

# Timber Sales Advisory Council (TSAC) Meeting

## Minutes

June 19, 2015  
9:00AM-3:00PM

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

**Participants:** Tom Jensen (TOPFN), **Mike Falkiner (chair)**, Graham Archdekin (BCTS), Rob Bigalke (BCTS), Shawn Hedges (BCTS), Duncan Chisholm (ITMA), Barry Simpson (TLA), Russ Cameron (IWPA – Coast), Les Kiss (CFPA), Dennis Cook (ILA), Warren Carter (IMLA), Dan Battistella (ILMA), Scott Marleau (COFI) and Andrea Dixon (BCTS – Secretariat)

**Guests:** Keith Tudor, Kerri Brownie, Scott Mitchell, Bruce Blackwell, Paul Kennedy, Lisa Brown and Russ Laroche

	Topic	Time 9:00 – 3:00	Lead	Category	Reference Material & Comments
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### Adoption of Agenda and Safety Briefing

- Mike welcomed everyone to the TSAC meeting and reviewed the evacuation route.
- The agenda was reviewed and some additional agenda items were added.

### Executive Update

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- Tom gave an overview of the Softwood Lumber Agreement (SLA) file to TSAC.
- The Timber Operations, Pricing and First Nations Division continues to work through the recommendations from the Role and Effectiveness Review.
- In order to meet the market pricing system (MPS) objective, BCTS continues to try to prevent other tenures being placed in BCTS operating areas.
- There could be future regulation developed to protect operating areas. The intent would be to have another tool to preserve BCTS operating areas, but it would likely not be used broadly or often.
- The Tenures Branch will be meeting with stakeholders in June to discuss this issue and potential regulation.
- It was suggested that clauses be inserted into non-replaceable forest licences to identify operating areas before the agreements are signed.
- BCTS continues to look for ways to sell more marginal stands using tools such as the Forests for Tomorrow program.
- Interior MPS update has been completed and the indications are that on average there will be a stumpage reduction.
- There continue to be challenges and delays due to impacts of the Tsilhqot'in decision. However, the Ministry of Forests, Lands and Natural Resources Operations and the Ministry of Aboriginal Relations and Reconciliation continue to work toward solutions and tools to address the challenges and delays.
- The Blueberry River First Nation has given notice that they are filing for injunction on the premise of cumulative effects on the larger landbase. If the injunction is successful up to 15 timber sale licenses (TSLs) in the Fort St John area will be impacted.

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B	Action Items Review				
B	<p><b>Action (B99): Invite Peter Jacobsen to join a future TSAC meeting to explain how the indirect revenue figure is determined.</b></p> <p><b>Action (B100): Add Section 130 and 131 of the <i>Forest Act</i> to the December TSAC meeting agenda for information and discussion.</b></p> <ul style="list-style-type: none"> <li>• <b>During these conversations TSAC would like to have a more focused discussion on the policy and would also like to discuss impacts of the new Aged Accounts system on their ability to perform their due diligence.</b></li> </ul>				
C	<p>Waste Bill Waiver Ledger</p> <ul style="list-style-type: none"> <li>• Since the last TSAC meeting relief has been granted for one waste bill related to TSL A82137 for Richmond Logging.</li> </ul>				
D	<p>Year-End Report Out</p> <ul style="list-style-type: none"> <li>• Rob gave a presentation on the BCTS 2014/15 year-end results. A copy of the year-end results will be posted to 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>• The BCTS business cycle is a five year cycle. It began in fiscal year 2014/15 and will end in fiscal year 2019/20.</li> <li>• BCTS has met its representativeness goal and sells volume with species and grade comparable with major licensees. There are some differences, but they can be attributed to the differences in profiles in operating areas.</li> <li>• BCTS is discussing the possibility of enhancing the representativeness measure.</li> <li>• Last fiscal year BCTS experienced challenges in meeting the reliability target due to impacts of the Tsilhqot'in Decision, fire season and resourcing challenges. It was determined that meeting the volume sold performance target was a higher priority than the reliability target; however, BCTS has developed a strategy to meet the reliability target.</li> </ul>				
Break (10:30 – 10:45)					
E	<p>Forestry Professional Oversight and Certification Pilot</p> <ul style="list-style-type: none"> <li>• Kerri Brownie, Stewardship Policy Forester, BC Timber Sales joined TSAC to provide a presentation on the Forestry Professional Oversight and Certification (FPOC) concept and pilot. This presentation is a follow-up to the discussion on FPOC during the November 20, 2014 TSAC meeting.</li> <li>• Both the <i>Wildfire Act</i> and the <i>Forest and Range Practices Act</i> are results-based models; however, a recent Forest Practices Board audit shows the current results-based model isn't achieving the desired outcome.</li> <li>• The FPOC concept would require licensees to have a professional forester prepare amendments to project (site and harvest) plans, oversee specific operations and prepare conformance certificates when the TSL activity is completed.</li> <li>• BCTS will be conducting a pilot in the Seaward and Kootenay Business Areas to test the FPOC concept. The pilot results will be reviewed and BCTS will determine if the FPOC concept will be adopted, expanded to include oversight, or rejected.</li> <li>• The motivation for BCTS to consider the FPOC concept is related to the legislative authority in the <i>Forest Act</i>; BCTS is unable to be directive on TSL and contract activities. BCTS is finding that in order to ensure compliance with</li> </ul>				

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	<p>legislation some additional tools are required.</p> <ul style="list-style-type: none"> <li>• TSAC commented that this could add additional costs to licensees.</li> <li>• BCTS is aware of the additional costs and will identify any specific activities that will require professional forester involvement.</li> </ul>				
F	<p>Harvest Volume</p> <ul style="list-style-type: none"> <li>• BCTS would like to gain input and information from TSAC members on why the provincial harvest volumes are falling.</li> <li>• There has been increased demand and requests that BCTS sell their full apportionment, but the harvest levels aren't increasing.</li> <li>• TSAC discussed market forces, like the export market on the coast as well as reduced timber quality in the interior, which impact the rate of harvest. However, there is no one determining factor for the divergence between BCTS sold and unharvested volume.</li> <li>• BCTS will continue to monitor and analyze this data as it is important to understand for forecasting and strategic planning. If necessary, BCTS will bring topic back to TSAC for further discussion.</li> </ul>				
G	<p>Sustainability</p> <ul style="list-style-type: none"> <li>• Scott Mitchell, Sustainability Officer, BC Timber Sales joined TSAC by phone to discuss sustainability.</li> <li>• TSAC discussed the timber supply reviews (TSRs) that are being conducted in BCTS operating areas.</li> <li>• There are two BCTS timber supply areas (TSAs), the Pacific and Cascadia TSA, where a TSR has never been conducted.</li> <li>• BCTS is leading the TSR in the Pacific and Cascadia TSAs, and is learning the complexities and challenges of the TSR process.</li> <li>• TSAC discussed the unused volume that BCTS has accumulated. BCTS is working to address the unused volume, but also must ensure that any increase in volume sold will not lead to sustainability issues.</li> <li>• TSAC discussed a number of factors that contribute to the complexity of conducting sustainable forest management including: increasing demand for tenure on the landbase, mountain pine beetle, species at risk, and the <i>Migratory Birds Convention Action</i>.</li> <li>• There was a question about the allowable annual cut in the Kamloops and Okanagan areas of the province. This conversation will be taken offline for further discussion.</li> </ul>				
H	<p>Kootenay Business Area</p> <ul style="list-style-type: none"> <li>• Russ Laroche, Timber Sales Manager, Kootenay Business Area gave TSAC a presentation on operations in the Kootenay Business Area (KBA). A copy of the presentation will be posted to the BCTS website <a href="https://www.for.gov.bc.ca/bcts/about/tsac.htm">https://www.for.gov.bc.ca/bcts/about/tsac.htm</a>.</li> <li>• The KBA is involved with the Fibre Pilot that is being conducted through the Forest Fibre Working Group. This is one initiative to increase fibre utilization.</li> </ul>				

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	<ul style="list-style-type: none"> <li>• The KBA is trying to work with all secondary fibre users as well as major licensees to accomplish the goals of this initiative.</li> </ul> <p>Seaward Business Area</p> <ul style="list-style-type: none"> <li>• Lisa Brown, Woodlands Manager, Seaward/tlasta Business Area gave TSAC a presentation on operations in the Seaward/tlasta Business Area a (SBA).</li> <li>• Lisa is new to the Woodlands Manager position, but has been with BCTS since 2003. Prior to Woodlands Manager position she worked on land use planning for the Great Bear Rainforest and Environmental Based Management.</li> <li>• Lisa discussed the current timber sale license activity, the diverse and sometimes isolated operating areas, as well as the market factors in the SBA.</li> <li>• There are some logistical and timing challenges in some of the isolated operating area, i.e. one shared log dump that limits the ability to have multiple TSLs in some areas.</li> <li>• The north island has less of these constraints, but the SBA must ensure that operations in that area are sustainable.</li> <li>• The apportionment target is 640,000 m<sup>3</sup> for the fiscal year and SBA is trying to provide an even offering of volume over the 5 year cycle.</li> <li>• There is an anticipated 20 percent reduction of apportionment as a result of the Great Bear Rainforest.</li> </ul>				
	Lunch (12:30 – 1:00) Provided				
I	<p>Consulting Foresters of BC</p> <ul style="list-style-type: none"> <li>• Bruce Blackwell of the Consulting Foresters of BC (CFBC) joined TSAC and gave a presentation.</li> <li>• The CFBC represents 37 companies throughout the province.</li> <li>• The CFBC discussed their concerns regarding BCTS contracting practices. The top three issues identified during this discussion were consistency, efficiency, and the bidder selection process (lowest qualified bidder).</li> <li>• BCTS is working to improve consistent contracting practices through internal contracting audit processes and Contract Quality Management System.</li> <li>• CFBC would like BCTS to improve its efficiency in contracting processes through the use of standing deposits. BCTS is working toward the ability to use standing deposits, but this is more complex than it might first appear, and will take some time to accomplish.</li> <li>• The lowest qualified bidder selection process is something CFBC would like to see changed. They would like to see a system that acknowledges and recognizes past experience and performance.</li> <li>• BCTS has committed to developing a system to acknowledge and recognize past experience and performance. However, like other issues being discussed, this is more complex than it might first appear, and will take some time to accomplish.</li> <li>• The challenges of balancing long-term contracts and cultivating relationships, as well as providing short-term contracts to build capacity of new consultants were also discussed by TSAC.</li> </ul>				

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J	<p><b>Bidder Risk</b></p> <ul style="list-style-type: none"> <li>• At the last TSAC meeting the increased bidder risk as a result of increased possibility of civil disobedience was discussed.</li> <li>• Paul Kennedy, Initiatives Officer, BC Timber Sales was asked to investigate options to reduce bidder risk resulting from civil disobedience.</li> <li>• Paul joined TSAC and provided a presentation on potential options to reduce bidder risk resulting from civil disobedience.</li> <li>• TSAC members raised concern about additional costs to licensees. TSAC questioned why a private operator should be expected to deal with civil disobedience as it is not a forestry issue, but a larger government issue.</li> <li>• In response to this discussion at the last TSAC meeting, BCTS has removed the requirement for paying the bonus offer on cruise-based TSLs. There is also the possibility of waste fee waiver, deposit forfeiture relief and extension fee waiver for licensees who experience civil disobedience on TSLs.</li> <li>• TSAC discussed the option of an industry insurance fund, but was not supportive of this as it would have significant start-up costs.</li> <li>• TSAC suggested a list of criteria that would lead to fee waivers or forfeiture relief be provided; however, there was concern from BCTS that this type of specific list would fetter the decision maker.</li> <li>• It is the goal of BCTS to consult and accommodate so that the TSL will not experience civil disobedience.</li> <li>• The Tsilhqot'in Decision has raised expectations; however, government has provided few accommodation tools. This is making it more challenging for BCTS to ensure that TSLs will not experience civil disobedience.</li> <li>• Government is working to develop additional accommodation tools to minimize instances of civil disobedience.</li> <li>• <b>Action (B101): Paul will email a copy of the bidder risk concept paper to TSAC. TSAC members can provide feedback on the concept paper to Paul or Shawn.</b></li> <li>• <b>Action (B102): An advisory bulletin regarding bidder risk will be drafted by Paul Kennedy.</b></li> <li>• <b>Action (B103): BCTS will remove any clauses in TSL packages regarding contacting First Nations directly unless there is a unique or specific circumstance that necessitates such a clause.</b></li> </ul>				
K	<p><b>Short Snappers</b> <b>Category 2</b></p> <ul style="list-style-type: none"> <li>• Russ Cameron raised concern of the continuing decline of Category 2 volume offered by BCTS.</li> <li>• The value added sector is an important part of the sector; however, at this time Category 2 volume does not support the MPS. BCTS is trying to meet the historic demand for Category 2 volume.</li> <li>• BCTS is looking at the possibility of blending Category 2 into MPS, but the work on this has yet to be completed.</li> <li>• There is also a broader government discussion on the value added sector.</li> </ul> <p>ILA</p>				

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	<ul style="list-style-type: none"> <li>• Denis Cook of the Interior Logging Association (ILA) provided TSAC with a brief update on issues.</li> <li>• The ILA continues to work through issues related to the new specifications for Emergency Transport Vehicles.</li> <li>• There are new protocols for radio communications on resource roads. This will require some operators to purchase new equipment.</li> <li>• Due to some recent accidents, a steep slopes logging seminar was provided at the ILA Convention presented by the BC Forest Safety Council and WorkSafeBC.</li> </ul> <p>Aged Accounts</p> <ul style="list-style-type: none"> <li>• As discussed at previous TSAC meetings, the Ministry of Finance’s Aged Accounts system is no longer available on the website. Due to privacy issues the Ministry of Finance will no longer be able to publish aged account information.</li> <li>• The Ministry of Finance continues to work on a solution for the Aged Accounts system.</li> <li>• Individuals can authorize permission for other parties to access their account information. However, this authorization can only be granted on an individual basis. There is no blanket approval to grant open access to an individual’s account information.</li> <li>• TSAC requested Ministry of Finance staff join a future TSAC meeting to provide an update on the Aged Account system and the privacy issues, and discuss the impacts to the obligations under section 130 and 131 of the <i>Forest Act</i>, of TSAC members and those they represent.</li> </ul>				
	<p><u>2015 Meeting Dates:</u></p> <p>February 26, 2015                      June 19, 2015                      September 3,2015                      December 10, 2015</p>				