

Timber Sales Advisory Council (TSAC) Meeting

Minutes

November 22, 2011

9:00AM – 3:00PM

Grand A Meeting Room – 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 (BCTS), Norm Parry (TSK), Serg Pereverzoff (TOC), Dave Lewis (TLA), 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), Mike Kemp (Rotary MFG), Warren Carter (IWPA – Interior), Lance Odegaard (VIAWP), and Ken Houlden (NWLA) and Andrea Dixon (BCTS – Secretariat)

Guests: Murray Stech, Wayne Hagel, Grant Loeb, Vera Sit, Rob Moonen, Peter Dyson, John Cook, Al Rudson and Tom Niemann

Regrets:

	Topic	Time	Lead	Category	Reference Material & Comments
A	Adoption of Agenda and Safety Briefing <ul style="list-style-type: none"> Mike reviewed the evacuation route and muster point for the venue. 				
B	Action Items Review				
	Action (B71): The Policy Review Task Team will re-convene and develop a proposal to TSAC for further work. <ul style="list-style-type: none"> This topic is on the agenda. Action (B72): 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. <ul style="list-style-type: none"> This work is ongoing and will be added to a future agenda. Action (B73): Add MPS data set – how does it work? to the next TSAC agenda. <ul style="list-style-type: none"> This topic is on the agenda. 				
C	Standing Items				
C1	Revenue Branch Waste Bill Waiver Ledger <ul style="list-style-type: none"> Murray Stech provided TSAC with a copy of the waste bill waiver ledger. Most of the waste bill waiver applications are related to timber sale licensee (TSL) except one which is related to a 				

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	<p>forest license.</p> <ul style="list-style-type: none"> • Murray gave a brief review of the criteria that must be met to receive waste bill relief. • TSAC members inquired whether how these TSLs impact on the data set. • They are not included in the data set and Grant Loeb will speak to this more during his discussion about the Market Pricing System (MPS) data set. • TSAC members questioned whether the ministry thought these TSLs were speculated on. • It is not believed to be speculation as at the time the TSLs were awarded this policy didn't exist. 				
C2	<p>BCTS Quarterly Update</p> <ul style="list-style-type: none"> • Rob gave a PowerPoint presentation on the Quarter 2 Performance. The Quarter 2 Performance report will be posted to the BC Timber Sales website http://www.for.gov.bc.ca/bcts/about/serviceplan.htm. 				
C3	<p>Natural Resource Roads Act Update</p> <ul style="list-style-type: none"> • Wayne Hagel joined TSAC by phone and provided an update on the status of the Natural Resource Roads Act (NRRA) Project. • The website for feedback has been launched and will be open until December 15, 2011. http://www.for.gov.bc.ca/mof/nrra/. • Wayne and Don Gosnell have been conducting meetings throughout the province with government employees, clients and stakeholders. • The target is to have a package submitted in February 2012 for decision regarding mandate of the Forest Practices Board, safety framework etc. • On December 7 – 9, 2011 a workshop will be held to discuss the most challenging policies pieces, moving forward through the formation of government/industry working groups. There will be approximately 40 industry and 20 government representatives at the workshop. • The following were identified as the most challenging aspects of the policy: <ol style="list-style-type: none"> 1. Safety framework – are roads workplace or not? 2. How it impacts the Forest Practices Board mandate (expand or contract). 3. Who will hold the authority to restrict access and the rules and requirements for that. 4. Decision to deactivation roads and what the process will be. 5. Cost sharing of road use agreement - should there be a fee scheme and standards of maintenance? 6. Who would have ownership or control of structures that are installed. 7. Consistent application of rent, fees and taxes on the roads. 8. How to maintain and regulate recreational roads and trails. 9. How to manage the sharing of information. The potential recreation of an online system containing maintenance, 				

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	<p>restrictions and conditions of road and structure information.</p> <ul style="list-style-type: none"> • NRRA is trying to developing a mechanism to help resolve road use agreement conflicts. • The CEO of WorksafeBC (WSBC) met with the Deputy Minister and agreed the parties should work together to find a suitable model. <ul style="list-style-type: none"> ○ WSBC will not be at the workshop, but are working with Tom Jackson through the Ministry of Labour, Citizen's Services and Open Government. ○ At the end of the day this issue will likely need to be resolved through the legislative process by restricting parts of the <i>Workers Compensation Act</i> on resource roads. 				
	Break 10:20 – 10:35				
C4	<p>Softwood Lumber Agreement Update</p> <ul style="list-style-type: none"> • Canada submitted its statement of defence on and presented the facts around grade 4. • This information will be posted on the Department of Foreign Affairs and International Trade Canada website http://www.international.gc.ca/controls-controles/softwood-bois_oeuvre/other-autres/disp_Settlement-reglement_diff.aspx?lang=eng&menu_id=68&view=d • Canada has put forward nine expert reports. • We will have a chance to respond to the US replies to our statement of defence by February 3, 2012. • There probably won't be a decision until end of 2012 or later. • Both Canada and American are looking into and discussing the possible extension of the SLA. 				
D	New Business				
D1	<p>Market Pricing System Data Set – How does it work?</p> <ul style="list-style-type: none"> • Grant Loeb provided TSAC with information on what data is included in MPS. • There is a five year cycle where the oldest year's data is removed and current year's data is reviewed and incorporated into the MPS data set. • The MPS Committee, which includes members from the ministry and industry, reviews the data and filters it through what is known as the data protocol. • At times the MPS Committee will question information from particular TSL to determine whether or not they should be included in the MPS data set. • The MPS Committee usually agrees on the information included in the MPS data set, but if they can't agree then Deputy Ministry has the authority to make the final determination. • TSAC asked if it was possible to have written definitions and context around the terms market, speculation and reasonable. • Grant agreed to provide these definitions to TSAC. 				

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	<ul style="list-style-type: none"> As long as there is a payment plan in place then the data can be included. How can TSAC provide feedback into this process and the data protocol? Action: Grant will provide the MPS data protocol to Andrea for distribution. TSAC can provide feedback to MPS committee through Grant. Is there is a way to bring the Category Two TSLs into the data set? Unfortunately as the bidding pool is restricted it has huge impact to SLA and can't be included. Are exports considered when reviewing the data protocol? Both coast and interior export information has been considered, but as it is a small percentage of the volume is doesn't hold significance to the model and isn't a successful variable. 				
D2	<p>Policy Review Task Team Update</p> <ul style="list-style-type: none"> The Policy Review Task Team (PRTT) had a conference call on November 9, 2011. The non-arms length relationship was discussed on the conference call, but the group didn't move forward onto new business. The first draft of the amendments to the BCTS Regulation was submitted to the Legislation Council representative and now we are waiting for revised instructions. Once we have a stable draft this will be discussed at with the PRTT. January is the new target date for the BCTS Regulations amendment and the effective date of April 2012, but it is very possible these dates will be pushed back. That would allow three month for communications to customers and staff as well as staff training. The section 130/131 issue is still on the table; however, no changes can be made without the agreement of the Ministry of Finance. It was suggested that PRTT should identify the policy issues that need to be addressed and then work with TSAC to see the best forum and approach to do so. Action: PRTT is to identify policy issues, prioritize, identify linkages with other ministries and then identify the TSAC/BCTS role to address the policy issue. 				
D3	<p>BC Forest Safety Council</p> <ul style="list-style-type: none"> Rob Moonen, Director of SAFE Companies, BC Forest Safety Council joined TSAC to talk about the BC Forest Safety Council (BCFSC). In 2011, SAFE Companies guidelines created to make companies accountable for providing accurate information. A mechanism has been put in place to decertify companies who were not maintaining certification standards. Prior to 2011, SAFE Companies audit were submitted in February. This created a huge volume of work at one time. 				

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	<ul style="list-style-type: none"> The audit submission dates have been changed to alleviate this issue so BCFSC can better manage the volume of audits and have quicker turnaround times. The BCFSC has revised their bylaws so now anyone who pays into WSBC can apply to become a member or director of the board. The BCFSC board will now be elected and it is hoped that this will encourage more involvement. In 2012 the BCFSC plans to have combined audit submissions and certification processes for licensees with multiple certification requirements. The BCFSC is looking into having computer based training to address the geographical challenges. TSAC discussed the criteria and challenges of the WSBC rebates and development of Return to Work programs for small operators. Looking forward BCFSC would like to re-engage with licensees and companies to see what is working and what is not working and have people on council who understand the issues. 				
	Working Lunch	12:00 – 12:30			
D4	Simple Sampling <ul style="list-style-type: none"> Peter Dyson of FPIInnovations joined TSAC and gave a presentation on a simple sampling pilot project. 				
D5	ADM Update <ul style="list-style-type: none"> The decision was made to hold off on the Coast Appraisal Manual update. The ministry is trying to figure out if there is an issue with the model or implementation. New prospective date for the Coast Appraisal Manual update is June 2012. The ministry is working to process the permitting backlog. There has also been discussion about how to address the budget pressure created by results of the HST referendum. Tom noted that there was no expectation to have service level impacts. 				
D6	Out of Town Bidding <ul style="list-style-type: none"> TSAC members have requested that BCTS develop a system to allow for electronically or alternate location bidding. BCTS has looked into this and found it to be more complex than it appears to be. Action: Graham will produce an information paper to identify issues around developing an electronic or remote bidding process. 				
D7	Alternate Payment Methods for Lump Sum TSLs <ul style="list-style-type: none"> Deferred to a future meeting. 				

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D8	<p>Cut to Cruise Analysis</p> <ul style="list-style-type: none"> • Keith provided a summary document on the progress of the Cut to Cruise (C2C) committee. • The C2C committee has identified the following four steps address cut to cruise issues: develop a database, identifying the issues, verification of the issues and find solutions the issues. • The C2C committee's goal is to have the database and some analysis completed by mid December. • The C2C committee will report out at future TSAC meetings on the progress of this work. 				
D9	<p>Coast Log Export Rules</p> <ul style="list-style-type: none"> • Tom Niemann, John Cook and Al Rudson joined TSAC by phone to discuss Log Exports. • A new tracking system for log exports has been introduced. The system is called Log Export Information System (LEXIS). • The introduction of LEXIS led to some difficulties and the perception that the fee in lieu was not being collected before export. The fee in lieu was in fact being collected. • The Coast region process approximately 80 to 90 percent of all the exports and between 200 to 450 applications. • When an application is made for export, it must pass the surplus test and all the scaling requirements must be met. • The stumpage fees aren't verified in the export permitting process. • The current system in place with the Ministry of Finance is as long as there is a satisfactory collection plan in place then export permits can be granted. • TSAC members asked if it would it be possible to track exports by timber mark back to the licensee. If the licensee is found to have an account in arrears then they would not be eligible to export. • This would prove to be very difficult as a shipment could contain dozens of timber marks, and it could be over the course of months a stream of scale volume going out. 				
D9	<p>TSL Administration Training Update</p> <ul style="list-style-type: none"> • Rob Bowden and John Stephen have prepared a comprehensive TSL Administration guidance document. • John is currently traveling around the province to provide training to business area staff. • The training is designed to provide a consistent approach to the administration of TSL throughout the province. • John has been to the northern and southern interior and now just needs to complete the training for island staff. 				
	<p>Short Snapper Market Update Coast</p> <ul style="list-style-type: none"> • Chinese market for logs and lumber has come to a stop, but should pick up again in a few months. 				

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	<ul style="list-style-type: none"> Korea market is still there as well as the Japanese market, but the Japanese market is a very specific niche market. <p>Interior</p> <ul style="list-style-type: none"> The market is not bad. The issue in both the southern and northern interior is the lack of trucks. Some operators have wood decked that isn't being hauled because of the lack of trucks. Trucking costs have gone up 20 percent as a result and BCTS should anticipate an increase in extension fee waiver requests. The pulp market has dropped over 20 percent in the last few months. Inventories are high and demand is low so pricing is going down. 				
	<u>2012 Meeting Dates:</u>				
	February 23, 2012	May 24, 2012	September 6, 2012	December 6, 2012	