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Having just completed the comprehensive annual editorial plan for upcoming issues of Truck Logger BC, we have taken a step back to carefully consider just how to provide the best possible content for you, the reader.

Planning our content to help you navigate your business challenges in the months ahead, we leave nothing to chance as we prepare our upcoming magazine issues. We seek out actions we should take to bring you insight into the industry and which industry changes we should cover that could have the most impact on business dealings. In doing so, we hope to reach out to both old and new members with the issues we examine, by reporting our findings to you. This, we hope, makes for some interesting and thought provoking reading. But as always, we value your input more than anything. Do you have a topic we should cover? Do you take issue with something we have covered? Do you want to comment on how we are doing? Let us know and we will do our best to cover it.

Beginning with this issue, we have adopted some exciting magazine themes for the next four issues. The key to survival in any business is looking to see how your work fits into the bigger picture and how to adapt to meet the constantly changing market conditions. We will be doing just that by examining how global markets impact the bottom line for our industry and how we can weather any potential storms ahead.

In this issue, our first theme jumps into pulp markets. Murray Hall, delves into the mysteries of fibre pricing and answers some of the questions about how fluctuating fibre markets influence log demand. Jim Girvan talks about how a sustainable pulp industry provides longevity to the logger in “Tied at the Hip.”

In our fall issue, we will be highlighting pellet and power markets, followed by coastal lumber and veneer markets in the TLA’s Annual Convention issue. In the spring issue, we visit the interior for a guide to lumber markets in the ILA’s Spring AGM and Golf Tournament topical magazine.

Also in this issue, Roy Nagel from the CILA, provides an overview of where we’ve been and where we’re going with respect to industry consolidation…you won’t want to miss this comprehensive piece that cautions us about what lies ahead for us all.

Local writer, Robin Brunet examines what is being done on behalf of our industry to assist with recent events around Japan’s earthquake and tsunami and has a look to see how the devastation in Asia may affect coastal markets here at home. Our thoughts and well wishes go out to all those who have been touched by the recent events and we support the efforts of our provincial government in providing relief efforts.

Editor Sandra Tice, chats with all of the provincial logging associations, to get the dirt on what is happening behind the scenes to help you operate your businesses more effectively. In “Rolling Up Our Sleeves – What Have the Four Logging Associations Done For You Lately?” Tice examines how getting actively involved is one of the best ways for you to keep up-to-date and be prepared to meet business challenges head on.

As always, we are pleased to provide you with our regular features that touch on legal, financial, safety and other current association issues from well-versed industry experts.

We wish you a safe navigation this summer in the uncharted waters ahead, using Truck Logger BC magazine as your guide.

Jacqui Beban, Nootka Sound Timber Co. Ltd
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BUSY DOESN’T MEAN SUSTAINABILITY

There has been plenty of talk lately regarding the upswing in our industry and the good times to come. It was clear at our convention that constrained optimism is the current mindset; new global markets are emerging, fiber prices are up and people are working pretty steadily. Media reports are regularly forecasting a return to profitability for our industry.

But is the industry, or at least our members’ part of it, really sustainable? Let’s have a look.

Our members and the industry in general are busy for sure, but are people making enough money to stay in business, re-capitalize and invest in the future? In other words, are we making a profit?

Even though we are exiting a recession and wood markets are improving, there have still been too many business failures. I personally know numerous contractors and suppliers who have gone bankrupt or voluntarily left the industry because there is no potential for profit, a phenomenon that is reflected in our monthly TLA membership reports. While some failures are inevitable in any sector, I think we need to take a closer look as to why it seems to be so prevalent within our membership, the contract loggers and small forestry dependent companies of B.C.

As I see it, the primary problem is the lack of an open marketplace for contractor services. There are simply not enough customers (forestland owners or tenure holders) to create a truly competitive marketplace and, as a result, our sustainability is being jeopardized. While some contractors do work in the BC Timber Sales (BCTS) program, which is a true market, the program accounts for only a small portion of B.C.’s annual timber harvest. (It also has its own set of unique problems, some of which the TLA has helped to address through ongoing collaboration with BCTS).

Because of this lack of available customers, small forestry businesses have had to endure a poor negotiating platform for years—and, as a consequence, we have been burdened with the major portion of inflationary increases over the last decade.

The manufacturing sector of course has its own issues and many companies have been surviving the recession with unsustainable cost cutting measures—which are often imposed on us, the contractors. In turn, our own members have been forced to implement unsustainable practices in lieu of an ability to negotiate increased prices for our services.

To explain; the bulk of the B.C. harvesting sector is contracted out in one form or another to stump to dump and phase contractors, owner operators, and other small suppliers—many of whom are TLA members. For us, the increasing costs of fuel, supplies and labour meant that our costs to harvest and deliver logs rose proportionately with the increases. The companies that use our services, however, have only seen small incremental cost increases, as we, the small business community, for example use the bulk of the fuel and goods required for timber harvesting and have not been able to pass along these increased costs. As a result, we have had to wear down our capital investments (machinery, buildings, etc.) in order to survive.

Both sectors have been forced by the recent economic situation to use these unsustainable business practices to survive, which in turn has further weakened the industry as a whole. Because of these practices, large capital investments will now be required to bring back the efficiencies necessary for long-term profits. But who will be willing to make these investments if there is little to no potential for profit? If we aren’t cognizant of the situation, we could eventually reach a point where no successful business person will enter our sector and the well run, well financed contractors and suppliers will leave for industries that do allow for profit and do operate in a sustainable business manner. This situation has already begun and we must work to reverse it immediately.

We need more than just a renewable resource and growing world markets to be sustainable. Our members need open access to timber and profitable contracting opportunities while our customers, the coastal manufacturing sector needs open world markets for the sale of their products.

Manufacturers learned some time ago that too few customers results in an unhealthy and uncompetitive business model. As a result, all the major forest companies have diversified their markets and today, with lumber going to the U.S.A, and increasingly to China, Japan, Korea and India, these new opportunities have helped to stabilize the manufacturing sector.

This is no different at the contractor and small business level. Given that contractors have no control over world markets, we need to expand contracting opportunities and contractor access to local timber markets such as BCTS, which would allow for a more competitive rate structure.

At the very least, we need to collaborate with stakeholders to find solutions that allow everyone—including contractors, manufacturers, the province and communities—to profit from our public resource. It often appears that our industry can’t see the forest for the trees. Well, we do see the forest and it is sustainable. Now let’s make sure the benefits forests provide are divided fairly so we can say the same about our industry.
THE FIRST STEP IN WORKING TOGETHER

There was a significant uproar from members and British Columbia forestry business associations alike relating to a Rona advertisement that recently ran on TV. My initial response was “well if they don’t care about us, let’s get to work on a massive boycott campaign.”

However, after some time and reflection, I contacted a Rona executive and explained how their ad was not only factually incorrect, but also prejudicial on a number of fronts. It started a discussion on sustainability across the whole supply chain, which will be included in the theme at our next convention.

In my mind it does not make sense for a retailer to simply look at how to best serve their own business interests when the whole supply chain is critical to their success. While Rona has indicated that they feel that FSC certification is their desired standard, they refuse to pay land managers a premium for FSC certified timber because customers refuse to pay a premium on FSC certified end products.

Demanding a higher more costly standard without paying the land manager or contractor a premium is nothing new to TLA members. We see it in safety, environmental practices and land management. Adding costs at one end of an integrated supply chain without adding value at the other is simply unsustainable. This is why we continue to see the widening gap between our allowable harvest and the economically viable harvest.

Until we work together as partners across the full length of the supply chain for mutual success, we will continue to march towards the edge of a steep cliff. The first step in working together happens now. I extended an offer to Rona to address our membership in the magazine. Attached is that letter from Rona. We see this as a first step toward a lasting working relationship that ties together a supply chain critical to their success and I am hoping that Rona will continue to work with us and will become a partner at our various events.

Editor’s note -Please turn to page 9 for a guest submission from Éric Paradis, vice president, merchandising, RONA, who addresses industry concerns about the recent RONA television advertising campaign.

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Subject: New Rona Certified Wood Ad

To members of the Truck Loggers Association,

A few weeks ago, RONA launched an advertising campaign on major television networks across Canada. Our aim was to bring to the attention of consumers the importance of protecting our unique and precious Canadian forests, and to underline RONA’s commitment as a partner of the forest industry. Unfortunately, this well-intentioned campaign inadvertently raised some concerns and questions in British Columbia. Accordingly, we would like to take this opportunity to tell you a little more about RONA and what motivates us.

It is interesting to note that RONA just recently turned 70 years old, while the Truck Loggers Association (TLA) is about to turn 70. We have both been around for a long time and, at RONA, we are determined to stick around for another very long time into the future. To that end, we work to protect our supply chain.

Selling wood products is our core business. If we hope to be able to continue selling such products another 70 years down the road, we have to ensure that forest products are sourced in a responsible way. That is the essence of RONA’s Wood Products Procurement Policy, launched in November 2008, whereby we undertook to sell only lumber that comes from certified forests. Simply put, we want to publicly support sustainable harvesting. And we know that, as responsible members of the forest industry, you share that goal.

In this context, we recognize that the RONA ad which first aired included factual inaccuracies with respect to the Douglas Fir species. We appreciate that TLA Executive Director David Lewis was quick to respond, contacting us and pointing out the inaccuracies. In turn, RONA took immediate action to pull the offending ad off the air. Unfortunately, due to logistical complexities, this took longer than expected. But we wish to emphasize that we did everything we could to have the ad pulled as quickly as possible, then immediately went back into production to make the necessary changes.

Product selection and procurement are areas where RONA is able to exercise its leadership in sustainable development while ensuring respect for the solid values that underpin our daily activities: service, unity, respect, a sense of responsibility and search for the common good. As well as striving to have the least possible impact on the environment, our responsible approach to procurement entails sourcing as many products as possible from home-grown suppliers, in order to contribute to social and economic development locally and regionally across Canada. In that respect, we are very pleased with our continuously expanding network of suppliers in BC, where we purchase substantial quantities of forest products as well as many other goods. And we are proud of the actions we have taken to protect Canadian forests — actions that reflect our support for the forestry industry and our genuine respect for all its workers.

We understand and appreciate your Association’s dedication to sustainable harvesting and recognize all the work being done by TLA members in that regard. Furthermore, we want you to know that we support and respect the many BC communities that depend on the forest for their livelihood and recreation. Our goal is to promote sound forestry practices and responsible consumption habits that will benefit all our stakeholders — suppliers, employees and business partners.

We recognize that the errant RONA ad which aired briefly some weeks ago might have offended some forestry workers and TLA members. If that was the case, we want you to understand that it was never our intent to misinform people or cause offence and we ask you to accept our sincere apology.

Finally, on behalf of my colleagues at RONA, I would like to reiterate our genuine respect for the all the great work being accomplished by independent TLA contractors in BC forests.

Éric Paradis
Vice-President, Merchandising, RONA
MANAGING EMPLOYEE ATTENDANCE
IS IT POSSIBLE?

If you have employees, chances are you have some that cannot or will not attend work regularly as scheduled. We all know what this does to production, labour costs, safety and crew morale. What can you do to manage employees with chronic attendance issues? Many employers wrongly assume that because employees have privacy rights and are entitled to be sick, there is very little that can be done to manage absenteeism, especially when it has never been easier for employees to go to a walk-in clinic and get a doctor’s note excusing them from work.

Many employers also assume that employees cannot be dismissed for attendance reasons. This is also not true, although there are legal obligations and procedures that must be followed in order to eventually terminate employment for absenteeism. Many employers in the forest industry have employees with chronic absenteeism problems languishing on long-term disability (LTD). Many may never return to work. If you ever have to downsize, employees on LTD can be eligible for severance, and this can be a huge financial hit.

The good news is that there are many things that employers are legally able to do to manage attendance, including seeking detailed medical confirmation for employee absences. In addition, the evidence is clear that employers who do implement attendance management programs invariably experience dramatic improvements in overall attendance. This applies equally to unionized and non-union employee groups.

The bad news is that an attendance management program requires an investment of time, and often, some money to get it up and running properly.

The steps that are required are:

1. Establish what a “normal” or “acceptable” level of attendance is—often a plant average.
2. Make sure you can prove an actual attendance problem—this means keeping records!
3. Provide the employee with a non-disciplinary warning that failure to attend at an acceptable level within a reasonable time may result in dismissal.
4. Find out why the employee cannot attend work regularly. This may require you to request medical information about the employee’s inability to attend.
5. If the medical evidence reveals that the employee should be able to attend regularly in the foreseeable future, then there is really nothing further you can do but wait and see.
6. If the employee cannot show that they are able to attend regularly in the foreseeable future, ascertain whether the employee’s attendance problems are the result of a disability.
7. If a disability is involved, you must make inquiries about whether regular attendance can be achieved if the disability is accommodated through things like modified duties, use of specialized equipment, etc.
8. If there is no disability involved, or it cannot be accommodated without undue hardship to the employer, then the employee can be dismissed.

faking a sick day, being late, or being hung over). For absences that are within the employee's control, the appropriate way to deal with them is through the normal disciplinary process. This will require education of your employees about attendance expectations and consequences, and then consistent application of discipline for attendance violations. In a unionized workplace, all discipline can be subjected to the grievance procedure.

For absences that are beyond the employee's control, discipline is not an appropriate response. However, employees can eventually be dismissed even for this kind of absenteeism.
Employers often get resistance from employees and unions when the employer requires medical evidence. Employees and union reps typically claim that they have “privacy rights” that prevent an employer from asking for medical information. This is not true. Employers have fairly broad rights to request medical confirmation of absenteeism. However, they cannot require detailed information about a particular diagnosis, just information relevant to why job duties cannot be performed, and whether accommodation is a possibility. Failure to provide medical information in response to a legitimate employer request can be grounds for discipline. Generally, employees cannot be forced to see a doctor of the employer’s choosing, but this does include things like dependence on drugs or alcohol. Often these kinds of disabilities are the underlying root cause of attendance issues that look like they are within the employee’s control, but may not be. Employers have a positive duty to make inquiries if there are reasonable grounds to suspect an underlying disability, and then to accommodate the employee unless doing so causes undue hardship. The whole area of accommodation of employee disabilities is complex and evolving.

Having an attendance management program in place, even a very basic one, often motivates employees who can control their attendance issues to either fix them, move on to another employer who will let them slide, or eventually be dismissed.

It can be frustrating for employers to figure out and comply with the legal obligations surrounding attendance, medical information and privacy rights, and the duty to accommodate. However, employers who choose to not make the effort to deal with absenteeism are usually the ones with the worst problems. Having an attendance management program in place, even a very basic one, often motivates employees who can control their attendance issues to either fix them, move on to another employer who will let them slide, or eventually be dismissed. A program that is properly constructed and administered can pay huge rewards down the line.

Kim Thorne is a partner with Roper Greyell LLP, a law firm based in Vancouver that restricts its practice to management side labour and employment advice and services. The firm has a substantial forestry practice and is an affinity partner with the TLA. E-mail kthorne@ropergreyell.com or phone (604) 806-3854.

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A decade ago, a foundering B.C. forest industry was neck-deep in discussion with government over how to get life support with new policies aimed at helping it become competitive at a world level.

By 2001, the high dollar, high fuel costs, low lumber prices and dropping demand were inflicting heavy damage on the industry. More than a dozen B.C. sawmills had already closed permanently and that number was destined to rise to 30 very soon.

B.C.’s forest companies were small by world standards back then, and much of the province’s forest tenure was in the hands of 10 companies – five on the coast and five in the interior. There was little timber on the open market and contractors were struggling on two fronts – finding work volume, and negotiating rates with a small number of customers.

Government, after many months of debate, finally unveiled its Forest Revitalization Plan in the spring of 2003. Among its many challenges: make the tenure system more attractive to both mainstay companies and new industry entrants alike, get more fibre onto the open market, and develop a market-based timber-pricing system that could withstand hard scrutiny by the U.S. lumber lobby.

To make this work, government took back 20 per cent of timber under Crown tenure and used much of it to expand the BC Timber Sales program in order to develop valid timber pricing indicators. It also allocated harvest volume to First Nations, woodlots and Community Forests in an attempt to diversify the industry.

More Forest Act changes in January 2004 provided other key measures that would help make forest companies become more efficient. No-penalty tenure transfers, eased cut control and the end of appurtenancy–these changes, coupled with a new pricing system that was already lowering log costs on the coast, set the stage for coastal industry growth, and rising demand and stronger prices also helped. In 2003, the coast forest industry harvested just 11.3 million cubic metres; in 2004, that jumped to 20.8 million m3 – 85 per cent higher.

Merger Mania had also been launched. Western Forest Products amalgamated Cascadia and Canfor’s coastal woodlands into a single company, and the private lands were gathered into Island Timbertlands. Weyerhaeuser had bought MacMil- lan Bloedel four years earlier and created Cascadia.

In the Interior, Canfor had already absorbed Northwood in 1999, and then bought Slocan. West Fraser bought Weldwood, and Tolko took over Riverside, which in turn had just acquired Lignum. Harvest levels were rising and tenures were being consolidated into just a few major companies.

Although the wave of acquisitions and mergers created new opportunities and profits for forest companies, they also meant the closure of older, less-efficient mills across the province, and contractors were becoming increasingly worried about the changes.

As one old-timer, now out of the business put it, “I woke up one morning to find the company I’d been logging for had been sold. I had no idea if I still had a contract or not.”

Logging associations lobbied vigorously...
exports, drying up its export supply and for fibre, put a 25 per cent tax on wood to change. By the end of 2005, B.C’s forest industry was vastly different than three years earlier. Forest companies had become much bigger and there were far fewer of them. And opening the door to ramped-up marketing efforts by the B.C. government and industry. More than two dozen mills have reopened since 2009; exports to China are 12 times higher than in 2003 – enough to make that our second-largest market and eat up the lumber production from 12 mills.

Today, B.C. forest companies are reinvesting. West Fraser plans $230 million in capital spending in 2011 and Canfor plans $145 million in mill upgrades. In the past three years, Conifex Inc., a new B.C.-based company, bought the Fort St. James sawmill from insolvent Pope & Talbot, and AbitibiBowater’s mills in Mackenzie.

...We want to develop a second-generation pellet plant to use mill waste and logging residuals. Lumber is our primary product, and incremental revenues from bioenergy should stabilize the company.

Commenting on the company’s formation and purchase of the Fort St. James mill in 2008, Ken Shields, Conifex CEO, said “Some people said we were crazy. Now, they just say we were early.” Conifex produced 150 million board feet of lumber in 2010, and as of April 1 of this year, it has ramped up production to an equivalent of 530 million board feet per year, creating more work for mill workers and loggers alike.

Fulida Group Holdings, a Chinese textile company, has just invested in Neucel Specialty Cellulose in Port Alice and Sinar Mas via Paper Excellence has both bought Howe Sound Pulp and Paper and MacKenzie Pulp. Together these investments have significantly diversified the BC pulp sector.

ROC Holdings, a Chinese real estate and construction conglomerate is buying the Terrace Sawmill and tenure from West Fraser Timber; British Columbia Investment Management Corporation (BCIMC) and the Public Sector Pension Investment Board (PSP Investments) now own TimberWest and Pacific Bioenergy is planning to restart Kitwanga Lumber. It seems like every day a new change of ownership is announced.

Biomass is also becoming big business in B.C., with several co-generation initiatives linked to mills and new companies being formed to make pellets. Eleven pellet plants operated by seven companies produced 1.2 million tonnes of wood pellets in 2010 from sawmill waste and salvaged logging debris.

At Conifex, future plans call for greater involvement in bioenergy. “We’ve purchased a new steam boiler for the Mackenzie plant (a former paper mill) and will be increasing production of energy there. As well, we want to develop a second-generation pellet plant to use mill waste and logging residuals. Lumber is our primary product, and incremental revenues from bioenergy should stabilize the company” notes Shields.

Tenure diversification continues as well, with several significant new First Nations tenure holders: Coast Tsimshian Resources Partnership with TFL 1; Isaaak Forest Resources, TFL 57; Ma–Mook Natural Resources, TFL 54; Northwest Squamish Forestry Limited Partnership, TFL 38 and Pacheedaht Anderson Timber Holdings Ltd. Partnership, TFL 61.

Partway through 2011, it’s a vastly different industry than we saw even just a few years ago. The world market for wood and wood products continues to grow, and has prompted new investment from within and outside of B.C. in both mills and tenure.

Earlier consolidation helped several forest companies become competitive at a world level, and now diversification that includes foreign and First Nations tenure-holders, biomass companies log-brokers and joint ventures is creating new opportunities for communities, investors and loggers.

Analysts generally agree that a strengthening and sustainable forest industry recovery has started – but are there some dark clouds on the horizon?

Contractors are apprehensive about the staying power of some of the new industry entrants, and more than ever, they need a forestry lien structure that will protect them against non-payment for their services by a new and diversified customer base. Legislation passed in 2010, the Forest Service Providers Protection Act, provided a subordinated lien process. It is a compromise designed to ease credit concerns by forest companies but a big step back from a full priority lien system. This ‘lien light’ process is to be backed up by a fund, paid for by the forest companies, that will provide payment to contractors for losses in the event of customer insolvency. The fund hasn’t been set up yet, and if it isn’t done quickly, other legislative measures
must be taken to provide contractors with the same level of security against non-payment that builders and mechanics have had for decades. Anything less will inhibit contractors from seeking work with new, unproven forest companies and may adversely affect industry diversification and recovery.

Harvest sector capacity, or lack of it, is the second dark cloud on the horizon. It was described recently by forest industry consultant, Russ Taylor as the “Achilles Heel” of the recovery. The harvest sector lost 20 per cent of its contractor base between 2001 and 2003, and had not fully recovered when the collapse of 2007 hit. While many contractors are still in the rebuilding stage, currently there is insufficient logging and trucking capacity to meet demand.

There are several reasons for this lack of resources: Lack of capitalization (profits) for new equipment, a loss of skilled employees to other resource industries and contractors themselves are leaving the forest industry, either for retirement or better-paying opportunities elsewhere.

The capitalization issue will eventually be resolved, driven by the contractor supply-demand situation that will likely push rates to a more-competitive level with other industries. But worker recruitment and training are both crucial to the rebuilding of the harvest sector. A quick sample of a dozen larger contractors in the Central Interior showed that a third of them were unable to use all of their machines last winter due to a lack of skilled operators. Almost another third had to leave timber decked because of a lack of trucking capacity.

Plain and simple, the harvest sector has been losing workers to other resource industries that offer better pay rates and more work days in a year. Besides needing government support for training initiatives and recruitment, the harvest sector also needs a commitment from the rest of the industry to examine and improve wage rates and working conditions, particularly the length of shutdowns. Without that, we’ll only end up training workers for the mining and oil/gas industries.

For the first time, contractors have options regarding where they want to work, who they want to work for, and even which industry they want to consider for their long-term involvement. The forest industry will continue to grow; there’s demand for product, and there is new investment and new participants. All of this is good news for the B.C. forest industry. But will it continue to grow smoothly, without constrictions in the ability and desire of its service providers to perform?

The answer to that lies with government on lien legislation, and how the harvest sector’s customers address the capacity and rate issue.

Plain and simple, the harvest sector has been losing workers to other resource industries that offer better pay rates and more work days in a year.

Roy Nagel is the past General Manager of the CILA and continues to support policy and member programs as a consultant.
THE MYSTERY OF FIBRE PRICING

In B.C., there are 16 pulp and paper mills, over 140 major sawmills, 10 veneer/plywood plants, 25 shake/shingle mills, in excess of a dozen pellet plants, a handful of particle board plants and many smaller miscellaneous consumers of wood fibre. All of them consume wood and all of them buy and sell wood to meet the needs of their plants.

Thousands of trucks and hundreds of barges of residual fibre and pulp logs move annually between these consumers and suppliers. How are all these transactions priced? Who sets the price? As someone who has been in the fibre business for more than 30 years, I can tell you it is not a simple answer and the ‘invisible hand’ of the market is not the only factor in play.

Let’s start with round wood or pulp logs; a form of residual fibre produced through logging for saw logs and mainly used by pulp and paper mills to produce whole log chips. Today the price of pulp logs on the coast is $49 to $50 per cubic meter after scaling and sorting. In the last decade the price of pulp logs around the province has ranged from $28 to over $50. Pulp log pricing is one example of true “market pricing” and the transaction price typically reflects market conditions at any moment in time. When residual chip fibre is tight and pulp mills are running at capacity, the demand for pulp logs (and their price) rises. This is the situation we are seeing on the coast today with pulp log prices steadily rising over the past few months.

Residual chip values and prices are the most complex piece of the B.C. fibre market. Of the 16 pulp and paper mills in the province, some pay for their chips based upon “market prices” while some pay based upon formulas tied to the price of NBSK pulp. These chip pricing schemes have really been in flux over the last decade with more formula based transactions on the coast and a trend to more market based prices in the interior.

Formula pricing systems come in two forms; formulas that tie chip prices to the net mill price for NBSK and the occasional scheme where the price of residual chips is a percentage of a NBSK public trade index price.

Coastal residual chip prices also tend to track higher than in the Interior, a reflection of the interior pulp mills additional costs to transport their products to the coast for shipping. Today, residual chip prices range from $30 to $45 per cubic metre fob truck or barge at the suppliers mill. For those who like to deal in oven-dry tonnes, residual fibre converts at between 2.2 and 2.4 cubic metres per ODT, fibre and species dependant.

Sawdust and shavings are used in as the raw material in numerous products around the province including pulp manufacture, fuel pellets, particle board, agriculture supplements, animal bedding and in some cases (particularly cedar on the coast) as hog fuel.

The advent of the pellet business dramatically changed the demand for sawdust and shavings in the Interior and also had the effect of differentiating the value of dry shavings as a premium pellet furnish. There are also isolated cases in agriculture and animal bedding markets where shavings demand a premium for this specific use.
Prices for sawdust and shavings currently have a wide range from $7 to $25 per cubic meter fob mill and will depend on the buyer’s end product, location and fibre quality required. Pellet manufacturers typically pay a $5 to $7 per cubic metre premium for shavings reflecting the additional value created in their manufacturing process from the low fibre moisture content of this fibre type.

As we drop further down the fibre value chain, hog fuel is a type of residual fibre that is also priced based upon the ‘market’ with location, quality and regional supply and demand driving prices. The value of hog fuel is a subject of much debate and arbitration for a product that was, for most of the last 30 years, deemed valueless. Today, it is now valued for boiler fuel in pulp mills and pellet plants, fuel for independent power producers and in some cases even used as furnish for ‘brown’ pellets.

Any specific source of hog fuel will have attributes that must be reflected in the price a consumer will pay. Species (cedar being the least valuable), distance between buyer and seller, moisture content, composition (bark, shavings, sawdust) and cleanliness all play a part in determining the value paid for hog fuel. Today, there are still isolated places in B.C. where as a result of location and distance to consumers, hog fuel has no value. However, in the majority of cases consumers are paying at minimum a token product price. Currently, there is a wide range of prices paid from nothing to $10 per cubic meter.

Finally, we have a new market that has developed for fibre in the interior of the province called biomass. Biomass means different things to different people, but for the purposes of this discussion, the only active biomass market today is for forest floor residuals processed at roadside by a portable grinder and used by pulp mills for hog fuel or pellet plants as an alternative pellet furnish. The owner of the biomass, the tenure holder or private landowner, typically does not receive much in the way of a product payment for allowing biomass consumers onto their land to process and take away post-harvest waste. If a payment is made at all, it is usually a token amount in the $1 to $2 per cubic meter range.

As can be seen, fibre buyers and fibre sellers around the province today use a combination of formulas and market-based pricing schemes to determine the day-to-day and quarter-to-quarter price for residual fibre. Buyers always consider transactions on a mill delivered basis and transportation is a key element in their cost assessment. Sellers look at transactions at their mill site with an eye to the competition for fibre that is transportation logistically within their operating region. In the end, willing buyers and sellers typically agree to the prices paid … and few will ever tell you the final prices that were paid …. such is the B.C. fibre business.

Murray Hall is a fibre supply consultant from Duncan, B.C. His 30 years of experience in residual fibre and pulp and paper makes him uniquely qualified to provide consulting and strategic advice on fibre supply issues.
Forest Safety Changes
Looking Back at the Last 10 Years

Safety in B.C.’s forests has changed significantly during the last 10 years. One of the comments from the people interviewed for this article sums it up well. “The amount of recent attention has brought the safety profile from the last page to the forefront,” says Ron Corbeil, United Steelworkers District 3 Health, Safety and Environment Coordinator, adding that back in the old days, safety in many locations was often “just an afterthought,” including at Franklin River where he previously worked.

A number of important initiatives have recently brought safety right up front where it belongs. These include multiple news stories, an Auditor General’s report, a Forest Safety Task force commissioned by the Minister of Labour, a Coroner’s Death Review Panel for manual tree falling, and actions such as putting in place a specific Forestry Coroner, as well as the enactment of Bill C-45 (enabling criminal prosecution of corporations and their officers and directors). In the past, whereas only family and community might have noticed a death in the woods, today it makes the front page and is recognized by an entire industry.

Anne Mauch, of the Council of Forest Industries (COFI) says, “Ten years ago, the forest sector’s safety efforts were very fragmented – some companies had very strong efforts while others had next to none.” From Mauch’s perspective, the fragmentation has been reduced significantly from 2003 until now. There is now much more shared information, common data, industry collective problem solving and solutions for the entire industry. The Forest Safety Council has been instrumental in facilitating the discussion and developing industry wide programs.

Roger Harris, the Forest Safety Ombudsman, has a view similar to Corbeil and Mauch: “I think what has changed is the public that in the broad sense, has become involved and interested in safety in the forest sector. The public has said the history of carnage is no longer acceptable and has demanded change. This has brought the industry together; so rather than having a

What has changed is the public that, in the broad sense, has become involved and interested in safety in the forest sector.

Thank you for your efforts in reducing serious injuries and fatalities.
patchwork of programs and initiatives driven at the sectoral/company/operational level, the whole industry is now focused and working collaboratively to change the culture across the entire forest industry."

The industry had been having an average of 22 fatalities per year in the woods in the period from 1998 to 2004, with a peak of 34 fatality claims accepted by WorkSafeBC of in woods incidents that year. This number of fatalities led to the United Steelworkers raising the safety concern as the IWA became part of their organization, and the public knowledge increased as newspapers reported on the trend. Labour Minister Graham Bruce commissioned a task force to look at what needed to change, and a main element was the “culture of acceptance” in the forest industry. The major companies in the industry stated publicly they would lead efforts to change and the BC Forest Safety Council was formed. The collective industry of the companies, the union and BC Timber Sales begin working the issue.

As this collective effort to change the culture and reduce fatalities and injuries began, “the first thing that changed was awareness and that changed practice” in MaryAnne Arcand’s view. Arcand was one of the original employees of the BC Forest Safety Council and is now leading the Central Interior Logging Association (CILA). She has noted that the conversation has changed in the field and it’s not just about the numbers – it’s about doing it without injury. For Arcand, in making the change from Council staff to working with operating organizations, it has been rewarding to see the practices the industry collectively developed working in the field.

Changing the practices in the field has not been easy, nor issue free. SAFE Certifi-
People are recognizing that managing their operation to reduce injuries and fatalities also improves their overall business results.

Since then the audit has been streamlined, but it is a new world where operating companies have a safety system, and are required to prove it by showing an auditable set of practices and a paper trail. Many of the companies will tell you they did not like it, but that it did make them think of how they were preventing injuries to their employees. It also made them look at their overall system at least once a year and make sure their systems were still compli-
do we keep the improvements made in
fatality and injury reduction as the indus-
try recovers. With the age demographics of
the workers and a gradual recovery of mar-
kets, many small and mid size companies
are asking for training to keep current and
new supervisors skilled in managing safety
effectively. Companies are looking at how
they can have highly qualified operators
who can operate safely to replace those
who are leaving. This is a change from the
past, where simply having an operator was
often good enough.
Not all parts of the forest industry have
had the same level of change in the last 10
years, however. The initial focus was on the
in-woods sector of the forest industry.
Although there were not as many fatalities
in the manufacturing sector, there was a
significant number of serious injuries.
Many companies, particularly larger ones,
had solid systems in place, but many of the
smaller companies were resource limited.
Russ Cameron, of the Independent Wood
Producers Association (formerly the Inde-
pendent Lumber Remanufacturers Asso-
ciation), shared that in the remanufactur-
ing and small wood producers sector very
little has changed. “Guys have been strug-
gling since softwood lumber – the associa-
tion is down 37 members from its original
100,” he says, observing that the smaller
operators are concerned about whether
they will survive or not, and are working
three times as hard to just maintain what
they have.
The challenge in Cameron’s view is the
guys are looking for something that can
immediately help safety and their bottom
line since it is hard in their position to
invest without an immediate return. His
members are looking closely at some work
the BC Forest Safety Council is doing with
one of their members to find a solution for
their particular sector. They need to know
that their efforts will make a difference
since they are not in a position to put effort
into things that won’t work.
The result of all the changes from 10
years ago is a solid trend in reducing the
number of fatalities and serious injuries.
The average number of fatalities per year in
2009 and 2010 is 5.5 compared to 22 ten
years ago. Considering that logging vol-
ume changes, another way to really notice
the change is that for the first time in the
recorded history, the number of fatalities
per 10 million cubic meters of wood is
under one, compared to an average above
three, ten years ago. The serious injury rate
across the industry is also trending down
with the 2010 rate being 35% lower than
2005. In comparison to the provincial
averages the forest industry used to have a
serious injury rate three times higher than
the provincial average; it has now dropped
to two times the provincial average.
As we look at the past ten years changes,
it is worth taking a forecast to the future.
The forest industry has made progress, but
the job is not done. The expectations from
all sectors, the general public, government,
unions, communities and families is that
everyone comes out of the woods alive and
serious injury free every evening. The
changes made by the industry will con-
tinue. The old days are definitely not “bet-
ter days” where safety is concerned– those
old ways of thinking, that injuries and
fatalities are an acceptable cost of doing
business, are now gone for good.

Controlling the dangers of your job
means keeping a sharp eye out for them.
But spotting a hazard is just the beginning. You need to judge the odds of it hurting
you or other workers. Then you need plan and take effective preventive action.
Forest workers need to do more of this. Serious injury and fatality reports show
lives disrupted or lost because hazards aren’t identified, assessed and dealt with.
You can protect yourself and other workers with RADAR:
R - Recognize the hazard.
A - Assess the risks.
D - Develop a safe solution.
A - Act safely.
R - Report to others what’s been done.

This is a practical approach — available for you in a new Council package
of safety resources.
Download it free at www.bcforestsafe.org. Or call 1-877-741-1060 to get
the package mailed to you.

Use your RADAR to stay safe

Reynold Hert is the BC Forest Safety Council’s
Chief Executive Officer.
Visit: www.bcforestsafe.org

BC Forest Safety Council
Unsafe is Unacceptable
This was the second year that our conference did not have any trade show displays and I would suggest that this format will be retained for our 2012 event to be held in Vernon. Although there appears to be some interest in once again supporting the trade show as part of the event, we will follow up on this idea with a members’ survey to see if there is enough interest and supplier support to be approved by the Trades Group. If you wish to comment on this, please give me a call at 250.503.2199 or e-mail me at wayne@interiorlogging.org.

We had a great turnout at our conference seminars. We will continue to work with WorkSafe BC and the BC Forest Safety Council on concerns put forward at the meetings. The main topics discussed were faller certification, qualified supervisors for falling activities and falling supervisor certification, steep slope logging procedures and other administrative concerns. A special thank you to Bill Bolton, Susan Everitt, and Rick Walters of the BC Forest Safety Council, Tom Bracklehurst and Patrick Davies of WorkSafe BC for participating at the event. Your input was well-received and we hope to continue the dialogue on these issues throughout the year.

Our guest luncheon speaker, the Honourable Steve Thomson, Minister of Forests, Lands and Natural Resource Operations welcomed our delegates and provided a positive outlook for the forest industry from his perspective. Citing the start-up of many new mills and some old mills that had closed due to the economy and market pricing, he sees a return to prosperity for the industry, as a whole, right on the horizon. The Minister also addressed the importance of safety in the log harvesting sector and encouraged all ILA members to continue their progress with the certification programs offered by the BC Forest Safety Council.

Our golf tournament is always well attended, and for the first time this year, we had a hole-in-one at the Sun Rivers Golf Course. Len Beauchamp of Inland Kenworth/Parker Pacific was the lucky golfer. Unfortunately, it did not qualify as the hole was not set up for the correct distance and the prize. I am sure glad we made the announcement of the change from the 17th to the 4th hole before the game started or I would have been out $5,000.00!!! Sorry, Len!

The 53rd ILA Annual General Meeting was held on Friday April 29th and the following directors remain on the Board for the 2011 – 2012 term.

**Executive Board**
- **Chairman** - Reid Hedlund, Midway - 2 Year Term
- **1st Vice Chairman** - Randy Spence, Vernon - 2 Year Term
- **2nd Vice Chairman** - Jeff Mattes - Kaslo - 1 Year Term
- **Past Chairman** – Ed Smith, Westbank, 1 Year Term

**Directors with 1 year Term**
- Burns Theissen, Kamloops
- Randy Durante, Kamloops
- Bill McDonald, Tappen
- Randy Spence, Vernon
- Len Gudeit, Lumby

**Directors with 2 year Term**
- John Drayton, Kamloops
- Dennis Cook, Princeton
- Frank Etchart, Merritt
- Hedley Larsen, Vernon
- Matt Edmondson, Savona
- Terry Brown, Kamloops
- Scott Horovatin, Kelowna
- Jeff Kineshanko, Lumby

As a reminder to all ILA members, on June 13, you will be mailed your HST referendum ballots. You have until July 22, 2011, to cast your vote on whether to keep the HST, or return to the old PST and GST tax system. As independent contractors in the forest sector, I encourage all of you to read the editorial from James Byrne of MNP on the HST in this issue and then vote “No” to keep the HST, as it is good for us, as well as for the industry as a whole.
TURNING THE CORNER TOWARDS PROSPERITY

Like a phoenix rising from the ashes, the Pacific Northwest is once again coming into its own. The pending sale of West Fraser’s Terrace assets marks the end of an era. After many years of hard times it appears that we have finally turned the corner. Investment dollars are beginning to flow back into our community.

In early April an announcement was made that ROC Holdings Ltd. had purchased West Fraser’s Skeena Sawmills and the wood supply that was held by West Fraser. These fibre holdings consist of TFL 41 as well as two forest licenses, one in the Nass and one within Kitimat’s municipal boundaries representing an annual allowable cut of 382,000 cubic metres annually.

ROC Holdings Ltd is a Chinese company involved in real estate and construction. The deal should be finalized later this year and the long-range plans are to cut lumber at the mill for shipment to China and employ a workforce of about 40 people. It has already been announced that the company will recognize the Steelworkers as the bargaining agent for the workers for the sawmill. This exciting news also brings forth some questions.

Are the Bill 13 contracts that were associated with West Fraser licenses going to be honoured? I have heard conflicting reports as to their status. Some of these contractors have retired, downsized or left the area. As of this writing all the local contractors are working to capacity. How soon and how much fibre will this company require once the sale is finalized? If Bill 13 contracts are honoured are you, the contractor able to ramp up production? Do you have the necessary equipment and more importantly the skilled workers to operate the equipment?

The biggest license holder in the area is Coast Tsimshian Resources Limited Partnership currently cutting 450,000 to 500,000 cubic metres this year. There are two TSAs in the area, one managed by Kalum Ventures Ltd, (120,000 cubic metres) and one by Kitselas Forest Products. (120,000 cubic metres), another big player in the area is B.C. Timber sales. I spoke with representatives of some of these firms and they all tell me the same story, “We are working to capacity!” Contractors are telling me that last year was their busiest year and 2011 is expected to be even busier. There are log brokers purchasing logs and the Terrace Community Forest has had a successful winter and is expected to turn a profit as a result of the host of available markets. By contrast, the Revelstoke Community Forest is having a hard time making a go of it due to the restricted markets available in their area. It is estimated that there are currently about 200 jobs directly related to this flurry of activity here in the Pacific Northwest.

Other good news on the horizon is that the Kitwanga Sawmill hopes to start up production soon, possibly as early as mid June. This in large part is due to the high lumber demand in China. Over half of its production will be destined for the overseas market. This mill was purchased from a Receiver in 2009 by Pacific Bio-Energy from Prince George.

Currently I estimate that there are more lumber trucks passing through Terrace heading to the port in Prince Rupert than logging trucks. This lumber is coming from West Fraser and Canfor mills in the Interior.

With no operating mills west of Smithers all the wood that is harvested is currently being exported. That hotly debated issue arose during the Provincial NDP leadership race and also during the Federal election where the winning NDP MP stated that he would halt log exports. That raises the question, what constitutes a log export? With no active pulp mill in our area, all our decadent wood is being sent to pulp mills on Vancouver Island or the lower mainland. Is this considered an export? Some of our cedar is destined for mills in the Okanagan. Once again is this an export? If the answer to this is yes, then I suppose we should be against the farmer who transports his cherries and apples to the Northwest for sale. After all, fruit is a raw commodity. I mean, shouldn’t they first be processed into pies and jam and then transported to various locales to be sold. This seems silly, doesn’t it? However, critics will be quick to point out that only overseas sales are considered exports. I fail to see the logic to this argument as well. Are our northwest political representatives against jobs? Would they sacrifice the aforementioned harvest sector jobs because there are no primary breakdown facilities currently in operation? What would they propose as an alternative?

Those who have been calling for a ban on log exports have been short sighted. Exports have allowed the Northwest to maintain infrastructure, skills and equipment here so that investors would find this area attractive and become part of the resurgence in our overall industry.

With all of the new players entering the industry and the continuance of China’s insatiable appetite for our wood it is welcome news to hear that Premier Christy Clark promises to ensure that the Forest Service Protection Act will meet the needs of Contractors throughout the Province. We do not need another Repap or SCI in the Northwest. I echo her words “that only effective legislation will add stability and ensure competitiveness to the forest industry.”

Due to the tenacity and perseverance of local people involved in the forest industry, we have survived difficult economic times. The ability to market log and export logs to the surging Asian market has helped sustain us and given us hope for brighter days ahead.
HARMONIZED SALES TAX
LET’S NOT BE INDIFFERENT

Much has been made of the political drama that surrounded the introduction of the Harmonized Sales Tax (HST) and the lack of “tact” in which it was introduced to the general public. No one, including the B.C. Liberal Party, can deny that there could have been improvements made to the process of how the HST was introduced. But it’s time to move on and deal with the situation at hand.

Beginning June 13, 2011, B.C. voters will be mailed HST referendum ballots to determine whether to keep the HST, or return to the old PST and GST tax system. You have until July 22, 2011, to cast your vote.

The fear is that many voters may be indifferent to the vote and will either abstain from voting altogether, or vote to scrap the tax simply because they don’t like it - even if has been reduced from 12% to 10%. Let’s not forget, if the HST is voted down there are significant consequences that should be considered. So let’s not be indifferent. It is the responsibility of each of us to get the facts about the HST and make an informed decision, as the outcome of the vote will have a significant impact on the forest industry and the entire B.C. economy.

Will the HST result in higher prices for everyone?

As shown above, for the typical consumer, 83% of expenditures are not impacted by HST. Has the cost of your Tim Horton’s coffee increased? Yes, but 83% of all your other expenditures are exactly as they were before and many businesses are already passing savings on to consumers. In a recently released report, economist Jon Kesselman noted that the consumer price index has grown less than 1% since the HST was introduced in July 2010. A recent independent panel, commissioned by the province, concluded that the typical British Columbian family will pay an additional $350 per year due to the HST. On May 25, 2011 the Province announced that the HST would be reduced to 10%, and estimated that instead of paying $350 more tax, B.C. families will on average pay $120 less tax than under the PST.

Under the HST, taxes have been shifted to the consumer, but there are benefits to the consumer and provincial economy that balance this shift. For example, businesses are now able to recover previously lost PST costs and improve both their cash-flow and bottom line. Previously PST was always a “built-in cost” and was continually added to the consumers cost through the supply chain. This accumulation of cost is reflected in the fact that the logging industry will save up to $140M as a result of eliminating the accumulating effects of PST. Already it is estimated that logging contractors have saved $53M through HST input tax credits.

By eliminating the retail sales tax currently hidden in the costs of goods purchased by businesses, the HST will stimulate the economy and make the province more competitive.

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With the implementation of HST, the
Canada support the HST, arguing that sales tax harmonization is proven to stimulate investment and will lead to long-term economic growth.

**Won’t HST detrimentally impact low income earners?**

In his review of consumer data, Kesselman found that the lower income households spend larger shares of their budgets on categories of goods and services that are insulated from BC’s portion of the HST (e.g., groceries, rent, gasoline, energy). As a result, with available HST tax credits and increased personal tax exemptions, the new HST scenario actually has less of an impact on consumer costs than the PST. Additionally, the Fraser Institute released a report [Veldhuis et al., 2010] which showed that lower income households would see only a $44 per household rise in net taxes paid.

**Implications of voting down the HST**

If the HST is voted down in the upcoming referendum, the provincial government will be required to repay $1.6B in Federal funds and will also need to initiate the expensive process of reinstating the PST system. This would be a confusing, difficult and expensive process to initiate and complete. As well, this has the potential to hinder future economic growth in the province as businesses struggle to adjust, and investment is stalled due to confusion over tax rules. The removal of the HST would result in annual revenue loss of over $500M to the province that will have to be made up in some other form to balance the budget.

It’s also important to consider the various income sources that the Province utilizes to fund increasingly needed public services.

The Province is able to meet these needs by either increasing taxes or by cutting costs. HST represents 14% of revenues for the total Provincial budget. It was originally thought that the implementation of HST would be revenue neutral over the previous PST system; however, the recent independent panel study† has indicated that the HST is generating more revenue than the PST/GST system. On top of this, the implementation of the HST has reduced administrative costs for the government by $35M per year.

Conservatively, the HST is adding $535M to the provincial budget to help fund public programs, and at the same time stimulating economic growth in the province: more jobs, more income, and more benefits. If HST is voted down, these benefits are all removed, and the budget is now $535M short on an annual basis. In looking at the different revenue streams available to the province which one is the easiest to alter to cover this shortfall? I’d say personal taxes.

Over the past several years the Province of B.C. made strides to reduce the personal tax rates within B.C. to some of the lowest in the country.

The level of income tax paid deducted from your pay cheque is out of most people’s control. Alternatively, a consumption tax such as the HST can be controlled by the consumer based on when and how much tax they are “willing” to pay. While your “purchase” cost may increase, the decision is yours to make and is your decision to control.

**Final thoughts**

Ultimately, the Provincial government needs to generate tax revenue to fund needed public services and at the same time stimulate growth and development of the economy. No simple task. The HST will result in some increased costs initially, however, the long term gains must be considered, and in my opinion far outweigh the short term adjustment that comes with any change. I know I’d rather pay an extra 7% for my coffee than an extra 2-3% on my income tax at the end of the year. 

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† Jim Dinning, John Richards, Tracy Redies, George Morfit, HST or PSST/GST It’s your decision, The Independent Panels Report, May 4, 2011.


James Byrne, BASC, MBA, CA, is a member of the Forestry Services team with MNP LLP; Chartered Accountants and Business Advisors. For more information, contact James at 250.753.8251 or james.byrne@mnp.ca
In this era of the sound bite, even the most horrific news story doesn't sustain interest for very long. But the after-effects of Japan's Tohoku earthquake and tsunami have resonated like no other natural disaster. The struggle of a technologically-advanced nation to provide its people with the basic necessities of life has compelled even the most casual observer to lend a helping hand.

In B.C., help comes courtesy of the forestry sector and government. One month after the Tohoku region was devastated on March 11, the provincial government matched donations generated by Canfor, the Canfor Pulp Limited Partnership, Interfor, Tolko Industries and West Fraser Timber and sent $500,000 to help the Red Cross provide urgently needed relief in Japan. This brought Victoria's contributions to the Red Cross to a total of $1-million.

But relief funds are one thing and rebuilding is another, and when jobs, tourism and innovation minister, Pat Bell, spoke to Truck Logger Magazine in late May, he expressed frustration that political machinations had delayed progress on this front. "Normally we partner with Ottawa in large-scale rebuilding initiatives, but the recent federal elections put that on temporary hold," he said. "I'm hoping to meet with our new foreign affairs minister soon and get the ball rolling."

Other B.C. organizations are eager to help rebuild, but logistical hurdles must be surmounted first. "A massive clean-up in Japan has to happen before anything substantial takes place," says Barry Ford, marketing director for Coast Forest Products Association. To which Paul Newman, executive director of market access & trade for the Council of Forest Industries (COFI), adds, "Clean-up is complicated by the lack of water, sewage and other services – all of which have to be replaced. Plus, the ports have to be rehabilitated. Only then can rebuilding occur. Frankly, it's hard to comprehend the enormity of what happened in March and what the long-term consequences are."

COFI maintains an office in Tokyo, and prior to March 11 the organization was enjoying what Newman describes as "productive work relationships between our two countries. Understandably, the dialogue has now been suspended as Japan focuses on clean-up and nuclear containment. All we can do for the time-being is ensure that shipments to the country are prioritized."

It's tempting to predict what might happen over the next few years based on the aftermath of the 1995 Kobe earthquake, which measured a magnitude of 6.8 and struck the northern center of Awaji Island. One in five of the buildings in the worst-hit area were completely destroyed, causing $100-billion in damages. Soon after, a massive overhaul of Japan's building codes curtailed the use of green lumber – much of which had been damaged or destroyed, creating 25 million tons of rubble and debris that, when finally cleared, will inevitably oblige statisticians to recalculate the fatalities.

Over 15,000 people died, more than 9,000 people are missing, and in excess of 190,000 buildings have been damaged or destroyed...
been used in the buildings that had collapsed – and the coastal B.C. market declined sharply as a result.

But Ford doesn’t think it’s productive to compare what happened after Kobe to what might happen in the wake of Tohoku. “The Kobe event was much smaller and concentrated geographically, so despite the chaos it caused, recovery occurred fairly quickly. Tohoku will wind up costing at least twice as much.” And the rebuilding process will be slow: the World Bank has estimated it could take as long as five years and cost up to US$235-billion.

Moreover, much of the relationship-building COFI and other BC forest professionals were undertaking with Japan revolved around developing earthquake-resistant housing with wood as a primary ingredient. Japan’s post-1995 Wood First policy for government-funded or sponsored buildings recognizes wood as more capable of withstanding earthquakes than other building materials. “After Kobe changed its building standards, we kept our foot in the door with hemlock as a viable choice for post and beam and elderly care construction, as well as for ground fills if the wood is pressure-treated,” says Newman. “We’ve positioned hemlock in the market by focusing on its unique strengths and seismic performance, so it’s a particularly suitable material to aid in the post-Tohoku rebuilding process.”

What bothers Ford and Newman the most from an economic perspective is that Tohoku is only part of Japan’s troubles. “The country’s housing market was fragile prior to Tohoku,” says the former. “Add to this the fact that the government is labouring under a huge deficit, and a GDP reduction of four per cent is entirely likely.”

Nevertheless, the need for construction material is going to be considerable. Shortly after the earthquake, Japanese authorities requested 30,000 temporary pre-fabricated houses (requiring 32,000 cubic metres of plywood – a substance the country can no longer produce since one-quarter of its mills have been destroyed). The initiative has been coordinated by producers such as Canfor Corp., West Fraser Timber Co. Ltd. and International Forest Products Ltd.

Japan also made inquiries for glue-laminated products and other pre-cut wood products – even though it’s unlikely that imports of lumber, plywood and saw logs will increase substantially in the next few months before ports and access roads have been cleared and the power has been restored for the most basic needs.

Wood Resources International LLC estimates there will be a rise in demand for both lumber and plywood from Canada, the US, Russia, Sweden and Finland over the next six-12 months. This will result in increased importation of processed products and of logs to supply the remaining Japanese mills (for the record, Japan imported 3.6 and 4.1 million m3 of softwood logs in 2009 and 2010, respectively).

As indelicate as the topic may be, other professionals have felt compelled to state the obvious: that Canada will benefit from the rebuilding process. Richard Kelertas, a forestry sector analyst with Dundee Securities Corp., wrote in a recent research note that robust wood demand from Japan, coupled with already strong demand from China, might even offset the U.S. housing slump: “In fact, we believe a lumber super-cycle is now a possibility even without a ‘normalized’ U.S. housing...
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market.” He added that the rebuilding effort should have a positive impact on most North American lumber, building materials and timber stocks.

Also, some eyes are narrowly focused on monitoring the capability of B.C.’s lumber producers to assist Japan. Rick Doman, president and chief executive of Montreal-based Eacom Timber Corp., told reporters in April that Eastern Canadian lumber producers—the ones who face shipping cost and other constraints in exporting to Japan—may benefit if west coast exporters can’t keep up with demand. “Japanese demand combined with what’s already going on in China is going to drive lumber prices significantly higher,” he said. “Quebec and Ontario could benefit from that.”

For his part, Ford refuses to discuss economic benefits. “A whole nation is in mourning, and the last thing we want to be perceived as is an ambulance chaser,” he says.

Looking even farther ahead, Newman points out that more strategies will be needed to care for Japan’s aging population. “Elderly care is a big growth area for us: there’s an estimated waiting list of 400,000 seniors who need assisted living facilities, and Mitsui has opened a division to cater specifically to this market.” Newman is referring to Mitsui Home Co. Ltd., the largest builder of 2x4 “platform-frame” single-family homes in Japan (the company’s Langley, B.C.-based manufacturing plant purchases, processes and ships over 100 million board feet of lumber and eight million square feet of OSB panels annually to its parent company in Japan).

But for a country now struggling to take each day as it comes, everyone’s energy must remain on the present, and to that end Pat Bell suggests there will be a replication of Canada’s response to the 2008 earthquake in Sichuan province, China, which killed 68,000 people and left five million people without housing. “I can’t disclose details yet, but we’ll be playing a substantial role in reconstruction,” he says. “Look back at what we did in 2008 to get an idea of what’s coming.”

In November of 2008, the governments of Canada, British Columbia and China signed a memorandum of understanding that supported an $8-million wood-frame rebuilding project consisting of building a school, an elderly care center, and a rehabilitation center/school for the disabled in the heart of the quake zone. Complementary to the project, long-term research partnerships were established between Canada and China to develop and apply earthquake-resistant construction technology.

Bell says, “We had money left over to construct another school, and although the earthquake caused terrible devastation, the new town site is an incredible accomplishment to witness today. The Chinese managed to move forward, and so too will the Japanese people.”

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Economic recovery has swept into the central and northern Interior of B.C. stronger and faster than anyone anticipated, largely due to insatiable markets for raw materials and natural resources in Asia. From logs to coal to lumber to minerals, if it can be extracted and shipped, it’s moving.

The long-predicted worker shortage has also hit in a significant way, and heralds great challenges to come. CILA members report leaving more than 100,000 cubic metres of logs on the ground before break-up, because of a shortage of log trucks/drivers. A member survey done in April showed that 90% of CILA members were affected by a driver or truck shortage this past winter, and 85% were affected by equipment operator shortages. Harvesting sector workers are the preferred choice for poaching by other industries, as they are bush-savvy, well-trained in safe procedures, used to working long hours in winter conditions, and their equipment operation and driving skills are easily transferable.

To combat the worker shortage threat, the CILA has been working with its members on strategies to help recruit, train and retain workers by way of forming unprecedented partnerships, collaborations and innovative approaches to sharing resources...

These activities are critical, as there are huge opportunities ahead – timber clearing for the Site C hydro dam (1.8 m3), right-of-way clearing for the Hwy 37 transmission line, right-of-way for the Enbridge pipeline, site clearing for a dozen mines, new access roads to be built – the list goes on. As an association, we want to make sure our members are the contractors and suppliers of choice for these projects.

The CILA has formed collaborative relationships with a wide variety of associations and groups, from the Western Silvicultural Contractors’ Association, to the Council of Forest Industries (COFI), the College of New Caledonia, major licensees, chip and hog haulers, biomass operations, the BC Trucking Association, the B.C. Roadbuilders and Heavy Construction Association, the Mining Association of BC, the New West Partnership, the Prince George Nechako Aboriginal Education and Training Association (PGNAETA), ISNetWorld, Northern Health, and the Federation of British Columbia Woodlot Associations (FBCWA). We work cooperatively with these diverse groups on specific projects relevant to our mutual interests, and that includes everything from driver recruitment to equipment operator training, safety certifications and worker health.

Looking after our own association’s needs while working with other associations on broader interests is a balancing act. It’s a question of setting priorities and allocating time in the midst of a multitude of pressing issues, and limited resources. The CILA continues to work with the ILA, TLA and NWLA on provincial issues such as the Forest Service Providers Act, the Trust Tax, Bill 28, BC Timber Sales, the Forest Safety Council and other long-term, “big picture” issues. It’s important to prioritize all of the issues to make sure our members get the best bang for their buck. While provincial legislation, regulations and policies affect us all, some areas are impacted more than others. For example, the CILA has been leading the way on issues of pending axle weight reductions, hitch configurations and other CVSE regulations, which are critical to interior operations (north and south), and the viability of some mills.

Working on legislative and regulation changes involves countless meetings,
conference calls, sub-committees and hours of research time. In many situations, members will never know what didn’t happen because we were able to prevent it or lobby against it before it came into effect. For example, last summer WorkSafeBC attempted to get all resource roads declared a workplace, which would have had huge consequences for contractors, adding unbearable costs and liabilities to operations. The CILA led a concerted effort by forest industry associations and the Employers Forum to stop this in its tracks, to the point of writing a letter to the Labour Minister (who oversees WorkSafeBC) to ask for a legislative review of WCB’s authority to even do this.

Association members set the CILA’s priorities and direct staff activities to focus on the issues that matter most to them. As CILA members expand their operations into other sectors, so CILA staff has to expand its knowledge to other industries’ processes, procedures, regulations, safety systems, etc., in order to best serve the membership.

As we celebrate the CILA’s 45th Anniversary, we are re-defining ourselves, our role as an association, and the future of the forest harvesting sector. As Forests, Lands and Natural Resource Operations Deputy Minister Doug Konkin told CILA members at the AGM, the future is about integration, and getting more out of the resources. We agree. The CILA- we’re not just loggers anymore.

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Lumber, Pulp and B.C. Loggers
We Are All Tied at The Hip
by Jim Girvan, RPF MBA

In B.C., the harvesting sector revolves around two basic commodity products—lumber and pulp. Saw logs go to sawmills that in turn make lumber and chips, the latter of which are consumed by the pulp mills. When lumber markets are good, loggers deliver logs and the supply and demand for B.C.’s residual chips has usually been in balance and pulp mills have had sufficient fibre.

When lumber markets are poor and sawmill curtailments result in reduced residual chip supply, pulp mills are forced to turn to the production of chips from pulp logs, thereby stimulating ongoing demand for log delivery.

These two sectors have typically been countercyclical, in that when one commodity was high and in demand in the global market, the other was typically low and in the doldrums. For the logging sector this reality tended to ensure work for loggers throughout the highs and the lows of the market cycles.

Today, wood chip demand across B.C.’s pulp and paper mills is approximately 24 million cubic metres of chips (solid wood equivalent) or 30% of the provincial annual allowable cut (AAC). Wood chip consumption is split with 60% being consumed in the interior’s 11 mills and the remainder being consumed in the coast’s six mills.

But pulp mills don’t use just wood chips. There are two mills in B.C.; Paper Excellence in Mackenzie and Domtar in Kamloops that make pulp from sawdust as an alternative to wood chips. Catalyst Paper’s coastal Elk Falls mill also consumed sawdust in the production of pulp and linerboard until its closure in 2009. While the sawdust pulping process requires specialized digesters, the raw material is typically much cheaper and the end product sells in the same markets as hardwood pulp, thereby providing opportunity for margin. In aggregate, the currently operating sawdust pulping mills in B.C. consume close to 400,000 tonnes of sawdust annually.

Hog fuel, is also a significant raw material used in the pulp sector as a source of fuel for heat, steam and increasingly electricity. Hog fuel consumption in B.C.’s pulp and paper mills has been on the rise over the past few years as nearly all mills have expanded their energy producing capacity as a result of the BC Hydro Phase 1 Call for Power and the availability of Green Transformation Funding from the federal government.

When announced pulp mill energy projects are all on line (by 2014), provincial demand for hog fuel in pulp and paper mills alone will exceed 2.6 million tonnes annually.

The lumber sector has just gone through its worst recession in recent memory and current forecasts for improvement in US housing market remain muted through 2014. Despite ballooning Chinese demand for wood products, lumber prices are remaining low and sawmills are still struggling to remain profitable in a fragile global economy.

The pulp sector, however, is seeing market resurgence like never before. Market prices for the benchmark Northern Bleached Softwood Kraft pulp (NBSK) have been rising steadily since 2005 from an average annual low of $647 per tonne to today’s pricing of over $1000 per tonne in the North American and European markets.

According to Paul Quinn of RBC Dominion Securities (RBC), prices for NBSK have returned to peak levels of US$1,020 per metric tonne, with the implication that prices will likely decline slightly in the second half of 2011.

According to David Elstone of Equity Research Associates, “while pulp prices in US-dollar terms are at all-time record highs and rising, in Canadian dollar...
terms, prices are elevated but have yet to surpass their peak set in 2010 as a result of the appreciation of the Canadian dollar. But the current market is in sharp contrast to a few years ago when regular price escalation. But with little new softwood pulp capacity in the works globally for the next two years, the softwood pulp market should hold up fairly well.

In the downstream product lines, principally as a source of cellulose in the manufacturing of products such as synthetic fibres, plastic materials, lacquers and explosives, rayon, lingerie, cigarette filters, plastic products, home furnishings and film.

When Neucel started production in 2005, dissolving pulp was selling for about $850 per tonne (compared to about $650 for NSBK at the time). Over the last year, dissolving pulp prices skyrocketed, peaking at $2600-$2700 earlier this year, though they are reported to have declined since. Note the production costs for dissolving pulp are higher than NSBK so there will generally be a premium for the dissolving pulp price.

Why the big jump in value? Elstone suggests that a surge in Asian demand for rayon (a significant use for dissolving pulps) combined with shortfalls in the global cotton crop of the last year has refocused attention on dissolving pulp. With supply restricted and demand increases, the price obviously climbed. Cotton prices have also recently declined which could reduce some of the pressure on rayon production.

With a growing market for dissolving pulp, many other companies are also looking at this market favourably. In their February 22 news release, Mercer
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International announced that it has completed a preliminary feasibility analysis for its Celgar mill (and Stendal mill in Germany). The analysis identified that, for a capital cost of approximately $30 to $40 million per mill, they could have the capacity to produce NBSK pulp, as they do today and dissolving pulp when market conditions are favorable. The enhancements would permit the mills to become “swing mills”, capable of swinging production from NBSK pulp to DP to opportunistically maximize realizations.

At the same time, tight global markets for dissolving pulp led to The Gores Group, a Los Angeles-based private equity firm, to the acquisition of the Weyerhaeuser’s shuttered Cosmopolis pulp mill in Washington State. According to their September 2010 press release; “Gores’ strong operational expertise and focus, combined with the experience of Richard Bassett (who led the group that purchased and re-started Neucel in 2005) and his team, which will help refurbish the mill and lead the sales efforts, ensure a successful restart of the mill and position the asset to achieve its full potential.”

As has been tradition in many lucrative markets, too many people may turn to dissolving pulps and when supply rises to meet demand, market prices usually fall. On the upside, mill restarts and development of “swing mills” will increase demand for chips and logs which remains the good news for B.C. loggers and truckers.

However, the increasing demand for fibre of all types, primarily from China, is currently digging into traditional coastal pulp log basket and that is impacting all B.C. coastal pulp makers. Coastal pulp log prices are up an average of 20% this year and are currently trading in the $45-$50 per cubic metre range.

But in the face of a growing pulp log shortage, Neucel Specialty Cellulose has been ramping up production of dissolving pulp since its re-start. Neucel uses only Hemlock pulp logs, the preferred species in the production of dissolving pulps and they have no ability to accept residual chips. According to Brian Markin of Neucel, “in order to ensure we can secure sufficient logs to operate our mill and keep our 400 employees going is to ensure the new provincial government implements policy that will encourage more marginally economic stands to be logged as that is where our pulp logs come from. Key to this is a balanced mix of log exports that improve the economics of harvesting low value stands, while at the same time ensuring we have sufficient logs to support the ongoing and growing domestic manufacturing sector.

A second factor is the overall cost of logging that has, on the mid and central coast been forced up as a result of the implementation of ecosystem-based management or EBM. According to Markin, “with EBM, operating costs restrict pulp stand access in these areas which effectively reduces access to them. Again, we need help here from the government to ensure sustainable forest management while at the same time allowing for appropriate operating economics”.

With markets appearing buoyant for both NBSK and dissolving pulp globally, does B.C. have the ability to provide sufficient raw materials to support ongoing demand and will loggers see ongoing demand for their services harvesting and delivering not only logs, but chips, sawdust and forest-based biomass?

Improved pricing for pulp logs on the coast should encourage major producers to bring more of them to the water. As a result of weak pulp log pricing, significant volumes have been left in the woods for many years on the coast. Again, improved pulp log pricing is good news for the loggers who may actually get paid to bring the fibre to market.

But in the mid-term, the impacts of the mountain pine beetle on interior forests will inevitably result in reduced AAC’s and sawmill closures that could negatively impact the interior pulp sector. The 2010 Woodmarkets Group; Mountain Pine Beetle Impact and Outlook on B.C. Timber Availability and Wood Products Production, suggests as many as 16 mill closures by 2018. If this occurs, then once again the availability of sawmill residual wood chips, sawdust and hog fuel will be strained and pulp mills will be forced to use alternatives.

With the threat of sawmill closures, pulp mills will once again increase their reliance on whole log chips for pulping, and on forest-based biomass to replace traditional fibre shortfalls in their power boilers and sawdust pulping digesters. Together with increasing costs for coastal fibre it would appear that the longer-term prospects of the B.C. pulp sector are not a slam dunk. That said, log prices in B.C. are in stark contrast to that of the U.S. Pacific Northwest where pulplog markets are strong with prices near multi-year highs.

For now however, the future looks bright with rising and potentially sustainable pulp pricing being good news for the B.C. logging and trucking sectors.
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What Have the Four Provincial Logging Associations Done for You Lately?

by Sandra Tice

Dedicating countless volunteer and staff hours toward key issues and policy development; providing on-going lobby efforts where it matters; mixed in with a good bit of fun and networking for members and other forest industry stakeholders at regular events and membership meetings.

If you've ever felt like a lone voice in the wilderness and wondered who supports you on the job, you may want to take a closer look at what is happening behind the scenes of B.C.'s four logging associations today.

There are more than a few good reasons to join the Central Interior Logging Association (CILA), based in Prince George; the Interior Loggers Association (ILA), located in Vernon; the Northwest Loggers Association (NWLA), based in Terrace; or the Truck Loggers Association (TLA), headquartered in Vancouver, representing independent coastal logging contractors and their suppliers.

These four logging associations serve the harvesting sector province-wide with a collective membership of over 1,200 individual companies employing more than 20,000 people, are involved in contract logging, log hauling and independent mill operations along with their suppliers, as well as communities and First Nations operators.

From board rooms to conventions and golf tournaments, to sharing a pint at networking events—everyone has a chance to learn from others as they share their years of accumulated knowledge or exchange the latest information on how to integrate technology and equipment into day-to-day operations. It's all about networking — helping each other out while conducting business.

Dave Lewis, who became the TLA executive director in 2007, started out as a forestry contractor early in his career, rapidly gaining a reputation as a fierce advocate for the independent contractor’s rights. “I took on this job because of my friends—the truck loggers,” he says. “These are great people to work for, and I am proud that I work for them, carrying great respect for all they’ve done over the years. Each of the associations has its individual challenges, so we all try to help each other to reach mutual objectives and we are supportive to those that need our help.”

The TLA is actively working on a number of timely issues today including: ensuring that BC Timber Sales (BCTS) bidder eligibility criteria are fair and equitable; by providing input into forest safety training and certification programs; working on the BC Forest Revitalization Trust tax issue; and addressing crew boat safety certification to name just a few. Lewis explains, however, that one of the main association objectives is to “gain a settlement on the Forest Service Providers Protection Act (FSPPA),” noting that “we need to complete the lien legislation work that we’ve been pressing so hard for, to ensure that contractors get the protection they deserve for the workers and their families.”

Lewis adds that the great thing about the TLA is its longevity and reputation—not too many groups have been around for 68 years and still have a place held at government and forest policy development tables. Much of the work takes place behind the scenes, and when issues arise, the TLA is there to find an acceptable outcome on the members' behalf.

Wayne Lintott, general manager of the ILA, has been at the helm of his organization since 1998, and works closely with ILA chairman, Reid Hedlund. Lintott's experience reaches back to 1974 where he started out running the ILA conventions. Today, he says that the
associations work closely together on any issues that pop up in the harvesting sector, sharing a long-standing working relationship that has solidified over the years.

Lintott is particularly proud of his association’s handling of the Pope & Talbot bankruptcy filing that occurred back in 2007. This event initially left many contractors out in the cold with $4.2 million in unpaid wages owing to them. However contractors were eventually compensated, due in large part to the tireless efforts of the ILA, as they took on the task of seeing that this debt would be repaid. The process took well over a year and half to reach a conclusion. Pat Bell, Minister of Forests, Lands and Range at that time, advocated for the contractors, which ensured that the final sale of the bankrupt P&T assets hinged on a “subject clause” and would not be released for sale until the contractors were paid. This was the negotiating tool the ILA needed, and ultimately 98% of the monies were paid to contractors.

All of the associations point to education as a huge priority with a pressing need to ensure that the next generation of workers is trained and ready to work, especially now that the industry moves into better market conditions. On this front, a number of education strategies are supported from the elementary school level, right through to operator certification courses for high school and college age students. The ILA’s Lintott says, “We are collaboratively developing industry training through initiatives like the proposed new North Island College Forestry Equipment Operator program which will include timely courses such as log loader, feller buncher, wheel skidder, dangle head processor, and track skidder training. The instructor training modules are set and this program is ready to go.”

Collectively, the four associations have major representation on multiple industry committees including BC Timber Sales, training and education initiatives, safety, worker protection and leg-
islation, road safety, steep slope safety, trucking safety and more. "We have a voice in so many aspects of this industry; we are continually working for you. Help for the independent contractor is as simple as picking up the phone," adds Lintott, "as we can bring forward many concerns to the people that are actively trying to seek change and betterment for the industry as a whole."

MaryAnne Arcand, general manager of the CILA speaks about the key accomplishments of the interior loggers group, which represents over 78% of the province’s geographic area and 58% of the province’s Annual Allowable Cut (AAC). She first points to the success of their weekly “Fast Fax” newsletter, noting they have published over 600 issues to date. She says it is read widely by government and within the industry. In rapid fire fashion, she credits all four associations for accomplishing a number of initiatives, a sentiment echoed by each of the executive directors: the Forest Service Providers Protection Act (FSPPA), the Interior Appraisal manual which outlines how the rates are set, Bill 13 and its provisions, Timber Sales Advisory Council (TSAC), lobbying on the trucking side (regarding axle weights, trailer configurations, impediments to business and reductions of unnecessary costs), helping the Safety Council, and the newly developed Carbon Offset Program. And, she points with pride at “the forest and resources expo, the biggest forestry tradeshow in the province, which is held every other year in the north.”

Arcand also stresses that training, recruiting and retention are a primary area of focus for all of the associations. As the smallest of the four associations, the NWLA got its start in the early 1960s as the “Terrace Truck Loggers

We need to complete the lien legislation work that we’ve been pressing so hard for, to ensure that contractors get the protection they deserve for the workers and their families.

“We had to leave thousands of metres of logs on the ground this year because we could not move them due to lack of operators," she explains. “In our area we are partnering with the College of New Caledonia, to provide new driver and operator training, where students will receive simulator training initially and then move onto hands-on training with our members. The idea is to do the training during the slow time (June through October) so that our guys will be 80% ready for the wintertime crunch (December to March). Good operators can mentor during the slow time, and by the time they get into full production again, the new workers will be ready.”

MaryAnne ARCAND

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An aging workforce and loss of employees lured by oil and gas have taken their toll, but some workers are seeing the value of coming back to forestry in their region.

And for the NWLA, retaining membership today is tough. An aging workforce and loss of employees lured by oil and gas have taken their toll, but some workers are seeing the value of coming back to forestry in their region. “We recently had a local guy returning from the oil fields, who reports that he is tired of being away from home, and that high traveling costs combined with lower than anticipated rates of pay have brought him back home to work,” Sauer says.

“Get involved, get on your executive, and let your voice be heard. Don’t just pay your dues and sit back on the sidelines. Individuals stepping up to help the larger groups can really make a difference,” advises Sauer. “Our jobs and families rely on accurate information going to policy makers and our associations have an important responsibility to get those messages out to the right people.”

Where Old Meets New: The Next Generation of Loggers Is Actively Engaged in Policy Development

Don BANASKY

Current industry changes have attracted an influx of young, enterprising members who are making a noticeable difference in how things are getting done. Don Banasky, of Falltech Logging, and partner, Brian Gregson of Copcan Contracting are phase contractors who provide mechanical falling and processing from Quesnel to Victoria, as they juggle multiple logging contracts all the while investing personal energy in the TLA. Banasky chairs the Safety, Training and Industrial Relations Committee, and is a second year director on the TLA Board.

Matt WEALICK

“We thought it was a good idea for Falltech to get involved, initially for the excellent networking opportunities,” says Banasky. “This association (TLA) in particular has the ability to make changes in government policy and within the industry, and we felt that was extremely important.”

Banasky admits he is not a patient fellow, but appreciates the process that all decisions have to go through. “It’s important to do things right, and I see that meticulous attention to detail in decisions that are made at every level by the TLA.”

When asked what he has observed from inside the Boardroom, he says, “Coming into it as a relative newcomer and jumping in, I am amazed at the genuine consideration that is given to all of the members’ needs. The Board puts aside personal interests for the betterment of the membership and we, at Falltech, especially appreciate the integrity with which the TLA operates,” he adds.

Members enjoy access to consistent, comprehensive and cost-effective benefits and insurance plans. Banasky gives this advice to someone who is considering signing up “I would tell them, get involved, speak out, ask questions, and spread the word. Being a member is a great opportunity for smaller companies, and you save money with the insurance programs, group buying power, and group benefits. There simply is not a downside. The amount of money you save by being involved is priceless.”

All four associations have valuable affinity programs for their membership with excellent health and dental programs. The TLA is unique as it offers a significant heavy equipment insurance coverage program through provider JLT that is not available anywhere else. Cost analysis shows that many members easily recoup their cost of membership with the money saved through this and the various other affinity programs.

Matt Wealick, a forestry operations manager for Ch-ihl-kway-uhk Forestry Ltd., chairs the Aboriginal Affairs Committee and is a first year TLA director. He explains that he first became involved by attending the annual convention, “Having a say is great for small licensees and contract loggers, and this is the biggest thing I see every day—the chance to influence government and help shape the political views within the province. The most impressive part of being involved at the Board level, is interacting with all that experience, noting everything the directors have accomplished over the years, and observing how they volunteer their energies to the rest of small licensees and contractors. The Board members are happy to sit down with you and share their expertise, and that alone, is invaluable.” Wealick sees the chance to work towards a greater competitive coastal marketplace, and emphasizes the importance of First Nations involvement towards that goal.

Wealick gives his take on getting involved, “Give it a try, even for one year—for the networking opportunities, and for the input into forest policy—
Graham Lasure, current president of the TLA, provides yet another perspective to getting involved. He started out as a young gun entering the industry and is now a second-generation association president in his second year. His involvement began over 25 years ago when he started attending annual TLA conventions with his step-father, W.D. (Bill) Moore, a past president who served during 1964 and '65.

Lasure sees direct business benefits. “Being involved has given me a better understanding of our industry and its interaction with the government, which in turn allows for better business planning and forecasting,” he explains. “Standing on the front lines provides members with crucial business information, keeping us one step ahead of those who are not involved.”

“When I was beginning my management career, I had very little contact with other loggers and I needed information to help learn my business. The TLA was a great resource for me. Now I want to return the favour by paying back the industry and the association that helped me when I needed it most.”

Recruiting directors to the board is always of paramount importance to the associations, and Lasure says that although there are many hours of dedicated volunteer work and donations of both time and finances from the companies and individuals who are behind the scenes, “Being inside the board room, you are really in touch with the inner workings in the industry,” he adds. “There is an impressive amount of knowledge representing every sector sitting around the board room table whose work and knowledge is the primary reason the TLA has garnered the respect of our industry and Government.”
Lasure estimates that a typical director freely gives one to two days per month, noting that the executive commitment can be more. But he advises that the time commitment to getting involved should not be a deterrent because, “If you are a member of the logging industry in any capacity, you NEED to get involved. There is no reason not to, and too many to list why. Don’t pass up the opportunity to improve yourself, your business, and to do something good for the whole of the province. Being a member will make you a more well-rounded businessperson, and it will be an investment you will never regret. In a nutshell, we are working for you, so you should take it to heart...become a member, and even consider a directorship, with one of the regional logging associations today.”

Where You Can Find Your Membership Concerns Being Addressed and Your Membership Dollars at Work:

Collectively, the four associations have major representation on multiple industry committees. Here’s just a partial list of some of the many places, both internal and external, where the four B.C. logging associations address industry concerns across the Province:

Aboriginal Affairs Committees
BC Forest Safety Council
Audit & Finance Committee
Governance Committee
Forest Safety Council Program Committee
SAFE Companies Technical Advisory Committee
Steep Slope Committee
Faller Committee
BC Forest Revitalization Trust Fund Advisory Board
BC Road Builders Blue Book Committee
BC Timber Sales Advisory Council (TSAC)
Carbon Offset Aggregation Cooperative of BC
Contractors Rate Committee
Commercial Vehicle Safety and Enforcement (CVSE) Association Committee
Forest Service Provider Protection Act Working Group
Logging Association Industry Forestry Committee

Logging Association Industry Training Sub-Committee
Logging Workers Training Needs Committee
National Safety Code Review Task Force
Northern BC Forest Products Transportation Coalition
Okanagan TSA Road Safety Group Committee
Provincial Pricing and Marketing Committee
Prince George Railway & Forestry Museum
Provincial FRPA Implementation Team (PFIT)
Professional Reliance Working Group
Public Advisory on Forest and Range Practices (FRPAC)
Resource Worker Wellness Task Force
Road Health Road Safety Coalition
Safety Training and Industrial Relations Committee (STIR)
Silver Lake Forest Education Society
Various Education Committees
Wood on Wheels (driver training coalition)

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SMOOTH TRANSITIONS TO A COMPREHENSIVE LAND MANAGEMENT SYSTEM

The creation of the Ministry of Natural Resource Operations last October separated forest policy development from field operations. The separation was counter to one of the forest sector’s key challenges it continues to advocate for – the maintenance of consistent linkages between forest policy and operations. The new MNRO was quickly becoming known by insiders as the Ministry Not Really Operating, due in part to the disconnect between policy and operations. This March, Premier Christy Clark reunited forest policy and operations by adding Forests and Lands back into a new ministry – the Ministry of Forests, Lands and Natural Resource Operations (MFLNRO).

It appears the Premier is heeding United States Senator Warren Rudman’s sage observation, “…I think that any government reorganization has to come in relatively small bites, or else you get indigestion.” Clark appointed Randy Hawes Parliamentary Secretary for Natural Resources Operations Review, signalling the mandate of the new combined ministry is not yet settled. Coast Forest supports this review as the ministry still appears to be a grab bag of activities and continues to delink the important policy and operations in the remaining resource ministries.

Going forward, the leadership must establish organizational clarity at all levels throughout the MNRO to ensure the desired economic, social and environmental objectives are delivered. Competing demands for coastal forest lands will continue to grow, so it is incumbent on government to make informed land-use decisions designed to maximize the net benefits from our forests for British Columbians.

As such, the first bite the review needs to deliver on is an effective interface between policy makers and the final decision makers while at the same time initiating a protocol for effective engagement of the forest sector with the policy makers. The link at both levels currently appears broken and the level of consultation inadequate. Just as important, a number of draft policies being developed, such as the Open Burning Smoke Control Regulation, Water Modernization Act, and Mitigation and Offset Policy, lack an economic competitive lens and in some cases are inconsistent with existing regulatory obligations.

The second bite is to have the MFLNRO implement a “gatekeeper” approach to land-use decisions. Many of the decisions on land use in B.C. have been made through a political process or they have focused on the “best” decision from an environmental perspective only. Essentially, some form of economic or benefit-cost balancing in the decision making process has been missing.

Both government and industry as land managers could do a much better job at meeting conservation targets without duplicating objectives unnecessarily and at the same time have more land available for timber harvesting. The creation of the MFLNRO might provide the right opportunity for a change to include this kind of balance when future land use decisions are made. As the MFLNRO assumes the decision-making role for natural resources on the ground, it must take a much more comprehensive approach to managing the forest land base by taking into account government’s economic objectives and the cumulative impacts of land base removals.

Coast Forest will continue to offer support to ensure a smooth transition through this review to preserve the interests of our industry and mitigate any negative impacts. It would be unacceptable to lose the progress and momentum that was being made with the forest sector prior to this reorganization and it would be unforgivable to squander the coastal forest industry’s assets in resources, people and geographic location.

Les Kiss, RPF, vice-president, forestry, Coast Forest Products Association (CFPA) since 2004, has an extensive forest management background having worked in the industry in various capacities since 1968.
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