

**SUSTAINABLE FOREST MANAGEMENT ADVISORY COMMITTEE
MEETING MINUTES**

**Monday, October 17, 2005
MANITOU LODGE, PINE FALLS**

PRESENT

Earl Boyer	Manitoba Métis Federation
Tom Collings	CPAWS
Bob Fenton	Resource Conservation Manitoba
David Howerter	Paddle Manitoba
Vince Keenan	Tembec Industries
Bill Kozyra	Laverendrye Trail Association
Peter Miller	TREE
Michael Cavers	Manitoba Model Forest
Bob Bruneau	RM of Lac Du Bonnet
Alain Chevrefils	PA Contracting
Denis Gisiger	South East Forest Products
Stuart Jansson	Trapper
Stan Kaczanowski	Manitoba Conservation
Denis DePape	InterGroup (facilitator)
Brett McGurk	InterGroup (support)

1. Getting started

Denis De Pape welcomed everyone to the meeting. The agenda was confirmed and introductions were made. The minutes from the June 20, 2005, meeting were then reviewed and accepted. The following are highlights from the evening's discussion and are intended to capture the key points that were raised or presented. They are not presented in the sequence that they were raised at the meeting, nor are they a verbatim transcription of what was said.

2. Photos from September 10, 2005, field tour

Stan Kaczanowski provided a PowerPoint slide presentation from the September 10, 2005, SFMAC field tour. The tour stops included examining: 1) competition effects on planted seedlings 2) aspen harvest and natural regeneration, 3) black spruce natural regeneration, 4) salvage harvest and planting (1999 Black River fire), 5) jack pine natural regeneration, 6) aerial herbicide plantation release, and 7) rehabilitation of bridge removal site. The following are comments from the discussion.

- Beaver Creek road and bridge decommissioning – discussion occurred surrounding the ditches that were created to reduce erosion as well as the natural erosion control blankets that are made from coconut, straw and other materials. Vince commented that the erosion control blankets work very well to minimize debris from entering waterways.

- An aerial photograph used by the Sierra Club of a clear cut in 1991 was examined, and another photograph was shown of the same site in 2005. The photograph showed healthy regeneration of this area.
- Photograph shown of a burn site in 1999 that was replanted in 2002 (Black River fire) – Vince indicated that wood from the site was salvage harvested and used to create paper.
- Vince discussed how aerial herbicide applications have changed over the years. He commented that in the past one helicopter was used for the application. In recent years two helicopters have been used. One helicopter was used to direct the other helicopter which was responsible for applying the herbicide. Most aerial herbicide applications today are conducted using GPS and, therefore, only one helicopter is needed. Vince also commented that Tembec has not aerially applied herbicide for many years. He noted that the FSC standard suggests that proponents will work towards the elimination of the use of herbicides and that this could be very contentious. There are mechanical ways to control aspen; however, they are very laborious and expensive.

At the end of the slide show, the committee identified what topics they would like discussed at a future tour. The following are comments provided by committee members.

- From the air – view how beaver dams are killing trees through flooding and also to look at different age stands
- Look at a site that was regenerated without the use of herbicide
- View natural disturbance trials
- Road management – ripping, gating, etc.
- Have tour attendees who use the forest (invited guests) discuss the implications of forestry on their activities (e.g., Stuart to comment on the effects of forestry on trapping).
- View an active harvest site
- Examine local socio-economic effects of logging
- Caribou prescriptions – feasibility issues/operational issues

3. Industry update

Originally, Paul Bernard of Tembec was to provide an update on the status of the industry; however, he had other commitments that he needed to attend to, so Vince provided a brief overview.

Vince indicated that the forest industry is cyclic in nature with good years and bad. However, in recent years, the industry as a whole has been ailing. There have been many mill closures over the last few months and there will likely be more in the near future. There are three main reasons why there has been and will continue to be mill closures in the near future.

1. **Energy costs** – With rising energy costs this has negatively affected many forest products companies throughout Canada. In Manitoba, however, the effect of high-energy costs have not been as pronounced because electricity rates in Manitoba are lower in comparison to other provinces, but the mill still requires a lot of energy to operate. For example, Tembec's monthly electricity bill is between \$1.2 and 1.5 million. With energy costs increasing this is a contributing factor to mill closures throughout Canada. Vince noted that this is why co-generation plants are being examined thoroughly during these times of high energy prices. Co-generation is the simultaneous

production of power and useful thermal energy from the same energy source. Cogeneration is a highly efficient means of generating heat and electric power at the same time from the same source.

2. **High Canadian dollar** – Since value of the Canadian dollar has appreciated, this has had a negative effect on those forest products companies that export to the United States; a large number of forest products companies in Canada export to the United States. Vince commented that sales to the United States are in US dollars. It was noted that for every cent that the dollar appreciates in value, Tembec as a whole loses \$5 million dollars each year. The loss to the Canadian industry as a whole would be \$500 million for each 1 cent increase in the Canadian dollar.
3. **Softwood lumber dispute** – Another factor that has adversely impacted the forest industry in Canada is the softwood lumber dispute. In 2002, the United States imposed duties on Canadian softwood lumber entering the United States, arguing that Canada unfairly subsidizes producers of softwoods due to low stumpage fees and, therefore, making them essentially subsidies. The duties imposed have cost Canadian lumber producers over \$5 billion dollars since 2002.

Pine Falls operations continue to be viable but must be diligent to remain that way.

5. Forest stewardship plan development and licencing

- Vince commented that the last two SFMAC meetings discussed how the committee decided to provide input into the Interim Forest Stewardship Plan (FSP) for 2006-2008 and the long-term 20 year FSP to be submitted on or before 2008.
- The reason for the two plans is because Manitoba Conservation requested Tembec to develop a 20 year FSP in 2008, and as part of the FSC audit, the auditors requested that Tembec complete an Interim FSP for the period of 2006 to 2008 before the 20 year plan is submitted.
- Tembec is hoping to complete the interim plan by the end of this year.
- SFMAC proposed involvement in the development of the interim plan in many ways (e.g., creation of Involvement and Wood Supply sub-committees). Many activities have been carried out to date for the interim plan such as consultation sessions with neighboring communities, wood supply and involvement subcommittee meetings, etc.)
- The main avenues of involvement into both plans will be through local community groups and meetings and the SFMAC.
- Vince is hoping the interim plan will be placed on Tembec's website for the broader public to comment on. In addition to the plan, Tembec will likely be creating a section on the website that provides information about forestry, with links to more detailed information for those who want specific information. A discussion also ensued about educating the public about forestry. Some felt brochures and newsletters could be mediums to improve understanding about forestry and its implications.
- The Interim Plan will act as a template for the development of the 20-year plan.

6. Summary of FSC audit findings - Preconditions

Before certification can be awarded to Tembec, the auditors indicated that the following three preconditions must be met:

1. **A dispute resolution mechanism needs to be developed and utilized** - Vince commented that the SFMAC as a committee did not want to be the venue to resolve disputes; however, he did indicate that he would mail letters to each member inviting them, as individuals, to sit on a dispute resolution sounding board if they were interested. A draft dispute resolution mechanism has been developed and once finalized will be incorporated into the interim FSP.
2. **Complete the wood supply analysis** – The wood supply analysis should be finalized by the end of 2005 and will result in new Annual Allowable Cut (AAC) volumes for the FML. The analysis will be incorporated into the Interim FSP. A Wood Supply sub-committee was established and has met twice. The purpose of the committee is to review Manitoba's analysis and provide Tembec advice for scenario development in the 20 year plan. One member indicated that they are not technical experts in the area and, therefore, the committee will focus on bigger picture issues of the model.
3. **Complete interim forest management plan and define the process to develop and implement a long term FMP** – Tembec has been meeting with the local communities/stakeholders and the SFMAC to complete an Interim Plan by the end of 2005. Manitoba Conservation has notified Tembec that a 20-year FMP needs to be submitted in January 2008 for review and approval by January 2009.

7. Ways to improve the committee

Once the three preconditions were reviewed, Denis asked the committee what could be done to improve the SFMAC and its operations.

- Develop ways to improve information exchange between representatives and their organizations.
- Consider having an annual meeting of the SACs of the three forest products companies that operate in Manitoba – Tembec, Tolko and LP to discuss common issues that are affecting the companies, exchange ideas on how to improve the committees and forestry, identify areas of possible collaboration among the committees, etc.
- Due to many SFMAC members also participating on the Model Forest, it was expressed that one must be careful not to duplicate efforts.
- Need to develop ways to have greater community involvement with the SFMAC.
- Need to consider what the role of the committee should be, especially since subcommittees have been developed to address some specific aspects of forest management. One committee member commented that the SFMAC should, in his opinion, deal with the broader, formative issues as opposed to specific forest management issues at the site level.
- Agreement that the SFMAC should continue to be a forum for airing concerns, especially with respect to the contractors and some of the issues they faced in recent years.
- More recommended action from the committee in terms of what the committee and company should be addressing. Ways to achieve the following is to have committee members involved in Agenda setting; developing a more formalized decision-making

process. However, it was noted that with the introduction of more formalized processes, this could affect the essence of the committee's purpose.

- Feedback from the company to the committee regarding how they consider the SFMAC input in their decisions needs to be more explicit and consistent.

Other comments raised during the discussion:

- The committee sees value in receiving information from the company that they will not necessarily comment on.
- There is an issue with respect to finding out whether the representatives on the committee accurately represent their constituents' interests. The SFMAC needs to develop ways to ensure members are representing their organizations interests accurately.

8. Conditions

Following a review of the preconditions and the discussion about ways to improve the SFMAC, conditions that are specific to the SFMAC that need to be met for the certification process were reviewed. Denis asked the group about their feelings on the following topics:

SFMAC annual workplan

Some liked the idea of a revisable work plan. A decision was made to prepare a work plan and present it to the committee.

External communication

The SFMAC provided comments on ways to engage the broader public with the activities of the committee including developing newsletters, and placing meeting notes and the SFMAC Terms of Reference on Tembec's website.

Internal dispute resolution mechanism

Non currently exists. Proposed internal dispute resolution mechanism to be included in draft of updated terms of reference for SFMAC.

Conflict of interest

Non currently exists. Proposed conflict of interest provision to be included in draft of updated terms of reference for SFMAC.

Updating Terms of Reference

Brett, with assistance from Denis, to develop draft of updated Terms of Reference for SFMAC. Vince will distribute it to committee members prior to the meeting when it will be discussed. The SFMAC did not see this as a big priority and felt that only one-hour of committee work should be spent on this.

9. Topics to be covered at next meeting

- A presentation will be given by Tom Collings and others of the Wood Supply sub-committee regarding the assumptions of the model.
- Operating issues with the Owl Lake harvesting proposal from the contractors point of view. Alain to provide a brief presentation outlining contractors' concerns and invite other contractors or his supervisor.
- Cover Agenda items that were not addressed at the October 17, 2005, meeting:
 - Model Forest Update – Phase 4
 - Determine the role of the committee with respect to non-timber forest products.

Closing – Denis thanked everyone for attending the session and for the valuable input they provided at the meeting.