

Timber Sales Advisory Council (TSAC) Meeting

Minutes

September 8, 2011

9:00AM – 3:00PM

Executive Boardroom – Executive Airport Plaza

7311 Westminster Highway, Richmond

Conference Call: 1-877-353-9184 ID: 5545002



Participants: Mike Falkiner (BCTS - Chair), Tom Jensen (Timber Operations & Pricing Division), Diane Medves (Timber Operations & Pricing Division), Graham Archdekin (BCTS), Rob Bigalke (BCTS), Shawn Hedges (Timber Pricing Branch), Ian Hamann (TPG), Don Hudson (TSG) and Tony Buckley (TKA), Brian Markin (Coastal Pulp Sector), Russ Cameron (IWPA – Coast), Duncan Chisholm (ITMA), Wayne Lintott (ILA), Shane Garner (CILA), Jim Hackett (ILMA), Les Kiss (CFPA), Bill Aro (COFI – North), Dennis Cook (ILA), Doug Routledge (COFI – South), Clint Parcher for Mike Kemp (Rotary MFG), Warren Carter (IWR – Interior), Keith Eslinger (VIAWP), and Ken Houlden (NWLA) and Andrea Dixon (BCTS – Secretariat)

Guests: Murray Stech, Grant Loeb, Keith Tudor, Don Gosnell, Wayne Hagel and Blair Pigeon

Regrets: Dave Lewis (TLA)

	Topic	Time	Lead	Category	Reference Material & Comments
A	Adoption of Agenda and Safety Briefing	9:00 – 9:05	Mike Falkiner		
B	Action Items Review	9:05 – 9:20	Mike Falkiner		
	<p>Action (B64): Doug and Bill will continue to work with the RUC to resolve the road user fees issues. Doug and Bill will report to TSAC as necessary.</p> <p>Action (B65): TSAC has requested that a ledger for Waste Bill Waiver be kept and posted on the website. Graham to talk to Murray and find out if this is possible.</p> <ul style="list-style-type: none"> • Murray would prefer not to post these on the internet and will continue to report out on Waste Bill Waiver Relief during TSAC meetings. <p>Action (B66): Andrea will distribute the new Division and MFLNRO organizational charts to TSAC.</p> <p>✓ Completed</p> <p>Action (B67): Keith will speak to his colleagues and find out if there are resources available create a working group to investigate cruising accuracy. Keith will connect with Jim Hackett to see if the working group can be created and report out to TSAC.</p> <ul style="list-style-type: none"> • Keith and Jim have connected on this issue, but have not yet formed the task team, but will purpose one and invite interested parties. • Keith and Jim will form a small Cruising Task Team and report out at the next meeting. The focus will be the cruising accuracy piece. 				

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	<ul style="list-style-type: none"> The Cruising Task Team will determine a framework and expand from there if necessary. <p>Action (B68): Keith will speak to Murray Stech and determine if it is possible to release information regarding cut to cruise audits.</p> <ul style="list-style-type: none"> Timber Pricing Branch is willing to release the information, but at this point it is not ready for release. <p>Action (B69): Andrea to add Timber Disposition Strategy – how it affects BCTS and Industry to the next agenda.</p> <p>✓ Completed</p> <p>Action (B70): Invite Coast and Interior TSMs to part of TSAC.</p> <p>✓ Completed</p>				
C	Standing Items				
C1	<p>Revenue Branch Waste Bill Waiver Ledger</p> <ul style="list-style-type: none"> Murray distributed copy of the ledger and reviewed three recent decisions made regarding waste billing waiver. The onus is on the licensees to make requests for waste billing waiver as they are completing the waste assessments. Timber Pricing Branch is planning to formalize the waste billing waiver request process. 				
C2	<p>Softwood Lumber Agreement Update (SLA)</p> <ul style="list-style-type: none"> The Americans present their case on August 9, 2011 and are claiming damages of \$499 million. MFLNRO and Industry have reviewed the allegations and identified some problems with them. The Province has until November 9, 2011 to put together their argument. At this time there is a strong suspicion that the Americans will add more allegations. In February 2012, the hearing will be conducted. TSAC members inquired how Industry can connect with the Province on the SLA file and provide input. Legal counsel for the Province and for Canada engages with Industry through the BC Lumber Trade Council (BCLTC). TSAC discussed the payment structure if we don't win the Arbitration. Canada and British Columbia can develop a repayment plan and decide how the penalty should be applied. As long as the Americans agree to the repayment plan, we could proceed with it. One issue put forward in the American claim is around grade 4 dry wood. Specifically, that the volume has increased more than it should have with the Mountain Pine Beetle epidemic. The SLA expires in 2013, but has now been extended to 2015. 				
C3	<p>BCTS Quarterly Update</p> <ul style="list-style-type: none"> Rob gave presentation on BCTS Quarterly Update. The presentation has been posted on the following website. http://www.for.gov.bc.ca/bcts/about/serviceplan.htm 				

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	Break 10:20 – 10:35				
C4	<p>ADM Update – Tom</p> <ul style="list-style-type: none"> • There has recently been a log export policy review meeting at which was discussed the trends of export, policy and potential policy changes. • A new FrontcounterBC office opened in Revelstoke. There are a total of 24 offices and 10 more to come. • Regional employees have been working hard on completing the backlog of authorizations. • British Columbians have voted to rescind the HST. This will have a significant impact on the budget of the entire provincial government. • Tom Jackson is the lead on the Safety Initiative for the Ministry and is part of our Division. He is working to build safety management culture. • Tom Jackson is continuing to work with the BC Forest Safety Council (BCFSC). • Minister Thomson has recently met with BCFSC and will be highlighting safety during speaking engagements. • BCFSC would like more involvement with the major licensees and has moved from an appointed to an elected board. BCFSC hopes this will encourage more people to get involved. • TSAC discussed that streamlining of audit process and having one safety program instead of multiple safety programs would be beneficial. • Mike will share the concerns raised by TSAC to BCFSC. • At this time a decision has not been made on the Coastal update. The earliest implementation date would be November 1, 2011. • Work on the Natural Resource Roads Act (NRRA) has been moving forward and the Ministry has started consultation with industry. • The prospective completion and implementation of the NRRA is 2013. • In order to illustrate the increased pressure on operating areas BC Timber Sales (BCTS) has drafted a presentation to show how operating area has been eroded over time and the potential impact on the mandate to support MPS. • BCTS would appreciate if Industry would express its' support for the program. • The group discussed the possibility of BCTS getting volume from other areas. Unfortunately, the problem is that everyone is after a dwindling supply area. • Part of the working roundtable recommendations was to increase the number of TSL auctions; however at this time BCTS is having trouble maintaining the current number of auctions. • The current protocol is to look for operating area everywhere else before looking at BCTS operating area and that if BCTS operating area is targeted, then the operating area should be replaced. • The trouble to find any operating area as the landbase is mostly allocated already. 				

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	<ul style="list-style-type: none"> • If erosion of BCTS operating continues we won't be able to supply our customers or meet our mandate around MPS. • The Ministry does have the ability to take back unauctioned volume, but there are concerns quality of work and the local issues. 				
313	New Business				
D1	<p>Natural Resource Roads Act</p> <ul style="list-style-type: none"> • Don Gosnell and Wayne Hagel provided a presentation on development and goals of the NRRA. • Feedback on the NRRA can be submitted through the following website between October 1, 2011 & November 30, 2011 www.for.gov.bc.ca/mof/nrra. 				
	<p>Working Lunch 12:00 – 12:30</p>				
D2	<p>Policy Review Task Team (PRTT) Update & Next Steps – Shawn</p> <ul style="list-style-type: none"> • A letter was sent to all BCTS registrant providing information about the recent policy changes. • The next step in this project is to draft instructions to re-work the BCTS Regulation that would affect the performance based security structure. • The draft instructions have made it to legal counsel and drafting could begin in a few weeks from now. • An excellent drafter has been attached to the file who understands BCTS and how the program and legislation work. • This could be passed through counsel as early in November, with effective date of December of later. • Once the draft is stable, work needs to happen around training, systems, administration and communication to staff. • The next step in this project is to look at the policy work related to Section 130/131. It was suggested that Mike Kennedy and members of the Timber Pricing Branch be invited to join the PRTT. • Action: The Policy Review Task Team will re-convene and develop a proposal to TSAC for further work. • There was discussion around the possibility of changing billing procedures. TSAC members would like to be billed for stumpage when the wood is delivered or processed not when it is felled. • This change is a possibility and could be talked about in the PRTT. 				
D3	<p>Staffing Updates</p> <ul style="list-style-type: none"> • Mike provided TSAC with an overview of the Timber Operations and Pricing Division. • Rick Sommer will be leaving BCTS and going to work with the District. Bill Dobbs is currently acting as the Timber Sales Manager of the Stuart-Nechako Business Area. • Don Hudson has won the competition for the Timber Sales Manager of Strait of Georgia Business Area. • Graham Archdekin has won the competition for the Director of Business Management and will be leading and re-establish the BCTS headquarters team. 				

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	<ul style="list-style-type: none"> Shawn Hedges and John Stephen, who reported through the Timber Pricing Branch are now once again members of BCTS headquarters. 				
D4	<p>Timber Disposition Strategy</p> <ul style="list-style-type: none"> Blair started with forest tenures branch on April 1, 2011 and was tasked with developing a provincial Timber Disposition Strategy (the Strategy). The Strategy builds on and amalgamates the existing policy. Began building the Strategy by determining existing problems. One of the first steps is to establish principles for identifying new operating area. We need to have one area based strategy for the province to understand impacts. Decisions around how to deal with the existing unused volume. Blair is currently working on drafting a policy on how to deal with that volume. A principles document has been created and now needs to go to ADM and DM for decision. Another piece Blair is working to address is cut control practices and how to expand non-sawlog fibre use. Compensation is another large piece the Strategy needs to address. Landing area based tenure is a challenge as we don't have the same compensation options. TSAC asked whether Bill 28 issues have been completed. Not all the Bill 28 issues have been resolved as it is hard to land the woodlot. However, most of First Nations issues have been resolved related to Bill 28 and now the roundtable working recommendations are beginning moved forward. Blair will get in touch with TSAC and update them on the Timber Disposition Strategy as necessary. 				
D5	<p>Category 2 Timber Sales – Mike & Shawn</p> <ul style="list-style-type: none"> Last November there was discussion regarding the reduction of Category (Cat) 2 timber sale licenses to align with current demands and drop the volume from 3 to 1.5 million. Cat 2 operators do not want a reduction of available volume. It was suggested that the mandatory processing requirements on the coast be re-instituted. However, it was agreed that this was an interesting idea, but will not be pursued at this time. BCTS acknowledged the need to have a more strategy look at Cat 2 component of the program. There have been some high level discussions and BCTS will engage with the Timber Sales Manager in November. It will take a few months to have discussion. Action: BCTS will have further strategic discussion about the Cat 2 component of the program and report out on the progress of these discussions at a future TSAC meeting. One of the issues with the Cat 2 program identified was that the data can't contribute to MPS as the bidder pool is limited by the processing requirement. 				

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	<ul style="list-style-type: none"> • TSAC discussed what information is included in the MPS data set and would like to gain a better understanding of it. • Action: Add MPS data set – how does it work? to the next TSAC agenda. • TSAC recognizes the importance of Cat 2 TSLs to the value added sector, but is still unsure how this component fits into the BCTS program. 				
D6	<p>Log Export Update</p> <ul style="list-style-type: none"> • In July Government and some Industry members attended a meeting to discuss log export policy. • The Ministry commitment to provide summary of concerns that were brought forward. • An overview of comments and concerns from the past meeting, statistic of log exports and strategies on how to deal with them where provided. • Three working groups were created to identify issues and an action plan. The groups were the Integrated, the Log Producers and the Utilizers. • Unfortunately, there was no report out at the end of the meeting due to time restraints. • Some TSAC members attended the meeting and provided the following information. • Some issues discussed at the meeting were: <ul style="list-style-type: none"> ○ The need to look at current process and make the surplus test more streamline and transparent. ○ The possibility to get preapproval to export at stump level. ○ Tackling the issue of Hemlock/Balsam stands on the coast. ○ Developing a standing green policy. • It was recognized that Export is more of an issue on the Coast than it is in the Interior. • Next step after the meeting were to provide feedback by September 14, 2011. . 				
	2011 Meeting Dates:				
	February 15, 2011 Confirmed	May 10, 2011 Confirmed	September 8, 2011 Confirmed	November 22, 2011 Confirmed	