

Timber Sales Advisory Council (TSAC) Meeting

Minutes

June 6, 2013
9:00AM-3:00PM

Fitzgerald Room - Hilton Vancouver Airport Hotel
5911 Minoru Blvd, Richmond
Conference Call 1-877-353-9184 ID: 5545002

Participants: Mike Falkiner (BCTS - Chair), Graham Archdekin (BCTS), Rob Bigalke (BCTS), Shawn Hedges (BCTS), Duncan Chisholm (ITMA), Barry Simpson (TLA), Russ Cameron (IWPA – Coast), Shane Garner (CILA), Brian Markin (Coastal Pulp Sector), Les Kiss (CFPA), John Hatalcik (COFI – South), Dennis Cook (ILA), Scott Marleau and David Watt (COFI – North), Warren Carter (IWPA – Interior), Craig Upper (ILMA) and Andrea Dixon (BCTS – Secretariat)

Regrets: Tom Jensen, Wayne Lintott, Jim Hackett, Mike Kemp, Keith Eslinger and Ken Houlden

Guests: Murray Stech (TPB), Grant Loeb (TPB), Don Hudson (TSG), Jeff Fukumoto (TOC) and Steve Kozuki (TCC)

	Topic	Time 9:00 – 3:00	Lead	Category	Reference Material & Comments
	Adoption of Agenda and Safety Briefing	9:00 – 9:05	Mike Falkiner		Agenda
A	<p>ADM Comments</p> <ul style="list-style-type: none"> • Mike reviewed the evacuation route as well as the muster point. • The agenda was also reviewed and some additional items were added for discussion. • Tom Jensen is the new Ministry of Forests, Lands and Natural Resource Operations (FLNRO) representative for the BC Forest Safety Council (BCFSC). There is a BCFSC meeting today so he is unable to attend TSAC. • The new cabinet will be announced tomorrow. There is a new government with a new mandate. BC Timber Sales (BCTS) was also directed to provide more fibre for sawmills. The key message was to put more wood on the market. • BCTS has already been working to increase the volume offered to the market. However, there are some challenges due to hiring restrictions. Currently BCTS is down approximately 10 percent of their staff. • The hiring restrictions are not to do with the BCTS budget, management scheme or anything thing internal; it is related to the government restrictions and process currently in place. • Dave Peterson recently spoke at the Interior Logging Association conference. It was interesting to have Dave as the Deputy Minister speaker at the convention as he is very knowledgeable. • The additional 500,000 m³ of volume offered on the coast is above the base, not above the apportionment. • The plan this year is to sell our apportionment. Last year the goal was to ramp up and sell more than the original volume that BCTS planned to offer. • The volume offered is dependent on the region. In some places BCTS can't sell the apportionment as the market demand isn't there and some places BCTS sells more than the apportionment depending on the market demand. 				

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B	<p>Action Items Review</p> <p>Action (B93): Carl to present the concept paper regarding credit worthiness to be brought back to the Policy and Operational Issues Task Team (POITT) for further discussion.</p> <ul style="list-style-type: none"> • This paper hasn't brought to the POITT yet. The delay is probably due to resource issues and other priorities. • BCTS has been working with the Ministry of Finance to streamline the processes around deposit release and there should be a communication within the next couple months. • This is part of the lean process which is a way to streamline and improve business processes. • If a licensee owes funds to WorkSafeBC (WSBC), they are taken from the deposit and the same applies to BCTS contractors. This is part of the <i>Finance Act</i> related to larger government. 				
C	<p>Waste Bill, Extension Fee and Deposit Forfeiture Waiver Ledger</p> <ul style="list-style-type: none"> • There were 40 extension fee waiver and deposit forfeiture relief requests in 2012. Four requests were approved, 34 requests were declined and two are still outstanding. • There have been 11 requests so far in 2013. Nine requests have been declined and two are still outstanding. • Since the last TSAC meeting there have been two waste relief requests. One was declined as there was decked timber and one of the policy requirements is only to deal with standing timber. • One request was approved as the licensee was provided some misinformation around extension of the license. 				
D	<p>Legislation and Regulation Update</p> <ul style="list-style-type: none"> • BCTS put forward four proposed amendments including: the <i>BC Timber Sales Regulation</i>; section 109 of the <i>Forest Act</i>; sections 58.3 and 103 of the <i>Forest Act</i>; and section 22(e) of the <i>Forest Act</i>. 				
Break					
E	<p>Quarterly Update</p> <ul style="list-style-type: none"> • Rob gave a presentation to TSAC on the Year End results. The Annual Business Plan Report will be posted on the BCTS website http://www.for.gov.bc.ca/bcts/about/serviceplan.htm. • TSAC discussed if Sustainable Forestry Initiative certification will be recognized by the Programme for the Endorsement of Forest Certifications. Russ will connect Shawn and Rein and they will follow up on this offline. • BCTS is piloting different opportunities to try to build new relationships with First Nations and communities. The goal is make additional incremental volume available on the market, and to work more efficiently on the land base. • Most no-bid sales eventually sell; just not the first time. • The harvest information is actual scaled volume; cut to cruise and waste are not included this number. • Jim Hackett and Keith Tudor continue to look at the cut to cruise issues. 				

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	<ul style="list-style-type: none"> • Generally more roads are developed in the southern interior as this was requested by licensees. • 1.17 m³ of the 1.9 m³ no bids are mostly low value and beetle wood lump sum stands. • There is incremental volume goal information in the year-end report. • Licensees are required to deactivate temporary road. This is all part of the Timber Sale License (TSL) specifications. 				
F	<p>Opportunities Review</p> <ul style="list-style-type: none"> • The basic message received through the Opportunities Review (OR) is that BCTS is an important part of the wood flow in the province. • BCTS is waiting for the completion of a review by legal counsel before the OR can be released. • Currently BCTS is focusing on meeting the core mandate given the hiring restrictions. BCTS is positioning the organization for the future and using this work to help develop a strategy for change. • This work is will be useful as a new government has been formed and there will be discussion about the goals and mandate of BCTS. There are questions whether BCTS has the right goals and how to address the conflict between them, as well as questions about the form and structure of the organization. • These types of mandate discussions have been had by TSAC and by BCTS, but aren't within our scope to solve as they are mostly linked in with the Softwood Lumber Agreement (SLA). • The OR has provided BCTS with good information and recommendations. Now BCTS needs to ensure that all the recommendations from the OR and past reports have been captured, and determine how to move this work forward. • TSAC discussed some of the challenges non-tenure holders face due to SLA related taxes. • There are additional budget and land base pressures that make it difficult to achieve greater standing timber inventory (STI). BCTS has approximately a year worth of STI and is looking at re-establishing something similar to a five year development plans for internal use. • The biggest part of this discussion will be around BCTS' mandate and how to find the balance between the goals. • There will be revisions to the cruising manual that will incorporate guidance around lump sum sales. • TSAC discussed some cut to cruise issues and possible factors. • Barry S. will send the specific TSL numbers to Shawn and they will look at these issues and discuss this further offline. • TSAC discussed the ongoing issue around Road Use Agreements (RUAs) and would like RUA information included in TSL advertisements. • At this time, any RUA issue are between the user and maintainers as prescribed by the <i>Forests and Range Practices Act</i>. There is not much ability for BCTS to participate in the relationship. However, there could be opportunity for changes under the proposed <i>Natural Resource Roads Act</i>. And there is also a commitment to working on the Shared Road Use Maintenance Policy (SRMA). • Log price is not following the lumber prices. This will become an issue if the gap continues to widen. 				
	Working Lunch (Provided)				

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G	<p>2013/14 Preview</p> <ul style="list-style-type: none"> • Rob gave TSAC a presentation on the 2013/14 Business Plan. The full Business Plan will be available on the BCTS website in the next two months. • TSAC discussed if BCTS will be able to meet the goals with the present staffing levels. It will be a challenge and is one of a few factors that could be a risk. It is a larger risk in the north as there is a higher turnover rate, it is harder to recruit and due to the current hiring restrictions. • TLA is working on an official letter for the support of BCTS. 				
H	<p>Coast and Interior Market Pricing System Update</p> <ul style="list-style-type: none"> • In the interior there will be a Market Pricing System (MPS) update for July 1, 2013. • The total change for the interior is approximately \$3.00/m³, but there will not be a final number for another week or so. These are just estimates, of course there will be changes and a few things at play until the number is finalized. • The interior MPS update is fairly routine and there is generally not as controversial the coast MPS update. • The coast has a joint group with the FLNRO and Industry which reviews the model data. This group discusses what variables are included in the model. • The coast MPS update could be delayed as there are issues that need to be resolved before a recommendation for decision can be brought to the Deputy Minister. • Realistically, the coast MPS update will probably be late in the year sometime in November or December. • This time of year is better for the coast MPS update as it is a period of low harvests and allows for more TSL and pricing data to be included. • If anyone has questions about the MPS updates, please connect with Grant offline. 				
I	<p>Strait of Georgia Business Area</p> <ul style="list-style-type: none"> • Things are going reasonably well in the Strait of Georgia Business Area (SGBA) and we are focusing on getting the volume out. • The goal was to add another 261,000 m³ of volume to the market. SGBA put out 297,000 m³ of additional volume. • SGBA has an updated sales plan with 1,426,000 m³ (an increase over original sales plan) in light of the market and climate. • The ADV targets have also been updated in an effort to prepare to offer the apportionment next year. • The goal is to have about a year's worth of volume ready for next year. • SGBA is having to expand the operating land base, profile and harvest systems that haven't been economical for a while. This might not be the greatest profile, but are trying to offer volume and SGBA is continuing to try different parameters for TSL volume, term, cutblock blending, etc. • SGBA is also spending some time assessing mid and long term timber supply. They are doing an analysis with patchworks to develop an idea of what the next 10 to 15 years looks like. 				

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	<ul style="list-style-type: none"> • There is going to be a Pacific Timber Supply Area (TSA) Timber Supply Review. It is felt that the apportionment is too high, so we have been historically offering less than the apportionment as the Pacific TSA was compiled from small pieces. • SGBA continues to focus on the monitoring and assessment of TSLs and improving consistency and communication expectation. 				
J	<p>Timber Disposition Plan & Okanagan-Columbia Business Area Disposition Plan</p> <ul style="list-style-type: none"> • Jeff discussed the disposition plan that is being developed to address BCTS unused volume. • There has been a lot of discussion on selling the full apportionment and how to deal with any existing unused volume. • The work on this project started about six weeks ago and will be in two phases. Phase one is almost complete. • Phase one is to look at the data to ensure that it is accurate. • Every Business Area keep ledgers on their own, but BCTS needs to ramp up the corporate database or another tool for consistent commitment control tracking. • Phase 2 will look at recommendation to deal with the unused volume. There are four or five common scenarios and types of unused volume to address. • Management units (MUs) under 10,000 m³ are not going to be a part of this process. • There are areas with large Mountain Pine Beetle (MPB) areas and uplifts. • There are scenarios where there are areas of very low fibre demand; where there are high no bids. • There are areas where accelerated MPB cut has lead to deferred harvest of other volume. • There are different types of partition cuts to address specialty, problem areas. These are not fully utilized, but are not really an undercut. • The Pacific TSA is one of the biggest issues. • The goal is to conclude phase 2 with recommendation within the next three months. • Jeff gave TSAC a presentation about the Okanagan-Columbia Business Area. This will be distributed to TSAC for their information. 				
K	<p>Cariboo-Chilcotin Business Area</p> <ul style="list-style-type: none"> • During the economic downturn that began in 2008, the Cariboo-Chilcotin Business Area (CCBA) was selling less than 1 million m³ which was based on the MPB and economic situation. • 1.6 million m³ will be offered this fiscal and the CCBA Area will ramp up to offer the full profile and apportionment of 1.9 million m³. • CCBA is working on providing an even flow of sales that is consistent in timing with the sales plan. They are also reviewing species profile, economic viability and demand of local market, to manage the timber supply over the short, mid and long term. 				

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	<ul style="list-style-type: none"> • 150,000 m³ of Category 2 volume will be offered this fiscal year. • CCBA is strategically reviewing how much MPB timber is left and the partition cut will become increasingly important. • There is still a lot of green pine, but it is further out so less economically viable. 				
L	<p>10 Year Review – Rob</p> <ul style="list-style-type: none"> • Rob gave TSAC a presentation on the major accomplishments of BCTS over the last 10 years of operation. 				
M	<p>Short Snappers Mandatory Cable Logging</p> <ul style="list-style-type: none"> • A specific method of harvest (cable logging) was included in a recent TSL package. TSAC would like clarity on this issue and requirement as there is inconsistency across the business areas. • Normally BCTS does not dictate harvesting model. However, sometimes when operating in certain areas, like within watersheds, the harvest method needs to be specified as it is a requirement from the watershed users. • Action (B94): In order to ensure that prescription of specific harvesting methods in TSL packages is consistently applied throughout the province Don Hudson will ask the Sales and Tenure Working Group to review and provide guidance on the issue. • These principles have been in existence and should be well understood. • TSAC requested that these specifications should be highlighted in the TSL package at a minimum. • This is different than a suggested site plan or harvest method i.e. heli-logging. There is an ability to be flexible and do different things in those situations. <p>E-bidding</p> <ul style="list-style-type: none"> • BCTS has identified a turnkey provider with an established bidding system. However, we have come to some issues internally that we are working through. • This system doesn't accommodate the traditional deposit systems being used. • One solution would be running the e-bidding system solely for bidders with a standing deposit. Others would still be able to use a bank draft sent via the mail. That is the most likely outcome at this point. • BCTS is meeting with Ministry of Finance staff to further discuss this issue. • There are a few other options that Brian Quinn is working on for BCTS. • As the work on the e-bidding system progresses Brian will be invited back to discuss with TSAC. • Shawn is working to fill the current vacancies in the policy section. The POITT file is active, but there hasn't been much time for staff to work on it. • The top issue to work on is to make changes and improvements on SRMA. • Some progress has been on the Category 2 issue. The coast pilot with processing requirements has been instituted. • Some significant work by the Southern Interior Beetle coalition on the general value added topic has been done. 				

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	<p>There is a plan to publish a report and re-engage the Government on that issue.</p> <p>First Nations Training Program Pilot</p> <ul style="list-style-type: none"> • BCTS has committed to providing summer job and mentorship for two years for First Nations forestry students. • This program could potentially expand to more than the technical program to include areas like equipment, operator, etc. • If BCTS can receive approval outside the hiring restrictions up to ten more students may be sponsored. • If anyone is interested in participating in the training program contact Keith Atkinson, CEO, BC First Nations Forestry Council. <p>Upset pricing of TSL</p> <ul style="list-style-type: none"> • It was requested that direction to not to go above MPS 70 as an upset rate be given and that the method of upset price setting and the equation be included in the TSL package. • It was also requested that there be more direction for mandatory cruising. Some of these issues will be addressed in the updated cruising manual, but there is a very small population of TSLs that won't be used for MPS data. • BCTS is exploring selling timber to Alberta enterprises. • There are other exports and none of it impacts whether or not it is included in MPS. <p>Scorecard</p> <ul style="list-style-type: none"> • TSAC reviewed the interior and coast scorecards regarding increase in volume advertised. 				
	<p>Future Agenda Items</p> <ul style="list-style-type: none"> • Credit Worthiness • Qualified professional/person issue • Lean presentation 				
	<p>March 7, 2013</p>	<p>June 6, 2013</p>	<p>September 12, 2013</p>	<p>December 5, 2013</p>	<p><u>2013 Meeting Dates:</u></p>