

**CSA Community Advisory Group
To Western Forest Products
June 13, 2012
Western Forest Products Boardroom**

Attendance: refer to attached sheet

6:00 pm: Meeting called to order
Quorum noted

Safety Review

Facilitator noted fire exits and first aid attendants in case of emergency. Meeting place in case of emergency was noted.

Code of Conduct

Code of Conduct for Community Advisory Group was reviewed.

Welcome and Introductions

Chair welcomed group and Murray Hall from Murray Hall Consulting.

Review and Acceptance of Agenda

Agenda was accepted.

Correspondence

Copies of recent correspondence was provided and reviewed

- Emails inviting First Nations to meetings
- Letter to PRPAWS
- Email re: Canoe Route update
- Email re: TFL39 Management Plan #9
-

Review and Acceptance of Minutes

Minutes reviewed and accepted by email prior to meeting.

Operational Information Map Review

Current Activities

Harvesting – FH-040, NA-920, NA-930, NA-935, PD-455, PD-459, UL-812, WL-027, WL-040, WL-907, WL-950, WL-952, WL-954

Road Construction –PD-168, ST-024, UL-814, UL-815, UL-838, UL-890, Powell Main brushing

Engineering – PD-167, PD-197, PD-198, PD-287, PD-164, PD-302, PD-319, ST-296

What's New on the Map

New Blocks – PD-198 (shape change), PD-288 (was part of PD-287), PD-319, ST-296, UL-828 (was part of UL-827)

New Roads – ST-296

Minutes

Cutting Permit Approved Areas – None

Logging Complete – NA-912, ST-029, ST-265, WL-913, UL-810, UL-811

Road Construction Complete – LL-026, ST-272, ST-235, TM-243

Engineered Blocks – PD-164, PD-280, PD-290, PD-287, UL-827, UL-890, WL-345, WL-944

Engineered Roads – PD-164, PD-280, PD-287, UL-890, UL-827, WL-345, WL-944

Guest Speaker: Murray Hall, Murray Hall Consulting - Coastal Fibre: Balances & Movements

Murray Hall has worked in the industry for 25 years as a fibre specialist. He and his partner have created a model of the all of the fibre and all of the facilities for the whole province. They started the model in 2000 and in 2002 they started showing it to interested parties. The people they showed thanked them, but were not very interested. They started getting calls when companies started merging and the players started realizing that the model was the only way to look at all of the competition independently. When the pine beetle came along people started getting really interested in the model as the pine beetle changed the face of forestry in BC. Murray said the pine beetle infestation is the single largest natural disaster in North America in one hundred years yet we it has not got the recognition it deserves. It hasn't affected the coast. The forest industry has been in crisis on the coast for a long time. Murray will tell the story of the pine beetles impact on the interior and what it is going to mean to the coast. The BC Fibre Model is used by 7 or 8 companies in the province for their strategic planning. When Murray started out there was never any concern about getting fibre there was plenty of supply, but now fibre is in high demand. The coast is a very different story from the interior. The industry has shrunk to the meet the amount of fibre that is now available. That will continue to happen as fibre becomes scarcer.

Murray presented a slide that showed housing starts drop dramatically from 2005 to the bottom in 2010 and 2011. They have now come back up to a point well below the 2005 housing starts. The slide shows forecast numbers used in the model. Murray believes that our wood in BC will become extremely valuable in the future. Murray said that at this point 90% of the pine trees in the interior are dead and there is a finite period of time that this wood can be used as saw logs. In dry areas (which is most of the interior) in 10 years only 50% of this timber will be saw logs. In wetter areas the wood will deteriorate faster. Twenty percent of the forests will still be there made up of other species and lucky pines. In the past the AAC in the interior was approximately 60 million cubic metres on the coast it was about 20 million. The AAC will be dropping down to around 40 million cubic metres as the dead pine forests are cut. It will take 40 years before there will be any new forests of any size. While all of the dying pine forest wood was available the market crashed and the trees were not logged. Now there are many many trees standing dead that will never be used as there is not the capacity to bring them in before they rot and fall down. Twenty three sawmills have been shut down in the interior already and another eight to ten will go. This is approximately 35 – 40% of the interior sawmills. This has a huge impact on the fibre coming to the coast. At about the time that the markets will be taking off BC interior will be running out of wood. The most competitive companies will win. In the past the pulp mills in the interior didn't use any whole logs. The residuals chips from the sawmills supplied all the fibre that the mills needed. Pulp logs were just left in the bush. When the market crashed the pulp mills started to need whole logs as the sawmills closed down. They will need up to 20 – 25% pulp logs to run in the

Minutes

future. The pulp mills in the interior are financially fairly sound and will likely be able to continue running even with the change. Sawdust has been providing fibre for pellets and MDF in the interior. Sawdust is a by-product from sawmills and will diminish also. The pellet and MDF manufacturing companies will be affected by the reduction of this fibre. In the past there was always surplus hog fuel in the interior, but this is no longer the case. There is now a thriving business in the interior where businesses go back to cut areas, pull wood out, and grind it for hog fuel. This information is particularly relevant to Powell River as our mill runs virtually all interior wood.

The coast is driven by cost. It is very expensive to log on the coast. 25 million cubic metres is the total AAC on the coast. Approximately 5 -6 million is private. There is a portion of wood that is uneconomical to cut and will likely never be harvested so the AAC works out to around 20 million cubic metres. Prior to the market crash in 2010 16 million cubic metres were being cut and that amount dropped to approximately half with the crash. Things are now improving and no more sawmills are expected to shut down. Pulp mills use 25% of coastal logs. Another 25% of coastal logs are exported and this practice makes it possible to harvest logs to be used in the domestic industries. Coastal logs are so expensive that exporting offsets a lot of the cost. Catalyst uses about 4 million cubic metres of wood each year. The precarious state of their finances is frightening due to the big impact they could have on usage. Their difficulties have nothing to do with their management of fibre. They are the best fibre managers on the west coast of North America. They have done a much better job of procuring fibre than deciding which products to run. Directory paper and newsprint markets are disappearing. When Catalyst sold sawmills in the interior they maintained the right to purchase all of the chips. Many of these mills have or will be shutting down and by 2020 they will only have access to about half of the chips they had in the past. This is relevant because Catalyst will need to start using more coastal fibre such as hemlock or shut machines down. They will no longer be able to run 100% SPF from the interior. Catalyst controls most of the coastal residual chips from the mills on the coast. Howe Sound does not have very good fibre supply. They are using 1 ½ million metres of pulp logs every year. The company from Jakarta that owns Howe Sound owns 5 mills in Western North America. Howe Sound is horribly disadvantaged, but is the newest and most efficient mill on the coast and they make a lot of power which offsets some of the costs. Overall, demand on the coast will become stronger as interior fibre becomes scarcer.

CAG Field Trip Report – Barry Miller

Barry showed photos of the May 24th CAG field trip. On the way to Block TM-223 the group was shown a provenance study of Western Red Cedar surrounded by fencing meant to keep deer and elk out. In block TM-223 they saw a riparian management system in which 10' stumps of immature second growth are left on either side of a small creek. The crowns were removed to reduce the amount of blowdown which would cause soil disturbance if allowed to happen.

Stuart said that this is the first time that they have tried this. He said he has seen this technique used elsewhere and that it has the additional effect of providing a physical barrier that helps keep workers back from the creek.

Minutes

The group saw second growth trees that have had helicopter pruning to help avoid blowdown along the edge of the cutblock as well as trees pruned manually by men that swing from tree to tree. The helicopter method is a little less expensive than having men climb and prune trees, although both methods are very expensive. There is less safety risk when using the helicopter.

Piles of residual were shown that will not be burned. The residual wood is piled to increase the available space for planting.

Heading up to the Windsor Lake block they saw an area harvest on a slope. It was grapple yarded. You could not put hoe chucking equipment on the steep grade. There is some dragging when the trees are yarded in depending on the available deflection.

A number of the photos showed a wildlife habitat area for mountain goats. Because this is goat habitat WFP is only allowed to cut a portion of the productive forest area. Depending on the polygon they are either not allowed to cut or are able to cut up to 50%.

The group checked out the resurfacing of the Horseshoe River portage. The whole route will be resurfaced so that it is wheelable, but not to the extent that this portion has been.

They saw an alder plantation at the bottom of Lois Lake that had just been spaced and pruned. It started out as a western red cedar stand, but the elk browsing was too severe so it was decided to manage the area for red alder.

CAG - Phone call with Nate Ryant (QMI-SAI Global)

Nate Ryant met with a couple of CAG members over the phone. Nate reviewed the audit and said the CAG looked really good. He wanted to be sure that the group was being listened to and that it was still independent. He asked how the CAG got new members. He was interested in the CAG's role with Island Timberlands and asked a number of questions about the relationship. Nate said that he thinks this advisory group is the best he meets with. He is impressed with the regular meetings and with how the group cares about indicators, that there are speakers and that the group continues learning. The interest and dedication of this group is fairly unique. They spoke about how to provide an opportunity for more members to meet with Nate and decided perhaps he could come speak to the group next May.

Haslam Lang Community Watershed Roundtable

The Haslam Lang Community Watershed Roundtable was chaired by Colin Palmer. Forestry, BCTS, WFP, Community Forests, Sliammon, Vancouver Coast Health, Doug Fuller, Eagle Walz, George Illes for the water improvement district, Read English and Jane Cameron for the CAG were in attendance. DFO and Island Timberlands were not there. Most operators in the watershed are still using the IWMP (Integrated Watershed Management Programme) as a guideline even though it is not enacted. Many professionals speak to each other about their next activities in the watershed. One recent big improvement is the reroute of the Duck Lake forest road.

There were a number of concerns. The City said it has a problem because it has the right to draw water, but no authority over activities in the watershed. Community Forests have concerns over ATV and 4x4 abuses particularly with streams crossing. They pointed out that they have no problem with the ATV club, just others churning up the streams and causing sedimentation in the lake. Eagle Walz also expressed concern over motorized vehicles. He is particularly concerned about weir failure and that this regional district could grow up to 200,000 people and that there is no plan for that. Brew Bay which has

Minutes

62 users on their water system has a lot of concerns. It is concerned that the IWMP was not in place and they have lost all contact with the forest companies. They have problems with contamination, they have problems up at the Boy Scout camp, the City weir gets plugged and the City doesn't respond.

Vancouver Coastal Health was concerned about lack of communications.

The Salmon Society representatives found the sharing at the meeting very helpful.

People at the Roundtable felt there should be a forum and a system for exchange of information. There was a desire for the provincial government to be more proactive in regulating water licenses and all there felt there is a need for public education especially for motorized recreation.

Question: The rate of harvest in the community watershed used to be hinged upon the level of hydrological recovery. Only a certain percentage of a subdrainage or the watershed could be in a hydrologically unstable status and you could move around in the subdrainages in the harvesting blocks. The problem with this was that it was difficult to ensure that the level of hydrological instability was not exceeded with the coordination of harvesting between the licensees because the tenures did not coincide with the natural drainages. Every year there was a hydrological analysis done of the watershed. Is that still done and are all of the parties apprised of the results of the study?

The report is posted on the Powell River Salmon Society website. It gives the results of regular watershed testing.

Brian Carson has done a watershed stability analysis a year or two ago and Chris Lang has all of the calculations. WFP's new cutblocks have been added to the calculations. The planners from the different forestry companies know each other and what all of the requirements are. Chris has the model right up to date.

Question: Is Chris under contract for Sliammon?

I think he has done the layout for Sliammon. I don't know how far into the future their agreement goes.

When we had the plan before the Ministry of Forests played a lead role. They called the meetings and they coordinated. There is no one playing a lead role now. The regional district may have to take this position, but the problem is that nobody at the table has total jurisdiction.

Terms of Reference Review

We are bound by our terms of reference to review the terms once each year. If anyone would like to make any changes bring them forward and they will be brought to the group in September for approval.

Adjourned 9:05 pm

Action Items

<i>Ongoing</i>	<i>Who</i>	<i>Meeting</i>	<i>When</i>

Minutes

**Stillwater CSA Community Advisory Group
Western Forest Products
June 13th Attendance**

Name	Position	Member Seat
PRESENT		
Jane Cameron – Chair	Primary	Member at large
Wayne Brewer	Alternate	Tourism
Colin Palmer	Primary	Local Governments
Debbie Dee	Alternate	Local Governments
Paul Goodwin	Alternate	Forest Dependent
Barry Miller	Primary	Environment
George Illes	Alternate	Environment
Read English	Alternate	Local Business
Nancy Hollmann	Primary	Tourism
Ken Jackson	Primary	Recreation
7 Seats represented		
ABSENT MEMBERS		
Russ Parsons	Alternate	DFA Worker
Doug Fuller	Primary	DFA Worker
Rob Stewart	Primary	Forest Dependent
Mark Hassett	Alternate	Contractor
Rory Maitland	Primary	Contractor
Bill Maitland	Primary	Local Business
Andy Payne	Alternate	Member at large
Dave Hodgins	Alternate	Recreation
Laura van Diemen	Alternate	Member at large
PRESENT		
Resource – others		
Murray Hall	Murray Hall Consulting	
Stuart Glen	WFP	
Valerie Thompson	Facilitator/Secretary	