

11. Outbound Traffic Data Development – Forestry Resources (WP A2b)

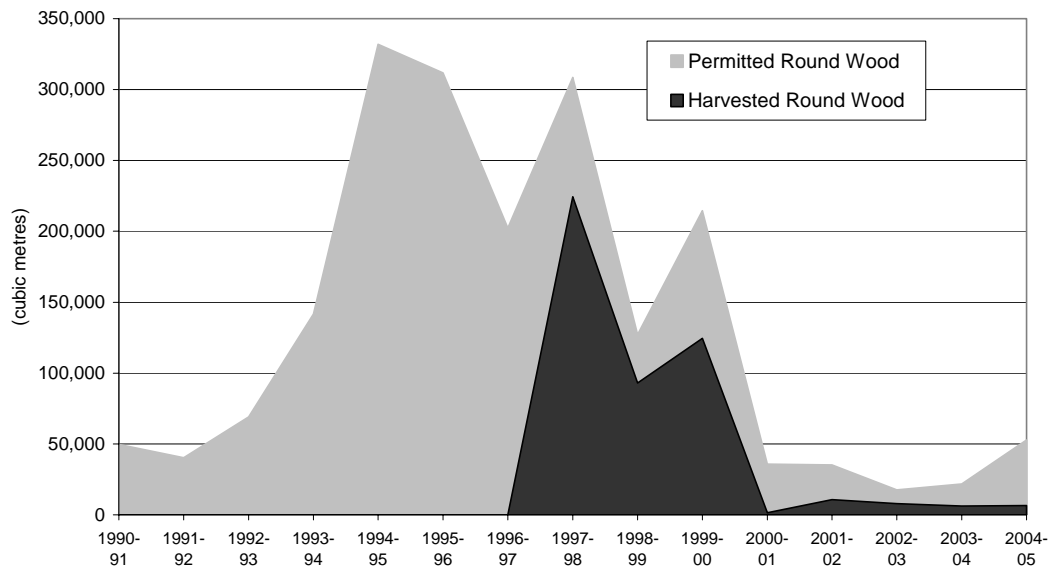
This summarizes the findings of the Yukon and northern British Columbia outbound forestry resources traffic data development work completed as part of work package A1a.

11.1 Yukon Forestry Resources

11.1.1 Yukon Harvest Volumes

As can be seen from Figure 11.1 and Table 11.1, very little round wood forest harvesting activity has taken place in the Yukon in recent years. Most of current harvest is from Watson Lake area and supplies niche operations (e.g., cove siding). With regard to traffic capability (and associated rates), the absence of a commercial forest industry means that the current capability of an associated forest resource trucking industry is correspondingly very limited.

Chart 11.1 Yukon Roundwood Timber Permits and Harvest Volumes



Source: Yukon Energy Mines and Resources
 Note: Timber harvest volumes not available prior to 1997/98

Analysis undertaken by PriceWaterhouseCoopers (*Economic Assessment of the Forest Industry in Southeast Yukon*, August 2005, p. 20) indicates that benchmark transportation costs for the movement of final goods out of the Yukon (\$90/Mfbm) are 64% higher compared to costs in Alberta (\$55/Mfbm) and 45% higher compared to costs in British Columbia (\$62/Mfbm).

Table 11.1 Yukon Roundwood Timber Permits and Harvest Volumes

	Permitted Round Wood	Harvested Round Wood
	--- cubic metres ---	
1990-91	49,657	n/a
1991-92	40,388	n/a
1992-93	69,111	n/a
1993-94	141,773	n/a
1994-95	331,906	n/a
1995-96	311,686	n/a
1996-97	202,315	n/a
1997-98	308,571	224,280
1998-99	127,176	92,975
1999-00	214,580	124,560
2000-01	35,765	1,535
2001-02	35,158	10,744
2002-03	17,551	8,013
2003-04	21,927	6,310
2004-05	52,771	6,591

Source: Government of Yukon, Department of Energy Mines and Resources (January 4, 2006)

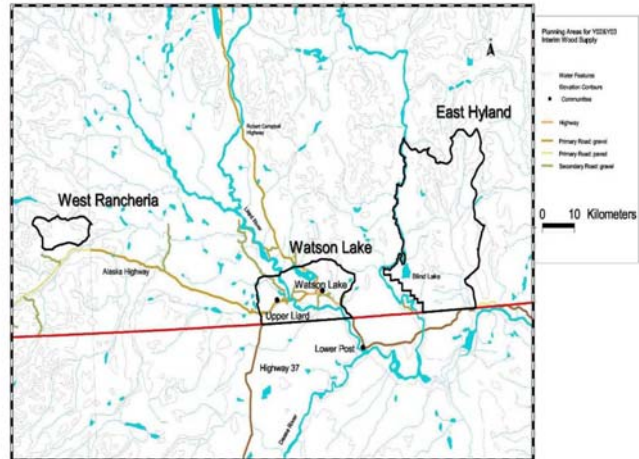
Note: Round wood includes permits for saw logs and building logs; year is April 1 to March 31

11.1.2 Yukon Annual Allowable Cut

While scant timber harvesting activity is taking place in the Yukon at the present time, three regions are considered to hold potential - Southeast Yukon (Watson Lake), Teslin and Southwest Yukon (Haines Junction). As a proxy for potential forestry activity, and corresponding potential traffic volumes, allowable annual cut (AAC - the sustainable volume of timber that can be harvested from a given area in one year) estimates were researched for the Yukon. AAC's have not yet, however, been established for any of the three regions.

In the absence of "official" AACs, provisional AACs are in use at the operational level as follows. In the South East Yukon (Watson Lake and area), the Kaska Forest Resources Stewardship Council recommended in February 2003 that an interim wood supply of 128,000 cubic metres per year be established for three years in the East Hyland, Watson Lake and West Rancheria planning areas (see map below). It is worth noting that the PriceWaterhouseCoopers' analysis, which was predicated on an AAC of 500,000 cubic metres per year, states that "...total delivered fibre costs in the Yukon are not competitive with other jurisdictions due to resource constraints (e.g., size and density per hectare of trees). Logging to roadside costs as well as silviculture and reforestation costs are the main contributors to this disadvantage" (Page 17).

Planning Areas for Interim Wood Supply Plan



Map source: Government of Yukon Forest Planning Branch, *Environmental Assessment Screening Report: Interim Wood Supply for the Kaska Traditional Territory*, May 2005.

In the Teslin area, 25,000 cubic metres per year have been identified as a provisional interim annual wood supply volume.

In the South West Yukon, an annual allowable cut, provisional or otherwise has not been established. The South West Yukon has experienced high levels of conifer mortality as a result of extensive spruce bark beetle infestations. As a consequence of the large volumes of spruce beetle killed wood in the region, the focus of resource management efforts in the South West Yukon is on forest renewal and salvage of the existing resource.

11.2 Northern British Columbia Forestry Resources

11.2.1 Cassiar Timber Supply Area Harvest Volumes

CN provides freight rail service as far north as Minerat in north central British Columbia and as far north as Fort Nelson in north east British Columbia. Thus, with the exception of the Cassiar TSA, most of the potential forestry production area in northern British Columbia is already served by CN. As can be seen from Chart 11.2 and Table 11.2 harvest volumes in the Cassiar Timber Supply Area have been relatively small in recent years.

Chart 11.2 Timber Harvest Volume Billed by Year of Scale and Species
Cassiar Timber Supply Area

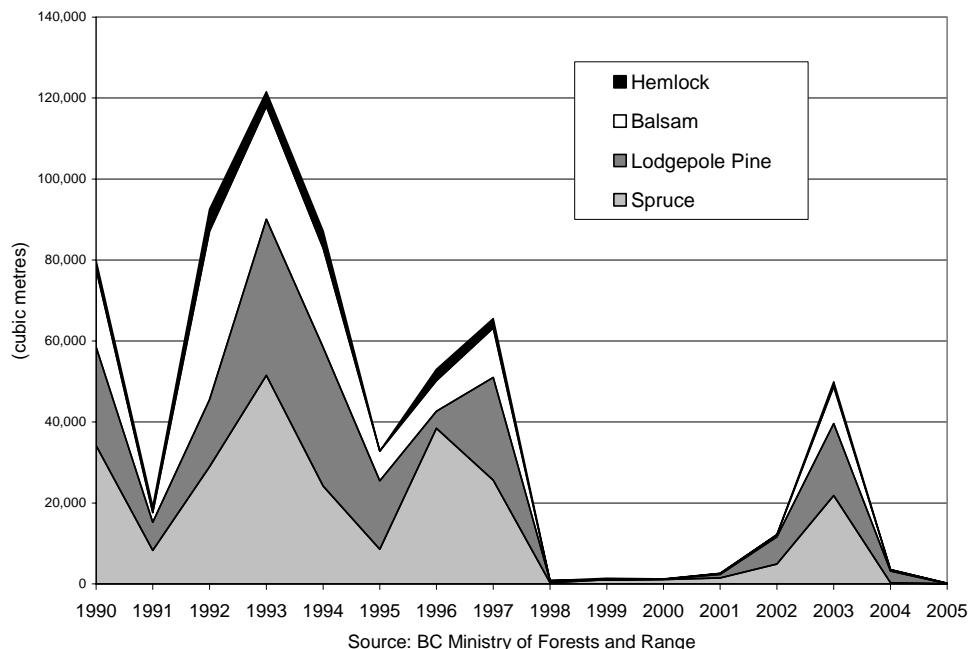


Table 11.2 Cassiar Timber Supply Area - Volume billed* by year of scale and species

	Spruce	Lodgepole Pine	Balsam	Hemlock	Other	Total
	--- cubic metres ---					
1990	34,161	24,364	19,165	2,171	119	79,979
1991	8,275	6,956	2,361	1,521	280	19,392
1992	28,921	16,598	41,567	5,438	489	93,013
1993	51,493	38,582	27,850	3,615	2	121,542
1994	24,170	34,271	24,488	4,226	14	87,169
1995	8,571	16,891	7,372	-	2	32,836
1996	38,455	4,181	7,570	2,784	163	53,152
1997	25,613	25,390	12,187	2,333	207	65,730
1998	289	518	2	-	2	811
1999	1,021	13	5	341	-	1,380
2000	1,100	20	45	86	1	1,252
2001	1,516	831	224	58	1	2,630
2002	4,934	6,691	511	60	-	12,197
2003	21,835	17,768	9,123	1,199	13	49,937
2004	281	2,920	323	9	-	3,533
2005	67	-	58	-	-	125

Source: BC Ministry of Forests and Range (January 3, 2006)

Note: *all logs, special forest products, species and grades billed to Crown, private or Federal land including waste and reject; scaled January 1, 1990 to December 31, 2005.

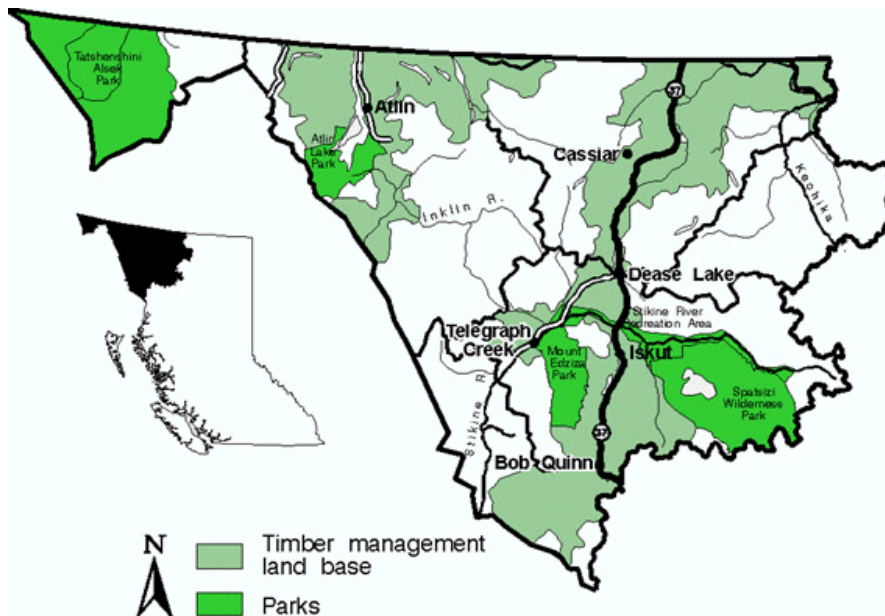
Similar to the Yukon, the scant size of the commercial forest industry in the Cassiar TSA means that the current capability of an associated forest resource trucking industry is correspondingly very limited.

11.2.2 Cassiar Timber Supply Area Annual Allowable Cut

The Cassiar TSA is British Columbia's largest, covering approximately 13.2 million hectares. The communities of Atlin, Cassiar, Dease Lake, Telegraph Creek and Iskut are included within the boundaries of the TSA. The current annual allowable cut for the TSA is 305,000 cubic metres (effective January 2002, in force until at least January 2007).

Current apportionment of AAC (by supply block) is as follows:

- Iskut and Boundary supply block - 120,000 cubic metres
- Dease-Liard supply block - 153,000 cubic metres
- Atlin supply block - 32,000 cubic metres



Map source: BC Ministry of Forests and Range

11.2.3 Fort Nelson Timber Supply Area - Benchmark

To provide a benchmark for potential forestry activity in the Cassiar TSA (and the Yukon), the information below describes the current forestry situation in the Fort Nelson Timber Supply Area. Virtually all of the timber harvested in the Fort Nelson District is harvested by Canadian Forest Products Ltd. (CANFOR) which has access to a timber base of 1.5 million cubic metres per year (equal to the total AAC for the Fort Nelson TSA). Harvest of 1.5 million cubic metres is hauled to CANFOR production facilities in the area (Tackama Plywood, Tackama Sawmill and Polar Board) via 26,000 truckloads over an 80 day operating window in the December to March harvest season.

Table 11.3 outlines CANFOR's current production levels in the Fort Nelson region.

Table 11.3 Current CANFOR Woodlands Production Levels

Tackama Plywood

- fibre input of 500,000 cubic metres spruce/aspen
 - output (equivalent) of 265,000 msf 3/8 plywood
 - final product shipped via 760 railcars and 1,900 truckloads
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Tackama Sawmill

- fibre input of 200,000 cubic metres spruce/pine
 - output (equivalent) of 54,000 Mfbm stud lumber
 - final product shipped via 400 railcars and 300 truckloads
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PolarBoard

- fibre input of 800,000 cubic metres spruce/pine
 - output (equivalent) of 650,000 msf 3/8 oriented strand board (OSB)
 - final product shipped via 4,100 railcars and 400 truckloads
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Source: Presentation by Mike Breish, CANFOR Corporation at Forestry in Southeast Yukon Workshop June 18 and 19, 2005.