

Advancing Professional Reliance in Timber Pricing

Background

Purpose and scope of the report

The purpose of this report is to provide a framework for advancing professional reliance in timber pricing in an effective, defensible and sustainable manner.

The “practise of professional forestry” defined in the *Foresters Act* includes the appraisal of the forest resource. Although government timber pricing functions include activities related to cruising, appraisals, scaling, waste and billing, this report focuses on cruising and appraisals. These two functions were deemed to contain the greatest opportunity to improve efficiencies for both government and industry as they are already under the professional reliance umbrella. Many of the framework principles discussed in the report will likely have application to the scaling, waste and billing functions. Additional work, however, is required to better assess the potential opportunity to advance professional reliance in these other functions.

A team comprised of ministry, industry and the Association of British Columbia Forest Professionals (ABCFP) staff was struck to draft a report to the ADM Timber Operations and Pricing and the Provincial Forestry Forum (Appendix 1). The team did not attempt to resolve specific policy issues as this level of detail was beyond the scope of the working group. It was determined that should the decision be made to review policies, this is best left to existing timber pricing and cruising technical groups with their levels of expertise.

Professional Reliance

Professional reliance is a measured approach to receiving advice or delegating work and shared accountability by an employer or government official to a professional with the intent to ensure quality. Professional reliance is also a measured approach to providing and receiving sound advice between non-government professionals and government professionals. It is a mechanism that allows parties to exchange and rely on data or information that is used to manage and administer the provinces forest resources. It is definitely not an avenue to divest responsibility or elude accountability, nor an excuse for blind deference by either.

Another more specific definition is “*the practice of accepting and relying upon the decisions and advice of professionals who accept responsibility and can be held accountable for the decisions they make and the advice they give*”.

What is driving the increase in Professional Reliance?

Professional reliance is being driven by the need for both industry and government to rely on the integrity of competent forest professionals to gain efficiencies while achieving overall legislative and policy objectives. Professional reliance applied within the current timber pricing policy

framework is currently limited in application.

The right to practice in an area of business is granted under legislation and as such incorporates the principle of professional reliance. The right to professional practice is granted by government. The *Foresters Act* provides the authority and scope for the practice of Professional Forestry in British Columbia. Other professions such as the Association of Professional Engineers and Geoscientists of British Columbia (APEGBC), and Chartered Professional Accountants (i.e. CA, CGA, and CMA) incorporate aspects of professional reliance in delivery of their services to the public.

Existing information available to inform the discussion

The team referenced numerous publications on professional reliance including those produced by the (ABCFP) as well as other adhoc papers. (Appendix 2). The current practices in cruising and appraisals as well as some ongoing pilots in appraisals also provided useful information.

Current Appraisal Process

The Coast Area has a well established appraisal risk rating system that assesses risk of individual appraisal submissions based on the submitters past performance and the risk of the appraisal data elements. The level of ministry verification is commensurate with the risk rating. This information is tracked and used to identify specific areas of risk and the monetary values involved.

The Interior does not have a consistent risk rating system but is currently piloting a model in the Mackenzie district where risk in appraisals and cruising is based on the submitter's history, with the level of verification and processing timelines aligned with the risk. There is also a pilot in the Okanagan/Shuswap District that relies on the regional statutory decision maker to decide on the level of field and office oversight required.

Professional Associations

The team examined how professional reliance is applied within APEGBC and the Chartered Accountant Associations in BC to see what quality assurance elements might be transferable to timber pricing.

APEGBC is unique in that it has a number of bylaws which support a high quality assurance framework (Appendix 3). In addition, there are tools such as the National Instrument 43-101, which is a mineral resource classification scheme used for the public disclosure of information relating to mineral properties in Canada. This sets the standards for Qualified Persons (QP) deemed eligible to write and submit such reports. This standard requires that if others carry out field reviews on a professional's behalf, the onus is on the professional to document how these field reviews were completed. (i.e. the level of supervision, checks, controls on quality and documentation of work done by others).

Professional accountants follow a more rules based model with a high level of oversight undertaken by independent third party auditors. Accountants are also subject to the General Anti-avoidance Rule (GAAR) within the *Income Tax Act* that ensures the principles of income tax legislation are followed.

Continuum of Professional Discretion

There are various professional reliance models used by professional organizations ranging from very broad to very narrow ranges of professional discretion. Often within a profession, these different levels of discretion are utilized for specific aspects of the same business. (Appendix 4) For example:

- In the medical profession, general physicians operate in a wider less focused scope of practice with more subjective guidelines than medical specialists, whom operate in a more focused scope of practice with more objective criteria.
- Within APEGBC Professional Engineers bridge design has very limited professional discretion whereas road requirements on an unstable side slope are much more discretionary.
- Within the Chartered Accountants Associations, members must follow the rules within the *Income Tax Act* but are also subject to the taxation principles identified in the GAAR.
- The Forest Stewardship model in FRPA has a framework within which professionals operate and has established measurable objectives that are assessed for broad compliance to forest stewardship objectives.
- The Timber Pricing model has very prescriptive criteria and narrow latitude for professional discretion.

Professional reliance can be effective within business models that provide for broad or narrow latitudes of professional discretion. Variables that affect the amount of discretion include: the scope and magnitude of the risks, the complexity of the business, the knowledge of the practitioners, the amount and degree of oversight applied to the function, and the accountability of the professional practice.

Discussion

Current cruising and appraisal model and how it has evolved.

British Columbia has been expanding professional reliance in all aspects of timber pricing for the last several decades. At one point in British Columbia's history, government was responsible for all phases of timber pricing.

Setting the price on Crown timber has evolved in British Columbia from a Rothery system (residual value) to Comparative Value Pricing system to the current Market Pricing System (transaction evidence based). Professional sign off of appraisal data submissions was implemented in 2001. Prior to this, individual appraisal data sheets submitted by industry were extensively reviewed by ministry to ensure absolute compliance to policy and procedure before

issuing cutting permits and determining stumpage rates. Cutting permits were also reappraised annually to reflect the most current and accurate information.

With the shift to the Market Pricing System in 2004 on the Coast, and 2006 in the Interior, and the introduction of professional sign off of appraisals, the business model shifted to a risk based review process. Annual reappraisals were also replaced with trigger based changed circumstance reappraisals. The cruising and appraisal systems have historically been very prescriptive with comprehensive policy manuals specifying the credentials of practitioners, the methodologies for practice, error tolerance and repercussions for non compliance.

Cruising:

The accountability for the accuracy of cruise information rests with the Registered Professional Forester (RPF) or Registered Forest Technologist (RFT) who submits the appraisal data. The ministry review of appraisal cruising information utilizes a risk based assessment model designed to rate the cruiser and the cruise data elements for determination of risk ranking and resulting review intensity. For example, the Mountain Pine Beetle Cruise based policy requires that on an annual basis 3 to 4 percent of all plots established within a District be audited, with the distribution of the review focused on areas of highest risk. To further support professional reliance, recent changes to the *Foresters Act* have identified timber cruising as the practice of professional forestry and have limited this scope of practice to certified timber cruisers

Appraisals:

The Minister approved timber pricing and appraisal policies and procedures in the appraisal manuals are the cornerstone of the legal framework within which timber pricing forest professionals must practice. Appraisal data is gathered, collated and submitted electronically by forest professionals and must be signed by an RFT or RPF. The submitting professional must follow the legislation and the Minister's policies and procedures (statutory authority). All or portions of a submitted ADS are typically reviewed at the District before a harvest authority can be issued. This District review also serves to assess and rank the risk of the submission. This review stage is contemplated in the appraisal manuals and forms a vital function to the overall appraisal process.

The stumpage rate determination is performed by the statutory decision maker (SDM). In most cases the SDM is an RFT or RPF except where a Regional Executive Director, Director of Pricing Branch or Minister has authority for stumpage determinations. In these cases, those individuals may not be forest professionals. The SDM considers the submitted ADS and any other data or information that is relevant to the appraisal in order to make a determination. The SDM must follow the legislation and the Minister's policies and procedures (statutory authority) and make independent decisions.

Sufficient information, rationale and explanation should be provided to allow another forest professional to follow the author's logic and evaluate the information provided in the ADS. This current model as contemplated in the appraisal manuals also provides opportunity for dialogue between government and industry professionals to ensure a full understanding of submissions.

Real or Perceived Barriers to Advancing Professional Reliance

Although professional reliance exists within the current model there are a number of real or perceived barriers that exist which slows the expansion of the use of professional reliance with respect to timber pricing.

- Unclear or poorly understood legal framework, areas of professional discretion and performance criteria for professionals.
- Inconsistent levels of professional competency in the highly specialized timber pricing functions.
- Inconsistent ministry verification process and risk ranking processes.
- Direction around professional accountability processes available and situations for their use are not at the forefront of timber pricing policy. Discomfort of individual members to initiate difficult conversations and engage in the ABCFP disciplinary process. A lack of confidence with the effectiveness of the ABCFP disciplinary process or with the effectiveness of the Forest Act provisions.
- Low levels of trust and professional regard between professionals with open unofficial dialogue between professionals being underutilized.

Appendix 5 (Detailed list of real or perceived barriers.)

Key elements of Professional Reliance in Timber Pricing

This section outlines the five key elements necessary in a well functioning professional reliance model and the tools and actions that could be employed to strengthen these areas of practice and address the barriers.

1. *Clear legal construct and performance criteria (policies and procedures)*
 2. *Competent and informed professionals*
 3. *Effective and efficient verification processes commensurate with the risks*
 4. *Strong accountabilities for all parties*
 5. *Trust among timber pricing professionals*
1. *Clear legal construct and clear performance criteria (policies and procedures)*
Clear and enabling legal parameters and performance expectations of all parties is a fundamental requirement for an effective professional reliance framework. Without this clarity different interpretations, expectations and understandings will slow the advancement of professional reliance in timber pricing.

Potential actions:

- Review legislative framework to ensure that it is clear, enabling, realistic and practicable.
- Review and revise the cruising and appraisal manuals in order to add clarity and consistency to the policies and procedures. This could take the form of a partial revision of specific areas of contention or a complete revision.

- Review and identify those specific aspects of timber pricing where professional discretion is appropriate, identify the bounds for this discretion and for whom the discretion exists.
- Provide guidance on material versus immaterial changes in appraisal data submissions, expectations on accuracy and precision of factual data, the use of estimates and completeness of data submissions.
- Evaluate and modify timber pricing electronic information systems to better align with professional reliance.

2. *Competent and informed professionals*

Highly competent trained professionals with high standards of performance are also a fundamental requirement for an effective professional reliance framework. Professional competency is a necessary prerequisite of reliance on the professional.

Potential actions:

- Obtain a consistent knowledge base by conducting joint workshops covering all aspects of cruising and appraisals between submitters, reviewers, and SDMs.
- Ensure a minimum standard of professional practice by the use of appropriate professional mechanisms available through the ABCFP (i.e. certification, quality management, education, principles of practice, practice reviews, professional documents and communications). These can raise the competency and performance of professionals (Appendix 5).
- Enable, support and recognize peer review and corporate quality assurance systems.

3. *Effective and efficient verification commensurate with the risks*

Government is ultimately accountable for the integrity of Crown forest revenues and must be able to (1) demonstrate that risks are identified & addressed and (2) to demonstrate that the system is fair and equitable with assurances of its integrity.

Potential actions:

- Benchmark, track and report performance over time to address risks and inform decisions on advancing professional reliance in a defensible and sustainable manner.
- Develop a consistent provincial/regional risk rating system commensurate with the government enterprise risk management guidelines.
- Increased data analysis to identify risks.
- Modify the electronic information systems to automate the risk assessment processes providing increased efficiencies.
- Eliminate any overlap or duplication of reviews between Regions and Districts.
- Develop an audit framework and protocols and consider the cost and benefits of implementing a robust and comprehensive audit program. This framework would identify who would conduct the audits, office and field components, timing of audits, access to relevant information, file retention standards.
- Ensure SDMs can rely upon the risk management approaches inherent in the submission process.

4. *Strong accountabilities for all parties*

With an increase in Professional Reliance, professional accountability must also increase. Clear and functioning accountabilities for all parties are a key component of a successful framework. The accountability framework needs to have strong provisions to address poor submissions.

Government is accountable for asserting the financial interests of its forest and range resources in a systematic and equitable manner as specified in the *Forest Act* and the *Ministry of Forest and Range Act*. It must also ensure timber prices are market-based and that revenue from all sources is identified, controlled, claimed, recorded, collected, safeguarded and reported in a timely and effective manner. The framework must also satisfy the requirements of the Office of the Comptroller General which previously noted that “The Forest Revenue Management system has a high level of inherent risk owing to the complex operating environment, the nature of forestry activities on crown land, and a heavy reliance on the integrity of Industry stakeholders. The system requires significant resources to establish and implement effective and efficient controls to adequately mitigate risk.”

Professional submitters are accountable for providing accurate information and rationales as appropriate.

Professional reviewers are accountable for ensuring that the submitted information meets all legislative, policy and standards requirements (tests). In addition, the Ministry reviewers and decision makers must consider the appraisal data submission, the policies and procedures and other relevant information to enable determination of the stumpage rate and where appropriate providing a description as to why a given rationale was not deemed to be acceptable.

ABCFP is accountable for enforcing professional practice, holding members accountable and ensuring members are competent and qualified.

Licensees are accountable for ensuring that all legislative and tenure requirements are met. Licensees have an obligation that information submitted to government for use in determining stumpage is accurate and complete and that the information used to support the ADS will meet the requirements set by government.

Employers are accountable for ensuring professionals are able to practice independently under their ABCFP code of ethics.

Potential actions

- Maintain an effective ABCFP discipline process as a key element of the accountability framework.
- Review the *Forest Act* to ensure effective deterrents for the submission of inaccurate or incomplete information are in place.

- Establish clear accountability of all parties (Ministry, licensees, professionals and ABCFP) through policy, improved legislation, improved communication and manuals, to provide a more full understanding of responsibilities and improved processes.

5. *Trust amongst timber pricing professionals*

The 2010 Professional Reliance Survey indicates a lack of trust between government and industry/consultants. Further, there are concerns that advancing professional reliance will not increase the public's confidence or trust in professionals. Trust must be earned. Comprehensive measures such as the clarification of standards, improved professional competency, increased accountability, ministry verification processes aligned with the risks and demonstrated performance will contribute to increased levels of trust amongst professionals.

When the above framework principles are in place and functioning effectively it is expected that the information used to generate stumpage rates will be accurate resulting in improved levels of trust.

Potential actions

- Establishing a community of practice.
- Building respectful regard between all professionals through joint annual reviews and/or workshops.
- Ensuring field reviews include submitter participation.
- Strengthening communication between submitters and reviewers.
- ABCFP guidance on respectful regard.
- Developing a method to measure the level of trust between professionals.
- Improving the understanding of Professional Reliance.

Action Plan Utilizing the Professional Reliance Framework Key Elements and Tools

The following table identifies specific actions and tools that could be implemented to strengthen professional reliance. These actions collectively should increase the quality of cruising and appraisal submissions reducing overall risk, resulting in the need for less ministry review and verification.

Professional Reliance Model Options	Clear Performance Criteria	Competent, Informed Professionals	Effective and Efficient Verification	Strong Accountability Mechanisms	High Levels of Trust	Expected Benefit
<p>Current Model</p> <p>Inconsistent risk based reviews</p> <p>Verification is mainly done prior to stumpage rate determination by Districts and Regional SDM.</p>	<p>Pursue policy clarification as issues arise.</p>	<p>Certified Cruisers under ABCFP qualified practitioner status.</p> <p>Professional designation required for submission of appraisal data.</p>	<p>District and SDM verification utilize various risk based models.</p> <p>Verification primarily prior to stumpage rate determination.</p>	<p>Current ABCFP discipline process.</p> <p>Current <i>Forest Act</i>.</p> <p>Limited tracking and reporting of performance.</p> <p>Increased coordination with C&E.</p>	<p>Wide range in levels of trust but overall lower levels of trust.</p>	<p>No increase in workload.</p>
<p>Enhanced Operational Clarity</p> <p>(improved status quo)</p>	<p>Partial revision of manuals for technical improvements.</p> <p>Increased communication including Informal joint meetings.</p>	<p>ABCFP guidance document.</p> <p>ADS designated as a professional document.</p> <p>Professional qualifications and requirements for Appraisals through self-assessment declaration.</p>	<p>Coastal/Interior risk assessment schemes.</p> <p>Defined roles and responsibilities for reviews; ensure no duplication of review elements.</p>	<p>ABCFP accountability process (as opposed to formal complaint process).</p> <p>Review effectiveness of deterrents for inaccurate submissions under the Forest Act.</p>		<p>Reduced transactional cost to industry and ministry.</p>
<p>Strengthened Professional Reliance</p> <p>Verification is mainly done prior to stumpage rate determination but shifts to policy guided SDM direction.</p>	<p>Conduct mandatory joint training.</p> <p>Explore areas suitable for professional discretion and provide the bounds of this discretion.</p> <p>Full review and revisions of the appraisal</p>	<p>Approved quality assurance protocols in place.</p> <p>A more formal requirement such as Professional qualifications and requirements</p> <p>Professional qualifications:</p>	<p>Clear roles and responsibilities and no duplication of review elements between districts and regions.</p> <p>Increase data analysis of risk assessment by government.</p> <p>Standardized electronic</p>	<p>Full Tracking and reporting of performance.</p> <p>ABCFP practice reviews conducted on submitters and reviewers.</p> <p>Increased coordination with C&E.</p> <p>CP issuance linked to</p>	<p>Increased levels of trust that information is accurate and rates are correctly determined.</p>	<p>Simplified and more certain process.</p> <p>Reduced ADS reviews.</p> <p>Reduced transactional costs.</p>

	manuals.	Certificate of accreditation for Appraisals from ABCFP.	provincial risk assessment framework. System hard edits to flag obvious errors. Reduced verification with primarily the Regional SDM relying on QA protocols in place.	ADS quality.		
Enhanced Professional Reliance Verification mainly post stumpage rate determination and mainly directed by the Regional SDM.	Full review and revisions of cruising manual.	Approved third party quality assurance: Quality Management Process for employers. Professional qualifications and requirements: Certificate of accreditation for Technical Occupation.	Verification mainly post stumpage rate determination. Clear audit protocols and file retention. Rigorous Field and Office Audits.	ABCFP practice reviews. Audits tied to certification.	Increased levels of trust that information is accurate and rates are correct.	Minimal ADS review and increased audits.
Full Reliance Model Verification entirely on a post stumpage rate determination.		Formal, institutional accredited appraisal training.	Verification completely post rate determination.	Loss of certification	High levels of trust that information is accurate and rates are correct.	No review prior to stumpage rate determination. Extensive audits conducted.

Recommendations:

A “Trust but Verify” model where professionals are trusted to prepare cruising and appraisal work in a manner that satisfies the Province; the Province extends consideration based on this trust; and the Province verifies the consideration is deserved and that resulting stumpage rates are defensible. In order for this framework to work effectively towards a more fully functioning state, it is recommended that the **Strengthened Professional Reliance** (SPR) option be adopted. Specifically:

In the medium term, implement the suite of actions under the SPR option

- Adopt and implement SPR (full review and revision of appraisal manuals, conduct joint training, implement objective and enforceable practice standards, develop standardized and automated provincial risk assessment, track and report performance and implement system edits). Some steps from Enhanced Operational Clarity option will also be actioned to help achieve SPR.
- Model will move to reliance primarily on a MFLNRO Region verification process conducted prior to the stumpage rate determination that utilizes a provincially standardized risk assessment and level of verification commensurate with the risks. This may require a rationalization of ministry resources between Districts and regions.

In the long term: Review effectiveness of SPR and reassess the need and the cost/ benefits of moving to the Enhanced Professional Reliance option (EHR).

- Based on a review of the effectiveness of the SPR including a review of the levels of performance under SPR make an informed decision at that point on the potential move to enhanced professional reliance.
- Develop comprehensive audit process and protocols.
- Conduct a full cost/benefit analysis of moving from SPR to EHR.

Conclusions

The development and implementation of SPR is a measured approach within the trust but verify spectrum where reduction in risk and increase in accountability result in reduced levels of ministry verification. A future decision whether to move beyond SPR would be based on a thorough review of the results of implementing SPR and a full cost/ benefit analysis of further advancing the model.

In order to implement SPR a full commitment of resources is required from the ministry, industry and the ABCFP. A dedicated project lead is required to develop a work plan with timelines to keep all parts of the initiative progressing. The ministry/industry timber pricing technical groups have working knowledge and expertise to take the lead on some of the specific actions. A commitment to provide the specified information systems modifications is a key component of gaining efficiencies and advancing the professional reliance framework.

There is significant work and resources required up front while the benefits will occur in the future. If SPR is supported in principle than a detailed estimate of timelines and resources to implement this option would be a logical next step before committing to this work.

Appendix 1

Working group members:

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Appendix 2

Reference Documents

Standards of Professional Practice: Guidelines for Interpretation January 2010
From Concept to Practice July 2006
Core Issues and Recommendations for Improvement to Professional Practice in Appraisals and Cruising August 2008
Discussion Paper Appraisal Data Submissions and Professional Reliance 2006)
Risk Management 3001

Appendix 3

APEGBC by-law:

14(b)(1), *retention of complete project documentation which may include, but is not limited to, correspondence, investigations, surveys, reports, data, background information, assessments, designs, specifications, field reviews, testing information, quality assurance documentation, and other engineering and geoscience documents for a minimum period of 10 years;*

14(b) (2) *regular, documented checks of engineering and geosciences work using a written quality control process appropriate to the risk associated with the work;*

14(b) (3), *documented field reviews by, or under the direct supervision of, members or licensees, of their domestic projects during implementation or construction;*

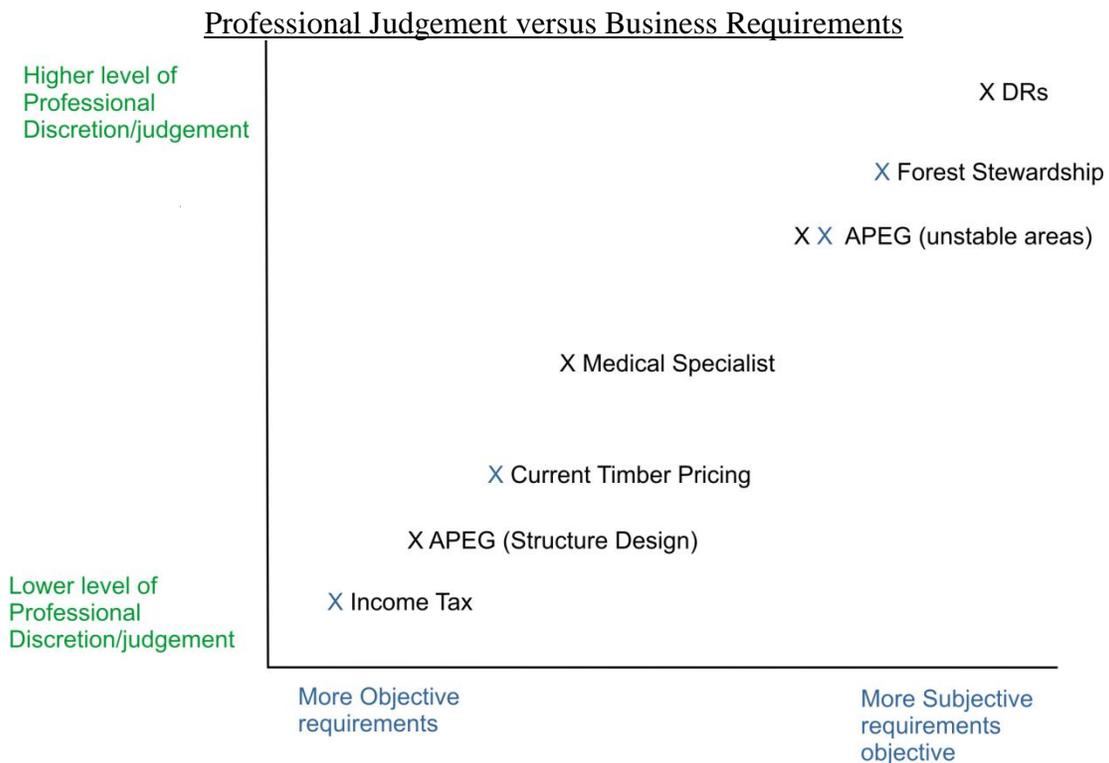
14(b)(4), *documented independent review of structural designs prior to construction by members or licensees having appropriate experience in designing structures of a similar type and scale, and not involved in preparing the design. The reviewer shall examine*

representative samples of the structural assumptions, continuity of gravity and lateral load paths, stability and detailing. Where appropriate, the reviewer shall perform numerical calculations on a sample of gravity and lateral force resisting elements necessary to satisfy any reviewer concerns. The extent of the review shall be determined by the reviewer based on the progressive findings of the review. This review and any follow up action must be completed before the documents are issued for construction.

The independent review of structural designs shall evaluate the construction documents to determine if the structural systems appear complete, consistent, and in general compliance with applicable codes. The structural review may be part of, but is not intended to replace, the regular checks required in 14(b) (2).

Independent review of each instance of repetitive designs of individual structural components is not required, but documented initial independent review and independent review at intervals is required to confirm the maintenance of design quality.

Appendix 4



*Table does not depict actual values but is only intended to provide an estimate of the relativity of these values.

This diagram shows the relative relationship of business models to professional judgement for various professions. On the left hand side/bottom are business models with more objective criteria and less professional judgement while on the right hand side/top more subjective criteria and more professional judgement.

Appendix 5: -

- Government direction (i.e. Sheldon / Friesen memo) restricts full functioning of professional reliance in Crown financial and revenue matters (this by extension impacts the professional practice of timber pricing, valuation and appraisals).
- Auditor General and the Office of the Comptroller General requiring government to have sufficient controls in place to provide “reasonable assurance that the revenue is complete and accurate” and the lack of direction to achieve this.
- *Forest Act* - S 105.1 says “inaccurate information” and not incorrect stumpage rate. This can lead to demands and expectations for data changes that don’t have financial impacts
- The perception that an appraisal is a “plan”.
- Perceived inconsistency in application of risk rating reviews at the District level. (Should all submitters be treated the same? Are they treated the same?)
- Require clear understanding and acknowledgment of the accuracy standard at the time of submission. An appraisal is a temporal assessment (i.e. a snapshot) of the forest planning/harvesting activities.
- Principles versus “rules” of timber pricing often conflict.
- High demands for perfection in a highly complex and administrative segment of the business. (Does an appraisal equate to a professional document?)
- Regional data collection of errors found in the appraisal submissions and Stumpage Advisory Notices and the financial impacts of these errors. (What’s acceptable?)
- Situations where trust and mutual respect between industry and government RPFs and RFTs is lacking.
- How much of today’s professional reliance issues are “mistakes in fact” as opposed to “mistakes in opinion”?
- Government staff’s willingness to change perspective and role and industry staff’s willingness to ensure a complete submission.
- Lack of accountability (1. member to member 2. association to member).
- Difficulty for staff (both industry and government) to have that “difficult conversation”.
- Impacts to policy framework brought on by SLA language and interpretation.
- Timber pricing and appraisals functions as an ‘interest-based’ practice (see Jeff Waatainen article in *BC Forest Professional*, Sept/Oct 2011).
- Does C&E have a role in appraisals? What is the role of C&E in appraisals? Is the desire of government to have Compliance as a first priority or Enforcement?
- Scope of application of professional reliance – the practice areas of professional forestry (pricing, valuation, appraisals) versus Crown revenue / Crown finances.

Appendix 6:

ABCFP Tool/Mechanism

Lowest
Cost
Least
Change



<u>ABCFP Tool/Mechanism</u>	<u>Description</u>	<u>Utility</u>
Status Quo	Appraisal works considered within Practice of Professional Forestry. No special standards or controls by Association.	N/A
Guidance document	Association practice guidance note for members working in appraisals. This is a soft communication that recommends members conduct works in a certain manner to achieve expected practice standards and to maintain or improve competency. Prepared by Association staff with registered members working in Industry and Government. The committee preparing the document will work by consensus. The document is forwarded to the ABCFP council for approval. Maintenance required from time to time. (e.g. annual) Auditing included with practice evaluations.	Guidance by council resolution will serve to set professional practice expectation, a measurable statement of what your peers expect of your practice. The guidance is not obligatory, and not intended to control the ultimate judgement of the professional. There will be a great deal of latitude in how professionals exercise their professional discretion. ABCFP members can choose to deviate from the guidance. They will require a rationale should their professional judgement be questioned. The guidance may not be adopted by all individuals. Flexible product that is easily maintained and updated. There have been many appraisal guidance documents in the past, ability to affect outcome may not be as strong as other tools May not provide sufficient improvements for government to place measurable weight on.
Professional documents	Association passes a bylaw that appraisals are Professional Documents. The bylaw would identify the specific components of ADS that are the practice of professional forestry and include practice standards/requirements for the behaviour and content of professional work e.g. content, quality, peer review, records, and rationales. Prepared by Association staff with registered members working in Industry and Government. The document is forwarded to the ABCFP council for bylaw (ratified by members). Maintenance required from time to time. (e.g. bi-annual) Auditing included with practice evaluations.	Serves to establish required level of practice. Enables vehicle for the association to communicate expectations in a stronger method than guideline by council resolution. Will ensure that industry appraisal processes are consistent, meet a certain standard and have gone through internal review prior to submission to government. Set expectation of record keeping which will have utility for audit by the profession. A decision is required regarding how strict and specific the bylaw should be. For example, a strict standard is more measurable by the regulator, whereas, flexibility and latitude for the professional is more difficult to measure. In either case they would have to be built in to the bylaw. Consequences for not following the standard are already in the <i>Foresters Act</i> . Applied by itself, the professional document may not achieve consistency-in practice.

General Accepted Principles	Association produces a set of rules for professional work in appraisals that all members practicing professional forestry in appraisals must abide by. This ensures	Generally Accepted Principles (GAP) are often enduring truths, such as a sufficient information is provided to ensure a monetary entry is clear
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	<p>consistency in calculation, reporting, review and audit of timber pricing matters. (an example is a policy that defined the timing of accuracy)</p> <p>Prepared by Association staff with registered members working in Industry and Government.</p> <p>The document is forwarded to the ABCFP council for bylaw (ratified by members).</p> <p>Maintenance required from time to time. (e.g. annual)</p>	<p>and understandable; b) all estimates are italicized and clarified in an attached ancillary rationale.</p> <p>However, GAP sections can exist for specialized industries and different possibilities exist:</p> <p>The GAP can be general and support other professional mechanisms.</p> <p>The GAP can be specific to ensure all measurements and estimates are conducted the same way.</p> <p>The GAP can be a very technical document in order to have specific application on the practice of professional forestry, be updated regularly, and contain authoritative pronouncements and specific compliance and disclosure interpretation from the regulators.</p> <p>May support ability to generalize in appraisal manuals.</p> <p>Moderately flexible to maintain and amend.</p> <p>Will likely improve trust between professional if variation in technical calculations reduced through improved understanding.</p> <p>May not result enough professional reliance improvements to allow government to play weight on as a stand alone tool.</p>
Practice Standards	<p>(Option 1) Association provides a guidance document for members practicing in appraisals. The guidance describes the skill set necessary to undertake timber appraisals including the relevant education, experience, continuing education and experience. Members self-assess their competency and practice in a manner that is consistent with guideline. Members self declare they have the necessary professional qualifications and requirements.</p> <p>Special committee of Association staff with registered members working in Industry and Government members prepare initial guidance.</p> <p>A member's qualification would be analyzed in a practice review or if there was a specific problem.</p> <p>Or...</p> <p>(Option 2) Certificate of Accreditation provided to those members who demonstrate competence by way of a professional portfolio of completed timber appraisals to a minimum standard. The completed portfolio is reviewed and signed by an existing QP. QP agrees to maintain documents (a) a practice log of appraisal submissions; (b) Authority reference – documenting review of CAM or IAM updates; etc,</p> <p>Approved by Council resolution under Sec 16.1.</p> <p>Maintenance required from time to time. (bi annual)</p> <p>Annual self assessment of competency would be required to the guideline.</p> <p>Increased frequency of practice reviews and Auditing included in practice reviews.</p> <p>(Option 3) See below a third option for QP managed by an Appraisal Board.</p>	<p>Increases the bar of professional practice by requiring members to self assess competency to a specific standards.</p> <p>Enables vehicle for association to communicate standards/practice expectations.</p> <p>Will ensure all members practicing in the field understand expectations around the practice.</p> <p>Will result in new name of those doing appraisal works (perceptions)</p> <p>Provides new consequence opportunity if build into practice reviews and complaint processes.</p> <p>May not affect change by itself, many current practitioners will be considered qualified under the new system.</p> <p>Increase the accountability for specific practice linked to appraisals</p> <p>As a stand alone tool, some weight could be place on it from government. In combination with other tools, more weight could be placed on it.</p>
Quality Assurance Program for Members: (a) Requirement for foundation	<p>(a) Association sets specific qualification for the education, training and experience of a member entitled to practice in this area.</p> <p>(b) Association currently has a voluntary Peer Review Process for members. QP's would be required to participate in the program each year.</p>	<p>Articulates the training and experience standard required for appraisals.</p> <p>Would fit well with idea of common appraisal training package.</p> <p>Produces measurable way to evaluate a professionals academic and experience background.</p>

<p>education or experience (b) Requirement for Peer Review of x% of Appraisals each year</p>	<p>Such QAP would apply to any member claiming to be a QP if it was a self-declaration or required if entitled to practice in a legitimate specialization. Prepared by ABCFP Staff with registered members working in Industry/Government. Approved by Council resolution under Sec 11 (1)(a.1). Maintenance required from time to time. (e.g. annual) Auditing included with practice reviews.</p>	<p>Enables engagement of Board of Examiners and Professional Practice Committees, enables/strengthens enforcement tools of PPC, possibly increases consequence of poor practice. As stand alone tool, weight could be placed on it, esp. if it is enabled with development of rigorous training.</p>
<p>Quality Management Process for Employers</p>	<p>Association sets up program to certify that Licensee professional employees perform appraisal duties to a defined standard. Participation by an employer is voluntary and leads to benefits of reduced revenue risk to government because of internal peer review and practice support by the employer. Association Board would set program, maintain program, conduct audits, and issue certifications. The framework of the program is forwarded to the ABCFP council for bylaw (ratified by members). The bylaw sets up guidelines for council and members to monitor and adapt the program. . Ongoing process would require incremental funds to operate the program.</p>	<p>This results in 3rd party voluntary evaluation of licensees and their employee's appraisal processes and practices. For licensees interested, this results in improved systems, empowered employees and consistent processes. Working with a multiple of employers would improve knowledge transfer to organizations and individuals. Routine 3rd party audits evaluate practices to maintain status. Systems have proven models (e.g. environmental management system certifications) that have earned public and government trust. Voluntary evaluation places incremental cost on those parties, costs not borne by membership. Government can place reasonable weight on those with approved Quality Management Processes.</p>
<p>Appraisal Practice Board</p>	<p>Association establishes a Board similar to the Forest Measurements Board with a mandate to manage professional practice in timber pricing. Board makes recommendations to ABCFP council to set standards for QP designation, standards for QP practice, provide guidance. Board work is continuous, requires support funding, volunteers. Large effort during start up creating structure. Ongoing work after start-up could also be substantial. View effort required similar to other primary boards: Professional Practice Committee and Board of Examiners. Boards have strong power to regulate practice. The role of the Board is dependent on the tasks that it is required to complete. ABCFP council can pass on any of its authority to a Committee it creates. This is most necessary where the council as a group could not have the requisite knowledge to manage the area of practice and the risk to public interest is high. The Board would be composed of volunteer participation from qualified members. Government representative appointment to the Board.</p>	<p>This results in a strong dedicated body to regulate the practice in timber pricing. Individuals may still self implement some standards and while other aspects (e.g. training) could be mandated. The Board could more easily reach into individual members practice to regulate than with status quo. Government could place much weight on members under a Board regulated practice.</p>
<p>Certification for appraisal practice</p>	<p>Association sets up appraisal practice as specialization including education and experience standards, certification examination, issuance of certifications, practice standards, practice controls, targeted practice reviews, practice enforcement. Certificate of Accreditation is required to practice. QP: Association provides a certificate of accreditation for timber appraisers. Only those members entitled to practice professional forestry and having the relevant</p>	<p>This is the strongest form of practice and in other professions is reserved for high risk practice activities (eg engineers – public safety for building structures; accountants' financial controls). The mechanism results in firmer control of practitioners by the Association through a Board that mandates requirements and evaluates individuals to ensure a foundation competence. Only those that meet required evaluation</p>



Highest
Cost
Largest
Change

	<p>requirements of the resolutions Sec 16.1. The Appraisal Manual would identify the requirement for signature and seal of the professional member timber appraiser. The certificate confirms education, training and experience for the practice of professional forestry and for the technical components related to the practice of professional forestry.</p> <p>Empowered through Board establishment via Bylaw amendment vote. Large resource requirement for both setup and continued operation through Association staff, specialized volunteers, funding. View effort greater than other primary boards: Professional Practice Committee and Board of Examiners due to issuing, maintenance, assurance of certifications. Approved by Council resolution under Sec 16.1 or the document is forwarded to the ABCFP council for bylaw (ratified by members) under Sec 9 (1)(b).</p>	<p>standards may practice. Very low occurrence of errors results. Significant consequence of poor practice (e.g. loss of certification) Government could rely heavily on members under a certification mechanism. Increase the respect and importance for the role of the timber appraiser. Protect the knowledge required to undertake the work. Greatest chance of changing the culture of the timber appraiser.</p>
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Chart Comments:

1. Gradient of Cost and Change is very general.
2. Cost and Change are often a one-time affect.
3. Commitment is required by the partners to effect change.
4. There are most likely variations on the mechanisms above.