

Timber Sales Advisory Council (TSAC) Meeting

Minutes

July 17, 2014
9:00AM-3:00PM

Radisson Hotel Vancouver Airport
8181 Cambie Road, Richmond
Conference Call 1-877-353-9184 ID: 5545002

Participants: Tom Jensen (TOPFN), Graham Archdekin (BCTS), Rob Bigalke (BCTS), Shawn Hedges (BCTS), Duncan Chisholm (ITMA), Barry Simpson (TLA), Wayne Lintott (ILA), Russ Cameron (IWPA – Coast), Jim Hackett (ILMA), Brian Markin (Coastal Pulp Sector), Les Kiss (CFPA), John Hatalcik (COFI – North), Dennis Cook (ILA), Dyon Armstrong (COFI – South), Mike Kemp (Rotary MFG), Warren Carter (IWPA – Interior), Ken Houlden (NWLA) and Andrea Dixon (BCTS – Secretariat)

Regrets: Mike Falkiner, Adam Wunderlich and Clint Parcher

Guests: Wayne Clogg, Keith Tudor, Lyle Knight, Wendy Ward, and Ray Schultz

	Topic	Time 9:00 – 3:00	Lead	Category	Reference Material & Comments
	Adoption of Agenda and Safety Briefing	9:00 – 9:05	Graham		Agenda
A	<p>Executive Update</p> <ul style="list-style-type: none"> In a recent Supreme Court of Canada decision the Tslhqot'in Nation was granted declaration of title. The title is to be held by the Tslhqot'in Nation for the benefit of future generations. The Tslhqot'in Nation Decision has clarified the process for determining title and establishes that accommodation must be made where title is claimed and proven. There are a number of committees and working groups being created, both cross government and ministry specific to understand the implications and impacts of the Tslhqot'in Nation Decision. 				
B	Action Items Review – No Action Items				
C	<p>Waste Bill, Extension Fee and Deposit Forfeiture Waiver Ledger</p> <ul style="list-style-type: none"> There is currently one Waste Relief application that will not approved as it didn't meet the criteria established in the Waste Relief Policy. Extension Fee and Deposit Forfeiture Waivers will no longer be discussed as a standing agenda item. The requests and decisions are posted to the BC Timber Sales (BCTS) internet page. 				
D	<p>NRRA Update – Progress report</p> <ul style="list-style-type: none"> Lyle Knight joined TSAC to provide a presentation and update on the <i>Natural Resource Roads Act</i> (NRRA). Lyle has taken on the position of Manager of Resource Roads now that Don Gosnell has retired. Some provisions from the <i>Motor Vehicle Act</i> and the <i>Off-Road Vehicle Act</i> will be adopted into the NRRA. 				

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	<ul style="list-style-type: none"> • All the Provincial resource roads will need to be identified before the NRRA is launched. This work will likely be completed within the next year. • Information systems are being developed to support the NRRA and manage road data. • The NRRA will allow for a single permit process and include permits on non-Forest Service Roads (special use). If there is a single maintainer they have one permit and responsibility on the road. • The NRRA will also include an improved dispute resolution system. • The next step is to meet with the Senior Advisory Team to discuss some of the issues the Technical Working Group has been working on. • TSAC members would like reasonable usage rates as well as mechanisms to enforce the maintenance of roads systems incorporated into the NRRA. 				
E	<p>Quarter 1 Update</p> <ul style="list-style-type: none"> • Rob gave a presentation on the BCTS Quarter 1 results. A copy of the Quarter 1 results will be posted to the BCTS website http://www.for.gov.bc.ca/bcts/about/serviceplan.htm. • This is the first report out that uses BCTS' new goal and objectives. • The new goal is “To provide credible representative price and cost benchmark data for the market pricing system through auctions of public timber.” The three objectives are: 1) Sell the full BCTS allowable annual cut over the business cycle, consistent with sustainable forest management; 2) Generate net direct revenue and indirect provincial government revenue over the business cycle; and 3) Pursue continuous business improvement within BCTS, across government and with third party partners and customers. • BCTS is still working to determine a target and measure for indirect revenue. 				
	Break (10:30 – 10:45)				
F	<p>Role and Effectiveness Review Update</p> <ul style="list-style-type: none"> • The Role and Effectiveness Review (RER) report and recommendations aren't being circulated. • It was decided that there would be a TSAC meeting scheduled to review the RER recommendations in September. • BCTS is in the process of hiring a Director of Project Implementation to lead the implementation of the RER recommendations. Graham is acting in this role until the hiring is completed. • A RER Steering Committee has been created to help work through the recommendations and implementation. The members are Dave Peterson (vice-chair), Tom Jensen (vice-chair), Mike Falkiner, Susanna Laaksonen-Craig, Murray Stech, Gerry MacDougall, Andrew Ashford, Greg Rawling, Holly Cairn, Wayne Clogg, Graham Archdekin, Shawn Hedges and Vivian Thomas. • Wayne has been hired under a contract to assist with the RER Steering Committee, provide advice on the implementation to the RER recommendations, and to play a liaison role for industry and stakeholders. 				

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	<ul style="list-style-type: none"> Wayne assisted in the development submission made by the BC Lumber Trade Council during Phase 1 of the RER. The RER is still working on a communiqué and communication strategy. There is some increased flexibility in the hiring process which will help BCTS to hire staff necessary to reach the organization's goals and objectives. It was requested that more detail on the stumpage rate calculation be included in the Timber Sale License (TSL) package. At this time BCTS is not prepared to provide anymore detail regarding the stumpage rate calculations in the TSL package. 				
	Lunch (12:00 – 12:30) Provided				
G	<p>Regulatory and Legislative Proposal Update</p> <ul style="list-style-type: none"> Draft instructions have been submitted to legislative counsel for the some of the legislative changes that will be required as a result of the RER recommendations. Some of the changes will go forward to during the spring 2015 session and some will go forward in spring 2016. The 3 TSL limit is being repealed from the regulation and there will be changes to the standing deposit provisions. Licensees who are inactive for 5 years will no longer be automatically de-registered. There will be a notification process to confirm whether the licensee wants to remain registered. Under the current tiered deposit scheme, licensees are automatically disqualified from bidding if they have a non-current account over 84 days with an amount of \$500,000 or more. This will change to non-current accounts over 60 days with an amount of \$250,000 or more. This will also move a licensee to the second tier of the bid deposit scheme. The requirement to a pay bonus offer on cruise-based TSL if no harvest has taken place and the TSL is surrendered or expired is being eliminated. BCTS is trying to create symmetrical set of rules for cruise-based and scale-based TSL to provide comparable pricing data. BCTS is also looking to re-establish the Timber Sales Manager authority under section 81.1 of the <i>Forest Act</i> to refuse to accept application when a licensee has an outstanding account even though they have a repayment plan with the Ministry of Finance. In spring 2015 BCTS is also putting forward legislative changes to strengthen Environmental Management System, enable fee for service authorities, enable the selling, renting or leasing surplus assets and enable the streamlining of the incremental volume mechanism. In spring 2016 BCTS will move forward with legislation to enable BCTS to purchase replaceable quota; compensation for BCTS if AAC is reallocated by government; and the authority to issue new tenure related to business to business partnerships. 				
H	<p>E-bidding User Testing/Update</p> <ul style="list-style-type: none"> Brian Quinn and Carol Gjeterud joined TSAC to provide an update on the E-bidding project. Industry members were not able to receive access to the test environment due to government security protocols. So 				

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	<p>instead the volunteers, Craig Upper, Clint Parcher, Dave Watt and Warren Carter, were given a demonstration of how the E-bidding system would operate.</p> <ul style="list-style-type: none"> The volunteers provided some great feedback on the E-bidding system including: <ul style="list-style-type: none"> BC Bid does not offer the same search functionality – the search function with the Official Notices System and WoodX are better. There are a number of steps in order to submit the bid. The biggest issue is the inability to do electronic funds transfers (EFT) for bids and in order to have a complete electronic experience licensees would need to have a standing deposit. I.e. licensees could print, scan and upload TSL bid submission, but funds would still need to be delivered in person or by courier. There are costs associated with using the E-bidding system of \$150/year for each company. There is a cost to subscribe to the email notification system that would also cost companies \$100/year. The Ministry of Finance is developing a plan to enable EFT, but don't know exactly what this will entail and what the timeline for this project is. Brian and Carol are working with Ministry of Finance exploring this option as it is a key component to making electronic bidding more desirable for the broader client base. TSAC members felt that the 3 days for refunding electronic funds was acceptable. 				
I	<p>Value Added – State of the Nation</p> <ul style="list-style-type: none"> Russ Cameron gave a presentation to TSAC on the State of BC's Competitive Sector Wood Processors. 				
J	<p>Value Added – The Future</p> <ul style="list-style-type: none"> Ray gave presentation on the Southern Interior Beetle Action Coalition Value Added Wood Strategy Project. 				
K	<p>Forest Professional Oversight</p> <ul style="list-style-type: none"> Prior to the TSAC meeting Shawn forwarded a presentation regarding Forestry Professional Oversight and Certification. It was requested that TSAC members review the presentation. This concept is at the early stage of thinking and if you would like more information please connects with Shawn offline. Action (B96): Add Forest Professional Oversight and Certification to the next agenda. 				
L	<p>Short Snappers Wildlife Tree Patches in TSL blocks</p> <ul style="list-style-type: none"> As a result of the recent fatality in the Kootenay Business Area, there are some questions being raised around leave trees and related cable logging. TSAC discussed the TSL design and the importance of keeping safety in mind and if licensees are following and understanding the design. When the WorkSafeBC report related to the fatality is completed there may be more discussion and action required by TSAC and BCTS. <p>Section 131 of the <i>Forest Act</i></p>				

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	<ul style="list-style-type: none"> • Section 131 of the <i>Forest Act</i> stipulates that if stumpage hasn't been paid by the licensee then the purchaser of the volume can become liable. • The administration of this section of the <i>Forest Act</i> is the responsibility of the Ministry of Finance. • It was requested that a Ministry of Finance representative join the next TSAC meeting to discuss this issue. • Action (B97): Add Section 131 discuss regard purchaser liability to the next agenda. 				
	<p>Future Agenda Items</p> <ul style="list-style-type: none"> • Forest Professional Oversight and Certification • Section 131 				
	<u>2014 Meeting Dates:</u>				
	April 16, 2014	July 17, 2014	September 11, 2014	November 20, 2014	