

# Timber Sales Advisory Council (TSAC) Meeting

## Minutes

September 12, 2013  
9:00AM-3:00PM

Fraser Room - Executive Airport Plaza Hotel  
7311 Westminster Hwy, Richmond  
Conference Call 1-877-353-9184 ID: 5545002

**Participants:** Mike Falkiner (BCTS - Chair), Tom Jensen (Timber Operation, Pricing and First Nations Division), Graham Archdekin (BCTS), Shawn Hedges (BCTS), Bill Marvoort for Duncan Chisholm (ITMA), Russ Cameron (IWPA – Coast), Jim Hackett (ILMA), Adam Wunderlich (CILA), Brian Markin (Coastal Pulp Sector), Les Kiss (CFPA), David Watt (COFI – North), Dyon Armstrong (COFI – South), Warren Carter (IWPA – Interior), and Andrea Dixon (BCTS – Secretariat)

**Regrets:** Rob Bigalke, Barry Simpson, Duncan Chisholm, Wayne Lintott, Dennis Cook, Clint Parcher, Ken Houlden and Keith Eslinger

**Guests:** Murray Stech (TPB), Grant Loeb (TPB), Kerri Brownie (BCTS), Wendy Ward (BCTS), Wayne Hagel (NRRA), Doug Stewart (FTB), Jeff Fukumoto (BCTS) and Duncan Taggart (BCTS)

	Topic	Time 9:00 – 3:00	Lead	Category	Reference Material & Comments
--	-------	---------------------	------	----------	----------------------------------

### Adoption of Agenda and Safety Briefing

- Mike welcome TSAC members, reviewed the evacuation route, and reviewed the agenda.
- It was requested that a road amortization review be added to a future agenda.

### ADM Comments

- Tom spoke to TSAC about the Minister's mandate letter.
- The Minister's mandate letter is on the website. It was suggested that TSAC members read the letter if they haven't already.
- The piece most relevant to BC Timber Sales (BCTS) is the review of role and effectiveness of the program. This is on the agenda and will be discussed later today.
- Another related issue that is relevant to BCTS is the renegotiation of the Softwood Lumber Agreement (SLA).
- BCTS has not been heavily involved in the discussions around converting volume based tenures to area based tenures.
- One underlying government focus is on balancing the budget.
- There has been an increase to forestry revenue due to higher stumpage.
- However, there are challenges in meeting BCTS goals due to staffing and spending restrictions.
- BCTS has worked hard to increase volume, but it will be a challenge to sustain that due to the staff restrictions.
- It is possible that the approval process for staffing action will be changing. We will share this information as it becomes available.
- There has been direction to do a coastal Market Pricing System (MPS) update. The target date for the update is November.

A

	Topic	Time 9:00 – 3:00	Lead	Category	Reference Material & Comments
					<ul style="list-style-type: none"> <li>• The <i>Natural Resource Road Act</i> legislation has been moved to 2015, not because it is not ready, but due to legislative scheduling and priorities of larger government.</li> <li>• The <i>Water Sustainability Act</i> has become a high priority and something to be aware of and monitored.</li> </ul>
B	Action Items Review				<p><b>Action (B93): Carl to present the concept paper regarding credit worthiness to be brought back to the POIT'T for further discussion. Shawn will follow-up.</b></p> <ul style="list-style-type: none"> <li>• The work has been started on the concept paper; however, due to staffing challenges and other priorities, this work has not progressed.</li> <li>• During the December 2012 TSAC meeting, there was discussion around developing some more requirements of entry to bidding pool or have a graduated availability to start new entrants.</li> <li>• The challenge will be to do this while not being overly restrictive and limiting the bidding pool.</li> <li>• BCTS would also like to allow time to evaluate the results of the changes to the performance based registration and bid deposit system.</li> <li>• For the most part registrants are in tier 1, with a few in tier 2. The Timber Sales Managers (TSMs) are working with and monitoring the performance of the tier 2 registrants.</li> <li>• The current tools are working better, but BCTS is still contemplating other measures.</li> </ul> <p><b>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.</b></p> <ul style="list-style-type: none"> <li>• Don has brought this issue forward and had a discussion with the Sales and Tenures Working Group.</li> <li>• The harvesting method is dictated in very few and specific instances. This is done through a clause in the Timber Sale Licence (TSL) which would give a contractual control and couldn't be changed unless it proved impossible to do the prescribed harvesting method.</li> <li>• There is flexibility to amend the harvest method recommended site plan as long as the amended the site plan is developed by a professional and it is submitted to the Timber Sale Manager (TSM).</li> <li>• TSAC discussed the impact to MPS cost data when the harvest method is changed. BCTS is responsible for tracking and recording the data. The data is evaluated by the MPS sub-committee and they determine which TSLs are included in the MPS data set.</li> <li>• Contractual road requirements are specified sometimes and flexible in other situations; it is dependent on the particular TSL.</li> </ul>
C	Waste Bill, Extension Fee and Deposit Forfeiture Waiver Ledger				<ul style="list-style-type: none"> <li>• Shawn reviewed the Extension Fee and Deposit Forfeiture Waiver Ledger with TSAC.</li> </ul>

	Topic	Time 9:00 – 3:00	Lead	Category	Reference Material & Comments
	<ul style="list-style-type: none"> <li>There have been relatively few requests so far in 2013. Clients have recognized that it is a faint hope clause.</li> <li>There has been one Waste Bill Waiver request since the last meeting. The request was denied as the Waste Bill was issued before the request was made.</li> </ul>				
D	<p>Quarterly Update</p> <ul style="list-style-type: none"> <li>Graham gave a presentation to TSAC on the Quarter 1 results. The Quarterly Performance Report will be posted on the BCTS website. <a href="http://www.for.gov.bc.ca/bcts/about/serviceplan.htm">http://www.for.gov.bc.ca/bcts/about/serviceplan.htm</a>.</li> <li>Lean is a cross government initiative driven by central government. The BCTS focus has been to build capacity and culture within the organization for continuous improvement.</li> </ul>				
Break (10:20 – 10:35)					
E	<p>Refresher on results based FRPA</p> <ul style="list-style-type: none"> <li>Kerri Brownie joined TSAC and gave a presentation to provide a refresher on the <i>Forest and Range Practices Act</i> (FRPA) model and what it means to BCTS.</li> <li>TSAC members discussed the site plans and the ability and requirements to amend them.</li> <li>In spring 2015 there will be an internal review of the FRPA model.</li> <li>The review will be lead by Nora White and Ian Miller and they will engage with shareholders for input.</li> </ul>				
F	<p>Unused Volume Disposition Plan &amp; Apportion Management Policy</p> <ul style="list-style-type: none"> <li>Jeff provided TSAC with information and the options to address any unused volume that BCTS possesses.</li> <li>The reason and situations that lead to the accumulation of this volume were discussed.</li> <li>TSAC members provided feedback regarding the Unused Volume Disposition Plan (UVDP). If anyone wishes to provide further feedback please connect with Jeff.</li> <li>The next step for the UVDP is to bring the options to the TSMs for review and feedback. Once the TSMs have provided input the final options will be presented to Mike and they will be shared with TSAC.</li> </ul>				
G	<p>Coast and Interior Scorecard Closure</p> <ul style="list-style-type: none"> <li>It was requested earlier in the year that more fibre be made available to the market. This request was made on both the coast and central interior.</li> <li>Some changes to the characteristic (shorter terms, non-extendable, different levels of development, etc.) of TSLs were also requested.</li> <li>BCTS offered the additional volume requested and made changes to the TSL characteristics.</li> <li>The challenge going forward will be how to replenish inventory with the increased sales schedule and with reduced staffing levels.</li> <li>If there are requests for changes to and flexibility regarding TSL characteristics it is suggested that TSAC members and their representative work with the local TSM to help meet their needs.</li> </ul>				

	Topic	Time 9:00 – 3:00	Lead	Category	Reference Material & Comments
	<ul style="list-style-type: none"> <li>• TSAC discussed how the unused volume fits into the inventory discussion. The unused volume, for the most part is uneconomical or unverified, so it may not provide a solution to this issue.</li> </ul>				
H	<b>E-bidding</b> <ul style="list-style-type: none"> <li>• Wendy Ward joined TSLT and gave a presentation on the development and progress of the e-bidding system.</li> <li>• The target implementation date is in the next three to four months.</li> <li>• If anyone would like to volunteering to help test the e-bidding system please contact Shawn Hedges.</li> </ul>				
	<b>Working Lunch (Provided)</b>	<b>12:00 – 12:30</b>			
I	<b>BCTS Role and Effectiveness Review</b> <ul style="list-style-type: none"> <li>• Through Premier direction in his mandate letter, Minister Thomson will examine the role and effectiveness of BCTS and provide recommendations to cabinet.</li> <li>• This review will be conducted in two phases. The first phase is to understand and clarify the role and mandate of BCTS. Once that is known, then the second phase will focus on the effectiveness of BCTS.</li> <li>• The first phase will probably be the majority of the work. It is important to determine and clarify the role and mandate of BCTS so that going forward, they are focusing on the right work and improving the effectiveness of the program.</li> <li>• The first phase will be completed by December of 2013, and the second phase will be completed by March 2014.</li> <li>• Through the Opportunities Review and other initiatives, BCTS has been working to improve its effectiveness. BCTS will also provide the Minister with work done to date, and how they plan to make progress on this work.</li> <li>• John Allan will be the contractor who will complete the review. John is currently developing the terms of reference for the review. John will connect with TSAC for input.</li> </ul>				
J	<b>NRRA Update (what does the Act mean to BCTS customers)</b> <ul style="list-style-type: none"> <li>• Wayne Hagel joined TSAC and gave a presentation and update on the <i>Natural Resource Roads Act</i>.</li> </ul>				
K	<b>Forest Tenures – Fibre licences and new tenure tools</b> <ul style="list-style-type: none"> <li>• Doug Stewart joined TSAC and gave a presentation on the New Forest Tenures and Tools.</li> <li>• The following individuals can be contacted for further information and discussion: <ul style="list-style-type: none"> <li>○ Fibre Recovery Tenures – Brad Harris</li> <li>○ Supplemental Forest Licenses – Blair Pigeon</li> <li>○ Sustainable Cut Control Credits – Blair Pigeon</li> <li>○ Fibre based AAC and Utilization – Blair Pigeon</li> <li>○ Volume to Area Tenure Conversion – Kelly Fink</li> </ul> </li> <li>• Supplemental Forest License could be a partial replacement for value added, or profile suitable for value added.</li> </ul>				

	Topic	Time 9:00 – 3:00	Lead	Category	Reference Material & Comments
L	<p><b>MPS Update</b></p> <ul style="list-style-type: none"> <li>• The annual Interior MPS update was completed in the summer of 2013. The MPS technical sub-committee is currently working on the data review for the 2014 MPS update.</li> <li>• 161 TSLs have been reviewed; this represents a 40 percent increase over last year.</li> <li>• The data for the first half of the year is being reviewed for the Coast MPS update.</li> <li>• Timber Pricing Branch is looking for direction on how to proceed on the Coast MPS update. The update may happen before the end of the year, but there is no hard date at this time.</li> </ul>				
M	<p><b>Seaward Business Area Update</b></p> <ul style="list-style-type: none"> <li>• The Seaward Business Area (SBA) is on track to offer 800,000m<sup>3</sup> of volume, which is greater than the apportionment.</li> <li>• There was a landslide in the Knight Inlet in early September 2013. The landslide was due to a natural event. The area has been very dry and there had been some recent storm activity.</li> <li>• The landslide will impact one of the pricing areas and it is estimated that there \$1.5 to \$2 million in damage.</li> <li>• Duncan showed TSAC pictures of the landslide and discussed the impacts to the landslide.</li> <li>• Duncan presented a LiDAR video to show the uses and benefits of LiDAR.</li> <li>• The SBA is working to include a LiDAR video in the TSL packages.</li> <li>• The SBA started smaller projects, but now they are trying to partner and collaborate on LiDAR projects to make them more cost effective.</li> <li>• BCTS is trying to involve more Business Areas with LiDAR to create economies of scale.</li> <li>• LiDAR can identify species, volume, concentration, streams, sink holes, all sorts of other characteristics.</li> <li>• SBA continues to work to improve licensee performance, as well as improving road use and log dump agreements to determining appropriate costs and ensure the information is available.</li> <li>• SBA is collaborating with the North Island Community Forest. They recently auctioned some volume out of the Community Forest and it went really well. There may be an opportunity to work with them again in the future.</li> <li>• SBA is also working with the Nanwakolis First Nation to potentially collaborate on a co-operative timber development agreement.</li> </ul>				

	Topic	Time 9:00 – 3:00	Lead	Category	Reference Material & Comments
N	<p><b>Short Snapper</b>  <b>Delay in Return of TSL Deposit</b></p> <ul style="list-style-type: none"> <li>• The delay in the release of deposits is due to lack of staffing and competing priorities within the Ministry of Finance (MFIN).</li> <li>• A Lean kaizen was completed by the MFIN and BCTS. The Lean process helped MFIN staff to understand BCTS business and the impact to the licensee when capital is tied up.</li> <li>• The process was streamlined and there was elimination of duplicate work. The forms were changed and BCTS has improved the quality work of their work so MFIN is not required to double check the work.</li> <li>• TSAC was reminded that the TSL holder must initiate a request to start the process. In pre-work there will be the deposit release template letter as a reminder to licensees.</li> </ul> <p><b>Status Update re: Legislation and Regulation</b></p> <ul style="list-style-type: none"> <li>• BCTS identified four pieces of legislation for revision. None of these will be revised due to other priorities.</li> <li>• The Ministry will be moving forward on legislation regarding integrated decision making, ATV and Off-road vehicles, wildlife protection, and Mid-Term Timber Supply (MTTS) volume to area based conversion.</li> <li>• BCTS is working on a new regulation regarding the use of the BCTS account fund to further development of business to business relationships.</li> <li>• The only piece of legislation that could directly impact BCTS is volume to area based conversion.</li> </ul> <p><b>Opportunities Review</b></p> <ul style="list-style-type: none"> <li>• The Opportunities Review has been completed and the final document has been shared.</li> </ul> <p><b>Pre-advertising TSL packages</b></p> <ul style="list-style-type: none"> <li>• It was requested that a direction map and logging map be included with the yearly TSL sales schedule if possible so TSLs can be reviewed in advance.</li> <li>• The issue will be raise at an upcoming Woodland Manager’s meeting and a request will be passed on for more pre-advertising.</li> <li>• It was also suggested the potential bidders communicate with the TSM on a regular basis; they will be able to tell people what TSLs are upcoming.</li> </ul> <p><b>Pricing Branch – Levy on Waste</b></p> <ul style="list-style-type: none"> <li>• There has been some discussion around a levy on waste that came from the recommendations from MTTS review in the interior.</li> <li>• It is a broader piece of policy work to prepare enabling legislation for future silviculture management and activities.</li> <li>• In the past there have been conversations around minimum stumpage with an approach to look at the levy. There is more to discuss that need to happen, but the issue needs to explored more.</li> <li>• There will be consultation and connection through the Pricing Committee.</li> </ul>				

	Topic	Time 9:00 – 3:00	Lead	Category	Reference Material & Comments
	<b>Future Agenda Items</b> <ul style="list-style-type: none"> <li>• Credit Worthiness</li> <li>• Qualified professional/person issue</li> <li>• Lean presentation</li> <li>• Road Amortization (send out info prior to the meeting)</li> </ul>				
	<u>2013/2014 Meeting Dates:</u>				
	March 7, 2013	June 6, 2013	September 12, 2013	December 5, 2013	
	March 6, 2014	June 5, 2014	September 11, 2014	December 4, 2014	