



DFMP UPDATE

PROGRESS REPORT ON THE DEVELOPMENT OF MILLAR WESTERN'S 2017-27 DETAILED FOREST MANAGEMENT PLAN

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Every 10 years, forest companies holding Forest Management Agreements (FMAs) with the Alberta government are required to develop a Detailed Forest Management Plan (DFMP). A DFMP is a long-term strategic plan that provides details of where, when and how trees on Crown land will be harvested and managed for sustainability and forms the basis for companies' annual operating plans (AOP). **Follow our progress, as we work to develop our DFMP for 2017-27.**

Project team makes steady progress



Although the current DFMP isn't set to expire until 2017, work on the 2017-27 DFMP has been underway for some time, beginning with the commissioning of a new Alberta Vegetation Inventory (AVI) for the FMA area back in 2011 (see story on Page 2). In 2014, the company formed a plan development team (PDT), comprising

company, government and quota-holder representatives, that will make key decisions about the plan's content and direction. Since it was struck, the PDT has finalized the terms of reference, begun volume sampling programs, and started implementing public and First Nations consultation plans. It is also close to finalizing the DFMP Values, Objectives, Indicators and Targets (VOITs), pending the completion of the first phase of First Nations consultations.

Attention is now focused on achieving the next key

milestones:

- Calculate the net land base
- Develop new timber-yield curves
- Develop a new preferred forest management strategy (PFMS)
- Submit the DFMP to the Alberta government for approval
- Implement approved Operating Ground Rules (OGRs)

Millar Western hopes to submit its new DFMP to the Alberta government in late 2016, for approval by May 2017.

COMPANY FACTS

- MILLAR WESTERN PLANTED 7.6 MILLION TREES IN 2015, BRINGING ITS TOTAL SINCE THE LATE 1970s TO 200.7 MILLION.
- MILLAR WESTERN EMPLOYS 650 PEOPLE AT ITS OFFICES IN EDMONTON AND PULP, LUMBER AND WOODLANDS OPERATIONS IN WHITECOURT, BOYLE AND FOX CREEK.
- HARVESTING, LOG HAULING AND REFORESTATION IS CARRIED OUT BY LOCAL CONTRACTORS, GENERATING HUNDREDS OF ADDITIONAL JOBS.

Open houses identify local forest values

Stakeholder participation is key to developing forest management plans that are responsive to local priorities. With that in mind, Millar Western held joint AOP/DFMP open houses in Whitecourt on May 6, Fox Creek on May 7, Swan Hills on May 13 and Fort Assiniboine on May 14. The events provided opportunities for the public to meet Millar Western representatives, to discuss planned forest management operations for the year ahead and to

identify values for the 2017-27 DFMP. The desire for healthy moose populations for sustenance, effects of herbicide use on vegetation and access to the land base for camping were among the values identified by visitors. Consultations, including those with First Nations, will continue throughout the DFMP development process, including a second round of open houses next summer, to seek input into the preferred forest management strategy—the strategy that

the PDT determines best achieves the goals and objectives on the defined land base.



Good turnout at Millar Western's open house at the Whitecourt Forest Interpretive Centre in May 2015

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PAC values the focus of a field tour



PAC members discuss measures to protect biodiversity at one of the stops on the 2015 Field Tour

In the spring of 2015, as part of the DFMP consultation process, members of Millar Western's Public Advisory Committee (PAC) were asked to identify forest values important to them. The resulting list was the focus of a field tour on September 29, during which Millar Western demonstrated how PAC values are addressed in day-to-day operations. Eight of fourteen PAC members and facilitator Wayne Thorp participated in the day-long tour, which included stops at a recent culvert replacement, to discuss

infrastructure management; an eight-year old stand, to discuss reforestation and certification; and a thinned forest, to discuss forest management techniques. Among the other topics covered during the event were biodiversity, calculation of the net land base, status of the mountain pine beetle infestation and caribou conservation. One of the highlights of the day was a visit to a cabin belonging to the Whitecourt Trailblazers, a local snowmobile club. There, club representative and PAC

representative Alex Manweiller and Millar Western Planning Superintendent Ken Anderson discussed how Millar Western and the Trailblazers work together to maintain passable trails for snowmobilers (see story on page 3.) Millar Western hosts annual field tours to expose PAC members to the outcomes of strategies and plans discussed at meetings. PAC is a multi-stakeholder consultation group formed in 2007, as a commitment of the 2007-17 DFMP.

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New AVI provides solid foundation for latest DFMP

Compiling a forest inventory, known as an AVI, is a critical first step in developing a DFMP: it delivers baseline information about tree volumes, species, ages and the density of forest stands across the FMA area, while also providing critical data on overall forest health. Millar Western began the latest AVI for its FMA area in the summer of 2011, in accordance with the Alberta Vegetation

Inventory (AVI) 2.1.1 manual; it was approved by the Alberta government in July 2014. This AVI is our most detailed and accurate yet, thanks to technology advances such as high-resolution digital imagery and LIDAR, which uses laser pulses to provide precise tree-height information. The study assessed not only forest cover but also moisture and nutrient regimes, which are important

determinants of forest productivity. “An up-to-date, credible inventory enables us to assess forest status and the success of renewal activities, and to plan with greater certainty,” said Forestry Superintendent Tim McCready. The AVI, along with growth and yield sampling, will be used to project future timber yields and determine sustainable harvest levels.

A decade on, mountain pine beetle still an issue in FMA



Though the mountain pine beetle is firmly established in Alberta, mitigation efforts have been effective in containing its expansion.

In 2006, while developing its previous DFMP, Millar Western was forced to rethink some of its management strategies due to a major mountain pine beetle incursion. At the time, the Alberta government responded by introducing a number of control strategies, including a program targeting infested trees and stands, and the Healthy Pine Strategy, to

manage prime beetle habitat — i.e., mature and over-mature pine stands. Forest companies such as Millar Western were asked to amend plans to increase pine harvesting in high-risk areas, efforts that are being credited for slowing the eastward progression of the beetle. Due to the extra timber harvested during the last plan period to control beetle spread, the 2017-27 plan will reflect a slight decrease in the

annual allowable cut (AAC), to ensure long-term forest sustainability. The beetle remains present on the landscape, including in the Millar Western FMA, with new infestations in Jasper National Park marking the latest front in the beetle battle. This suggests that the beetle could be here to stay and that long-term monitoring and control efforts will be needed to maintain forest health.

Managing for recreation - a stakeholder perspective

I have been a member of the Trailblazers Snowmobile Club for 35 years and its representative on Millar Western's PAC for almost 10 years. Forestry is a main industry in Whitecourt, and I firmly believe that, with communication, cooperation and coordination, our public forests can support both industrial and recreational activities. Stakeholders, however, need to be proactive and take advantage of opportunities to get involved at the planning stage, by attending open houses or joining participation groups, where they can reinforce the importance of keeping the forest accessible for activities

such as snowmobiling, as well as other uses, such as hunting, trapping etc. Until you get involved, you have no idea of the depth of planning, management and coordination of government regulations that is required. An open dialogue with Millar Western has been productive for us. The company was instrumental in helping our club to obtain required approvals for cabin locations, site preparations, and implementation of Alberta government requirements within the Millar Western FMA. Their forestry logging operations have been very cooperative, holding pre-harvesting meetings with our club representative as to when

and where logging will be active, to identify potential conflicts with snowmobiling events or activities, while always leaving trails clear and accessible, and adjusting or rescheduling their operations to best accommodate our particular events. Millar Western has voluntarily left buffers adjacent to cabins, as well as markers throughout cutblocks for easier location of trails, which is helpful during white-out conditions. Millar Western has been very supportive to our club since its inception, through sponsorship of events (2015 World Snowmobile Invasion), donations and trail

development, among others. Millar Western is a good corporate citizen, as it realizes the importance of cooperation with stakeholders and the community at large.

By Alex Manweiler



Open communication with industry helps ensure forests are accessible for recreational purposes, says snowmobiler and PAC member Alex Manweiler

Windfall fire of 1956 a defining force in FMA area

Among the issues for consideration identified in the DFMP Terms of Reference is the 1956 Windfall fire area. This portion of the FMA area was naturally regenerated and is today described as "high-density repressed-growth", meaning it is under performing due to tight tree spacing. Since this could affect yield curves, it is important to know the exact

condition of these stands. Fortunately, the new AVI is providing a clearer picture of the area's status. It shows that, while the fire touched a total of about 32,000 hectares (ha), only 21,000 ha of the FMA area was directly affected and about half of that is categorized as high density, less than previously thought. "We are not sure why these stands came back

the way they did," said Chief Forester Bob Mason, noting that much of the boreal forest is similarly defined by fire, and regrowth is usually robust. He said further analysis of the AVI should provide greater insight into site conditions. "Our thoughts are ongoing as to how to deal with this area, but the new AVI will be of assistance."

THE WINDFALL
BURN AREA,
WHICH WAS
NATURALLY
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GROWTH".

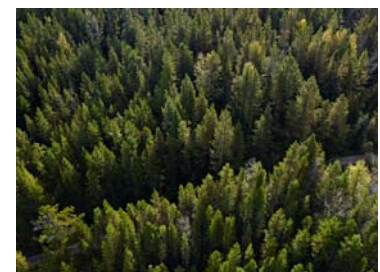
VOITs streamlined for 2017-27 DFMP

One of the most obvious differences between the 2007-2017 and the 2017-27 DFMPs will be number of VOITs, which will drop from 52 to about 40. As Chief Forester Bob Mason related, the previous DFMP was one of the first produced under the provincial government's new Alberta Planning Standard. The VOITs, which identify

management and performance measurement criteria, have since been streamlined, to address duplication and reporting challenges, and make VOITs more consistent among all FMA holders. The company also saw some opportunities to consolidate VOITs, particularly in the area of consultation and communication. "Although

there will be fewer VOITs, this DFMP will be just as rigorous and comprehensive." The VOIT table is nearing completion, having been vetted by the PDT and approved by Millar Western's PAC in the spring of 2015. It is expected the VOITs will be finalized with the conclusion

of First Nations consultations later this year.





About us

Millar Western is an Alberta-based forest products company headquartered in Edmonton, Alberta, with lumber and pulp operations in Whitecourt, Boyle and Fox

Creek, Alberta. We source the majority of our timber from government-owned, or Crown, land, including from our FMA area located near Whitecourt. The balance is provided

through fibre exchange agreements with other companies and purchases on the open market.

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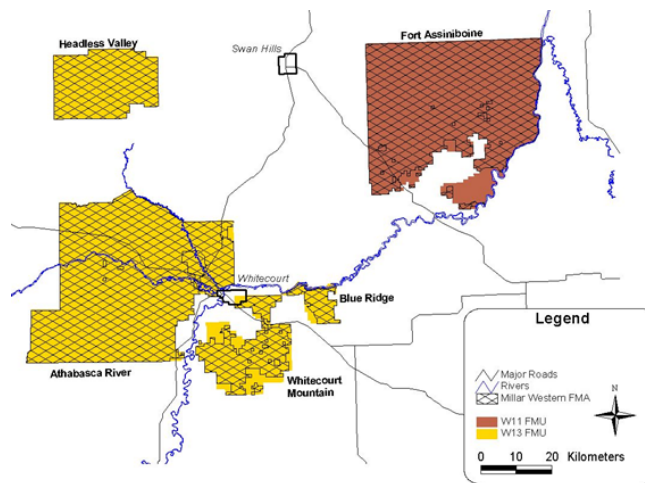
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Millar Western FMA Area



Glossary

AAC-Annual Allowable Cut, or the amount a company can harvest each year.

AOP-Annual Operating Plan outlines harvesting and forest renewal activities for the forest year, May to April. Once approved, it authorizes companies to harvest the AAC.

AVI-Alberta Vegetation Inventory is a photo-based digital inventory developed to identify the type, extent and conditions of vegetation.

DFMP-Detailed Forest Management Plan is a long-term strategic plan developed for FMA areas.

FMA-Forest Management Agreements are long-term, land-based tenure agreements with the Alberta government, granting harvest rights to a defined land base.

OGRs-Developed after plan approval, Operating Ground Rules set standards and guidelines for timber harvest, roads, reclamation, reforestation and integration of timber harvesting with other forest uses.

PAC-Millar Western's Public Advisory Committee is a multi-stakeholder group that meets regularly to review plans and environmental performance.

PDT-Plan Development Team guides development of the DFMP and includes representation from the Alberta government, Millar Western and quota holders within the FMA area.

PFMS-Preferred Forest Management Strategy is the strategy that best achieves stated objectives on the land base.

VOITs-Values, Objectives, Indicators and Targets establish the criteria for developing forest management plans and measuring management performance.

