

**VANCOUVER ISLAND NORTH WOODLANDS ADVISORY GROUP
(VINWAG)
Western Forest Products Inc.
Community Advisory Group
Minutes of Meeting November 28th, 2013**

Attendance:

Jon Flintoft, WFP	Fred Robertson, Education
Dave Trebett, Tourism and Recreation	Dave Steele, WFP
Steve Lacasse, Environment	Ben Trerise, Fish and Wildlife
Patrick Donaghy, Local Government	

Presenter: Darren Rowsell, MOFLNRO**Regrets:** Tom Doak-Dunelly, General Public, Paula Galloway, Aquaculture, Ione Brown, NICFLP, Lisa Lenarduzzi, Small Contractors, Jeff Houle, Small Contractors, Josh Heibert, Large Contractors, Gaby Wickstrom, Local Government**Observers:** Scott Mitchell, Woodlands Manager, BCTS, Andrew Mitchell, NISS Field Studies student, Gord Muir, GDF Suez (Cape Scott Wind LP), Clint Cadwallader, Operations Manager, Holberg**Advisors:** Paul Barolet, Stewardship Officer, MOFLNRO**Chairperson and Facilitator:** Annemarie Koch**Minutes taken by:** Jon Flintoft and Annemarie Koch**1.0 SAFETY AND INTRODUCTIONS**

Annemarie welcomed everyone to the meeting, stressed the importance of safety in WFP's operations and reviewed the procedures to follow in the event of an emergency. Annemarie reviewed the objectives of the meeting, namely to review the minutes and action items from the previous meeting, hear a presentation by Darren Rowsell on the appraisal process and calculation and purpose of stumpage and royalty payments, confirm the draft 2014 meeting schedule so it can be posted on the PAG website, hear a presentation from VINWAG advisor Paul Barolet on how to access information on proposed harvesting activities adjacent to the DFA that are outside WFP's jurisdiction and ask a BCTS representative in attendance about BCTS harvesting activities and other issues of interest to VINWAG members, distribute and respond to the annual participant satisfaction survey and confirm the date of the next meeting.

Annemarie invited everyone to introduce themselves for the benefit of the presenter, and new observers who were attending the meeting. She welcomed NISS student Andrew Mitchell and thanked him for responding to an invitation from education sector representative Fred Robertson to attend. She also welcomed new Fish and Wildlife representative Ben Trerise, and alternative energy sector observer Gord Muir, and noted large contractors' representative Josh Hiebert had sent his regrets. She referred members of VINWAG to the maps Jon had posted on the wall showing WFP's proposed harvesting activities in the DFA and the various tenures adjacent to WFP's DFA, including forestry and other uses such as alternative energy, recreation and settlement areas.

2.0 REVIEW OF LAST MEETING MINUTES AND ACTION ITEMS

Annemarie asked if there were any comments on the minutes of the October 24th meeting and reviewed action items requiring updates or immediate attention with members and the results of the discussion are summarized in the table below, along with the addition of 5 new action items developed during the course of this meeting. For the benefit of new members, Annemarie noted that she would be assuming all members had read their minutes and would not be taking additional time to go through them at the meeting, other than to deal with questions, changes and action items. Action items that were completed were dropped from the list and revised indicators were retained as modified.

ACTION ITEMS					
#	Item	Responsibility	Initiation Date	Target Date	Completion Date
106	Carry over old Indicator 38, number of new hires as a locally developed indicator and make the target a reporting out initially	Jon Flintoft	September 22, 2011	Next SFMP Update	
124	Draft new target for volume of wood sold locally, for Indicator 6.3.1 that connects requests with volume	Jon Flintoft	June 14,2012	Next Annual Report	
137	Continue to develop an appropriate target for Indicator 5.2.3, level of employment	Jon Flintoft	April 11,2013	Next Annual Report	
138	Find a way to footnote ongoing changes to the Terms of Reference	Annemarie Koch	April 11,2013	Next update to Terms of Reference	
140	Follow up on engaging youth in SFMP	Fred Robertson/Jon Flintoft/A. Koch	June 27,2013	Ongoing, in 2014	
146	Post Mike Davis' presentation on the PAG website	Jon Flintoft	October 24,2013	As soon as possible	
148	Look into presenters on climate change	Steve Lacasse	October 24,2013	Sometime in 2014	
149	Confirm a presenter to address WFP's succession plans and strategies for addressing employment needs in future	Jon Flintoft	October 24,2013	Sometime in 2014	
151	Invite Wayne Gurney to sit as the Fish and Wildlife alternate	Dave Trebett	November 28,2013	February 20,2014	
152	Invite a MOFLNRO representative to further discuss the role and purpose of stumpage	Annemarie Koch	November 28,2013	Sometime in 2015	
153	Confirm Pat English and Andrew Ashford as speakers	Patrick Donaghy, Paul Barolet, A. Koch	November 28,2013	February 20,2014	
154	Post 2014 meeting schedule on the PAG website	Jon Flintoft	November 28,2013	As soon as possible	
155	Send Paul's presentation out with the meeting minutes	Annemarie Koch	November 28,2013	Send with the meeting minutes	

Annemarie noted that action items 139, 144,145 and 147 would be addressed during the meeting. She referenced the wall map Jon had posted for review during dinner asked if anyone wanted to comment on or ask questions about WFP's proposed harvesting plans in the DFA.

Annemarie stated that, further to action item 140, Fred had invited NISS student Andrew Mitchell to attend the meeting and added that Fred would be following up on other ways to engage younger people in the development of the SFMP. She noted that Jon would be addressing action item 146 after he worked out some technical issues with the website, and that she had followed up on action item 150 and

Josh Hiebert would be representing large contractors and Joli White had agreed to sit as a tourism and recreation sector alternate, subject to approval of her appointment by the Vancouver Island North Tourism Advisory Committee.

Annemarie added that, unless members of VINWAG wished to discuss any of these items, and unless there were any comments or changes, she would ask members to adopt the minutes of the previous meeting.

Dave Trebett said he would approach Wayne Gurney to act as an alternate for the fish and wildlife sector.

The minutes were accepted as circulated.

3.0 CALCULATION AND PURPOSE OF STUMPAGE AND ROYALTY PAYMENTS: DARREN ROWSELL, REVENUE SUPERVISOR, MOFLNRO

Annemarie introduced the speaker and reminded VINWAG members that the request for a presentation on the current appraisal process and calculation and purpose of stumpage and royalty payments had been a longstanding one, and she thanked Darren for coming.

Darren noted that all timber in B.C. comes from a tenure of some kind and each one has a timber mark associated with the timber that is cut. He noted that the timber mark is the source of information for how stumpage is calculated. Darren pointed out that almost all timber on public and private lands has to be scaled, unless an exemption is granted.

Darren discussed some of the different forms of appraisal that are used, and the factors taken into consideration, including value of timber, and costs of road construction.

Darren noted that road building and other development costs are calculated and then a valuation on the timber is made and then stumpage is calculated in dollars per cubic metre. He pointed to other write-offs that are considered in addition to road costs, including silviculture costs and tree crown modification.

Darren reviewed how some of the cost factors had changed over the years, eg. for road costs. He discussed how negative stumpage rates can come about and how there is a minimum stumpage rate of 25 cents where the negative stumpage applies.

Darren noted that 90% of the cutting permits on the coast were at 25 cents per cubic metre as of three months ago. Dave acknowledged that it made sense that there was a preponderance of negative stumpage rates in view of increasing harvesting costs in, for example, high elevation sites.

Darren acknowledged that there are factors that can be adjusted in stumpage, based on political and economic considerations. He added that stumpage rates would be going up generally as of January.

Darren noted that of the 10 million cubic metres on the coast to be logged annually, there was an average stumpage revenue on the coast of \$60 million and that this figure was anticipated to go up to \$80 million next year, on average.

Darren noted that stumpage calculations and recommendations are submitted to government for review. He noted that spot checks are done to see how accurate the estimates are. The information is then submitted to the regional office, where a rate is generated and then passed on to the licensee, who decides whether they are going to log or not.

Darren noted a cutting permit is offered if the company decides to proceed. Harvesting then proceeds and the logs are ultimately scaled. He added that all wood in B.C. gets scaled, except where exemptions are given, eg a small package of timber on private land (generally less than 50 cubic metres). Darren discussed why private wood needs to be scaled, noting that it is part of the timber base on a provincial basis.

Patrick asked about beach wood, noting it would likely have been scaled already. Darren noted that beach combed wood would likely have the minimum stumpage rate on it if no roots attached. If roots are attached, it's \$7.25 cubic metre. He noted that there would likely be 5,000-10,000 metres from the Knight Inlet slide that would generate good revenues for the salvager and good stumpage revenue for the government.

Steve noted that costs vary among tenure holders, especially with the number of smaller operations resulting from the break-up of tenure created by take-backs etc. He asked whether stumpage was adjusted to account for this and noted that he felt that this likely results in reduced stumpage for the government overall.

Darren noted that BCTS wood is appraised differently, adding that once the write-offs are put into the equation, the bid price is used to calculate the stumpage rate.

Steve noted that part of the group's focus is to get the best value for the timber in this area. He noted that, if WFP was giving up tenure to other operators, then the hope was that at least stumpage revenues could be maximized.

There was a general discussion of how BCTS bids are processed. There was a discussion of what happens when high stumpage rates are set and then markets crash, for example, and the impact this has on an operator.

Darren was asked how long a sale affects market price. Darren noted this time period was up to two years. Darren was asked what the impact was of geographic area on setting prices. It was noted that there were at least two coastal pricing zones and two interior zones.

Darren noted that slope was taken into account when calculating stumpage rates. Darren was asked whether the destination of the wood, eg export, was taken into account. He said that it was not. He noted that, in order to export, a secondary stumpage rate or fee in lieu is levied.

Darren noted that, generally speaking, he felt government was getting their fair share of export wood values.

Darren discussed where the dollars go after they are collected, noting the money goes to general revenues. He noted that some stumpage revenues get pulled out, e.g. for FIA. It was noted that BCTS is self-funded, so all revenues go into a BCTS account to cover operating costs.

It was noted that all operating costs locally come out of the BCTS account, including administrative staff and local contractors.

It was noted that, while BCTS stumpage rates seem high, there is a considerable amount of this revenue that goes against BCTS operations, including development costs and administrative costs. It was noted that BCTS is running at about break even or at a slight profit currently.

Darren noted that the average stumpage rate is running around \$2 per cubic metre and generating about \$20 million annually on the coast currently.

Darren noted that a lot more money used to come from the forest industry in the form of stumpage. He noted that TFL 39 in 2000 generated \$22 million in stumpage, in relation to the \$20 million the coast as a whole is generating right now.

Darren explained how the stumpage calculations have changed since 2004. He noted that the provincial government used to set a target for stumpage revenues and that this created a highly competitive relationship between companies. He talked about the impact of the Softwood Lumber Agreement on stumpage rates and noted that, unless the evaluation system changes, we likely won't see high stumpage rates return in our lifetime.

It was noted that much less money is going to the Province in stumpage now. It was also noted that the Softwood Lumber Agreement was intended to counter the very high levies placed on Canadian lumber going into the U.S.

It was suggested that lower stumpage rates can increase companies' competitiveness. Darren noted that stumpage rates were scheduled to increase slightly in the near future.

Darren noted that the premise was that wages of people working and other investments in the forest industry were as valuable to the Province as the stumpage generated.

Darren was asked about cut controls over the five year period and whether stumpage could be used as an incentive to stretch out harvesting practices over the five year period rather than all at the end of the period, for example.

There was a discussion of conventional versus heli-logging approaches to harvesting, in relation to safety of road slopes, for example, and how this relates to appraisals.

There was a discussion of whether stumpage appraisals take into consideration the rigours and benefits of certification undertaken by forest companies like WFP. It was noted that this is not currently the case, but that there could be forums through which this consideration could be brought forward to the appraisal advisory committee, for example.

It was also noted that most companies are operating under some form of certification and that this is more of a market-based incentive

4.0 DISCUSSION OF PROPOSED 2014 MEETING SCHEDULE: JON FLINTOFT & ANNEMARIE KOCH

Annemarie noted that she had contacted proposed speakers about their presentation dates and had already needed to make a change, switching Glynnis Horel's talk to September 11 and moving the regional forest strategy to the June 26th meeting. She noted that she had added the role and evolution of public involvement as a possible alternate topic, and suggested that, in view of the discussion on fragmentation at the October meeting, it had been suggested that a presentation on the cumulative effects of multiple resource use on the land base might be of interest to members. She noted that none of the meeting dates had changed from the previous draft. Patrick agreed to help confirm Pat English as a speaker and Paul agreed to confirm Andrew Ashford as a speaker.

Jon noted he had put a request in for WFP's chief forester to make a presentation on succession planning and noted that she might do that this year if, for example, one of the 2014 presenters scheduled to appear couldn't make it.

Members agreed to confirm the meeting schedule so that it could be formally circulated and posted on the PAG website.

5.0 IDENTIFYING HARVESTING ACTIVITIES ADJACENT TO THE DFA THAT ARE OUTSIDE WFP'S JURISDICTION: PAUL BAROLET, MOFLNRO AND SCOTT MITCHELL, BCTS

Annemarie reminded VINWAG members that Paul's presentation and Scott Mitchell's attendance as a BCTS representative available to answer questions about harvesting activities adjacent to WFP's DFA, was prompted by a discussion at the last meeting regarding how it would be helpful for members of VINWAG to have a more comprehensive view of not only the proposed harvesting in WFP's DFA but also the proposed harvesting activities on other tenures adjacent to and around the DFA, with emphasis on BCTS because this tenure holder operates in a number of areas adjacent to WFP's DFA.

She thanked Paul for agreeing to make a presentation and Scott for attending to address proposed BCTS harvesting plans adjacent to the DFA.

Paul noted that members had asked how to get input into sustainable forest management, starting with advance awareness of and information about proposed harvesting activities adjacent to the DFA and that he would try to show some of the ways members could access this information on the Internet. He added that he would also talk generally about some forest policies related to sustainable forest management.

Some of the resources Paul referenced included GeoBC, iMap BC and Google Earth. He reviewed the information that can be generated using iMap, including proposed harvesting areas. Paul noted that the option to pick was 'pending authorizations'. It was noted that these are only in the system for a month.

Paul noted that information on BCTS can be obtained from their website through the timber sale schedule, or through visiting the local BCTS office, or by requesting a future presentation regarding areas of specific interest to VINWAG members.

Paul then went on to discuss forest management policy that supports sustainable management, including VILUP, certification, FRPA and approved FSP's to meet FRPA objectives including biodiversity, and professional reliance such as the forest management leadership team that meets locally.

Paul pointed to the multiplicity of uses and demands on the forest resource and the work that the Provincial Government is doing on the cumulative effects to support decision-making in relation to multiple resource developments on the land base. It was noted that this had been a suggested presentation for 2015.

It was noted that Google Earth is quite comprehensive, but that the speed of the internet service on the North Island is a limiting factor for accessing it.

Steve asked how BCTS deals with issues of public concern, in the absence of a public advisory group. Scott noted that BCTS has FSC on the central coast and SFI certification throughout the rest of the area. He noted that neither has a PAG as part of the process, but that other forms of public involvement exist, e.g. stakeholders generating dialogue with BCTS. He noted the auditors would look at this type of direct involvement as representative of public involvement.

Scott noted that BCTS abides by the legislation around forest stewardship planning process in terms of public involvement requirements. He noted that the only piece that differs is the absence of a PAG, and that the onus is on the public to bring a concern forward to BCTS.

Scott provided a map showing BCTS's harvesting operations adjacent to WFP's DFA.

Scott offered the map to VINWAG for reference purposes.

Fred noted that VINWAG has input into the indicators and targets that are part of the SFMP and he asked how that kind of input on criteria compares to SFI or FSC. Scott noted he couldn't respond specifically to this question on certification. He noted that it was his understanding that the systems were comparable but he did not know the details of how involved the PAG is in the development of the indicators in CSA versus SFI.

It was noted that the primary value of certification was in assuring access to markets.

It was agreed that VINWAG members would invite a BCTS representative back if there was a harvesting area of specific interest.

Scott handed out copies of the BCTS sales schedule for this fiscal year, including three sales around Holberg and one near Mahatta River, for example.

Scott also distributed a list of last year's auctions and some brochures on the BCTS business area.

Steve asked about a presentation on who to approach if there is a concern about a harvesting plan or practice.

6.0 DISTRIBUTION OF ANNUAL PARTICIPANT SATISFACTION SURVEY: ANNEMARIE KOCH

Annemarie noted that she had previously distributed a digital copy of the most recent participant satisfaction survey to members, and she drew their attention to hard copies of the survey that were available at the meeting. She encouraged members to fill out and send in the survey, noting that the responses support continuous improvement to the process. She asked anyone who needed another copy of the digital survey form to let her know and it was agreed that responses should be turned in by December 12th, 2013.

7.0 NEXT MEETING:

It was agreed that the next meeting would take place on February 20th, 2014 as per the proposed schedule of meetings confirmed by the membership. Annemarie noted that the proposed topic was terrain mapping, related to Criterion 3.

Annemarie and Jon thanked everyone for coming and for a good year.

When:	FEBRUARY 20th, 2014
Dinner:	6:30 p.m.
Meeting:	7:00 p.m.