

Nimpkish Woodlands Advisory Committee and Vancouver Island North Woodlands Advisory Group

Annual Joint Meeting

Meeting Notes

May 23rd, 2019

Attendance: Shannon Janzen (Chief Forester, WFP), Clint Cadwallader (Regional Manager, WFP), Jon Flintoft (Senior Operations Forester, TFL 6, WFP), Kelly McMahon (Area Forester, CIFO, WFP), John Tidbury (District of Port Hardy, VINWAG), Pat English (Local Government, NWAC), Derek Koel (Town of Port McNeill, NWAC), Rod Sherrell (RDMW, NWAC), Paul Barolet (Advisor, MoFLNRORD), Patrick Donaghy (Local Government Alternate, VINWAG), Jennifer Case (Local Suppliers Alternate, VINWAG), Chris Read (Aquaculture, VINWAG), Jack Miller (Labour, NWAC), Fred Robertson (Education, VINWAG), Dave Trebett (Tourism and Recreation, VINWAG), Cam Brady (Karst, NWAC), Steve Lacasse (Environment, VINWAG/NWAC), Adrian Pendergast (Education, NWAC), Mike Green (Mount Cain, NWAC), Rob Shambrook (Operations Manager, WFP, Englewood), Sebastien Lecours (Operations Planner, WFP, Englewood), Ray Harper, (Labour, VINWAG)

Regrets: Chris Bowden-Green (NWAC, Community), Mayor Gabrielle Wickstrom (Town of Port McNeill, VINWAG), Tom Doak Dunelly (General Public, VINWAG), Kindry Mercer (Manager, Regional Initiatives, WFP), Jon Lok (Small Contractors, NWAC), Vince Case (Local Suppliers, VINWAG), Elizabeth Aman-Hume (Port Hardy Business, VINWAG), Gunnar Wigard (Contractors, VINWAG), Stu Ellis (General Public, NWAC), Trevor Egely (Large Contractors, NWAC), Damaris Sadler (Port McNeill Chamber, VINWAG)

Facilitator: Annemarie Koch

Notes: Kelly McMahon, Jon Flintoft, Annemarie Koch

Annemarie reviewed the safety procedures with the group. She then opened the meeting by welcoming everyone, thanking them for attending and asking them to introduce themselves.

Annemarie then reviewed the objectives of the meeting, namely to hear a presentation and have a discussion with WFP Chief Forester Shannon Janzen about the future of CSA certification on North Island DFA's, hear an update from WFP Regional Manager Clint Cadwallader on the Englewood Forest Operation and have an open discussion with WFP representatives.

Annemarie invited WFP Chief Forester Shannon Janzen to open the meeting with her presentation on the future of CSA certification on North Island DFA's.

Shannon Janzen, Chief Forester, WFP: *The Future of CSA Certification on North Island DFA's*

Shannon noted that WFP was committed to CSA certification as long as there was a forestry standard under CSA. She stressed that WFP values the work of public advisory groups and will continue to work with the CSA certification as long as the standard exists and there isn't an

unforeseen cost that would not support continuance with the Standard. She explained that the public advisory component of CSA is valued by the company and was one of the reasons WFP initially chose CSA over the other certification schemes. She thanked members of the public advisory groups for their dedication and commitment to the process for over 20 years now.

Shannon noted that, should the CSA standard cease to exist, WFP would want to find a way to maintain the values realized through the public advisory process. She noted that a commitment would be there to maintain the role of public advisory groups and the challenge would then be to establish a structure for them to operate and provide input, in the absence of the certification framework.

There was a discussion of whether there was a cap on the membership of the public advisory groups and it was noted that the Terms of Reference allow for a broad range of membership. Derek asked why there was no representation on the committee from members of the Sierra Club, for example. It was noted that representatives were welcome but that the emphasis was on bringing in people who were local and would attend meetings regularly. Steve noted that he was willing to take input from groups like the Sierra Club and would, as the environment sector representative on the public advisory group, bring it forward.

There was a discussion of whether the public advisory groups might be part of a response to a push to ban old growth harvesting on Vancouver Island.

There was a discussion of the future of CSA certification generally. It was noted that a number of companies, including Canfor, have moved away from CSA certification and the 'critical mass' of the CSA standard seems to be eroding. It was noted that, at present, there is value in having CSA as a third form of certification but the standard may not survive the continuing drop in membership.

It was noted that CSA might review whether it was worth continuing the standard at the next update to the standard, sometime over the next few years.

It was noted that Canfor may have retained some of their public advisory groups after they pulled out of CSA certification. It was noted that companies using SFI have been known to retain their public advisory groups but how this is done and whether the groups are connected to certification is up for discussion.

There was a question around WFP's move away from strictly supplying its own mills into export markets again. It was noted that the commodities market had dropped and that this was affecting the profitability of the mills such that export of wood was needed to support harvesting and continuance of lumber production at the mills where conversion costs can be covered.

It was noted that hemlock had been used for road-building material in the oil and gas industry but that demand for this product had declined recently along with more China hemlock commodity lumber markets.

It was noted that high log harvesting costs on the coast and ongoing weak pricing in the Chinese lumber markets had prompted the need to look at other ways to utilize hemlock logs including a targeted log export program.

There was a discussion of the Japanese market and how the government there is supporting through subsidies local harvesting and manufacturing of Japanese tree species. It was noted that this has resulted in a drop in demand for BC-wood products in Japan and this is affecting the hemlock lumber market for the coast.

There was a discussion of how the log export market works and which species are eligible for export.

There was a discussion of limited production at Englewood and how the loss of wood from this operation was affecting WFP's manufacturing facilities as 100% of the trees harvested from WFP's east coast operations continue to be directed domestically.

There was a discussion of how barging operations on the west coast work and what they cost.

There was a discussion of the relative benefits and costs and challenges of establishing a manufacturing facility on the North Island including the challenge of the diverse species and diameters, need for scale and proximity to lumber markets including shipping for finished products. The discussion continued around opportunities and challenges of establishing smaller scale manufacturing facilities.

There was a discussion of the potential use of waste wood to generate products such as wood pellets.

There was a discussion of the supply and cost of accessing pulp wood on the coast.

There was a discussion of the effects of the Coast Revitalization Strategy on costs of managing wood waste. It was noted that WFP is, and has been, looking at alternative uses for the wood waste but that it would take some time to develop and implement strategies around this recognizing that the company is encumbered by pulp fibre agreements on its tenures. It was noted that the establishment of fibre recovery zones by the Province would affect economics of the industry.

There was a discussion of an initiative at the Port Alice mill to utilize wood waste.

It was suggested that one of the approaches to address higher stumpage rates associated with the Coast Revitalization Strategy might be to bring wood waste to roadside. There was a discussion of costs of moving wood to roadside from harvested settings (relative to pulp and wood waste pricing) and the balancing act in leaving enough coarse woody debris on the DFA.

It was noted that one of the unintended consequences of the fibre recovery zones might be to have fewer operable stands and less jobs in the industry as cutting permits become margin negative due to increased stumpage in fibre recovery zones.

There was a discussion of proposed changes to the Forest and Range Practices Act.

There was a discussion of the impacts of higher stumpage costs on harvesting plans, and the log export influence in the stumpage equation occurring in the face of lower lumber prices.

There was a discussion of how 'grade history' affects stumpage costs over time.

Clint Cadwallader, Regional Manager, WFP: EFO Update

Clint noted that Rob and Sebastien were welcome to join him in providing an update on the Englewood Forest Operation.

Clint noted that operations at Englewood had been challenging recently. He acknowledged the hard work that employees had done at Englewood in terms of dealing with safety and production standards. He noted WFP and First Nations are working together and are making progress in re-defining a planning process that works for both parties.

Clint noted that the fibre recovery zones had presented an additional challenge to Englewood to maintain production levels. He added that WFP continued to believe in the long-term viability of the Englewood operation through working with First Nations. He noted that the company was conducting a robust financial analysis of what harvesting plans and operations could look like in 2020.

Clint noted that a number of measures have and continue to be taken to mitigate the reduction in production in 2019, including working actively with First Nations and communicating with various levels of government to continue working with the company and First Nations to ensure the Englewood DFA can be managed sustainably into the future.

Clint noted that it was too early to answer the question of what the chances are that Englewood will be operating in 2020. He noted that efforts were being made to add to the pool of volume available for harvesting in the near term. He stressed the importance of workers maintaining personal safety and of ongoing dialogue with First Nations. He stressed that management was fully committed to making Englewood successful.

Rob added crew members were passionate about maintaining operations at Englewood.

Rob noted that a company had been selected to undertake decommissioning of the railway and that work was scheduled to start sometime in June. It was noted that most of the land occupied by the railbed might go back into the forest land base but that there would be ongoing discussions with organizations like the regional district about what to do with the railbed and rights of way. It was noted that the trestles were not scheduled for removal at this point.

There was a discussion of what parts of WFP's North Island DFA's are covered by the fibre recovery zones. It was noted that all of Englewood and about 50% of TFL 6 is covered by fibre recovery zones.

Open Discussion:

There was a discussion of what and whether there was anything public advisory groups could do to assist with the challenges at Englewood. It was noted that it was important to continue communication and dialogue with government representatives and for WFP to remain open and transparent about what is going on in the DFA.

It was noted that there was a great opportunity for WFP and North Island communities to be leaders in working with the First Nation to find a way forward in working in the industry on the North Island.

It was noted that there was huge value in public advisory group members understanding and communicating issues in sustainable forest management.

There was a discussion of the expectations of First Nations and the value of having the Provincial government talk to the PAG's about, for example, what they see as a framework for treaties and reconciliation in the context of forest policy.

There was reference to the partnership on TFL 44 as one model for moving forward, and it was noted there might be another model for moving forward on the North Island.

There was a suggestion that indicators, e.g. around cut control, be reviewed to address factors WFP has no control over or ability to change.

There was a discussion of how indicators had been developed to allow for some flexibility to address market changes, for example, to ensure that values like community stability be maintained. It was noted that this flexibility seemed to no longer address some of the changes that are increasingly beyond the control of the participants in the CSA certification process.

It was suggested that public advisory groups might want to talk about how to address the need for flexibility or provide explanations to deal with indicators where factors beyond the control of the company were influencing whether the target had been met.

There was a discussion of what happens when the company doesn't meet cut control. It was noted that the overall objective of cut control and the associated indicator was to maintain stable employment and stable communities.

There was a discussion of the practical challenges of administering the fibre recovery zones.

There was a discussion of the forestry education initiatives on the North Island. It was noted that forestry education comes up for discussion often at the senior management level at WFP because of the pressing need to address the ageing workforce.

There was a discussion of whether incentives could be put in place to support forestry education at the local level, e.g. to hire graduates of the Forest Academy Program or the Forestry Fundamentals Program.

Fred Robertson noted the Festival of Forestry Tour was coming to the North Island this summer and he invited members of the public advisory group to attend a dinner and enjoy a debate at the Quatse Salmon Stewardship Centre on July 10th.

There was a discussion of the Forestry Fundamentals Program in Woss and the challenge of finding funding for the program next year. Pat English noted that the Vancouver Island North Training and Attraction Society was putting together a proposal to the Standing Committee on June 13th and he asked for ongoing support from WFP in this process.

It was noted that WFP's continued support would be based on the ongoing value of the program to the industry. It was noted that graduates of the program are spread throughout WFP's operations.

Annemarie thanked Shannon and Clint for their presentations and thanked other representatives of WFP in attendance: Sebastien Lecours, Rob Shambrook, Kelly McMahon and Jon Flintoft for their support, and members of the public advisory groups for their ongoing commitment to the CSA process.

Next Meeting

Annemarie noted that the next regularly scheduled meeting for VINWAG was Thursday, June 27th when the main topics would be a presentation on the innovative uses of LiDAR, report out on the external audit, annual review of the Terms of Reference and discussion of the September 13th field trip itinerary; and that the next NWAC meeting was scheduled for October

3rd when the main topics would be a presentation on the innovative uses of LiDAR, distribution of the annual participant satisfaction survey and annual review of the Terms of Reference.

Annemarie thanked everyone for participating and wished everyone a safe drive home and a good night.