

Timber Sales Advisory Council (TSAC) Meeting Minutes

Agenda

March 9, 2017

9:00AM-3:00PM

Pacific Gateway Hotel Vancouver Airport

3500 Cessna Drive, Richmond

Conference Call 1-877-353-9184 ID: 5545002#

Participants: Chris Stagg (TOPFN), Mike Falkiner (BCTS), Rob Bigalke (BCTS), **Shawn Hedges - chair (BCTS)**, Ray Luchkow (BCTS), Al Powelson (BCTS), Duncan Chisholm (ITMA), Barry Simpson (TLA), Wayne Lintott (ILA), , Scott Marleau – COFI (South), Russ Cameron (IWPA – Coast), Clint Parcher (IWPA – Vancouver Island), Les Kiss (CFPA), John Hatalcik (COFI – South), Dennis Cook (ILA), Dyon Armstrong (COFI – North), Mike Kemp (ISWM), Dan Battistella (ILMA), Warren Carter (IWPA - Interior), Ken Houlden (NWL), Craig Upper (ILMA), Dave Watt (COFI – North), and Juli Scarrow – secretariat (BCTS)

Guests: Steve Kozuki (Timber Pricing Branch), Timber Sales Managers, Woodlands Managers, Vera Sit (ADMO by phone), Colleen Plunkett (ADMO) Bill Turner

Absent: Clint Parcher (IWPA), Ken Houlden (NWL), Chris Stagg (TOPFN)

Adoption of Agenda, Roundtable and Safety Briefing - Shawn Hedges

Executive Update - Mike Falkiner

- Welcome Timber Sales and Woodland Managers
- Mike is concerned about filling FN expectations and stressed to TSAC the need for us to work together

Action Items Review – No action items

SLA Update - Vera Sit (phone)

Investigations into three allegations put forward by the US industry:

1. CVD case – government actions, government subsidizing the Canadian Industry;
2. Dumping case – industry has been dumping lumber into the US market; and
3. Injury case – These actions are injuring the US industry.

These are all happening simultaneously

Early January 2017, the US Department of Commerce identified four companies to conduct investigations: Tolko, Canfor, West Fraser (operations in BC and Alberta) and Resolute (operations in Ontario and Quebec). Companies have submitted their questionnaires and the information is now with Ottawa for review. **We can't add new facts to our appeal after this stage is complete**.

Next Steps:

April 24th the US will come back with three decisions:

1. Is Canadian lumber is subsidized, and if so, how much CVD duty can they impose? A big number is expected.
2. Critical Circumstances: Has there been a significant increase in export to the US from Canada within a short period of time? If that is a yes, in addition to imposing duty moving forward beginning April 24th, Canadian lumber that sits 90 days will have to pay cash deposits (including 90 days retro going back). Once the preliminary responses are completed (expected on April 24th) it will take 5-7 days for decisions to be posted.

	Topic	Time 9:00 – 3:00	Lead	Category	Reference Material & Comments
	<p>3. Dumping Case: Preliminary decisions scheduled for May 4th. Companies can ask for extensions. If they are granted the decision gets pushed to the end of June. Duty for dumping can be imposed early July. US will then review, go to gov't and companies to look at information and do a verification and a more detailed calculation of the duties. This will likely be in the summer with the final decision in early January 2018. This is the end of the investigation stage and this is when Canada can appeal. As long as the case is open all cash deposits will be kept in trust; decisions on cash deposits will then be addressed</p>				
D	<p>Timber Pricing Branch Update – Steve Kozuki</p> <p>Waste Relief Decisions:</p> <ul style="list-style-type: none"> • Canfor (Cranbrook) Forest Licence, granted \$85,000 due to flood washing out dozens of bridges and roads. • Stella Jones Forest Licence, granted \$71,438.01 - Waste relief was approved for uncut timber that can be remarketed. <p>Implemented a new way of doing stumpage determinations for the Interior. Status quo for 100 yrs. has been determining rates in advance of harvesting, new model (this Spring) - licensees will submit data and will not be reviewed. The appraisal data will be used to determine a preliminary stumpage rate. When harvesting is done, they will submit a final appraisal data submission and the appraisal rate will be based on that. Currently industry does not have to submit an appraisal unless the difference is greater than 10%, this will be reduced to 3%. This process will not apply to BCTS/TSL holders.</p> <p>Waste measurements in the Interior: Currently we do ocular waste assessments on every block; new method is to select random blocks to derive an ocular to measure ratio then apply the ratio to the whole population. Having measurements will allow us to create a more robust waste assessment methodology and uphold the integrity of take and pay. Timber Pricing Branch has done 2 pilots: West Fraser in Smithers and Canfor in PG. – positive outcomes and cost effective; however, it's only cost effective if you have a large population, if you're a small scale the unit cost of sampling will be higher. Timber Pricing Branch knows this is a concern and are working through it. ACTION: Al Powelson to follow up with Keith Tudor on the policy.</p> <p><i>PHARM project:</i> <i>The Post-Harvest Appraisal Reconciliation Model (PHARM) shifts government oversight and review of major licensee appraisal data submissions (ADS) from pre-harvest to post-harvest completion. This shift provides for reduced transactional costs associated with ADS consistent with a financial risk based review of appraisals. The model is not applicable to BC Timber Sales (BCTS).</i></p> <p><i>If TSAC members are interested in any more information on this topic please contact Allan Bennett Manager, Timber Pricing 250-387-8378 Allan.Bennett@gov.bc.ca</i></p>				
E	<p><u>Grab Bag – Al Powelson</u></p> <ul style="list-style-type: none"> • Bill 12 (2016) Regulation – ACTION: Al Powelson with lead a Q&A discussion Re: Bill 12 at next TSAC meeting <ul style="list-style-type: none"> ○ Reg deposited March 6th, 2017 enacting the reduced volume condition licences. ○ Guidance material to be produced that outlines the use of this tenure tool. • Cat 2 Update <ul style="list-style-type: none"> ○ Cat 2 monitoring and tacking advisory note being updates and is to be made publically accessible. 				

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	<ul style="list-style-type: none"> ○ TSAC members and TSMs polled on the retention of chipper/debarker requirement; BCTS to determine next steps based on feedback received. ● TSL Deposits <ul style="list-style-type: none"> ○ Standing deposit advisory note being prepared outlining this opportunity. Will be shared with TSAC for comment and review. ● E-bidding Update <ul style="list-style-type: none"> ○ E-bidding pilot to start on April 1st as per letter to every registrant. 				
Coffee 9:50 – 10:05					
F	Business - Q3 Report Out Presentation – Rob Bigalke				
G	Washington Department of Natural Resources (DNR) Timber Sale Program Presentation – Bill Turner				
LUNCH – 11:45– 12:30 – PROVIDED					
H	Apportionment Management Policy Presentation - Ray Luchkow				
I	Business Area Update, Coast and Interior Presentation – Don Hudson and Russ Laroche				
J	Presentation to TSAC: Working Group on Policy Inconsistencies Between TSO's - Dave Watt/Dyon Armstrong/Jim Hackett ACTION: Next meeting Don and Len/Ian to work with TSMs, gather info, look at facts and report out. Licensees to put together specific examples. ACTION: The Peace-Liard Business Area will be looking to add more MPB volume to its sales schedule in the Dawson Creek TSA subject to staffing and multiphase contractor capacity. ACTION: The Peace-Liard Business Area will forward TSAC our policy on the rules surrounding leaving deciduous standing on TSL's.				
2017 Meeting Dates					
	May 25, 2017		September 21, 2017		December 7, 2017