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ON THE COVER

Kager Lake's outlet as seen from the Kager Lake trail.

Alex Bergen Photo



The Corporation of the Village of

BURNS LAKE

OFFICE OF THE MAYOR

P.O. Box 570, Burns Lake, BC V0J 1E0 Tel: (250) 692-7587

(Fax): (250) 692-3059

January 16, 2004

To All Residents of the Lakes District:

**RE: BURNS LAKE COMMUNITY FOREST LTD. –
2003 ANNUAL REPORT**

Attached you will find the annual report of your community-owned forest corporation, Burns Lake Community Forest Ltd.

Economic factors have again limited BL Comfor's performance during the past year.

Despite challenges imposed by local markets, the company managed to purchase nearly \$195,000 in goods and services, provide more than \$30,000 man-hours of employment, and generate approximately \$128,515 in stumpage revenue for the Crown in 2003. It also donated more than \$33,500 in grants to local organizations.

I am impressed by the fact that BL Comfor continues to promote local employment and the hiring of young people. In 2003, local residents completed virtually all work in the community forest. The company also hired three students to conduct a variety of recreational and forestry projects, at the same time assuming responsibility for maintaining a provincial park and more than two dozen Forest Service recreation sites and trails.

As this annual report attests, your community-owned forest corporation continues to be an asset to our area. It is my sincere hope that the year ahead will bring resolution to many of the problems facing BC's forest industry, and result in a stronger local market for BL Comfor's primary product, raw logs.

Sincerely,

Bernice Magee
Mayor



- Forward -

Established in December 1998, Burns Lake Community Forest Ltd. (BL ComFor) was a key component in Burns Lake's plan for a community forest. When the Ministry of Forests issued its community forest Request for Proposals in the fall of 1998, the Village of Burns Lake joined other key stakeholders in developing an immediate and detailed response. Burns Lake residents indicated early in the public consultation process that they wanted a say in managing the working forest surrounding Burns Lake, and some control over local forest resources for social and economic reasons. Burns Lake Community Forest Ltd. was determined to be the organization most capable of meeting these needs.

The community forest license signed July 7, 2000 provided the company with an initial Annual Allowable Cut (AAC) of 23,677 cubic metres (m³). The AAC was recalculated in 2001 to 54,009 cubic metres. The community forest tenure area encompasses the south side of Burns Lake from Tintagel in the east to the Gerow Creek drainage on the south side of Decker Lake in the west, and the area north of Burns Lake from the Boer Mountain-Star Lake area to nearly Division Lake.

Tree species include lodgepole pine, Engelmann white spruce crosses, and balsam fir, as well as trembling aspen, cottonwood, and birch. Elevation in the community forest ranges between 700 and 1,400 meters in the SBSdk, SBSmc2 and ESSFmc ecosystem classifications.

Guide-outfitters and trappers rely on the land base for their income. Wildlife resources include moose, mule and white tail deer, black and grizzly bear, as well as many fur-bearing animals. With its abundant riparian areas, streams, and lakes, the community forest is also home to diverse species of birds.

The area comprising the community forest is heavily used for recreation. Local residents find the terrain suitable for skiing, snowmobiling, All-Terrain Vehicle (ATV) use, hunting, fishing, mountain biking and hiking.

Given its diverse resources and uses, it should come as no surprise that the community forest has a



BL ComFor board member Andrew George Jr. (centre) signs the company's pilot project agreement while then-MLA Bill Goodacre (left), ComFor President Cliff Manning (second from left) and District Forest Manager Bob Murray look on. The company

unique management structure. BL ComFor has a nine-member board of directors that includes representation from the Corporation of the Village of Burns Lake (one director), the Burns Lake Band (one director), the Office of the Wet'suwet'en Hereditary Chiefs (one director), and six directors chosen from the community at large. The present board includes a College of New Caledonia employee, the owner of a small sawmill, a former journalist, a retired businessman, and two forestry consultants.

The board is assisted in its endeavours by an advisory committee that includes the woods manager of a large forest licensee, the Village of Burns Lake's Chief Administrative Officer, a director for the Regional District of Bulkley-Nechako, and a Registered Professional Forester (RPF). The company's board continues to encourage participation from the local community, and would like to see more residents express interest in serving on the board of directors.

In keeping with BL ComFor's goal of maximizing local employment and economic benefits, forest management, road and trail construction, and harvesting are all contracted to residents of the Lakes District.

President's Report

The year 2003 was a challenging one for our community forest corporation and its board of directors.

In last year's report, I expressed hope that the Canada/US softwood lumber dispute would be resolved and economic conditions would improve. Unfortunately, two years have gone by and we have seen further deterioration of BC's forestry-based economy.

Of particular concern has been the continued decline in the price of raw logs. At the start of 2001, local log buyers were paying \$68/cubic metre (m³) for green timber. This price has dropped to \$53/cubic metre or less in 2003.

Significant adjustments in stumpage rates, appraisal allowances, and flexibility have been made by the Bark Beetle Regulation, and these have assisted the company financially and operationally. There have been many changes in forest legislation in the past year that have created some uncertainty for the short term, but I am hopeful their long-term impacts will be positive. Appraisal allowances for unique or innovative harvesting activities have not been a priority for the government to date, but in light of the "beetle problem" this is defensible.

As the attached financial statements attest, Burns Lake Community Forest Ltd. posted a profit of \$27,543 in 2002 and a pro-forma projected profit of \$255,135 in 2003.

While this is good news, it is somewhat disappointing that the company has not been able to meet its original business plan targets. The company's performance in the past year was not unique in BC's forest industry, as many of the province's largest forest companies experienced financial difficulties during the same period.

I want to assure local residents that BL Comfor's financial position is not cause for concern. We are pleased to report that your community-owned forest company has adequate financial reserves in place to meet all its future obligations.

The past year, although difficult for BL ComFor, its board, and its employees, was nevertheless a rewarding one. Despite the adversity, the company still managed to create employment and contribute to the com-



munity.

During the past 12 months, BL ComFor spent a total of **\$194,715.94** on services in the Lakes District, and generated more than **31,402** man-hours of employment while harvesting approximately 50,000 cubic metres of beetle-infested timber. It also donated \$33,500 to local community organizations such as the food bank, the

Lakes District Christmas Hamper Program, the Lakes Outdoor Recreation Society (for maintaining recreation sites), the University of Northern BC medical endowment plan, Ootsa Lake Bible Camp, Ducks Unlimited, The Pines, and several seniors' Christmas events. Financial contributions were made to the Rotary Radio Auction, the service club's tennis court project, and local Boy Scouts.

The company's boardroom in the ComFor Building was also used by many community and government organizations. The company was instrumental in financing and organizing the 2003 Lakes District Loggers' Sports competition at the Eagle Creek Fall Fair grounds.

The company also assumed stewardship responsibility for two provincial parks (Pendleton Bay & Ethel F. Wilson), as well as 29 recreation sites and 8 trails previously maintained by the Ministry of Forests. We are particularly proud of this achievement, which created economic benefits for the community and employment for at least two local residents while ensuring some of the Lakes District's most popular recreation facilities remained open to the public.

The board of directors continued its efforts to develop a local provincial campground. Our staff collaborated with the Village of Burns Lake to complete and submit an application for funding under the Soft-

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"Your community-owned forest company has adequate financial reserves in place to meet all its future obligations."

President's Report (con't)

(Continued from page 5)

wood Industry Community Economic Adjustment Initiative (SICEAI), which – if approved – will result in a first-class recreation facility being constructed along the south shore of Burns Lake.

Our company also sent a representative to the Annual General Meeting of the Federation of BC Woodlot Associations, which was held in conjunction with the BC Community Forest Association's AGM. While there, we met with Forests Minister Michael de Jong to discuss various aspects of provincial forest policy. We took the opportunity to bring our community's needs and concerns to the attention of the minister, whom we found to be genuinely interested in community forestry.

It is customary in reports of this nature to make predictions regarding the company's performance in the coming year. Once again, I find this difficult to do, given the uncertain nature of BC's forest industry as a whole.

It is common knowledge that our country's ongoing softwood lumber dispute with the United States continues to challenge Canadian forest companies, and likely will for some time to come. The province has attempted to address the concerns of US lumber producers' concerns through recently-announced forest policy changes, but whether these changes will appease our largest trading partner (and thus result in a new softwood lumber agreement) remains to be seen.

This area's mountain pine beetle epidemic continues to be problematic. Local resi-

dents are now well aware of this infestation's social and economic impacts on our community. The province's strategy of accelerating harvest rates has undoubtedly helped combat the beetle epidemic, but it has also flooded the local log market. As a result, your community forest corporation finds itself trying to operate at a time when both the demand for, and the price of, its primary product are at near all-time lows.

While this is clearly a concern to your board of directors, the beetle epidemic's long-term affect on both the company and this community are even more disconcerting.

Accelerated harvesting could seriously impact the area's long-term economic sustainability. Unless

Mother Nature intervenes, the beetle will damage or destroy much of the region's mature pine stands. This, in turn, could ultimately create a fibre shortage here for many mills, and thus result in economic instability on a scale not seen for decades.

Can we do anything to mitigate the situation? Yes, if we work together as a community. It is important, for example, that we face these challenges head on, and not lose sight of the fact that there are opportunities even in the face of crisis.

The Burns Lake Community Forest should not lose sight of our goals. Although I'm not prepared to make predictions regarding BL Comfor's financial performance in 2004, I will reiterate the company's long-term commitment to community and the principles outlined in its Mission Statement and Emerging Strategy, namely:

- Local management of resources;
- Local employment;
- Forestry training & education;
- Outdoor recreational activities;
- Local processing;
- A lasting relationship with the land that comprises the community forest;
- Culturally significant economic & educational opportunities for First Nations; and
- Revenue to sustain the corporation and to support the community.

During the coming year, economic conditions may again force the board of di-

rectors to place less emphasis on one or more of the above-noted goals in order to achieve the last one. As a board, we have come to the conclusion that our primary duty is to safeguard the corporation's long-term sustainability — which can only be achieved by putting policies in place that will generate enough revenue to meet basic expenses.

This doesn't mean that Burns Lake Community Forest Ltd. will henceforth be merely a profit-driven, community-owned logging company. In the coming year, our board will continue to explore opportunities to promote forestry training and education, outdoor

“Your community forest corporation finds itself trying to operate at a time when both the demand for, and the price of, its primary product are at near all-time lows.”

(Continued on page 7)

President's Report (con't)

(Continued from page 6)

recreation, and a variety of other activities in the community forest. However, in 2004 (and perhaps beyond) the number and scope of these non-forestry-related initiatives will depend largely on the corporation's financial resources; simply put, we'll do what we can with the money we have.

We will continue to explore every economic opportunity that has the potential to increase employment in the community forest and create a stronger, more diversified local economy. We will continue working with the Burns Lake Band and Office of the Wet'suwet'en Hereditary Chiefs to create a new community forest at the east end of Burns Lake and we support the efforts by our First Nations partners. Finally, we'll continue act as advocates for the local forest industry as a whole, speaking out on such issues as tenure reform, appraisals, and other provincial policies.

In closing, I also extend my sincere appreciation to all members of the board for their efforts over the past year, and make special note of the support our company has received from the Burns Lake Band and the Office of the Wet'suwet'en Hereditary Chiefs. Credit

is also due our dedicated staff members — General Manager Ken Guenter, Operations Forester Dawn Stronstad, and Forest Technician Michael Pritchard — for their efforts on behalf of the board, the company, and our community as a whole.

Without the help of these organizations and individuals (as well as many other people), Burns Lake's community forest wouldn't be what it is today.

Respectfully,

Cliff Manning
President



SCENES FROM THE
**2003
LAKES DISTRICT
FALL FAIR
LOGGER
SPORTS**



General Manager's Report

2003 has proved to be another challenging year.

The beetle infestation continues to spread. Log market prices remained the same as 2002, decreasing the options the community forest was able to use to harvest beetle infested trees.

On a positive note, the community forest provided the majority of the funding required to maintain Forest Service recreation sites and trails in the Lakes Forest District. In addition, the Pendleton Bay and Ethel F. Wilson provincial campgrounds were maintained for the summer of 2003. The Noralee East and West sites, along with the Eastern Lake recreation site were included in the maintenance contract.

The Nechako-Kitamaat Development Fund Society contributed \$5,000, L&M Lumber \$500, and Babine Forest Products Ltd. and Decker Lake Forest Products Ltd. donated wood for picnic tables. We are thankful for these donations which assisted us in ensuring the recreational sites and trails remained open and maintained.

One new section of trail was constructed on the Kager Lake Trail system, which was created by BL Comfor in 2001. Multiple-use of these trails will increase the recreational opportunities available to tourists and locals



alike.

The community forest company also contributed financially and in-kind to many community organizations and I am personally very thankful this organization is willing and capable to support the

community.

These notable achievements are even more impressive when you consider the fact they were accomplished despite the economic pressures associated with harvesting and selling timber during an economic downturn.

In closing, I thank you, the community, for continuing to assist in the success of community forestry.

Respectfully submitted,

Ken Guenter,





*Community
Forestry
Around
Burns Lake*

ABOVE LEFT: Operations Forester Dawn Stronstad with participants in Project Forest Management. **ABOVE RIGHT:** General Manager Ken Guenter (right) with local contractor. **BELOW:** Forest Technician Michael Pritchard and dog Tahtsa with Tchesinkut Lake in the background. **LEFT:** Walkway on Guyishton Lake Trail.



Burns Lake Community Forest Ltd.

Summary of Financial Statement

(Review Engagement For the Period Ending Dec. 31, 2002)

REVENUE:

Harvesting	\$3,359,622
Contract	24,780
Rental	<u>10,161</u>
	\$3,394,563

EXPENSES:

Sub-contract	\$ 1,548,218
Wages	196,679
Stumpage and Royalties	238,870
License administration	160,179
Miscellaneous	<u>80,572</u>
	\$ 2,224,818

GROSS MARGIN

	\$ 1,169,745
Other	<u>47,609</u>
	\$ 1,217,534

Administration and other	<u>\$ 1,189,821</u>
Profit (Loss)	\$ 27,534

Burns Lake Community Forest Ltd.
Preliminary Financial Statement
 (For the Period Ending Dec. 31, 2003)
DRAFT

REVENUE:

Harvesting	\$3,499,021
Contract	11,133
Reimbursed Expenses	12,064
Interest	<u>11,390</u>
	\$3,533,608

EXPENSES:

Sub-contract	\$ 2,411,000
Wages* (includes portion from subcontract)	290,732
Stumpage and Royalties	128,515
License administration	281,035
Miscellaneous	<u>148,168</u>
	\$ 2,981,226

GROSS MARGIN	\$ 552,382
Minus Depreciation	<u>\$ -104,805</u>
Subtotal	\$ 447,577

Loss carried forward	<u>\$ -229,795</u>
Projected Net before taxes	\$ 217,782

Minus Projected Taxes	<u>\$ -56,623</u>
Projected Net Profit	\$ 161,158



Burns Lake Community Forest Ltd.

153 FRANCOIS LAKE DRIVE P.O. BOX 788, BURNS LAKE, BC V0J 1E0
TEL: (250) 692-7724 FAX: (250) 692-7767 E-MAIL: blcomfor@ngis.ca

MISSION STATEMENT

Burns Lake Community Forest Ltd. (BL ComFor) will manage and operate its Community Forest license in a manner that will enhance the forest resource while respecting the principles of integrated use, environmental stewardship, and public consultation. The corporation's activities will provide the following benefits to the community on a sustainable basis:

- Local management of resources;
- Local processing;
- Local employment
- Forestry training and education;
- Outdoor recreation activities;
- Culturally significant economic and educational opportunities for First Nations; and
- Revenue (to sustain the corporation and to support the community).

EMERGING STRATEGY

To fulfill Burns Lake Community Forest Ltd.'s vision of sustainability, the key management strategy is to provide a steady flow of revenues.

The company will contribute towards community sustainability by providing fibre to companies wishing to expand employment opportunities within the Lakes District. Additional wood suppliers are provided opportunities to purchase wood from the company's operations when it is available.

The company will endeavour to use safe, ecologically-based, and efficient forest practices to safeguard the environment while allowing the best use of timber resources.

The company will be aggressive in involving the public in its business through regular reports to the community and use of public information and consultation sessions like the annual general meeting. First Nations whose traditional territory encompasses the community forest are guaranteed a seat on the corporation's board, and will be involved in all aspects of resource development within the community forest. They will be actively encouraged to participate in the formulation of management plans and strategies that will further their goals in the target area while creating benefits for the community as a whole.

Contract work and purchases of goods and services will go up for public tender when possible, with preference given to local businesses and members of the Small Business Forest Enterprise Program.

The Burns Lake Community Forest Corporation will be a leader in planning, reviewing and protecting all the resource values of the Community Forest, and will give strong support for developing and training a local workforce for efficient and effective forest management. The company will also support research and development.

The Burns Lake Community Forest Corporation's general management will produce timely reports on company operations for release to local media and to the general public.

The company will improve upon the normal standards of public information and consultation which are required of forest tenure holders in the province.



The ComFor Building, 153 Francois Lake Drive – The home of Burns Lake Community Forest Ltd.

Corporate Data

Office Location: 153 Francois Lake Drive
P.O. Box 788
Burns Lake, BC V0J 1E0
Tel: (250) 692-7724 Fax: (250) 692-7767
e-mail: blcomfor@ngis.com

Staff: Ken Guenter, General Manager
Dawn Stronstad, RPF, Operations Forester
Michael Pritchard, Forest Technician

Banker: Bulkley Valley Credit Union (Lakes District Branch)

Accountant: The Corporation of the Village of Burns Lake

Auditor: Curtis Billey, McAlpine & Co.

Corporate Performance Committee: Milt Moore John Illes Jill Davidson

Board of Directors: Cliff Manning (President) Andrew George Jr. (Vice-president)
Michael Riis-Christianson (Secretary) Brian Thompson
Dan George Lynn Synotte
Miles Fuller Paul H. Jean
Bernice Magee

Advisory Committee: Lonny J. Miller Tan Calhoun, RPF
Rosanne Murray Barry Elliott, RPF