

West Island Woodlands Advisory Group – Western Forest Products
Held at the ACRD Boardroom, Port Alberni
DRAFT Minutes – June 14, 2012

Advisory Group Members

✓ ✓	Harold Carlson Barbra Baker (alt)	Forest Recreation			Logging Contractor Island Pacific
✓ ✓	Rick Avis Judy Carlson (alt)	Naturalists	✓	Gilbert Richir	Natural Resources Operations
✓	Sheena Falconer	West Coast Aquatic	✓	Jim Creighton Neil Malbon	Small Business/Tourism
✓	John Jack Glen Wong (alt)	A.C. Regional District	✓ ✓	John Smith Brigitte Arndt	AV Hill Climbers AV Hill Climbers (alt)
R	Darlene Clark Bob Cerenza (alt)	Alberni Fish and Game	✓	Jack McLeman Dan Washington	City of Port Alberni
✓	John McIntosh	Parks Canada	✓	Jane Morden Mike Stini (alt)	Environment
✓	Stefan Ochman	Bamfield	✓	Keith Hunter	Multiple Goods & Services

✓ = attended R=regrets blank=did not attend V=vacant seat Q=Quorum

Resources Present:

Western Forest Products (WFP) Port Alberni Forest Operations (PAFO)

Erin Badesso - PAFO WFP, Forester
Justin Kumagai – PAFO WFP, Resident Engineer
Makenzie Leine – WFP, Communications Manager
Jennifer Dyson – Facilitator
Marusha Taylor – Recording Secretary

Guests:

Tom Paisley, Catalyst

1. Welcome and Introductions

Meeting called to order @ 5:35 pm
 Introductions were made around the table.

2. Safety Orientation

Jennifer reviewed safety procedures.

3. Approval of Minutes

Minutes from the WFP WIWAG March 8, 2012 meeting approved and will be posted to website;
 minutes approved by show of hands

4. Review Action Items from March

Action Item #1: JD to post approved minutes from last meeting to website

Action Item #2: JD to provide results of WIWAG Satisfaction Survey

Action Item #3: JD contacted BC Timber Sales re: recreational access on BCTS lands - they were not aware of any closed gates or otherwise restricted access; in the event of any problems in future, please contact them

5. WFP Updates – Justin Kumagai, Makenzie Leine, Erin Badesso

Justin: Cut scaled back to 1.2 million m³; adjustments made re: cut control; China market collapsed; waste projection levels higher than anticipated. Heli-logging projected at 175 m³; lease program undertaken to ensure availability of machinery and to control costs. At Great Central Lake, ops reduced to half the lake. All mills are still running and want wood; APD still has a shortfall. Undercut can either be reconciled into inventory of TFL, or allocated to another licensee; first option is preferable to avoid conflict over same land base. Second option is also problematic for investment, makes it look like company doesn't have security of tenure. In the event of an overcut of over 110%, fines are imposed on the extra volume; fine is 2-3 times the average stumpage payment.

Makenzie: Company wants to support the project-based learning program at ADSS; contingent on gov't providing long term support as had been promised. Truck loggers also want to give support. The School District agrees with this approach as it will provide more secure funding. One idea is that 5K m³ of community forest be allocated to the program, with WFP to provide bridging.

Erin: Presented map and photos of viewpoints along Inlet Trail. Several comments from those present on quality of the work along the trail and the viewability of the Inlet. Re: unharvested area around eagle's nest: will harvest last 2 ha after incubation; closure may simply be posted on the trail with flagperson for a day or so as harvest will be quick. Nearly all signage has been removed. Question re: flags around Headquarters Bay. This is WFP area, not on any defined schedule yet but will probably be harvested next year. Erin will check maps and look into it for next meeting. Clarification that the map that was handed out isn't an operational map, just given to show the points along the trail represented in photos.

6. Log Export – Makenzie Leine

Makenzie provided handouts outlining two scenarios (no export and partial export). Group was invited to complete a questionnaire before and after the presentation to evaluate the level of communication on this issue.

First scenario: all domestic market, overall net value of sample stand is -\$16, no domestic supply, as the strategy would be to leave the stand alone.

Second scenario: partial export, overall net value +\$5, 4 m³ for domestic supply.

While acknowledging that the issue is contentious for some, WFP feels they have a balanced approach that meets objectives of the forest industry as a whole. In the past, there were no log exports; now 10-12% exported. Payroll has increased by \$10M since 2010; lumber sales by 18%; 3300 people employed including contractors; WFP implementing \$200M capital plan over next few years; has had 10 consecutive positive quarters; is a major supplier to over 50 domestic manufacturers and all pulp mills. The goal is to increase domestic manufacturing with a measured amount of log export. Each m³ exported gives access to an additional 1.5 m³ for domestic manufacturing. As markets change, strategies change – exports are not just to make

extra money, also provide access to stands for domestic market, spreads cut among different operating areas, more sustainable in the long term.

Discussion:

- *Why not just take trees with positive cash value?* Not feasible economically, leaves isolated timber.
- *Why can export market pay so much more?* Price they will pay is reflected in labour cost, mill efficiency. The purpose of the investment plan is to bring down costs in mills, increase efficiencies, remain competitive. WFP provides specialty woods and products, are not impacted as much by fluctuations in Chinese market as other producers.
- *Can the company invest in mills on its own, or does it need gov't help?* Capital through investment only.
- *If lumber markets go bad, will the company shut down mills and do only exports?* WFP would not be able to export everything on their tenure; some products cannot be exported.
- *Should there be a limit on exports?* As an organization, the company is confident that the level of export is balanced enough to be acceptable and serve as a model to others.
- John J. noted that WFP is a vertically integrated company and wants to make money at each level of business, different incentives than if a number of specialized companies were involved; exporting is almost self-subsidizing the existence of mills, not done by gov't.
- *If money is only made on exports, why bother milling?* In present market, company expects to win some, lose some; can't just do what makes money, need to balance out overall
- *How much does the Chinese market influence cut block planning?* Chinese market buys wood that the BC coast has struggled to make money on; eg, lower end product such as hemlock, which isn't used for lumber. This may change in future, China may want better product as their economy grows. Not just sending hemlock to China, trying to put out good product such as mat stock for roads. In 2011, 1.1 million m³ increase using partial export strategy – would cost 870 jobs if total ban on exports.
- *What if lumber markets go bad and margins can be maxed with exports?* Question for the industry, not just WFP. There's a cost to shutting down mills, also an opportunity cost to shutting them down. WFP working to achieve a balance and ensure a sustainable business, not just make as much money as possible. Markets will change, but diversity will make business more resilient. Cost of shutting down a mill is high; they haven't had to make the decision yet so not sure what upper limit would be.
- *What impact would a failure to restructure Catalyst have on the industry?* This would be bad for the industry as it is currently set up. The coastal industry is a very large, interdependent trading network that relies on everyone's sustainability.
- Port Alberni is a net importer of logs from other areas on the coast, with more trucks and barges hauling into mills here than going out. 20% of APD consumption comes from TFL 44; 12% exported by WFP. Each company has its own reasons for exporting logs, some export much more. Public perception is that WFP exports much more than it does, people may not understand implications of a total ban.
- *Which mills will be upgraded? Is the Port Alberni mill to be converted?* This is too big an investment in the short term. Old growth still predominant species here, other areas on island have more old growth, will remain net importer for a while.

- John Jack noted that people are focused on what happened in 2001-2002; forestry ops changed radically and very fast; companies shut down mills, sent logs south of the border; people want to hear that employment figures will rise here; nowhere to sell second growth in this area. Makenzie: overall sustainability of mills here relies on company's overall success; as long as WFP is doing well, APD and Somass are stable employers. Numbers presented here are for the whole company, not specific to Port Alberni. Jack noted that employment numbers for PA need to be communicated.
- Harold noted that much of the second growth has been converted to veneer and shipped south. Justin summed up that exporting helps Port Alberni to achieve better cut control numbers; as long as the company is truly integrated, best decisions will be made for the company as a whole; exporting makes WFP more profitable and the company not flourish without it.
- *Of the projected 1.2 million m³, how much is old/second growth?* 30-35% is second growth. Port Alberni of all WFP divisions is the highest in exports; hard to make second growth numbers work on the west coast.

7. Environmental Management Systems (EMS) – Erin Badesso

In order to maintain CSA certification, WFP has an EMS in place which is a very complex system. Erin presented on incident reporting and relevant protocols, discussed legal requirements regarding spills. Part of the EMS is to investigate incidents and take preventive measures. Incident reports include: witness reports, determination of immediate cause, root cause, adequacy of procedures, corrective action, emergency preparedness and response, preventive action items. Erin shared an example of an environmental occurrence and how it was investigated to yield opportunities for improvement.

Discussion yielded a number of points, including:

- Incident reports would also be communicated to contractors.
- Protocols are in place re: frequency of training (done annually); trainers have to be updated every 3 years.
- First Nations need to be included in communication of any incidents.
- The hazmat team at Catalyst is looking at making resources available in wider community; WFP's next annual drill will be near Catalyst in July, could coordinate something together.
- Harold noted that there used to be a barge somewhere in the harbour with spill containment supplies. Tom said he was not aware of any there now.
- Keith noted that part of his first responder training was to report dumping in forest, is this part of EMS? Erin: part of EMS is a hazmat component that addresses identification and proper disposal of unknown materials. The company would normally call an outside professional. Keith: harvesters are trained to identify areas where chemical damage may have occurred; if a contaminated area is identified by the company, can this be communicated to harvesters? Erin: typically, contaminated sites are old facilities not associated with food products, such as landfills, shop sites, old settlements etc. so not sure if this would apply.

8. Indicator 3.2A Watershed Condition

This indicator needs to be rewritten, but there isn't enough time for in-depth discussion tonight. Erin recapped the assessment done by Glynnis Horel. WFP thought that watershed condition would be measured every 3 years, but this actually was going to be done every 10 years. Erin asked the group for advice on a new proposed indicator. The value and objective both stay the same; proposes tracking the number of landslides that may occur from harvested areas.

Proposed target: "average number of landslides per year per 100 ha of harvested areas = 2.3 or less based on a 10 year rolling average measured every 3 years". This is one proposal, but others are invited from group; this info will be sent out to all via Jennifer. WFP has current data for reporting right now. There is a presentation from Glynnis available on the WIWAG website.

ACTION ITEM #2: Further discussion of this indicator to be put on the agenda for next meeting.

9. Satisfaction Survey

Jennifer provided handouts with the survey results for members to review.

10. Announcements

- Makenzie asked for feedback on the new WFP website. WFP has done a lot of work on mill safety since the Lakeland fire; Worksafe BC revised its guidelines and began inspecting mills. All of WFP mills are compliant to standards with good dust mitigation programs. Harold noted that there is a lack of public knowledge about dust explosions, which can occur from any organics.
- Jen announced that the booth at this year's Fall Fair will be provided free as a prize from last year!

11. Next Meeting(s) at ACRD

WFP Tour (poss): October – Mill tour of Catalyst? Or visit outdoor sites to see how indicators are applied?

ITLP: October meeting TBA

WFP: November 8, 2012

Meeting adjourned at 8:28 pm

#	ACTION ITEM AND PROGRESS	Date of request	Recommended Completion	Completion Date	Person Responsible
1.	JD to post approved minutes from last meeting to website				
2.	<p>Indicator 3.2A Watershed Condition</p> <p>This indicator needs to be rewritten, but there isn't enough time for in-depth discussion June 8. Erin recapped the assessment done by Glynnis Horel. WFP thought that watershed condition would be measured every 3 years, but this actually was going to be done every 10 years. Erin asked the group for advice on a new proposed indicator. The value and objective both stay the same; proposes tracking the number of landslides that may occur from harvested areas. Indicator 3.2A Watershed Condition – to be rewritten for future audits</p>	June 8		TBD	
3.					
4.					
5.					
Flag					

Western Forest Products – WIWAG Action Items

All Completed Action Items see file: [Actions completed\WFP actions completed.doc](#)