

Nimkish Woodlands Advisory Committee Meeting
Minutes March 17, 2011
Black Bear Resort, Port McNeill, B.C.

Committee Attendees

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| Bill Nelson | Jack Miller | Ray Lutz |
| Peter Curtis | Ed Jackson | Gaby Wickstrom |

Advisors:

John Foster Michel de Bellefeuille

Facilitator: Annemarie Koch

Recorders: Michelle Beaulieu and Annemarie Koch

Safety Procedures and Introductions:

Annemarie Koch reviewed the safety procedures in case of an emergency. She then outlined the meeting objectives, namely to review the SFMP 11 final document, the 2010 annual report and have a general discussion amongst members.

Business Arising from the Minutes

Annemarie reviewed the minutes of the February 9, 2011 meeting. Annemarie then reviewed the nine action items identified in the February 9th meeting minutes.

Action Item 1: Move the target “*All cutblocks harvested over any 5 year period are consistent with management practices to address karst resources*” to be included under indicator 1.4.2. Michel de Bellefeuille indicated he would address this indicator during his presentation of the SFMP 11.

Action Item 2: Complete SFM Plan 11 by the end of the month. Michel de Bellefeuille highlighted that the plan has been completed and that he would hand out hard copies of the plan to the members before his presentation.

Action Item 3: Distribute formal survey regarding level of participant satisfaction with the public participation process. Michelle Beaulieu distributed a digital copy of the survey on February 17, 2011 in conjunction with the February 9th meeting minutes.

Action Item 4: Find a more suitable target for indicator 6.2.1. Michel de Bellefeuille indicated he would address this indicator during his presentation of the SFMP 11.

Action Item 5: Separate the target for indicator 6.4.3. into a two tiered target rather than one. Michel de Bellefeuille indicated he would address this indicator during his presentation of the SFMP 11.

Action item 6: Approach Shannon Janzen, Ray Robazza and possibly a representative from MARR to see if they would be available to address current progress regarding the treaty negotiations.

The action item was intended to be addressed after the March 17, 2011 meeting; therefore it will be carried forward and addressed before the next meeting.

Action item 7: Circulate the summary of indicators that are new, proposed to be dropped or carried over from the SFM Plan 10 to NWAC members for clear and easy reference of the changes.

Michelle Beaulieu distributed the summary of indicators on February 17, 2011 in conjunction with the February 9th meeting minutes.

Action item 8: Complete a summary of variables and current numbers used in the determination of the current status for Indicator 4.1.1. Net carbon uptake.

Michel de Bellefeuille indicated he has completed a handout to help describe the calculation and variables used and that he would review the summary when he addresses the indicator during his presentation of the SFMP 11.

Action item 9: Distribute pre and post code summary to NWAC members as referenced in Action Item #3 from the September 16, 2010 meeting.

Michelle Beaulieu distributed the summary of pre and post code slides on February 17, 2011 in conjunction with the February 9th meeting minutes.

Presentation of the SFMP 11 by Michel de Bellefeuille

Michel addressed the members indicating that he would begin the presentation by first addressing the action items in detail. He distributed a copy of the complete SFMP 11 (containing the 3 parts – SFMP 11, Appendix 1 and Appendix 2) to the members.

Michel directed the members to the karst indicator which is now a target under indicator 1.4.2 Protection of identified sacred and culturally important sites (as highlighted from action item 1). He indicated that the wording for the karst target is the same as in the SFMP 10.

None of the members had any questions or concerns with this indicator.

Michel then moved on to address indicator 6.2.1 Aboriginal knowledge of identified sources and values that are culturally important in order to address action item 4.

Michel highlighted that the new target for this indicator would be “100% of requested assessments by First Nations are completed prior to harvesting”. He reviewed what the target had been, and noted that, in previous meetings, members had indicated a lack of connection between the target and the indicator. The older target for this indicator was “The three local First Nations are afforded every opportunity to participate in the NWAC.”

Michel also reviewed the current status of the indicator for 2010 in which all requested assessments for blocks harvested in 2010 were completed prior to harvesting.

None of the members had any questions or concerns with this new target.

Michel reviewed indicator 6.4.3 (Capacity development and participation for Aboriginal communities) addressing action item 5. He highlighted that the target for the indicator has been separated into 2 targets (Target 1 – The list of efforts to engage the Aboriginal Communities in the SFM process annually) and (Target 2 – The number of training positions made available to First Nations is at least 1 per year). The differences from the previous target were solely re-wording in order to separate the target into two parts.

None of the members had any questions or concerns with this indicator.

Michel indicated in reference to action item 7 that a summary of changes between SFMP 10 and SFMP 11 (indicators) has been included in the SFMP 11 Appendix 2 page 2 of 118.

Michel provided a handout (action item 8) to help illustrate the variables that had been included in the calculation for indicator 4.1.1. Net carbon uptake. He explained that because the calculation is partially based on the forest inventory and that the inventory changes year to year due to growth and mortality of the trees, the indicator would need to be calculated annually.

Ray Lutz asked if elevation has been taken into account.

Michel indicated that yes, elevation is taken into account with the yield curves. He clarified that under the carbon removed portion of the calculation, 40% of products are defined as long term products and that the calculation takes into account the other 60% as short term products. The determination that 60% of products comprise short term products has been taken directly from research (California protocol). Michel went on to explain the fuel consumed portion of the calculation indicating that a tally of fuel purchased by WFP is broken down by product (i.e. diesel). He indicated that because we only know how much fuel WFP burns, not contractors, an extrapolation of the volume of fuel consumed/m³ by WFP has been applied to estimate the contractors' fuel assumption. Because the volume harvested by both WFP and contractors is known the extrapolation can be accomplished. Michel highlighted that this is an assumption embedded in the indicator's calculation.

Jack asked if all fuels types have been included.

Michel indicated that oils (lubricants) had not been taken into account as the majority are recycled while a smaller amount is burnt.

Jack indicated that he thought the calculation should include petroleum products and that perhaps the volume of petroleum products purchased could be weighted against the volume that is recycled in a given year to get the amount burnt.

Michel agreed to include this as an action item.

Michel highlighted some of the assumptions associated with the debris burned. One assumption is that the calculation assumes burn piles are 50% air and that they also apply the average species production for the year to estimate species composition within the piles.

He presented that if a broadcast burn were conducted in a given year, a consumption factor (m³/ha) would also be applied.

Michel presented the 2010 data for the indicator highlighting the small differences from 2009 could be partially attributed to the differences in the burn pile programs during those 2 years. 2010 had a significantly larger burn pile program than 2009.

John Foster added that the larger burn program was in conjunction the larger volume harvested in 2010 in comparison to 2009.

Gaby inquired in general about carbon credits, regarding when they are purchased, how people would know where their money is being invested, versus if they are being bought from companies who have extra credits.

Michel indicated that some of the carbon credits are bought as a donation and the money is invested in research or re-claiming previously forested areas or other such sites. He indicated there has not yet been a large development for carbon credits in Canada. He also pointed out that Paul Bavis and Shannon Janzen have been looking into options within the company regarding carbon credits. He also commented that the whole process of carbon credits, especially with regard to forestry has been largely political.

Michel went on to address the plan as a whole. He explained the SFMP 11 had three components:

- 1) SFM Plan – Michel highlighted that most of the original document had been preserved with regard to the description of the DFA; more information may have been added to help better describe the DFA. He explained there has been a new section included to reflect the broad management strategies implemented on the DFA. He highlighted that this section is similar to other WFP division's SFM plans but has been adopted to reflect the Nimpkish DFA.
- 2) Appendix 1 – Includes a VOIT (Values, Objectives, Indicators, Targets) table (similar to the table of commitments presented in the SFMP 10). Michel indicated this VOIT table is a good place to review the indicators as their descriptions, targets and variances are listed as well as the individuals responsible for the reporting.
- 3) Appendix 2 – Includes the complete description of the indicators, list of definitions and references.

Michel then opened the opportunity for any additional comments from the members.

Gaby said she appreciated the list of abbreviations included in the report.

Annemarie guided the members to the table of contents in appendix 2 and asked if there were any indicators in particular to the members we could review in more detail.

Currently the members had no additional comments or concerns.

Annemarie remarked that indicator 5.2.1 (level of investment in initiatives that contribute to community sustainability) target 1 (level of capital spending is greater than \$0 annually) seemed to be trying to set a financial goal.

John Foster discussed Capital spending (which is amortized) and Expenses.

Michel directed the members to review indicator 5.2.1 target 2 (Report the annual total value of goods & services spent in North Island communities as spending locally) showed a significant portion of the dollars spent locally on goods and services. He also highlighted the indicator 5.2.3 (level of direct and indirect employment) target 1 (number of full time company and contractor employees from local communities in the DFA is reported).

Gaby asked if “buy locally” was defined as Campbell River north.

Michel clarified that communities considered to be local included Campbell River and were shown in the graph “distribution of supply & service purchases.” He also clarified that the “Other NI at 16% included towns north of Port McNeill, including Port Hardy and Sointula.

Gaby added that while local businesses are trying to be competitive WFP is also trying to be competitive and that there has to be an acknowledgement on both ends regarding maintaining competitiveness.

Michel commented that the local businesses seem to be doing well with regard to getting business from WFP Englewood as reflected in the indicator’s results, especially when the fuel is being purchased from Port McNeill.

Michel asked the members if they had any other comments. He also indicated that there would be some small formatting touch ups.

Annemarie asked the members how they would like to address adopting the plan as the full version had only recently been available.

Michel indicated that the plan needs to be submitted by the end of the month.

Annemarie asked the members if they could give conditional acceptance to the plan and leave the remaining week open (until the 24th) for any additional comments or questions.

Members agreed to conditionally accept the annual report as presented and thanked Michel for his presentation and hard work.

John Foster clarified that the plan is meant to evolve with suggestions for improvement as the year continues and that any suggestions would be more than welcomed as we learn more from the implementation of the plan.

Presentation of the 2010 Annual Report by Michelle Beaulieu

Michelle thanked everyone who helped her with the annual report, including her colleagues at WFP.

Michelle reviewed the annual report for 2010, noting she would touch on the indicators that were not met, significant achievements, and indicators that might require some clarification and she would then invite members to ask specific questions about the report.

Michelle noted that 49 of 50 indicators had been met and that there had been general improved performance over the past three years.

She noted that the one indicator that was not met was # 33 harvest profiles by area for: economic operability, logging type, tree species and stand type.

She explained how this was not necessarily a bad thing, as it was related to the helicopter logging type, and was only outside the acceptable range by a small amount.

Jack asked about the requirement that the helicopter logging type include hemlock/balsam as well as the fir and cedar profiles that are harvested.

John provided some history on the partitioning of species harvested by different means and explained that there was an issue with the economic viability of harvesting hembal using helicopters, because helicopter logging is so expensive. He noted that helicopter logging is only viable when there is a good percentage of high value timber.

He noted that Canfor had in the past, requested a partitioning of the AAC between hembal-heli and other logging types due to the increased economic constraints associated with hembal-heli ground. He noted that this suggestion was clever on the part of Canfor because if there was an undercut they could identify if the undercut was from not harvesting the hembal-heli type. This could have been advantageous if the government decided to re-allocate the volume undercut. The government would then have to re-allocate the hembal-heli undercut volume if that is what the undercut was attributed to. Unfortunately, the government did not agree to a formal partition but did agree to the notion of a partition.

There was a discussion of the lower profitability of hemlock and balsam and John noted that timber that did not seem viable this year but might very well be worth much more in a few years, depending on market conditions.

It was noted in the SFMP that the hembal heli is broken out from the regular helicopter logging type.

Michelle went on to talk about some significant achievements in 2010. She noted that Indicator 20, related to control of operationally caused fires, was met and that the incidence of such fires was down considerably from previous years. She noted that this indicator was one of the indicators that over the past few years was difficult to achieve.

She noted that meeting Indicator 39.5, a positive EBITDA, was a truly significant achievement for WFP as a whole, as this was the first time in four years that the indicator had been met. She also noted that this EBITDA did not specifically reflect Englewood's performance.

Bill noted that he would still like to see the indicator better reflect economic conditions within the DFA.

Michelle added that there had been no non-compliances in riparian areas.

Michelle noted that, in spite of the big storm event in September, the indicator and target related to landslides was still met. Gaby asked whether the indicator related to naturally caused landslides or operationally caused landslides. Michelle noted that the indicator related to operationally caused slides and added that, if the event originated from a road or cutblock, it might more generally be attributed to operational causes.

John noted that it should be understood that landslides are a natural geological process and that human activities while not intended, could contribute to the occurrence of landslides. He noted that there are lots of management options that WFP Englewood takes to help minimize the operations influence regarding the natural geological processes.

Jack noted that the number of landslides had been reduced substantially following the Forest Practices Code as seen in the summary provided from previous meetings.

Michelle reviewed indicator 23, salvage of damaged timber and the issues related to windfall. She noted that there had been some serious windstorms in 2010 that resulted in a minor (1.24ha) of damage timber having to be salvaged.

She noted that WFP Englewood does assess potential windfall risk before harvesting however there could be some natural events that would cause windfall and that this type of occurrence could only be managed as best possible.

Michelle went on to review some indicators that might require some clarification given how they had been reported on in the 2010 annual report, including special habitat features such as bear dens. She clarified how the indicators are managed for and how the indicators had been evaluated. She indicated that features that require managing are identified before and during the engineering of the area, during the Site Plan when management options or directions are included in site specific reports are formalized in the final Site Plan report. The management strategies are then transferred to the Harvest Instructions, Road Instructions along with their maps that are then communicated to the crews completing the harvesting and/or road building. The indicators are evaluated on the fact that the management strategies have been consistently addressed through out the entire process. The final evaluation to indicate the management strategies have been met is determined from the Post Harvest survey.

She noted that a few of the indicators, only a portion of the blocks with identified management strategies could be reported on because some of the blocks did not have post harvest surveys completed. She clarified that this was in part due to blocks with later harvest completion dates.

Michelle noted that while the Environmental Management System (EMS) targets completion of the post harvest surveys within an ideal time period of 6 weeks from the final cutblock inspection but not longer than a 6 month period. She noted that the blocks with special habitat features that couldn't be reported on due to the post harvest surveys, the results will be carried into the next annual report.

Michelle reviewed the definition of significant areas and forest disease control.

She talked about surveys to identify root rot pockets, for example, and whether management strategies might warrant special planting treatments highlighting that the final assessment for consistency with management strategies could not be completed until planting had been completed. She noted that a few blocks with identified management strategies for forest disease control had not been planted but are scheduled for planting this spring (2011) or next and that the numbers will be updated according to the dates planted.

Michelle reviewed the soil disturbance indicator and karst and visual quality indicators and noted that these are all evaluated the same way in post harvest studies.

Michelle reviewed the indicator related to the management of cultural features and noted that, up until now, the process of managing for those features had not indicated any inconsistencies with management strategies to address cultural features and that there shouldn't be any problems meeting the target, but again could not be reported on until the post harvest surveys were completed.

Michelle asked if members had any questions about the annual report.

Jack asked if the UWR areas had diminished over the years. Ed noted that the boundaries had been changed from the original boundaries as they became legally established. John noted that UWR's that are legally established are generally set in stone and not likely to change very much.

Michel referred members to the new SFMP 11 and noted that the UWR's were still high. Michelle referenced the work of Sue McDonald and her previous presentation to NWAC.

Peter asked about carbon uptake. Michel noted that old growth was neutral, and that age 24-45 years or so was best for taking up carbon.

There was a discussion of respiration and oxygen. There was a discussion of the difference in carbon uptake by different species. Michel noted that this was determined through bulk density studies.

Jack asked about EBITDA and wondered whether the positive number in 2010 included the sale of private lands. It was noted that this was likely the case. Jack noted it would be interesting to see a breakdown of the different areas of profit and loss, in that it would help to direct improvements in the economic picture. He noted that it's fine for crews to do more, but it was better if they could see results somewhere as they would be able to better make the connections regarding changes.

It was noted that the philosophy of the CEO had a great deal to do with how numbers are reported. There was a discussion of how the accounting system does not take individual factors into consideration.

Michel noted he would try to get down to the Timberlands portion and get some figures that were closer to home.

Bill noted that he did not see EBITDA answering any questions on the ground to community members or to the workers in the DFA. He noted there had to be a figure that better indicator of economic health within the DFA.

There was a discussion of possible replacements for a local 'EBITDA', for example, purchase of goods and services within the DFA. It was noted that a person could tell which divisions were doing well on the basis of the equipment they had.

Bill noted there had to be a better measure for economic health on the ground, within the DFA. He said that EBITDA really did not reflect anything within the DFA.

Michel agreed to separate out Timberlands from Manufacturing.

There was a discussion of alternatives, including stumpage payments, but it was noted that this was misleading.

Jack noted he would like to see the numbers and that WFP's annual report should say whether Englewood made or lost money last year and what are the costs of production. He noted that that answers to these questions were critical to generating greater productivity.

There was a discussion of whether relative production costs could be discussed with crews. Bill suggested some kind of baseline comparable over a period of years.

Members agreed to accept the annual report as presented and thanked Michelle for her hard work.

General Discussion

Participant Satisfaction Surveys

Michelle referenced indicator 6.4.1 and noted that the response to the surveys was good and thanked everyone who participated. She pointed to opportunities for improvement, including more presentations and efforts to get new members, including advertisements and discussions with individuals with interests in the Nimpkish Valley. It was noted that Michael Berry was interested in joining NWAC. Michelle encouraged members to recruit new members. She also asked for recommendations for speakers at the meetings.

Michelle noted that a presentation during forestry week might help to reach some new people.

It was noted that new government representatives needed to be recruited. John noted that there was an Englewood newsletter that might be of interest to NWAC members. He asked whether members wanted to be on the mailing list.

Action Item 1: To include the volume of petroleum products purchased and the volume recycled in a given year to the calculation of indicator 4.1.1 (Net carbon uptake).

Responsibility: Michel de Bellefeuille

Due Date: Reporting the indicator with the included calculation taking into account petroleum products will be included in the first annual report under SFMP 11.

Action Item 2: Approach Shannon Janzen and/or Paul Bavis regarding presenting any new developments with regards to carbon credit trading/purchasing.

Responsibility: Michelle Beaulieu

Due Date: Before the next scheduled meeting.

Action Item 3: Send out WFP Englewood newsletter with the minutes from the March 17, 2011 meeting, with instructions on how members can sign up if they wish to.

Responsibility: Michelle Beaulieu

Due Date: Send out with the March 17, 2011 meeting minutes.

Action Item 4: Come up with a more meaningful indicator than EBIDTA for the SFMP for the DFA.

Responsibility: Michel de Bellefeuille

Due Date: Ongoing

Action Item 5: Recruit replacement government representatives, e.g. for forestry, environment and parks. Provide an update to members during the next meeting.

Responsibility: Michelle Beaulieu

Due Date: Next schedule meeting provide update

Action Item 6: Approach Shannon Janzen and possibly a representative from MARR to see if they would be available to address current progress regarding the treaty negotiations.

Responsibility: Michelle Beaulieu

Due Date: Before the next scheduled meeting.

Adjournment:

The meeting adjourned at 9 pm with the proposal of the next meeting to be May 26th, 2011 and that a presentation on treaty negotiations, carbon credits and karst be considered.