create geographic data. The program comes with a useful set of ready-to-use data. Additional geographic data sets are available from ESRI and from various third parties to suit almost any requirement. If your organization already uses ArcInfo GIS data, you will immediately be able to use ArcView to access all these resources, including vector coverages, map libraries, grids, images, and event data.

**Views** – With ArcView, geographic data is manipulated in interactive maps called “views.”

Every view features a unique geographic “Table of Contents,” making it easy to understand and control what is displayed. For example, you can create a view called “Community Forest Stand Structure” in which you bring together all the map layers you need (e.g., roads, landings, streams, and forest cover polygons) symbolized in desired colours and textures.

**Tables** – Information (“records”) about each point, polygon, or line is stored in tables. By clicking on one of these features in a view, the corresponding record is highlighted in the table, showing its attributes. Likewise, by selecting records in a table, the features they represent become highlighted in the view. ArcView’s tables also have a full range of features for obtaining summary statistics, sorting, and querying. For example, you can query the forest cover attribute table to select all the stands containing more than 50% Douglas-fir and age greater than 80 years. This request will show you only the selected polygons on the map.

**Charts** – Any quantitative data in a table attached to a shapefile can be expressed in a chart and attached to a map through the program. In a view, features are simply clicked to add them to the chart. ArcView lets you work simultaneously with geographic, tabular, and chart representations of your data.

**Layouts** – ArcView’s layout feature lets you create high-quality, full-colour maps by first arranging the various graphic elements on-screen the way you want them. Layouts are live-linked to the data they represent so you know everything on your map will be up-to-date, even if changes to the data are made. Also on a layout you can insert multiple views, charts, and summary tables in a single print, if it is necessary.

**Projects** – All the components of an ArcView session (i.e., views, tables, charts, layouts, and scripts) are conveniently stored in one file called a “Project.” The program’s project window shows the contents of your project and makes it easy to manage all your work.

For your Community Forest Management Plan, for example, you can create a single project that contains multiple views for all the required



map themes, such as special management areas, riparian management areas, stand structure by species, age, and stand productivity, plus related charts and summary tables.

**Using Spatial Data in ArcView** – *Spatial data* stores the geometric location of particular features, along with attribute information (“records”) describing what these features represent. It is also known as digital map or digital cartographic data.

*Image data* includes satellite images, air photographs, and other remotely sensed or scanned data.

*Tabular data* can include almost any data set, whether or not it contains geographic data. What you can do with a table in ArcView depends on what it contains. Some tables can be displayed on a view directly; others provide additional attributes that can be joined to existing spatial data. ArcView supports data from database servers, such as: Oracle, Ingres, Sybase, and Informix; dBASE III and dBASE IV files; INFO tables; and text files with fields separated by tabs or commas.

**Hot Linking to Other Data Sources** – Using the program’s “Hot Link” function allows you to access other data sources or applications by clicking on a view. For example, you might click on a forest cover polygon to display its cruising table or stand structure, access a document describing it, or even play a video showing it. In this way, ArcView lets you organize and access diverse sources of data geographically.

The price of a single licence of this program is about \$1500. To use this program, you need at least 3 weeks of training in a ArcView course.

ArcView version 8 and higher provides limited access to the ArcGIS platform described below, costs less than ArcGIS, and may also be useful for limited database management purposes.

### **ArcGIS 9 and ArcGIS 10**

ArcGIS, the main tier of spatial programs developed by ESRI, consists of ArcMap, ArcCatalog, and ArcToolBox. These separate programs can work independently or together to solve the most complex mapping and data solutions.

**ArcMap** – ArcMap is the current industry standard for desktop GIS and mapping. ArcMap includes all the functionality of ArcView plus incorporates the use of geodatabases. Geodatabases store all the layers, tables, and metadata (information about the data) in a single file in which rules and relationship between layers can be established. ArcMap also supports multiuser editing, versioning, feature-linked annotation, and advanced topologic editing.

**ArcCatalog** – After connecting to a folder, database, or GIS server, you can browse through its contents with this data management program. You can look for the map you want to print, draw a map coverage, examine the values in a table, and find out which co-ordinate system is being used.

When you have found the data you want to use, add it to a map in ArcMap or analyze it using the tools in ArcToolBox. You might find data that are no longer needed or that must be altered. ArcCatalog makes it easy to reorganize your data and modify its properties.

**ArcToolBox** – ArcToolBox is a program to process geographic information, one of the basic functions of a GIS. It provides a way to create new information by applying an operation to existing data. Any alteration or information extraction you want to perform on data involves a geoprocessing task. It can be a simple task, such as converting geographic data to a different format, or it can involve multiple tasks performed in sequence, such as those that clip, select, then intersect data sets. Within ArcGIS, you can perform geoprocessing tasks in several ways.

**ArcGIS Server** – Mapping companies can provide access to ArcGIS via the Internet using ArcGIS Server software, which allows for creation, management, and distribution of a community forest’s geographic database. Web-based ArcGIS can provide:

- Access to spatial data by designated people;
- Content updates from the LRDW;
- Templates for management, forest stewardship, and site plans, logging plans, timber cruising, planting, and surveys; and
- Easy and fast maps when needed.

### *Other Mapping Programs*

Some other programs sold over the Internet have free-trial periods; however, most of these tend not to be applicable to forest management uses. Either the programs cannot manipulate spatial data, or it is difficult to add your own new map lines. Such programs include Smart Draw VP, Map Maker 3, and iMap Builder.

Mapping tools allow community forest managers to manage spatial data, which contributes greatly to decision-making processes.

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PART TWO –  
*Forest Management*  
**CHAPTER 2**

# Understanding Goals, Values, and Objectives

KEN DAY

People have widely divergent and often conflicting expectations of forest land managers. Pity the manager working where consensus is lacking about what the forest should look like and what it should provide!

How can land managers obtain clear goals and objectives and set about to achieve them on behalf of their community? How can a community tell whether their manager is pursuing the expected goals and objectives? The practice of community forestry is complicated, and we owe it to one another to simplify it as much as possible.

Forests provide a range of social, economic, and ecological functions. According to Blum (2004), forest land management has historically followed two distinct approaches:

1. multi-functional integration that allows for a coexistence of different uses on the same land base; and
2. single-function separation that allows private owners to concentrate on production while leaving public agencies to allow for recreational or conservation functions.

Clearly, community forestry is about integrating multiple functions on the same land base. This extension note suggests a path for communities to follow, so that:

- they can grapple with their expectations, and
- managers can devise strategies to achieve those expectations.

## STRATEGIC PLANNING FOR COMMUNITY FOREST MANAGEMENT

Many people are familiar with strategic planning for businesses; the same tools can be used to develop a common understanding of the goals, values, and objectives for community forest management. Recall, however, that forest management is a long-term venture that employs strategies with time frames measured in decades.

Morgan and Mulkey (2004) remind us that: “Community forests are many things to many people.” Strategic planning for forest management requires the participation of all those who are responsible for the management of the community forest—the corporate body that holds the licence, the community or its advisory committee, and the manager.

Strategic planning is a process, not a document. Strategic plans for community forests should set out critical information that shows what a

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*Your community’s vision for the forest will shape the financial realities of the organization. The community forest’s goals and objectives, identified through strategic planning, will have a direct influence over the expected financial return generated by short- and long-term management.*

— Morgan and Mulkey (2004)

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community believes, where it wants to get to, and how it intends to get there. It may be that these statements are different for different parts of your community forest. They may also change over time if community interests and values change.

## STEPS TO DEVELOP A STRATEGIC PLAN FOR COMMUNITY FOREST MANAGEMENT

Zielke and others<sup>1</sup> described a framework for effective forest management planning that supports the development of strategic plans for community forests. Eight key steps are outlined here.

### 1. Create the Terms of Reference

Create a small planning team (not more than seven people) to represent the:

- public's interests;
- corporate interests of the community forest; and
- community forest manager, to take the advice and advise the team on the practicalities and implications of planning decisions.

Decide how the public's interests will be represented in the planning process. Bear in mind that these vary, depending on which public is being considered (see sidebar, "Defining the Public's Interests").

Write the *Terms of Reference* for the planning team by defining the:

- processes to be used for soliciting community input about interests and values;
- time frame for completion of strategic plan;
- interests represented on the planning team;
- process for selecting the chairperson of the planning team;
- decision making and dispute resolution processes; and
- community forest's mission and vision.

### Mission

**What is the fundamental purpose of your community forest?** – For example: *The XYZ Community Forest manages the forests*

*surrounding the community of Woodville to: maintain views and recreational opportunities; reduce the risk of interface fire; and provide forest-based employment for our citizens.*

## DEFINING THE PUBLICS' INTERESTS

*People have different relationships with the land. These relationships can be:*

- *a long-standing historical connection through ownership, use, and enjoyment of the land;*
- *a direct physical/financial connection through use or enjoyment of the land (such as a recreationist, tenure holder, water user); or*
- *an indirect attachment without use or enjoyment of the land.*

*The nature of these relationships affect people's "interests" in the land, and therefore shape the way they view and react to changes made to (or planned for) the land. Plans or prescriptions made for the land will affect people and groups differently, based on the degree of connection they have to the land. Foresters must be aware of these relationships and "interests" in their practice, weighing and balancing them carefully.*

*To understand the public's interests:*

- *Consult proactively*
- *Communicate clearly*
- *Establish and nurture good relationships*
- *Know your community*
- *Be aware of current events and social, political, cultural, and economic directions*
- *Listen actively and consider all input*
- *Be responsive to concerns*
- *Consider whether consensus is possible*
- *Maintain contact to develop credibility and trust*
- *Be aware of alternative interests*
- *Document accurately*

— Professional Practice Committee (2002)

<sup>1</sup> Zielke, K., B. Bancroft, K. Day, L. Van Damme, and G. Weetman. A framework for effective sustainable forest management. 2010. Report to the B.C. Ministry of Forests and Range, Forest Practices Branch, Victoria, B.C. Unpublished report.

## DEFINITIONS

**Goal** – “A broad, general statement, usually not quantifiable, that expresses a desired state or process to be achieved. Normally, a management goal is stated in terms of purpose, often not attainable in the short term, and provides the context for more specific objectives.” <http://www.for.gov.bc.ca/hfd/library/documents/glossary/Glossary.pdf>

**Objective** – “A concise, time-specific statement of measurable planned results that correspond to pre-established goals in achieving the desired outcome. Commonly includes information on resources to be used, forms the basis for further planning to define the precise steps to be taken, and the resources to be used and assigned responsibility in achieving the identified goals.” <http://www.for.gov.bc.ca/hfd/library/documents/glossary/Glossary.pdf>

**Values** – The basic worth and utility of forests as experienced by people. Values held by people refer to their principles, or judgements about what is important in life. Values are implicitly subjective (Lawrence 2004).

### Vision

**What do you want each part of the community forest to be or do in the future?** – For example: *Block A of XYZ Community Forest will be an open multi-aged forest of ponderosa pine and Douglas-fir providing protection from crown fires and an environment for world-class mountain bike trails.*

### 2. Define the Management Area

Forest management planning operates at many scales. Your strategic plan will consider the external context (embodied in the land use plan) and provide direction to the manager for stands and resource features (such as bear dens or stick nests) in the community forest. Therefore, the planning process should be carried out at multiple scales. Subdividing the forest land base into nested units helps to develop and implement plans (Davis 1966).

Develop maps (see Part 2, Chapter 1 (pp. 93-98) in this guidebook) of the community forest and subdivide the community forest into spatial units based on geographical features such as ridges, creeks, and permanent roads.

### 3. Understand the Expectations: Goals and Values

One key to successful forest management is integrating and understanding all of the goals and values in place, and finding effective ways to achieve them (see sidebar, “Definitions”).

### Goals

**What do you want to achieve? You will have to set many goals to pursue your vision.** – For example: *Goal No. 1 – Reduce the impacts of an interface fire, should one start.*

The province, as regulator of public resources on behalf of the public, has stated goals for community forest management (see sidebar, “Goals For British Columbia’s Community Forests”). In addition, your community will draw up its own goals for the community forest.

### Values

**What do you want the forest to be or provide?** – For example: *I want my job and a place to explore nature with my kids.*

Values are subjective—they can be utilitarian, cultural/spiritual, or aesthetic, but they will all relate to human use and perception. Land use plans have been created for most of the province, and define values at a broad scale, such as areas of ungulate winter range, visually sensitive landscapes, and cultural resources.

Social values of forests are the values held by the community rather than the forest managers. Values are strongly linked to culture, but are affected by individual circumstances, education, and experiences (Lawrence 2004).



## GOALS FOR BRITISH COLUMBIA'S COMMUNITY FORESTS

*By providing communities with greater flexibility to manage local forests, government seeks to:*

- *Provide long-term opportunities for achieving a range of community objectives, values, and priorities*
- *Diversify the use of and benefits derived from the community forest agreement area*
- *Provide social and economic benefits to British Columbia*
- *Undertake community forestry consistent with sound principles of environmental stewardship that reflect a broad spectrum of values*
- *Promote community involvement and participation*
- *Promote communication and strengthen relationships between Aboriginal and non-Aboriginal communities and persons*
- *Foster innovation*
- *Advocate forest worker safety*

[http://www.for.gov.bc.ca/hth/timber-tenures/  
community/objectives.htm](http://www.for.gov.bc.ca/hth/timber-tenures/community/objectives.htm)

The challenge for a community forest is to develop a common statement of its values, given the differing perceptions of individuals in the community. A clear understanding of the community's values is a prerequisite to effective community forest management.

Day et al. (2010) discussed the values that apply to the forests surrounding a community, using the City of Williams Lake as an example. The extensive list of values included several that can be perceived as conflicting.

- |                    |             |
|--------------------|-------------|
| • Public safety    | • Timber    |
| • Cultural values  | • Clean air |
| • Recreation       | • Quiet     |
| • Aesthetics       | • Privacy   |
| • Wildlife habitat | • Range     |
| • Biodiversity     | • Utilities |

Many of these values are widely held in the community but have no regulatory protection (e.g. aesthetics, protection of recreational opportunities). These values should be addressed as objectives at both the strategic and operational planning levels (Day et al. 2010). Other values are unique to individuals and are not widely known or shared in the community (e.g., favourite viewpoints) and can be protected as objectives at the forest operations planning level (Day et al. 2010).

The development of goals and values for the community forest will be an iterative process of committee discussion, facilitated public input and discussion, and subsequent refinement.

- Focus the input at appropriate scales; for example, it isn't helpful to discuss resource features (such as bear dens or stick nests) at the landscape level, or water supply at the stand level. Make use of the community forest's subdivided units to help the community give you spatially explicit input.
- Schedule meetings outside of work hours and use a variety of formats to ensure that ways are found to get input from a broad cross-section of the community. Formal public meetings, informal workshops, focus groups, and one-on-one meetings are all viable means of getting input from the community and help multiple sectors to understand each other's interests.
- Use a facilitator—someone who can help to maximize the input and minimize the conflict in this community-input process.
- Reduce the potential for conflict greatly by developing a clear understanding of the community's expectations for forest management. Ensure that people have a real opportunity to express their interests as well as an opportunity to understand the breadth of community interests and the inherent conflict among them. This process of gathering input is a key step in managing the inevitable conflict before it happens (Mulkey 2004).

These values and interests will likely change over time, so the understanding of community values must be re-examined periodically.



#### 4. Understand the Context: Land Base and Resource Analysis

Within a community forest, the land base and the ecosystems it supports combine to create a current state of resources. Analysis of these resources will give you a snapshot of the present state, just as an inventory in the grocery store gives the owner a periodic statement of goods on hand.

Map<sup>2</sup> and report on important resources and values for which information is available, such as:

- Forest cover
- Structures
- Viewpoints
- Roads
- Lakes, streams, wetlands
- Wildlife features
- Cultural resources
- Resource values

#### 5. Create a Plan for Management: Strategies and Objectives

The values and interests expressed by the community are a reflection of the current land base and depend on the resources that currently exist. If you intend to maintain these values and interests, you will need to provide the conditions that support them continuously through time.

Embedded in this task are the ecological realities of ecosystem dynamics: growth, mortality, disturbance, and succession. Kimmins (1997) pointed out that: “We would all like our own private Never-Never Land, where the things that are nearest and dearest to us would remain unchanging forever.” Nevertheless, we all know that change will continue to occur.

Analyze the condition of the resources that will best maintain each value. For example, trembling aspen stands provide the least-flammable forest condition, and so maintaining these stands effectively accomplishes the goal of reducing the intensity of a wildfire. One objective arises from this understanding—grow more aspen at the wildland–urban interface.

For each part of the community forest, define an ideal structure of the forest to achieve the optimum balance of values. Develop a strategy (i.e., silvicultural system) that will achieve the ideal structure.

#### Strategies

How will you maintain or create the forest conditions that provide for the optimum balance of values?

#### Objectives

How will your management activities achieve your strategy? – Objectives are specific achievable results that are measurable and time-bound.

See sidebar, “From Values to Objectives: An Example” for clarification of the important linkage between values, strategies, and objectives.

#### FROM VALUES TO OBJECTIVES: AN EXAMPLE

*Part of the Woodville Community Forest lying adjacent to the community is composed primarily of dry uneven-aged Douglas-fir forest. The **values** in place include community protection, recreation, visual quality, biodiversity, ungulate winter range, and timber production. The **strategy** to achieve the optimum balance of values is decided to be uneven-aged management by small groups. The **objectives** that arise from this strategy include the following.*

- *Thin from below in Douglas-fir stands to reduce stand density by 40%, reduce ladder fuels, and improve tree and stand vigour.*
- *Reduce surface fuels to less than 1.5 kg/m<sup>2</sup> to decrease potential surface fire intensity, and lift crown base height to 3 m to decrease crowning potential.*
- *Retain aspen trees or groups uncut to provide habitat for cavity-nesting birds and to maintain biodiversity.*
- *Retain up to 40 m<sup>3</sup>/ha of coarse woody debris to maintain biodiversity and to buffer soil moisture.*
- *Protect mountain-bike trails and associated features during thinning activities.*
- *Remove trees affected by bark beetles to reduce mortality and to limit fuel accumulation.*

<sup>2</sup> Note that the location of some resources and values (e.g., cultural resources) should not be made publicly available.

## 6. Translate the Vision: Scheduling Operations in Time and Space

So far this process has led you to clearly define your intentions. Finally, it is time to put your intentions into action. What will you decide to do first? What tactics will you use to accomplish your objectives?

Effective management requires that activities are scheduled in time and space in a way that reflects management priorities. Day (2007) determined the priority for action based on the risk of loss to the growing tree stock. He set the following priorities for harvesting.

- Imminent or expanding losses
- Salvage of dead timber
- Regeneration cuts in even-aged, partial-cut systems
- Timber at risk of infestation by insects
- Timber of declining vigour
- Timber affected by disease
- Healthy vigorous timber

By comparing this list of priorities to the forest health issues on the Alex Fraser Research Forest, Day (2007) was able to decide the priority by forest cover species and age, which allowed the mapping of harvest priorities. Once high-priority stands are mapped, the practicalities of access, adjacency, log markets, and budgets affect the scheduling of individual stands.

## 7. Adapt Management: Monitor and Evaluate

Monitoring and evaluation are key for continuous improvement of management outcomes. These activities allow managers to assess and report on the achievements of management regimes and to adjust these regimes for better outcomes in the future.

- Are values being protected? Are goals being achieved?

Indicators and targets are the tools used in monitoring. An *indicator* is a measure of progress toward achievement of a value or goal. A *target* is the level of achievement you intend within the monitoring period. Monitoring is the process of comparing actual outcomes to targets, to determine whether the outcomes are appropriate.

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*The time has come to leave the rhetoric and polarization behind, and to move on to find ways by which we can actually achieve the conservation and sustainable use of forest resources that most people want.*

— Kimmins (1997)

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In the Woodville Community Forest example, the indicators for part of the forest might measure potential fire intensity, trail use, and winter deer use, and then compare these indicators to targets established in a monitoring plan. Indicators that fall short of their targets are investigated so that managers can adapt the strategy, objectives, and (or) tactics employed.

## 8. Communicate with the Community

Communication is a continuous process in community forest management. It is not sufficient to only consult the community during the development of the plans. Occasionally, you have to “bring your report card home.” You need to be able to explain the logic of your decisions and how those decisions respond to the community’s intentions.

Communication happens in both formal and informal settings. Good communication will help to satisfy the community that the forest is being managed effectively for the community’s goals and is respecting the values the community holds for the forest.

We all know, however, that sometimes people don’t behave nicely—it is necessary to take the good with the bad. Try to find the central message in the conversation. This is probably the most difficult task faced by people involved in community forest management.

## CONCLUSION

UBC Forestry Professor Emeritus, Fred Bunnell, said: “Forestry isn’t rocket science—it’s much more complex.” Community forestry is the most complex version of forestry in the province because it’s practiced in full view of the whole community and everyone is

entitled to an opinion. It is critically important that community forests are managed with complete knowledge of the goals, values, and objectives held by the community.

A continuous cycle of strategic planning can serve to:

- expose what the community believes;
- clarify the community's values; and
- define the management goals.

This knowledge will help the manager to develop and adapt strategies, objectives, and tactics to satisfy the community's expectations. Management without a clear understanding of these expectations is unlikely to satisfy the community and will likely lead to set-backs.

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# Get It Down on Paper: Planning for Management of Your Community Forest

KEN DAY

**T**o be successful, every aspect of a business should be well planned and executed. Managing a community forest is no exception. Under statute and tenure agreement, community forests in British Columbia are legally obligated to have a management plan. This plan contains information required under the Community Forest Agreement, and describes the goals and guiding principles for the community forest. It becomes a part of the agreement with the Crown.

Forest management requires a combination of strategic and operational planning that spans the provincial level to the stand or site level. Management plans have been a feature of forestry in North America since its earliest days. These strategic plans allow a manager to contemplate the goals and values that apply to an area. Working plans are often (but not always) combined with management plans to provide the fine details of forest management and to describe how those details pursue the owners' goals and objectives.

In British Columbia, only area-based tenures require management plans. Most of the province's Crown land is managed under volume-based tenures, and thus the historic role of forest management planning has been transferred to the province's Chief Forester, who produces allowable annual cut determinations for large timber supply areas. Foresters in British

Columbia therefore have little opportunity to gain experience in preparing or working within a management plan or a working plan.

The provincial government requires that a management plan is included with the community forest application primarily to provide a rationale for the forest's allowable cut. Communities, however, can put the planning process to a better, wider use. This extension note begins by describing the statutory requirements for management plans in the context of community forests. The note then goes on to suggest how working plans can be based on the forest management plan, helping a community to effectively manage its land base by controlling activities and thus ensure sustainable management of forest resources into the future.

## WHAT IS FOREST MANAGEMENT?

Forests (particularly community forests) are large, multifaceted public assets that present both a flow of environmental goods and services and a daunting array of risks. Dunster and Dunster (1996) defined forest management as:

*The practice of applying scientific, economic, philosophical and social principles to the administration, utilization and conservation of all aspects of forest landscapes to meet specified goals and objectives, while maintaining the productivity of the forest.*



Forest management requires that people make complex decisions about the long-term consequences of management activities (Nelson 2005). Forest management planning can therefore provide an ordered thought process that will help communities realize the benefits of forest management while grappling with the associated risks.

Forest management needs a strategic approach that allows the manager and the community to:

- ascertain the goals, values, and objectives held by the community for an area;
- contemplate the biophysical geography that exists within this area;
- develop strategies to achieve the community-identified goals, values, and objectives;
- evaluate potential risks and devise appropriate responses to these risks;
- estimate the sustainable harvest level for the management area; and
- provide direction and standards for implementation and monitoring.

Division of these elements between various planning documents is a matter of convenience and convention. In British Columbia, the legal requirements (must-do) are generally separated from the non-legal content (want-to-do) to clarify compliance measures and minimize the tenure holder's risk of non-compliance. We therefore propose that planning for community forest agreements is divided into management plans, working plans, and forest stewardship plans.

## Management Plan

This plan is required under Section 43.3 of the *Forest Act* and Section 3 of the *Community Tenures Regulation*.<sup>1</sup> It describes the guiding principles, goals, proposed management objectives, and proposed allowable cut for the community forest agreement area. Specific content requirements are stipulated by government. In

practise, the management plan is only revised in the event of a change in the allowable annual cut.

## Working Plan

This voluntary plan describes how to achieve the principles, goals, and objectives set out in the management plan. Matthews (1991) suggested that ecological, economic, and social criteria are used to decide:

- how to divide the area for management and silviculture;
- which silvicultural system(s) are most suitable;
- how yields of timber and other goods and services will be regulated and sustained;
- how timber will be harvested, processed, and marketed;
- how roads and harvesting are planned for efficient function and pleasing aesthetics; and
- how the enterprise is organized to best use land, labour, and capital.

A working plan would normally be revisited every 5–10 years, and would likely be signed jointly by the forest manager and the community forest board. As this plan is within the scope of professional forestry, it would be written by a professional forester.

## Forest Stewardship Plan

Required under statute,<sup>2</sup> this plan is submitted periodically for approval before harvesting may begin. Community forests are required to provide results or strategies to achieve each of 10 objectives set by government. This is the primary document for compliance monitoring.

These three plans are logically and practically linked. The management plan declares the community's expectations and the working plan devises strategies to meet those expectations. The working plan provides rationales for the intended activities within the forest stewardship plan. The forest stewardship plan provides legally enforceable results or

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<sup>1</sup> *Forest Act*, *Community Tenures Regulation*. B.C. Reg. 352/2004. [http://www.bclaws.ca/EPLibraries/bclaws\\_new/document/ID/freeside/16\\_352\\_2004](http://www.bclaws.ca/EPLibraries/bclaws_new/document/ID/freeside/16_352_2004) (Accessed March 2012).

<sup>2</sup> *Forest and Range Practices Act*, *Forest Planning and Practices Regulation*. BC Reg. 14/2004. [http://www.bclaws.ca/EPLibraries/bclaws\\_new/document/ID/freeside/12\\_14\\_2004#part2](http://www.bclaws.ca/EPLibraries/bclaws_new/document/ID/freeside/12_14_2004#part2) (Accessed April 2012).



strategies and measures that are supported by the rationale developed in the working plan.

## **EXPERIENCE AT THE ALEX FRASER RESEARCH FOREST**

The Alex Fraser Research Forest consists of almost 10 000 ha of Crown land managed under a provincial tenure agreement by the University of British Columbia across two blocks near Williams Lake, B.C. Like a community forest, the research forest has an area-based tenure with multiple goals and various values imposed on it. Staff have been required to produce a management and working plan since the research forest's inception more than two decades ago. Currently working under the third iteration of this plan (Day 2007a), staff have long been convinced of its strategic and economic value.

## **WHY DO COMMUNITY FORESTS NEED PLANS?**

### **Management Plans**

Simply put, management plans are both a legal and contractual requirement for community forests under the *Forest Act*, the Community Tenures Regulation, and the specific community forest agreement. When these area-based tenures are put in place, the land base occupied by a community forest is removed from the timber supply area and, with it, the level of cut determined by the Chief Forester as appropriate for its effective management and stewardship. For this reason, community forests (and other area-based tenures) must have a formal, approved management plan that supplies a rationale to justify the forest's allowable annual cut.

### **Working Plans**

With no where else to operate (now or in the future), planning for sustainability within the fixed areas of community forests is absolutely essential. Community forest managers and board members have had to adopt the area-based management paradigm because we simply cannot “move on” when we are done here, as is the case with volume-based management.

A working plan creates transparency by passing on the intentions and lessons learned to future managers and board members. By declaring why we use particular approaches, working plans help forest managers to address a very basic problem—our present-day decisions create both current and future impacts. For example, if we give more weight in our plans to present gain in order to accrue more wealth now, we disregard the impending impacts that may harm future business opportunities. Thus, we must base our working plan on stewardship or: “[care] for the land and associated resources so that healthy ecosystems can be passed on to future generations” (Dunster and Dunster 1996).

In British Columbia, many past forest-management decisions favoured immediate wealth rather than the stewardship of the resource for future generations. Summarized here are two examples that show how short-term economic decisions can greatly diminish future opportunities.

### **1. High-grade: Cut the best, leave the rest**

Throughout the history of timber harvesting in British Columbia, we have cut the best trees first. For example, we started with the best timber on the easiest ground closest to the mill and then moved out from there. We cut the big spruce and left the subalpine fir in the days of “intermediate utilization” and we cut the big Douglas-fir and left the small ones and called it “diameter-limit cutting.” Even today we cut the cedar and leave the hemlock and silver fir, and call it “snap and fly.”

Although taking the best harvesting opportunities first will lead to the greatest financial return now, the future prospects will be greatly diminished. Lower log values result, and production costs can only increase.

### **2. Build more roads to reduce logging cost**

An increase in road density allows for shorter skidding or yarding distances, making logging more efficient and therefore less expensive. When the road costs are deducted from the stumpage bill owed for the logs, the optimum road density is distorted. An additional cost

attributed to the removal of land from timber production is the loss of future timber revenues. Day (2007a) calculated that each hectare of the Alex Fraser Research Forest put into roads costs \$750 per year to own and maintain. More roads thus mean increasing costs and environmental risk, both of which should be balanced against improved logging efficiency. Outside community forests, where full stumpage appraisals apply, the Crown takes responsibility for legacy roads. This provides a strong incentive to build more road than is sensible within a community forest.

A working plan can be a means to both control our activities in the near-term and ensure that we leave an equal or better opportunity for those who follow us. As stewards of a community forest, board members and managers must protect future interests when deciding what to do today and tomorrow. This is the true purpose of forest management.

### **WHAT CONTENT IS REQUIRED IN A MANAGEMENT PLAN?**

The Community Tenures Regulation requires that a management plan include guiding principles, management objectives, and a proposed allowable annual cut for the community forest area.

More detailed content requirements have been negotiated between the BC Community Forest Association and Forest Tenures Branch, and are incorporated in the application outline and the agreement.<sup>3</sup> The purpose of this additional content is to provide some baseline information for all community forests. A management plan must answer the following questions.

- What commitments were made in the application, and how do these affect management?
- What is the timber inventory of the community forest? What other inventory information will help to rationalize the allowable cut?
- What allowable annual cut will the community forest support? Provide a rationale to support the proposed level of harvest.
- How will the community forest identify and consult with people using the area?

- How will the community forest manage for the provincial program goals?<sup>4</sup>
- What are the community's guiding principles (e.g., vision, mission, values)?
- What are the community's goals (e.g., social, economic, environmental, resource management, etc.)?
- How will the community forest report out to the community on progress related to goals and principles?

### **WHAT CONTENT BELONGS IN A WORKING PLAN?**

Working plans can include any information necessary to direct the forest's management. Since it is not a required document, the community has freedom to develop the content over time. Consider the following questions and how you might find and document the answers.

- What direction do you provide for the protection of habitats or sensitive sites (see Part 2, Chapter 4 [pp. 113-118] in this guidebook.)? How will this direction affect the silvicultural strategies you employ?
- What stand structures do you propose to achieve your goals and maintain community-identified values (see Part 2, Chapter 5 [pp. 119-126] in this guidebook.)? Which silvicultural strategies will achieve these structures?  
Which of these strategies will be most effective economically and environmentally?  
How will these strategies be expressed in stocking standards?
- Which stands have the first priority for harvest?
- What forest health risks does the community forest face? How will you manage these risks along with any other environmental risks entailed in forest management? How will these risks affect your business plan?
- What documentation is available to smooth a transition from one manager to the next? How will new board members become aware of the

<sup>3</sup> For detailed content requirements, visit: <http://www.for.gov.bc.ca/ftp/hth/external/!publish/web/timber-tenures/community/cfa-application-requirements-jul-1-2009.pdf>

<sup>4</sup> Refer to <http://www.for.gov.bc.ca/hth/timber-tenures/community/objectives.htm>

drivers behind a forest manager's decisions? How can either the manager or the board protect the community forest from sudden changes in direction?

The strategies supplied by the working plan provide considerable flexibility in implementing your management activities on the ground, and strong support for your legal obligations under your tenure. This direction will also prove useful if varying from the default values when writing the community's forest stewardship plan. A community forest manager is free to work out a rationale in the working plan that can be implemented as a result, strategy, or measure in the forest stewardship plan. In this way, strategies developed in the working plan can be implemented in the forest stewardship plan to achieve objectives under the *Forest and Range Practices Act*.

The Alex Fraser Research Forest has been well served by this approach. The strategies developed in the working plan have been implemented through the forest stewardship plan (Day 2007b), resulting in improved freedom to manage according to the tenure holder's goals and values. Novel strategies and customized stocking standards have embedded the intent of the tenure holder in the forest stewardship plan, bringing those intentions to life for compliance and enforcement.

## SUMMARY

Community forests are large, multifaceted public assets, and their management requires complex decisions about the long-term impacts of management activities. As an area-based tenure not included in a timber supply area, community forests are required under statute and tenure agreement to have a management plan. The principal purpose for requiring management plans is to provide government with a rationale

for the approved allowable annual cut.

As a strategic document, however, the management plan falls short. It provides the goals and objectives for the community forest, but it doesn't develop the strategies to implement management. A working plan is a necessary bridge between the management plan and the forest stewardship plan. It is a voluntary plan that can provide the strategies and rationales necessary to support successful management, without exposing the agreement holder to compliance risk. A working plan can help a community forest to:

- supply a framework for the conservation of all the ecological goods and services provided by the community forest;
- subdivide the area of the community forest to clearly show the intersection of values, ecology, and silvics from which the manager can develop strategies to maintain values and achieve goals;
- contemplate the risks associated with forest management and develop strategies to mitigate these risks;
- provide a well-supported rationale to vary from default results and strategies in the legally enforceable forest stewardship plan; and
- provide transparency and continuity of direction through changes in key personnel.

Finally, planning for management can cause board members and managers to contemplate the balance of short-term gain versus future opportunities, helping to control activities in the near-term and thus ensure that we leave an equal or better opportunity for those who follow us.

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PART TWO –  
*Forest Management*  
**CHAPTER 4**

## Knowing the Nature of Your Forest: Area-based Planning for Ecological Goods and Services

CATHY KOOT

Stewardship of all forest resources—not just timber—is an implicit responsibility of community forest managers. Because forest environments are complex and dynamic entities, this obligation to sustain ecosystem integrity and provide a continuous flow of ecological goods and services demands targeted strategies to be effective.

What are ecological goods and services? These benefits very likely will include the values identified during the strategic planning stages for the community forest, values such as recreation, aesthetics, ecotourism, culture, range, and timber. Also included are wildlife habitat, water supply and purification, climate regulation, and nutrient cycling.

Biodiversity provides the basis for these ecological goods and services. According to Vold and Buffett (2008:1), biodiversity refers to, “life in all its forms and the natural processes that support and connect all life forms.” In addition to its inherent values, biodiversity is one of 11 resource values that forest managers devise results or strategies for under the Forest Planning and Practices Regulation of the *Forests and Range Practices Act*.

Two valuable first steps in the process of long-term management planning are to:

1. describe and map the known locations of ecological systems and services, and
2. subdivide the forest into areas of management emphasis using the biophysical geography as a foundation.

These important initial steps help to define management strategies and to identify the locations of harvestable and operationally constrained areas on the land base. This extension note outlines the value of the first step in this process. In Part 2, Chapter 5 (pp. 119–126) of this guidebook, Day addresses the second step in this process.

### **ESSENTIAL CONCEPTS FOR LANDSCAPE- AND STAND-LEVEL PLANNING**

Landscapes occur over large geographic areas and accommodate broad-scale ecological processes such as flows of energy, water, and nutrients. Management planning for community forests situated within such landscapes needs to accommodate existing landscape-level conservation measures (e.g., ungulate winter ranges). In addition, many individual stewardship decisions for community forests, such as wildlife tree retention, although guided by landscape-scale considerations, are implemented at the cutblock or stand level. In area-based forest



management, therefore, it is important to start planning for retention as close to the landscape scale as possible. For example, extensive openings exceeding 250 ha are now evident in the aftermath of the mountain pine beetle infestation and subsequent salvage logging. These often-unintended openings resulted from a sequence of individual, stand-level decisions about cutblock placement before, during, and after the infestation. The remaining retention is often fragmented and lacks connectivity across the affected landscape. In contrast, managers of area-based tenures are able to begin planning for stewardship at a broad scale, not just at the stand level, and can plan to avoid or mitigate negative impacts. Here, we discuss three essential landscape- and stand-level concepts to aid in planning for stewardship of biodiversity as well as ecological goods and services.

## 1. Maintaining Habitat

Maintaining habitat is crucial to conserve biodiversity. The definition of habitat, however, varies depending on whether you are addressing the needs of specific species or are identifying a particular land cover type (e.g., riparian vegetation or biogeoclimatic subzone). Keep in mind that the presence of a particular cover type does not necessarily mean suitable habitat is present for all species. For example, even though large areas of continuous forest may exist, the needs of old-growth, forest-dependent birds may still not be met if the retained habitat is missing late seral-stage attributes.

To deal with this challenge, plan to maintain a mosaic of forested conditions that would occur in the natural disturbance regime for a given landscape. Management actions that emulate the results of natural disturbance regimes, both over space and time, should provide the essential habitat for species evolutionarily adapted to those regimes. Although the effectiveness of this concept is difficult to test and evaluate on the ground, evidence suggests that the greater the structural complexity in vegetation, the greater the diversity of species supported. Therefore, a good rule of thumb is: “Don’t do the same thing everywhere.”

## 2. Connectivity and Fragmentation

Connectivity refers to the ability of species to move or disperse across a landscape through time. In “connected” landscapes, individual organisms can move according to their habitat needs or to avoid disturbance or seasonal changes. Determining what constitutes an appropriate degree of landscape connectivity depends on the species and its sensitivity to disturbance. Planning for the maintenance of connectivity via linear corridors along watercourses and adjacent riparian habitat is relatively easy; however, it is also important to consider maintaining large, non-linear habitat patches.

Fragmentation is the opposite of connectivity—it occurs when disturbance (natural or human) reduces patch size or isolates habitats. Fragmentation is less likely to occur when a high amount of natural land cover is maintained. In addition to designated areas of retention, community forests can also manage the forest matrix in managed stands (Vold and Buffett 2008) to provide for some connectivity, particularly where thinning or partial cutting maintains residual cover.

## 3. Coarse- and Fine-filter Approaches to Conservation

Coarse- and fine-filter approaches are used to address biodiversity conservation. *Coarse-filter* conservation targets landscapes and ecological communities by providing sufficient habitat to support most species in a region. Implemented across a network of protected areas, reserves, and forested matrix, management practices at this scale aim to emulate and conserve natural ecological processes. The habitat needs of some individual species, ecosystems, and features require more focussed, *fine-filter* conservation, however. Examples of such approaches include the protection of a known nesting or denning site, rare landform, or population of a rare species or rare ecological community. At an intermediate

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*The fixed nature of area-based tenures is ideal for getting to know the nature of a community forest.*

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level, some would consider the retention of wildlife trees and downed wood for stand-level conservation purposes as a *medium-filter* approach.

The most practical way to conserve the multitude of genes, species, and ecosystems contributing to biodiversity is to provide a combination of protection and management to sustain ecological integrity across a landscape (the coarse-filter approach). Biodiversity hot-spots or landscape elements with conservation priority can be then targeted for retention or special management to maximize conservation effectiveness. The persistence of species in a landscape is most often determined by the amount of habitat remaining.

The fixed nature of area-based tenures is ideal for getting to know the nature of a community forest. The locations and use patterns of wildlife habitat features (e.g., dens, stick nests) and special ecological features can be added to a stewardship plan as these are discovered (the fine-filter approach). Knowing the locations of priority ecological communities and species present in a community forest can help managers implement both coarse- and fine-filter strategies (see sidebar, “Conservation Priorities for Species and Ecosystems”).

## MAP AND DESCRIBE BIOPHYSICAL GEOGRAPHY

The use of maps and geographic information systems is an excellent way to translate these concepts into tangible entities on the land base you manage. The development of “working circles,” the division of the land base according to its values and the biophysical geography in which these values are located, is the ultimate objective of this mapping exercise (see Part 2, Chapter 5 [pp. 119–126] in this guidebook). Mapping ecological goods and services and known values (e.g., wildlife habitat, cultural sites) is a great starting point to develop management strategies for a community forest. Six features for mapping are discussed below.

### 1. Water Bodies and Riparian Areas

Riparian areas are the nutrient-rich, productive transition zones along the margins of streams, wetlands, and lakes that interconnect aquatic and terrestrial environments. These areas are extremely

## CONSERVATION PRIORITIES FOR SPECIES AND ECOSYSTEMS

*The “Conservation Framework,” a decision support tool for land managers in British Columbia, will assist in aligning community forest stewardship with provincial and global conservation goals (see B.C. Ministry of Environment [2009] for more information). Aimed at maintaining the full diversity of species and ecosystems and preventing these from becoming at risk, this framework prioritizes ecosystems and species for conservation. These are outlined on a web-map tool called Hectares BC (<http://www.hectaresbc.org/app/habc/HaBC.html>) and in the BC Species and Ecosystems Explorer (<http://www.env.gov.bc.ca/atrisk/toolintro.html>).*

rich in biodiversity and sensitive to disturbance by human use. Water is vital in its own right, of course, and requires appropriate conservation measures.

The mapping of legislated riparian classifications along with their associated minimum harvesting restrictions is straightforward. Streams, wetlands, and lakes are classified according to their defining characteristics. A Riparian Reserve Zone, a buffer in which vegetation is generally not cut, extends a set distance from the edge of the water body (although some riparian classes do not require reserves). Managers can extend the coverage of the reserve according to the sensitivity of the site to harvesting. A Riparian Management Zone maintains a minimum percentage of the basal area of trees representative of the zone’s original stand and extends an additional set distance from the reserve (or water body if no reserve is present). Additional retention in the management zone is required along streams draining into fish-bearing streams or sources of drinking water. Supplemental retention may also be kept as shelter if windthrow is anticipated in the reserve zone. This helps retain the reserve zone for the long term and reduce siltation.

British Columbia’s Chief Forester has made further recommendations to improve on forestry-related impacts to riparian values (see

this 2012 report at: [http://www.for.gov.bc.ca/hfp/frep/publications/chief\\_forester.htm](http://www.for.gov.bc.ca/hfp/frep/publications/chief_forester.htm)). These recommendations include, but are not limited to:

- Retaining all wind-firm overstorey within 10 m of small perennial streams that are fish-bearing, or drain into fish-bearing streams/drinking water sources; and
- Retaining 10 m of at least non-merchantable trees, understorey, and other vegetation along other small streams to provide in-stream structure and function over the length of the rotation.

## 2. Species and Ecological Communities at Risk, Regionally Important Wildlife

The subset of species and ecological communities at risk, plus other regionally important wildlife which is considered vulnerable to forestry and range activities, is called *identified wildlife* in British Columbia. The 85 species and communities at risk on this list form the basis for the *Identified Wildlife Management Strategy*. Regionally important species may be identified in regional land use plans, where these exist.

The Strategy consists of two documents: “Procedures for Managing Identified Wildlife” (<http://www.env.gov.bc.ca/wld/frpa/iwms/procedures.html>) and “Accounts and Measures for Managing Identified Wildlife” (<http://www.env.gov.bc.ca/wld/frpa/iwms/accounts.html>). This latter document contains recommendations for both landscape- and stand-level strategic planning that could help in determining potential locations of retention or particular management approaches.

Use the *BC Species and Ecosystems Explorer* noted above to tabulate which identified wildlife (and ecological communities) fall within your forest district and add any first-hand observations available from the community forest. Review the management provisions recommended in each relevant species/community account and look for opportunities to integrate overlapping objectives in your management and working plans. In community forests, coarse-filter approaches will likely direct management of species at risk along with the application of some fine-filter approaches, such as protection of known habitat features (e.g., a heronry or overwintering sites for bears, snakes, or bats).

## 3. Ungulate Winter Range and Wildlife Habitat Areas

An Ungulate Winter Range is a designated area containing essential winter habitat for a particular species of deer, moose, elk, sheep, or caribou. The locations of winter ranges and associated mandatory management practices called “General Wildlife Measures” (which fall under the provisions of the *Forest and Range Practices Act*) are easily obtained from government and can be layered onto your map or GIS. The presence of an ungulate winter range will likely have significant forest management implications, requiring a particular silvicultural strategy in those areas.

Similarly, *Wildlife Habitat Areas*, where these exist, outline critical habitats for species of identified wildlife and also have general wildlife measures. These too, need to be mapped and the measures associated with specific management strategies.

## 4. Wildlife Habitat Features

To date, no wildlife habitat features have been legally designated under the *Forest and Range Practices Act*; however, it is quite straightforward to protect habitat features—especially those necessary to identified wildlife—from harvesting, silviculture, and road activities. Add known locations of animal denning sites, stick nests, mineral licks, caves, and fish-spawning sites to your map as these become known and then use them as anchors from which to derive working-circle boundaries. Under provisions of the *Wildlife Act*, the nests of eagles, osprey, and herons, as well as beaver dams and lodges, must not be disturbed at any time of the year.

## 5. Wildlife Tree and Downed Wood Retention

Wildlife tree and downed wood retention is a medium-filter conservation approach most often implemented at the cutblock-planning level. Therefore, mapping the discrete locations and quantities of retention may not be possible during broad-scale management planning. Nevertheless, retention should be considered at this stage because it can tie in to corridors and areas of high biodiversity

values (sometimes referred to as “ecological anchors”) identified at the landscape scale.

Wildlife tree retention helps to maintain stand-level structure and biodiversity and provides habitat for wildlife tree users. Over time, wildlife trees fall and become downed wood (also known as coarse or large woody debris) that, in turn, provides essential habitat for species from micro-organisms through to amphibians and mammals, and contributes to ecological processes. Retention can occur in patches or be dispersed across a cutblock. Not only do patches maintain unharvested samples of stands where the forest floor and vegetation remain intact, but the clumped nature of the retained trees provides some resilience against breakage and windthrow. Dispersed wildlife trees are often selected because of their structural soundness, which permits worker safety, but also have the potential to be long-standing wildlife trees, which eventually become downed wood. Retention is supposed to be left on-site until the surrounding forest reaches a mature seral stage.

The regulatory framework and guiding principles for managing wildlife tree retention in British Columbia are well described in *Wildlife Tree Retention: Management Guidance* (<http://www.for.gov.bc.ca/hfp/values/wildlife/wlt/policies.htm>). This guidance document describes the required default minimums according to current forestry regulations, and discusses how licensees can apply alternative results or strategies for wildlife tree retention.

The provincial Forest and Range Evaluation Program has recently summarized how well stand-level biodiversity has been maintained under these regulations in the Northern Interior, Southern Interior and Coast forest regions. Three extension notes (nos. 19, 20, 21; see [http://www.for.gov.bc.ca/hfp/frep/publications/extension\\_notes.htm](http://www.for.gov.bc.ca/hfp/frep/publications/extension_notes.htm)) provide management considerations for live and dead standing tree and downed wood retention across the province’s biogeoclimatic zones. Some key opportunities for improvement include the following.

- Increase the density of large-diameter specimens retained proportional to pre-harvest conditions.
- Retain the range of species naturally present in the original stands.

- Increase the densities of big pieces of downed wood (greater than 20 cm dbh; greater than 10 m long) across harvest areas such that they are comparable to pre-harvest conditions.
- Use a mixture of dispersed and patch retention (2 ha or greater), internal to the harvest boundary.
- Select dispersed retention for windfirmness.
- Recruit aspen (where it grows) or other species that provide sustained cavity-nesting opportunities, as these are particularly valuable wildlife tree species.

## 6. Operationally Constrained Areas

Identifying operationally constrained areas is also important to determine the extent of the harvestable land base. Steep slopes, rock outcrops, hydric and hygric forest sites, and non-forested areas do not usually contribute much accessible operating area to harvesting activities, and can create silvicultural difficulties. Likewise, areas that are sensitive to disturbance (e.g., those with sensitive soils, karst topography, and root rot centres) will need site-specific management attention to be successfully harvested. Old growth management areas also require management direction. The spatial arrangement of such areas may influence the placement of working circles.

## ADDITIONAL VALUES IDENTIFIED DURING STRATEGIC PLANNING

Strategic planning for ecological goods and services should also consider human needs. For example, the management and working plans should include the identification, description, and mapping of road networks, recreational assets, cultural heritage resources (e.g., culturally modified trees), grazing permits, and scenic assets, all of which essentially fall within the key forest and environmental values that must be maintained under *Forest and Range Practices Act*. For instance, scenery is one such value and requires that forestry activities achieve “Visual Quality Objectives,” which define the acceptable level of disturbance in a viewscape. These objectives are either defined by a district manager or in higher level plans. A map of these values will prove to be a valuable reference for the community forest.



## **DRAWING LINES AND CIRCLES: CONSOLIDATING VALUES**

By describing and mapping all of these ecological goods and services, you will indeed have an extraordinary amount of information. The next task is to look for patterns where community forest values can be consolidated. Stewardship practices for many of these values will require some level of retention. You may discover that locations with high biodiversity value or of value to species or ecological communities at risk may overlap with operationally constrained areas and therefore make reserves both effective and efficient. By taking the concept of linear and patch connectivity into account, you can plan for effective retention across the entire community forest rather than just at the stand level. Likewise, the use of certain silvicultural strategies in select areas may produce conditions beneficial for multiple species. By planning for stewardship at the broadest scale possible, management of ecological goods and services can be integrated and stewardship objectives achieved.

## **SUMMARY**

Managers of community forests need to address many seemingly incompatible values simultaneously and for the long term. Failure to succeed can have profound consequences to the economical and ecological sustainability

of a community forest venture. Therefore, map-based management and working plans is an essential tool in addressing long-term sustainability. The process of mapping and describing ecological goods and services is a critical step in identifying the spatial arrangement of community forest values. In so doing, you will locate effective placement of reserves as well as areas best suited to particular silvicultural practices. These, in turn, can be incorporated into the working circles that will guide overall management strategies in the management and working plans. When community members are confident that you care for the things they value, you'll know you are doing a good job.

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*Cathy Koot, RPBio, practices applied biology on the area-based tenure of the University of British Columbia's Alex Fraser Research Forest at Williams Lake, B.C.*





PART TWO –  
*Forest Management*  
**CHAPTER 5**

## What and Where: Dividing Up Your Community Forest to Manage for Values

KEN DAY

When we go to the grocery store without a list, we always come home with food but perhaps not with the food we might need to cook supper. It is much more effective to go with a list of the groceries we need, and then head directly to where those items are located in the store.

Community forests are area-based tenures, meaning that all the goods and services the community desires (the shopping list) must be found within the forest's fixed boundaries. Forests, like grocery stores, can be subdivided into areas, so that the things we want can be found and managed. Until the community forest can be subdivided into functional units, the direction of forest management remains murky and conflicted.

Here, we describe a method to find the spatial arrangement of values, based mostly on the biophysical geography of the community forest. The relationships between topography, climate, geology, and biological community are the primary determinants of where values exist (see Part 2, Chapter 4 [pp. 113–118] in this guidebook). Once the community has established what it wants its forest to be or provide, it is

up to the manager to locate these values on the land base and to determine how these will develop or change in response to treatments.

This extension note assumes that the community has:

- access to GIS mapping technology (see Part 2, Chapter 1 [pp. 93–98] in this guidebook), and
- an understanding of its goals, values, and objectives (see Part 2, Chapter 2 [pp. 99–106] in this guidebook).

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*The main point ... is that the arrangement of stands into working circles is a decisive step towards shaping or designing the forest to satisfy the objects of management.*

J.D. Matthews (1994:51)

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### **PURPOSE AND BENEFIT OF DIVIDING UP THE COMMUNITY FOREST**

To provide the values a community expects from its forest, managers must consider the whole area-based tenure. This means far more

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<sup>1</sup> Biophysical geography: the biological, geological, topographical, and climatic reality that exists within the community forest. It affects the species that inhabit the forest, the productivity of its ecosystems, the natural disturbance regime, and the rapidity of changes resulting from management actions or natural disturbances.

than managing forest cover types for timber production. Dividing up the community forest into specific areas helps the manager to:

- clearly understand where community values are located;
- understand how the biophysical geography of that part of the forest affects the objectives;
- devise strategies to achieve those objectives, recognizing the importance of place;
- monitor the effectiveness of strategies and adjust their application; and
- account for the whole community forest area.

Forest management and silviculture texts discuss the purpose and benefits of “forest subdivision.” Roth (1914) described the numerous benefits of dividing a land base, primarily associated with the clear knowledge of the place under management. Recknagel et al. (1926) cautioned that the subdivision should not be more complicated than necessary, and should not result

in small units if management practice is extensive. Davis and Johnson (1987) pointed out that contemporary management requires knowledge of place because forest-cover data does not contain the information necessary to support decision making for values such as visual quality or wildlife habitat. Matthews (1994) drew a clear link between division of the forest and the silvicultural strategy employed. Community forest managers thus have an opportunity that is rare in British Columbia—that is, to gather and use knowledge of place at a fine scale. They also have an obligation to pass that information along to their successors.

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*For managers interested in ... non-timber aspects of forestland, it is virtually mandatory that in-place information be used.*

Davis and Johnson (1987:34)

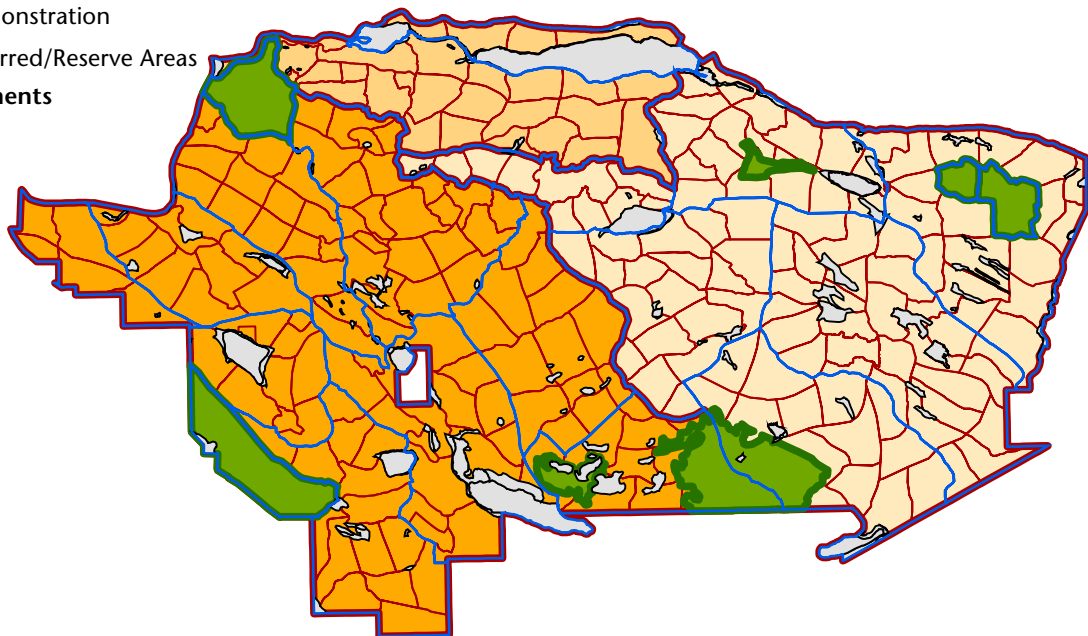
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#### Working Circles

- Mule Deer Winter Range
- Timber Production
- Demonstration
- Deferred/Reserve Areas

#### Compartments

#### Stands



**FIGURE 1** Divisions of the Gavin Lake Block (6000 ha) to facilitate forest management, adapted from Day (2007). Working circles have dominant values that influence the silvicultural strategy. Other values and changes in the biophysical geography are incorporated into the silvicultural strategy at the compartment and stand level.

## DEFINITIONS

**Block** – *the largest geographical division of a community forest tenure. Many community forests comprise several blocks, separated from each other by other land ownerships or tenure holders.*

**Dominant Value** – *a land-management value which can be managed according to a silvicultural strategy over a significant forest area.*

**Silvicultural Strategy** – *a plan for managing a working circle, including the harvest, regeneration, and stand-tending activities that will be used to provide the dominant values important in that area.*

**Working Circle** – *the division of the land base according to its values and the biophysical landscape in which these values are located. Working circles can provide a common silvicultural approach to management. Most community forests will have two or more—for example, ungulate winter range, old growth management areas, and visual quality areas would logically be separate working circles, if the silvicultural approaches in each will be different.*

**Compartment** – *the division of the land base into groups of stands. Compartments are defined on the ground by permanent boundaries, most often located on topographical features such as roads, ridges, and watercourses. The compartments, which fit inside the working circle, provide personnel with field orientation and the ability to understand the values and silvicultural approaches that apply on the ground. The biophysical geography of compartments is relatively uniform, allowing management experience to be applied in adjacent stands with improved certainty.*

**Stand** – *an aggregation of trees within a compartment, having a sufficiently consistent age structure, species composition, and productivity to be managed as a functional unit. Harvesting and silviculture activities are carried out at the stand level to achieve the objectives applicable to the working circle. Stand boundaries need not coincide with inventory polygon boundaries.*

## EXPERIENCE AT THE ALEX FRASER RESEARCH FOREST

The Alex Fraser Research Forest consists of almost 10 000 ha of Crown land managed by University of British Columbia across two blocks under a tenure agreement with the Province of British Columbia. The research forest has used the subdivision of its area (Figure 1) as a cornerstone of its land management for two decades. During this time, the following benefits of subdivision have become clear.

- Planning at multiple scales is facilitated.
- Some values under management are spatially segregated, reducing the apparent complexity of the forest-management problem.
- Objectives and strategies to manage the values are devised on a limited land base, recognizing the biophysical geography at a fine resolution.
- Objectives and strategies are effectively communicated to interested people.

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*The practical purpose of dividing a forest ... is to facilitate its management so that the various parts may be designated, located, and easily recognized both on the ground and in maps of the forest.*

Recknagel et al. (1926:156)

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- Risks and benefits of strategies are experienced on a specific land base, facilitating continuous learning and adjustment of strategies.
- Local knowledge and expensive information, such as stand cruise data or free-growing plots, is retained in a spatial framework, facilitating extrapolation to adjacent stands.
- Retention is allocated spatially in an efficient way.
- Roads are planned and built to efficiently access stands.

- Improvements in inventory and yield projections are facilitated.

## STEPS TO DIVIDING THE COMMUNITY FOREST

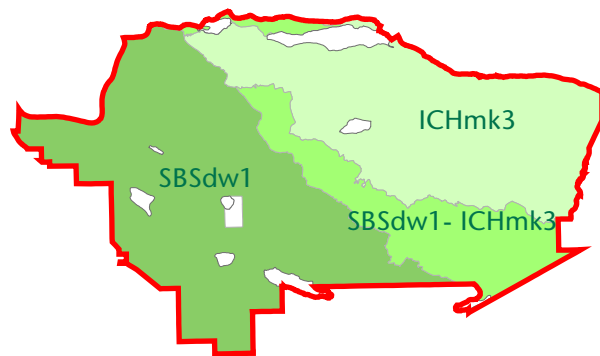
To spatially locate values and develop silvicultural strategies to manage for these values, the following eight steps were used to subdivide the Alex Fraser Research Forest.

### 1. Draw a Map of the Community Forest Boundaries

If the community forest has more than one part, give each *block* a unique name.

### 2. Add the Biogeoclimatic Subzone Classification

Regional climates, as reflected in the classification of biogeoclimatic subzones (Meidinger and Pojar 1991), have a strong influence on biological community and disturbance regimes. Management regimes should reflect the different climatic conditions as represented by the biogeoclimatic subzones (Figure 2). Note, however, that transitions between subzones are generally quite broad on the ground, despite representation by a seemingly narrow boundary line.

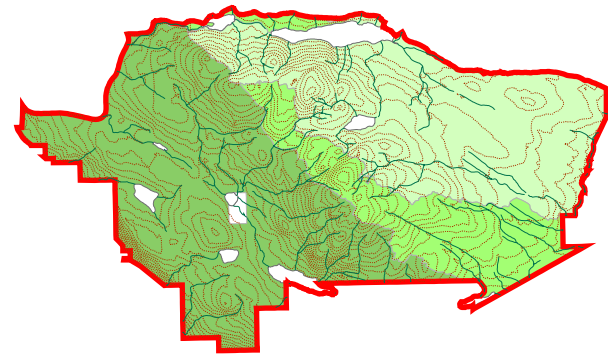


**FIGURE 2** Biogeoclimatic subzones and transition areas between them at the Gavin Lake Block of the Alex Fraser Research Forest.

### 3. Add Topography

Watersheds and sub-basins, ridges, watercourses, and roads make the best boundary locations for

divisions of the community forest because these permanent landscape features (Figure 3) are easily found both on the map and on the ground. In general, British Columbia is characterized by complex terrain that exerts a strong influence on growing conditions and non-timber values.



**FIGURE 3** Topographic features are added.

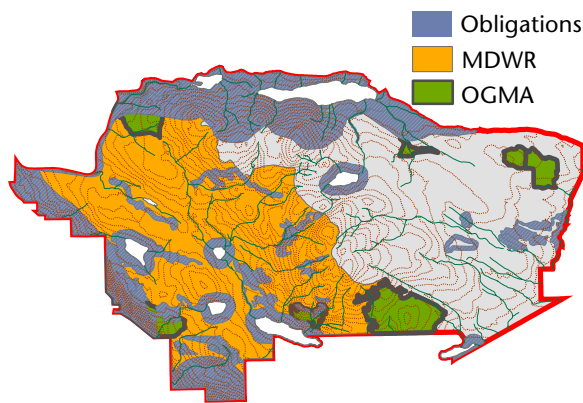
### 4. Draw the Location of Dominant Values

Visually sensitive areas, ungulate winter ranges, wildlife habitat areas, and old growth management areas are examples of *dominant values* on your community forest's landscape (Figure 4). Other community values may also dominate a landscape in a similar way (see "Identifying Dominant Values" below). These values are either known from the land use plan or can be estimated in collaboration with resource agency professionals. Community participation in a strategic planning process can help identify the tenure's dominant values (see Part 2, Chapter 2 [pp. 99–106] in this guidebook).

### 5. Define a Broad Strategy to Achieve Each Dominant Value

Decide which *silvicultural strategy* is most appropriate to achieve or maintain the identified dominant values (see "Developing Silvicultural Strategies" below). For example, the four colours in Figure 1 delineate dominant values with differing silvicultural strategies at the Gavin Lake Block of the Alex Fraser Research Forest. Mule deer winter range is managed under group selection, visual quality is managed by shelterwood systems, timber is managed through





**FIGURE 4** Dominant values like visually sensitive and riparian areas, mule deer winter range (MDWR) and old growth management areas (OGMA) are drawn.

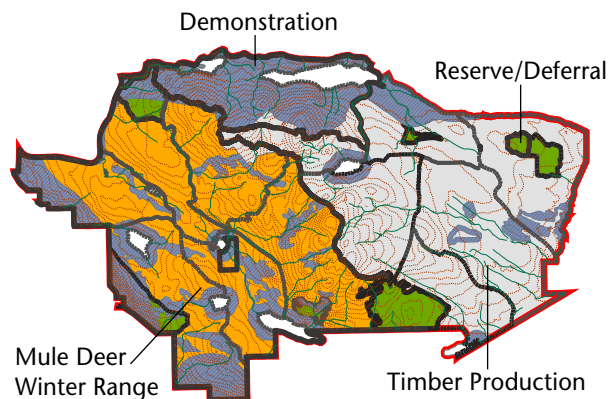
clearcutting with commercial thinning, and reserves or deferred areas are not harvested.

Where dominant values overlap, seek a strategy that will maintain all values. In locations where mule deer winter range and visual quality values overlap in our example, group selection is the silviculture system that will maintain both (although a shelterwood system may be suitable for managing visual quality, it would not maintain mule deer habitat values). The discrete location of each broad strategy defines the *working circle*. Although working circle boundaries are usually placed on dominant terrain features, a working circle is not necessarily a single contiguous unit. For example, Figure 1 shows that deferred areas (old growth management areas, reserves, and environmentally sensitive areas) form a working circle, which is distributed throughout the research forest.

## 6. Subdivide the Working Circles Based on Terrain

Parts of working circles that are expected to respond similarly to a common silvicultural strategy and harvest system are defined as *compartments* (Figure 5). Site productivity and operability are strongly influenced by terrain, and therefore terrain will influence the details of the silvicultural strategy and the financial and biological opportunities present. Stands on a steep, south-facing slope will have different risks and opportunities than a zonal site on moderate

terrain. As a result, details of strategies may vary even within a working circle. Compartment boundaries should be identifiable on the ground, and will aid in setting the silvicultural prescription.



**FIGURE 5** Working circles (black lines) and compartments (grey lines) at the Gavin Lake Block.

## 7. Identify Stand Boundaries for Access and Harvest Planning

Compartments consist of *stands*, or potential future cutblocks. Stand boundaries should be located on topographic features, such as permanent roads, ridges, and watercourses, or on existing cutblock boundaries (see Figure 1). Stands should occupy the full compartment (i.e., including inoperable and non-forest areas), with retention (such as wildlife tree patches or riparian management areas) located within stands. The stand becomes the smallest inventory unit, establishing planned treatment and cutblock boundaries, and as such is the basic unit for yield simulations to calculate timber supply.

## 8. Reconcile All Boundaries

Because community forests are area-based tenures, it is important to accurately track area. Therefore, all boundaries should be reconciled—all stands will reconcile to compartment boundaries, all compartments will reconcile to working circle boundaries, and all working circles will add up to the gross area of the community forest. It is thus important during the mapping process to eliminate slivers, and to work with a standard set of boundary lines. Ensure that the sum of stand areas equals the total community forest area.



### IDENTIFYING DOMINANT VALUES

Dominant values blanket a significant proportion of the management area, either serving the goals of the community forest or directing management for values requiring protection. These dominant values become the driving force behind the silvicultural strategy for the working circle. For example, staff at the Alex Fraser Research Forest have defined five working circles on 9840 ha of Crown land (Table 1). These working circles both protect the values identified in the Cariboo-Chilcotin Land Use Plan and help to achieve the research forest’s corporate goals.

Many important values cannot be described as a dominant value (i.e., values which can be managed according to a silvicultural strategy or approach over a significant forest area). Some, like riparian areas or recognized trails, are linear features that are best managed at the stand level. Others, like trees suitable for cavity-nesting animals, are dispersed across the landscape and

best managed everywhere that opportunities allow. These important values can be managed effectively by modifying the silvicultural strategy designed for the dominant value of the working circle.

Dominant values may exist in several biophysical settings, and therefore silvicultural strategies may need to recognize this variability. For example, changes in slope and aspect may create opportunities or constraints on the silvicultural strategy that can be managed by modifying the strategy at the compartment level.

### DEVELOPING SILVICULTURAL STRATEGIES

Values exist in a particular location because of the intersection of biophysical geography and human aims. When goals are stated and dominant values are mapped for the community forest’s land base, it falls to the manager to define a silvicultural strategy. Figure 6 provides a structured approach to making these decisions.

**TABLE 1** Dominant values define working circles for the Alex Fraser Research Forest. The intersection of dominant values, ecology, and silvics lead to the definition of target species and stand structures, giving rise to a silvicultural strategy for each working circle (adapted from Day [2007]).

| Dominant value  | Working circle                       | Hectares<br>(% of forest) | Species and structure                                 | Silvicultural strategy                          |
|---|--------------------------------------|---------------------------|---|---|
| Mule deer winter habitat in shallow and moderate snowpack | Knife Creek Mule Deer Winter Range   | 3333 (34%)                | Douglas-fir in multi-storied stands                   | Clumpy single-tree selection                    |
| Mule deer winter habitat in deep snowpack                 | Beaver Valley Mule Deer Winter Range | 2486 (29%)                | Douglas-fir in multi-aged stands                      | Group selection                                 |
| Visual quality and recreation/education                   | Gavin Lake Demonstration Area        | 706 (7%)                  | Douglas-fir, spruce, and redcedar in even-aged stands | Shelterwood                                     |
| High quality large diameter timber                        | Timber Production Area               | 2532 (26%)                | Douglas-fir, spruce, and redcedar in even-aged stands | Clearcut with commercial thinning               |
| Teaching, research and landscape-level biodiversity       | Reserves and Deferred Areas          | 422 (4%)                  | All species, old forest condition                     | Limited harvesting for prescribed circumstances |
| TOTAL AREA  |                                      | 9840 (100%)               |   |   |

1. What is it about the place that supports the dominant value?
  - Physical geography
    - Slope, aspect, elevation
    - Proximity to a location
    - Cultural resources
  - Biological condition
    - Tree cover
      - Species composition
      - Stand structure
      - Stand density
    - Other vegetation
    - Animal community
2. What risks are present in the place?
  - Disturbance regimes
  - Forest health issues
3. What silvicultural system will generally develop the biological condition within the physical setting, considering the silvics of the tree species?
4. Which harvest systems are practical and effective?
5. What modifications (e.g., retention, re-entry periods, target stand structures) are necessary to provide appropriate conditions and mitigate identified risks?

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graph TD
    WC[Working Circle] --> BV[Dominant Value]
    BV --> SS[Species and Silvics?]
    BV --> ST[Stand Structure?]
    BV --> R[Risks?]
    BV --> DA[Disturbance Agents?]
    BV --> SSilv[Silvicultural Strategy]
    SSilv --> EA[Even Aged]
    SSilv --> MA[Multi-aged]
    SSilv --> C[Clearcut?]
    SSilv --> IS[Irregular Shelterwood?]
    SSilv --> S[Shelterwood?]
    SSilv --> GS[Group Selection?]
    SSilv --> TR[Thinning Regimes?]
    SSilv --> STS[Single Tree Selection?]
    SSilv --> O[Other?]
  
```

The flowchart illustrates the Forest Management Planning Process. It begins with a blue box labeled "Working Circle". A red line descends from this box, with two red-bordered boxes branching off to the left and right: "Biological and Physical Geography" on the left and "Human Aims" on the right. The line then enters a red box labeled "Dominant Value". From the bottom of this box, a green line descends, with four green-bordered boxes branching off: "Species and Silvics?" (left), "Stand Structure?" (right), "Risks?" (left), and "Disturbance Agents?" (right). The line then enters a green box labeled "Silvicultural Strategy". From the bottom of this box, a purple line descends, with eight purple-bordered boxes branching off: "Even Aged" (left), "Multi-aged" (right), "Clearcut?" (left), "Irregular Shelterwood?" (right), "Shelterwood?" (left), "Group Selection?" (right), "Thinning Regimes?" (left), and "Single Tree Selection?" (right). Finally, the line enters a purple box labeled "Other?" at the bottom.

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## SUMMARY

Dividing up your community forest will help you to clearly understand the values you are managing and the biophysical geography these values occupy. Once the dominant values are mapped, the manager can consider the conditions that govern the values and develop a silvicultural strategy to maintain these conditions into the future. This process has been a cornerstone of the Alex Fraser Research Forest's management and working plan for two decades, helping to clarify management intentions for both staff and interested users. Clear direction is provided by the maps and the silvicultural strategy because the land divisions are readily identifiable in the field. Since all subdivisions are reconciled and account for the total gross area of the tenure, the implications of decisions to harvest rates are also readily understood. Although subdivision of timber supply areas does not normally form part of management for the province's volume-based tenures, this process is very helpful for area-based tenures like community forests, where the land base is managed for multiple values.

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- Ken Day, MF, RPF, is the manager of the University of British Columbia's Alex Fraser Research Forest at Williams Lake, B.C.*



PART TWO –  
*Forest Management*  
**CHAPTER 6**

# Adapting to Climate Change: Are British Columbia's Community Forests Meeting the Challenge?

ELLA FURNESS

Community forest organizations in British Columbia are on the front lines of our changing climate. Such local grassroots groups, usually run by voluntary boards of directors, are often more effective than top-down, rigid, centralized organizations in building resilience to environmental stressors. Nevertheless, communities and organizations vary widely in their ability to adapt to changing conditions. By adopting practical adaptation strategies, the province's community forest organizations can improve their ability to cope with future conditions. This extension note describes research I conducted that explores the current ability of active community forest organizations in adjusting to the effects of climate change (Furness 2012).<sup>1</sup> I also discuss some ways in which these organizations could improve this ability.

## THE IMPACTS OF CLIMATE CHANGE ON BRITISH COLUMBIA'S FORESTS

Canada's forests are already experiencing the effects of climate change, with documented increases in drought conditions, insect attacks,

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*Community forest organizations in  
British Columbia are on the front lines  
of our changing climate.*

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tree diseases, and wildfires. These large-scale disturbances are likely to persist, putting pressure on local communities by affecting timber quality and production, watersheds and water availability, and increasing risks to human health from smoke and fire.

In British Columbia, climate change is partially responsible for the devastating mountain pine beetle infestation, giving us an indication of some of the future impacts facing forest-dependent communities. Specifically, we can expect to see increases in biotic damage and forest diseases, as well as increases in the frequency and intensity of droughts in the Southern Interior, species migration, and loss of habitat in high-elevation forests. The province's community forests are already (or will be) strongly affected by climate change. Therefore, the way community forest organizations plan for and respond to these changes could significantly influence whether they

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<sup>1</sup> For a full list of the references used to develop this research project, go to: [https://circle.ubc.ca/bitstream/handle/2429/42804/ubc\\_2012\\_fall\\_furness\\_eleanor.pdf?sequence=1](https://circle.ubc.ca/bitstream/handle/2429/42804/ubc_2012_fall_furness_eleanor.pdf?sequence=1)

avoid or reduce the negative impacts of climate change on their organizations and communities.

## THE CAPACITY TO ADAPT

All people and organizations have an “adaptive capacity.” Probably the most widely cited definition of adaptive capacity is that of the Intergovernmental Panel on Climate Change:

*Adaptive capacity is the ability or potential of a system to respond successfully to climate variability and change, and includes adjustments in both behaviour and in resources and technologies* (Adger et al. 2007).

An organization’s or a community’s adaptive capacity is determined by its access to economic and physical resources, natural resources, and social and human capital. The type of values and attitudes it holds will also affect its ability to adapt. All determinants of adaptive capacity will have different influences at different scales. Therefore, responses to climate change at the national scale and the scale of the individuals will vary, although interactions can occur between these two scales.

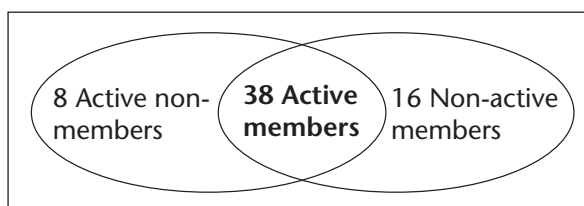
## Research Approach

As part of my research, I asked active members of the BC Community Forest Association to participate in a survey that explored their current adaptive capacity (Figure 1). “Active members” were considered as those who had a Community Forest Agreement and forest stewardship plan in place. To create a detailed description of these organizations, this survey measured their access to resources, documented how they are governed, and catalogued their values. In addition, the survey gauged the organizations’ awareness of, and response to, climate change, as well as any adaptation techniques already under way.

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*An organization’s or a community’s adaptive capacity is determined by its access to economic and physical resources, natural resources, and social and human capital. The type of values and attitudes it holds will also affect its ability to adapt.*

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**FIGURE 1** Of the 62 community forest organizations in British Columbia, 38 are BC Community Forest Association members with active operations.

To gain a picture of the adaptability of community forest organizations, managers were asked about:

- their access to economic and physical resources, natural resources, and social and human capital;
- their values; and
- their observations of, and expectations about, climate change.

Four different statements about each variable were read to organization managers, who were then asked to what extent they agreed with the statement (Figure 2).

## RESULTS

Of the 62 community forest organizations in British Columbia, 46 had active operations, 54 were members of the BC Community Forest Association, and 38 were association members with active operations. These 38 organizations represented the survey sample. As all responded to the survey, a 100% response rate was achieved.

The survey results established that the concept of adaptation was relevant to many of these organizations: 45% of the organizations (17 “Stage 1 Adaptors”) were already researching adaptation, and 32% (12 “Stage 2 Adaptors”) were already integrating adaptation techniques into their work. Of the remaining organizations, 16 were non-adaptors, and a small minority (4) was unsure. Figure 3 illustrates the adaptation progress of all organizations in the sample (see sidebar, “Example Survey Questions: Attitudes to Climate Change and Adaptive Capacity”).

The most commonly experienced or anticipated climate change impact was an increase in insects and diseases in the forest; extreme events were



|                               |   |
|-------------------------------|---|
| Natural capital               | Diversity of tree species<br>Diversity of revenue sources from tenure<br>Importance of ecosystem services<br>Importance of cultural and recreational services   |
| Economic capital              | Availability of financial surplus<br>Availability of staff time for planning<br>Access to external financial capital<br>Diversity of income   |
| Physical capital              | Satisfaction with access to forestry equipment<br>Impediment caused by lack of forestry equipment<br>Favourable geographic location of the forest<br>Access to equipment for future plans   |
| Human capital                 | Access to skilled people<br>Access to people with knowledge and information<br>Access to experienced people<br>Access to training and education   |
| Social capital                | Representativeness of board<br>Supportiveness of wider community<br>Level of trust in the wider community<br>Time spend on involvement and consultation   |
| Normative values              | Comparative importance of environmental stewardship<br>Comparative importance of representing the community<br>Comparative importance of making an economic return<br>Comparative importance of First Nations traditional cultural values |
| Transcendence values          | Prioritization of community over organization<br>Prioritization of environment over organization<br>Prioritization of community opinion over expertise<br>Perception of community goodness  |
| Opportunity values            | Disassociation from traditional forestry business<br>Identification with innovation<br>Disassociation from security and risk adversity<br>Identification with progressive exploration   |
| Attitude about climate change | Level of concern about global climate change<br>Concern about climate change impacts on organization<br>Understanding of likely climate change impacts<br>Understanding of risk reduction   |
| Observations & expectations   | Level of observation/ expectation of extreme events<br>Level of observation/ expectation of pathogens<br>Level of observation/ expectation of warmer winters<br>Level of observation/ expectation of species change                       |

**FIGURE 2** Survey variables used to measure current adaptive capacity of community forest organizations.

also frequently observed or expected, but species changes and warmer winters were less so. Table 1 shows these results in more detail.

Attitudes toward climate change were substantially different between non-adaptors and adaptors; adaptors were more concerned

## EXAMPLE SURVEY QUESTIONS: ATTITUDES TO CLIMATE CHANGE AND ADAPTIVE CAPACITY

Concerning attitudes to adaptive capacity and climate change, survey respondents were read the following four statements and asked whether they: (1) strongly disagree; (2) disagree; (3) neither agree nor disagree; (4) agree; or (5) strongly agree.

**Adaptive Capacity** – As an organization, we have:

1. begun to research adaptations we may be able to make to minimize some of the likely impacts of climate change on our organization;
2. begun to put plans into place for what we might be able to do to minimize the impacts of climate change on our organization;
3. already begun to make adaptations to our work to minimize the likely future impacts of climate change on our organization; or
4. yet to do anything to minimize the impacts of climate change.

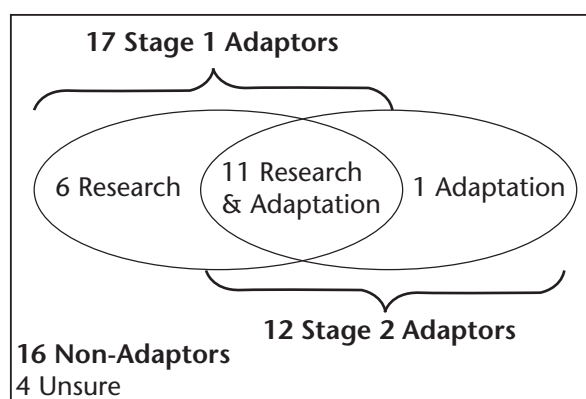
**Attitudes to Climate Change** – Within our organization, we:

1. are concerned about global climate change in general.
2. are concerned climate change will have an impact on our ability to achieve our goals as an organization.
3. have an understanding of the likely impacts of climate change on our community forest.
4. have an understanding of how we could reduce the risk of the effects of climate change.

about global climate change, and were more likely to have observed, or expected to observe, the impacts of climate change (see Table 2).

The three groups—non-adaptors, stage 1 adaptors, and stage 2 adaptors—had distinct characteristics that suggest factors which may enable the process of adaptation. For example, stage 1 adaptation is associated primarily with the organization's attitude toward global climate change and its perception of climate change impacts on the forest, as well as the presence of pro-environmental values, community investment and trust, and access to financial resources and training. For stage 2 adaptors (i.e., the most advanced organizations), access to resources seemed more important than pro-environmental values and concern about the direct impacts of climate change on their community forests. Overall, these organizations had observed less of the likely impacts of climate change than stage 1 adaptors

(Table 1). Nevertheless, concern about global climate change, as well as community investment and trust, remained important features for the stage 2 adaptors and, as a group, they invested more time and trust in the community (see Figure 4).



**FIGURE 3** Adaptation progress among the 38 community forest organizations surveyed.

**TABLE 1** *Observations and expectations of climate change among non-adaptors, stage 1 adaptors, and stage 2 adaptors*

| <b>Non-adaptors<br/>(16 organizations)</b>   | <b>Stage 1 adaptors<br/>(17 organizations)</b>                                     | <b>Stage 2 adaptors<br/>(12 organizations)</b>                                     |
|--|--|--|
| 11 (69%) have observed or expect to observe an increase in extreme events          | 13 (77%) have observed or expect to observe an increase in extreme events          | 10 (83%) have observed or expect to observe extreme events                         |
| 12 (74%) have observed or expect to observe an increase in pathogens in the forest | 16 (94%) have observed or expect to observe an increase in pathogens in the forest | 11 (92%) have observed or expect to observe an increase in pathogens in the forest |
| 3 (18%) have observed or expect to observe warmer winters                          | 11 (65%) have observed or expect to observe warmer winters                         | 8 (67%) have observed or expect to observe warmer winters                          |
| 6 (40%) have observed or expect to observe species change                          | 12 (71%) have observed or expect to observe species change                         | 8 (67%) have observed or expect to observe species change                          |

**TABLE 2** *Attitudes to climate change among non-adaptors, stage 1 adaptors, and stage 2 adaptors*

| <b>Non-adaptors<br/>(16 organizations)</b>                                      | <b>Stage 1 adaptors<br/>(17 organizations)</b>                                   | <b>Stage 2 adaptors<br/>(12 organizations)</b>                                  |
|---|--|---|
| 7 (44%) are concerned about global climate change                               | 14 (82%) are concerned about global climate change                               | 11 (92%) concerned about global climate change                                  |
| 7 (44%) are concerned about the impacts of climate change on their organization | 12 (73%) are concerned about the impacts of climate change on their organization | 8 (67%) are concerned about the impacts of climate change on their organization |
| 2 (12.5%) have an understanding of likely climate change impacts                | 12 (71%) have an understanding of likely climate change impacts                  | 9 (75%) have an understanding of likely climate change impacts                  |
| 1 (6%) has an understanding of risk reduction                                   | 12 (71%) have an understanding of risk reduction                                 | 10 (83%) have an understanding of risk reduction                                |

## **APPLICATION OF THE RESEARCH FINDINGS**

The findings of this research suggest some valuable ways in which community forest organizations could improve their ability to adapt to the effects of climate change. In this, the BC Community Forest Association could assume an increased role in facilitating dialogue among community forests and creating more opportunities for participation.

## **Targeted Training**

Targeted training should increase an organization's understanding of climate change adaptation techniques. For example, research carried out with Swedish foresters suggested that information on risk reduction is possibly more important than information on the likely impacts of climate change. Although British Columbia's foresters may have different information gaps



**FIGURE 4** *Percentage of organizations with a particular component of adaptive capacity.*

concerning adaptation techniques, further research could help confirm whether training programs were addressing the needs of the province's community forest organizations.

### Workshops and Conferences

In the survey, managers of adaptive community forest organizations reported positive training

experiences, with staff and board members attending workshops and seminars on climate change provided by government bodies, universities, or through other research initiatives. The BC Community Forest Association could play a role here by creating more participation opportunities for seminars or conferences.

## Partnerships

Community forest organizations could benefit from partnerships with external organizations (universities, public bodies, corporations) by collaborating on landscape-scale projects, sharing resources, and working together towards shared goals related to climate change adaptation.

## Collaboration and Communication

Previous research suggests that learning and trust are interlinked; that well-developed networks of people learn more from past events, identify new information, and develop capacity to cope with change by exchanging ideas and knowledge. Conversations and “social learning” (communities learning together) is important in adaptation and can provide a safety net when other resources are not available. The BC Community Forest Association could play an increased role in facilitating dialogue among the province’s community forest organizations about climate change adaptation, and in developing an online resource hub with message boards designed to expand the sharing of ideas and information between the organizations.

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*Organizations enthusiastic about adaptation could become models, with their progress and actions documented as case studies.*

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## Models of Adaptation

Of the surveyed organizations who were motivated to adapt, those with better access to economic resources and expertise were more likely to have advanced from planning into action. Therefore, a grant program could be very beneficial in promoting adaptation to climate change. With adequate financial resources, community forest organizations could link with experts and staff could engage in adaptive activities. Organizations enthusiastic about adaptation could become models, with their progress and actions documented as case studies. This could help other community forest organizations to visualize potential climate change impacts and to imagine the possible adaptive options open to them. Any organization can more easily follow a path already travelled successfully by others. Providing resources to those who wish to take the first steps in adaptation to climate change will allow them to lead by example.

## RESOURCES: ADAPTING TO CLIMATE CHANGE

*A growing number of websites and publications offer valuable information on climate change adaptation. Here are a few examples.*

- *Setting the Context for Adapting to Climate Change in British Columbia:*  
<http://www.for.gov.bc.ca/het/climate/actionplan/index.htm>
- *Adapting British Columbia’s Natural Resource Management to Climate Change:*  
<http://www.for.gov.bc.ca/het/climate/index.htm>
- *Climate Change: Research Topics:* <http://www.for.gov.bc.ca/hre/topics/climate.htm>
- *Future Forest Ecosystems Initiative:* [https://www.for.gov.bc.ca/HFP/future\\_forests/](https://www.for.gov.bc.ca/HFP/future_forests/)
- *Helping Canada’s Forest Sector and Society Adapt to Climate Change:*  
<http://cfs.nrcan.gc.ca/pages/35>
- *Pacific Institute for Climate Solutions:* <http://pics.uvic.ca/>
- *Fraser Basin Council: Retooling for Climate Change:* <http://www.retooling.ca/>



## A LAST WORD FOR ORGANIZATIONS WISHING TO ADAPT

As well as working with the BC Community Forest Association to organize training, conferences, partnerships, and communication, and lobbying for increased resources, community forest organizations can also do many things on their own. Here are some examples.

1. Identify any barriers you may have to adapting to climate change and create a plan to address these barriers.
2. Access some of the abundant information now available on forests and climate change (see sidebar, “Resources: Adapting to Climate Change”).
3. Find people who already understand some adaptive management ideas and invite them to talk to your board.
4. Look for allies in the forest industry, government, and universities. See whether they want to share resources and work together on pilot projects.
5. Talk to community members who may have ideas or knowledge about climate change and potential adaptive strategies.

The BC Community Forest Association website is a good place to start your organization’s journey toward climate change adaptation. For more information, go to <http://www.bccfa.ca>.

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# The Area-Volume Check: A Simple Way To Tell If Your AAC Fits

KEN DAY AND MIRCEA RAU

The process of obtaining a community forest in British Columbia is initiated when the Minister of Forests, Lands and Natural Resource Operations invites a community to apply for an agreement. This invitation stipulates an allowable annual cut (AAC), and the community sets out to identify an area that will supply this cut. After the boundaries of the community forest are established, the manager might find that the area and the constraints applied make it difficult to harvest the target cut each year. Conversely, the community might find that the constraints are satisfied more easily than expected, presenting an opportunity to harvest more timber. This will likely prompt a new *yield analysis*, an undertaking that involves sophisticated models run by consultants and substantial staff time to develop the necessary information.

Here we describe a simple and worthwhile step to take *before* embarking on a more complex yield analysis. Known as an “area-volume check” (Davis and Johnson 1987), this approach tests

the coherency of current assumptions about management objectives, standing inventory, rotation age, net harvestable land base, and AAC. Taking this step will help managers judge whether the harvest level can be maintained into the future, and therefore to gauge whether a costly new yield analysis is necessary.

In this extension note, we describe a simple, low-tech approach that will help communicate the adequacy of the current AAC to your community forest management board; however, its simplicity *does* limit its accuracy. For example, complex forests encompassing multiple objectives will require an analysis of smaller subdivisions; spatial and temporal constraints (e.g., green-up delay and equivalent clearcut area) are not incorporated; and multiple harvest entries per rotation (e.g., commercial thinning or shelterwood approaches) will need special consideration. Nevertheless, the area-volume check does provide an inexpensive approximation of how well your AAC fits the community forest.

## AREA-VOLUME CHECK

Let’s consider a fictitious community forest—call it *Fiction Forest*—of 15 000 ha and an AAC of 20 000 m<sup>3</sup>/year. Follow these steps to see whether the AAC is appropriate for this community forest.

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*The “area-volume check” tests the coherency of current assumptions about management objectives, standing inventory, rotation age, net harvestable land base, and AAC.*

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## 1. Calculate the Net Harvestable Area by Working Circle

Many benefits accrue through dividing your community forest into working circles, and devising silvicultural strategies to manage each working circle (see Part 2, Chapter 5 [pp. 119–126] in this guidebook). Each working circle is treated separately for the area-volume check because its silvicultural strategy affects the harvest rate and the volume cut at each harvest. In this example, let's suppose that Fiction Forest has only one working circle with a even-aged management silvicultural strategy. Follow these steps to determine the net harvestable land base.

1. Use the community forest map to determine the total land area of the Community Forest Agreement.
2. Use forest inventory data to gather information about non-forest areas (lakes, swamps, gravel pits, etc.).
3. Use the land use plan and the working plan (see Part 2, Chapter 3 [pp. 107–112] in this guidebook) to gather information on Old Growth Management Areas and other set-asides for ecological goods and services (see Part 2, Chapter 4 [pp. 113–118] in this guidebook).
4. Use the land use plan, the management plan, and the working and the forest stewardship plans to develop an allowance for areas that will not be harvested in each stand. For example, roads will only be harvested once, and then the area they occupy is withdrawn from the harvestable area. In the British Columbia interior, the standard allowance is a maximum withdrawal of 7% from the net productive area for permanent access roads. Wildlife tree retention is also required in each harvested stand, generally stated as a commitment to a percentage of wildlife tree patches within each cutblock. In Fiction Forest, we will set aside 8% of the net productive area for wildlife tree patches.

**TABLE 1** *Calculating the net harvestable area of Fiction Forest*

|  |               |
|--|---------------|
| <b>GROSS AREA (ha)</b>   | <b>15 000</b> |
| <b>NON-HARVESTABLE AREAS (ha)</b>                                |               |
| Non-forest   | 1200          |
| Old growth management areas and other reserves                   | 3592          |
| Inoperable, steep slopes, sensitive sites, non-productive forest | 750           |
| <b>NET PRODUCTIVE AREA (ha)</b>                                  | <b>9458</b>   |
| <b>WITHDRAWALS (ha)</b>  |               |
| Permanent road access (7%)                                       | 662           |
| Wildlife tree patches (8%)                                       | 756           |
| <b>NET HARVESTABLE AREA FOR AAC (ha)</b>                         | <b>8040</b>   |

With this information in hand, calculate the net harvestable area of the Fiction Forest land base (Table 1) by subtracting the non-harvestable land base and the withdrawals from the tenure's gross land. The remainder is the net area for the AAC.

## 2. Determine the Rotation Age by Working Circle

Rotation age is a simple concept—it is the number of years we will grow our forest stand before we consider it ready for harvesting. Determining rotation age can be complicated, however; in part, it will depend on the goals and values that govern your forest's management operations. Traditionally, we determine rotation age as the year of maximum mean annual volume increment. This will depend on the species we are managing, as well as the productivity of the ecosystem. To refine this determination, the net area of community forest can be subdivided by the species under management, and again by site class. Once again, however, let's assume that Fiction Forest is a simple place where we are managing Douglas-fir on site index 20.<sup>1</sup>

<sup>1</sup> Site index is a measure of site productivity reported as height in metres at age 50.

Using the Table Interpolation Program for Stand Yield information (TIPSY),<sup>2</sup> we can obtain the mean annual increment for this Douglas-fir site plotted over stand age (Figure 1). The derived maximum value, or culmination of mean annual increment, indicates that the rotation age for this forest should be 120 years, at which time the stand would hold 437 m<sup>3</sup>/ha net merchantable volume.

### 3. Calculate the Annual and Periodic Harvest Area for the Species And Site Quality

The net area for AAC (Table 1) should be harvested entirely over one rotation. Therefore, the annual area harvested is:

$$\text{Net Area for AAC} \div \text{Rotation Age} \\ = \text{Annual Harvest Area}$$

Or,

$$8040 \text{ ha} \div 120 \text{ years} = 67 \text{ ha/year}$$

Therefore, the area harvested in a 20-year period is:

$$\text{Annual Harvest Area} \times \text{Period} \\ = \text{Period Harvest Area}$$

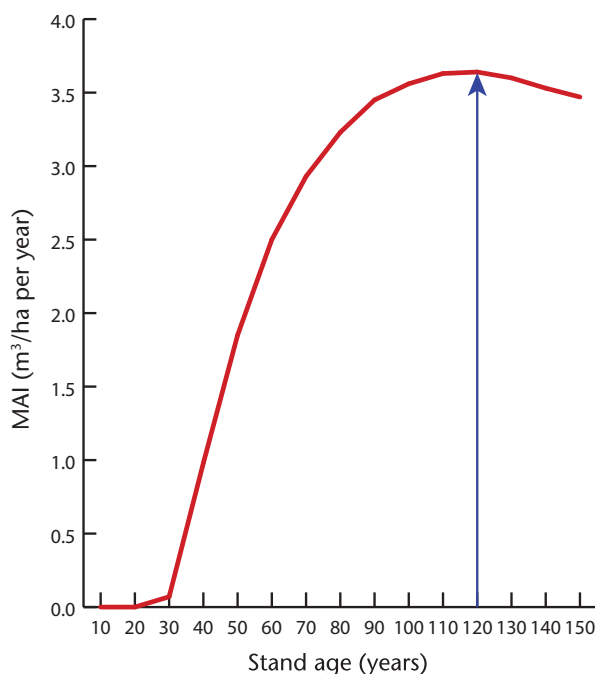
Or,

$$67 \text{ ha/year} \times 20 \text{ years} = 1340 \text{ ha}$$

### 4. Check the Volume Assumption

The average volume of stands at harvest age also plays an important role in determining the allowable cut, and dictates how much area should be harvested in a given year to provide the harvest volume. As mentioned earlier, according to the TIPSY model the Douglas-fir stand would provide 437 m<sup>3</sup>/ha net merchantable volume at 120 years of age. Nevertheless, the current unmanaged stands are likely less productive because of species composition (non-merchantable or lower productivity) and unstocked voids and, therefore, a check of the volume assumption is necessary.

If the annual harvest volume of 20 000 m<sup>3</sup> will be produced from 67 ha, then we can calculate the volume assumption for Fiction Forest as:



**FIGURE 1** Mean annual increment (MAI) for Douglas-fir on site index 20 m. Culmination of MAI (arrow) indicates a rotation age of 120 years.

$$\text{Annual Harvest Volume} \div \text{Annual Harvest Area} \\ = \text{Volume Assumption} \quad [3]$$

Or,

$$20\,000 \text{ m}^3 \text{ per year} \div 67 \text{ ha per year} \\ = 299 \text{ m}^3/\text{ha}$$

Local knowledge and experience, supported by some field work, should help you decide whether the average of all existing (good, bad, and ugly) mature stands in the net harvestable area will provide 299 m<sup>3</sup>/ha of net merchantable volume. If it will not, the area of the community forest is likely too small to provide the allowable annual cut or, conversely, the allowable cut is too high for the net area of the community forest. This number also gives you a check on whether you are balancing the harvest of good and poor stands over time.

For our example, let's assume that 299 m<sup>3</sup>/ha at harvest age is a comfortable number for Fiction Forest. If future managed stands achieve the growth forecast by the TIPSY model, then we can look forward to increasing allowable cuts in the future.

<sup>2</sup> See: <http://www.for.gov.bc.ca/hre/gymodels/tipsy/support.htm>

## 5. Determine the Area by Age Class from the Forest Inventory

Each stand in the forest inventory is accompanied by a database notation of stand age and age class. Query the inventory database to determine the area by age class in the net harvest area for each working circle. If you have subdivided by species and site quality, then determine the area by age class for each of those subdivisions. In our Fiction Forest example, we can see that the area is not uniformly distributed between age classes; many stands are older than rotation age, and a substantial area of very young stands exists from past harvesting operations.

## 6. Simulate the Harvest by 20-year Periods

Because we have already set aside the required amount of old habitat, we now consider only the net area of the community forest and harvest the oldest stands first. Sum all the areas of stands greater than the rotation age into the single age class, ending with the rotation age. For example, the area of age classes greater than 120 years depicted in Table 2 have been summed into the greater than 100 year age class in Table 3.

Table 3 shows that the 20-year harvest is applied to the oldest age class in each period, and that area moves from the oldest to the youngest age class in the next period. Each of the other age classes advance by 20 years, or one class.

Given our assumptions about rotation age, net area, and AAC, the graphs in Figure 2 confirm that the proposed harvest rate is sustainable. In the fifth harvest period (i.e., after 80 years),

**TABLE 2** Douglas-fir (site index 20 m) area by age class from the inventory of Fiction Forest

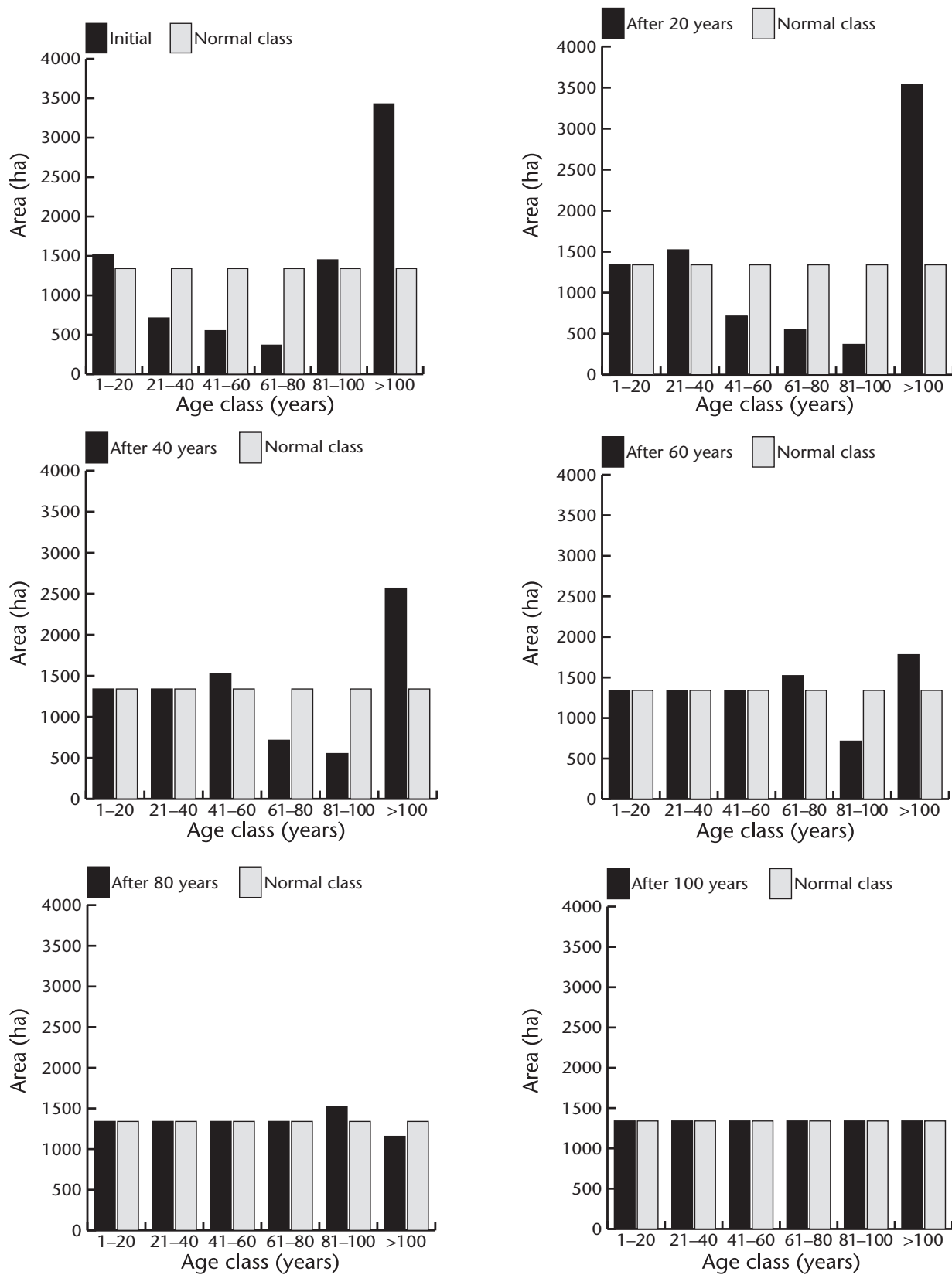
| Site class group (years) | Area (ha)   |
|--------------------------|-------------|
| 1–20                     | 1523        |
| 21–40                    | 715         |
| 41–60                    | 553         |
| 61–80                    | 369         |
| 81–100                   | 1451        |
| 101–120                  | 943         |
| 121–140                  | 1517        |
| 141–250                  | 896         |
| > 250                    | 73          |
| <b>TOTAL</b>             | <b>8040</b> |

some cutting will occur in the 81–100 year-old age class to allow the final balancing of the age classes, but this is not a significant concern. If, however, the harvesting must focus on the 60–80 year-old stands to achieve an even area by age class, then this will likely be unsustainable as the volume available in these younger stands is lower and the log size and product mix will likely not meet the objectives of forest management. Alternatively, if the area of older age classes continues to accumulate, then this indicates that the harvest rate could be increased to achieve a normal distribution of net area by age class; however, this would assume that the desire for old forest had been sufficiently accommodated before arriving at the net area for the AAC.

**TABLE 3** Effect of area harvested on area by age class over one rotation at Fiction Forest. Note that the initial area greater than 100 years old is the sum of all the area from 101 years to 250+ years in Table 2.

| Harvest period         | Area (ha) by age class (years) |       |       |       |        |      | Total |
|------------------------|--------------------------------|-------|-------|-------|--------|------|-------|
|                        | 1–20                           | 21–40 | 41–60 | 61–80 | 81–100 | >100 |       |
| Initial (from Table 2) | 1523                           | 715   | 553   | 369   | 1451   | 3429 | 8040  |
| After 20 Years         | 1340                           | 1523  | 715   | 553   | 369    | 3540 | 8040  |
| After 40 Years         | 1340                           | 1340  | 1523  | 715   | 553    | 2569 | 8040  |
| After 60 Years         | 1340                           | 1340  | 1340  | 1523  | 715    | 1782 | 8040  |
| After 80 Years         | 1340                           | 1340  | 1340  | 1340  | 1523   | 1157 | 8040  |
| After 100 Years        | 1340                           | 1340  | 1340  | 1340  | 1340   | 1340 | 8040  |





**FIGURE 2** Area by age class through one rotation of harvesting at the established allowable annual cut for Fiction Forest.

## SUMMARY

Community Forest Agreements are often created after a community finds an area to support the invited harvest volume. Many assumptions and compromises are usually made in this process. Some years after management begins, the community may believe that more harvest is possible, or that the current harvest rate is too aggressive. An area-volume check will help you test the assumptions contained in your initial management and working plans. It provides a numerical snapshot that shows whether the AAC is still a good fit for your community forest. This extension note lays out a simple sequence of steps to generate this approximation. This basic knowledge can then be used to support further discussions

concerning the necessity for a new yield analysis or a change in the management assumptions that govern your community forest operations.

## REFERENCES

Davis, L.S. and K.N. Johnson. 1987. Forest management. McGraw-Hill Inc.

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