

SETTING THE RECORD STRAIGHT: UNDERSTANDING FOREST INDUSTRY JOB LOSS

TLA Editorial

The forest industry, like all Canadian natural resource sectors, has long had the distinction of providing good, family supporting jobs in rural communities around the province. According to Stats Canada, the British Columbia forest industry employed close to 100,000 persons in engineering and timber development, logging, sawmilling, pulp and paper and secondary manufacturing in 2000 together with the plethora of indirect jobs needed to support all aspects of the industry.

However since that time, the North American economy has gone through two major recessions, including two massive dives in the US residential construction sectors, and it is still recovering today. Mill closures and job loss have occurred across the forest industry. The environmental community was quick to jump on the job loss statistics and use them as part of their anti-log export campaign. The media messages were: “log exports responsible for mill closures and provincial industry job loss” and “BC needs to get more jobs per cubic metre of harvest like they do in Ontario.”

However, a more in-depth look at the reasons for the job loss and the changes to the industry that occurred over the same time period paints a much different picture.

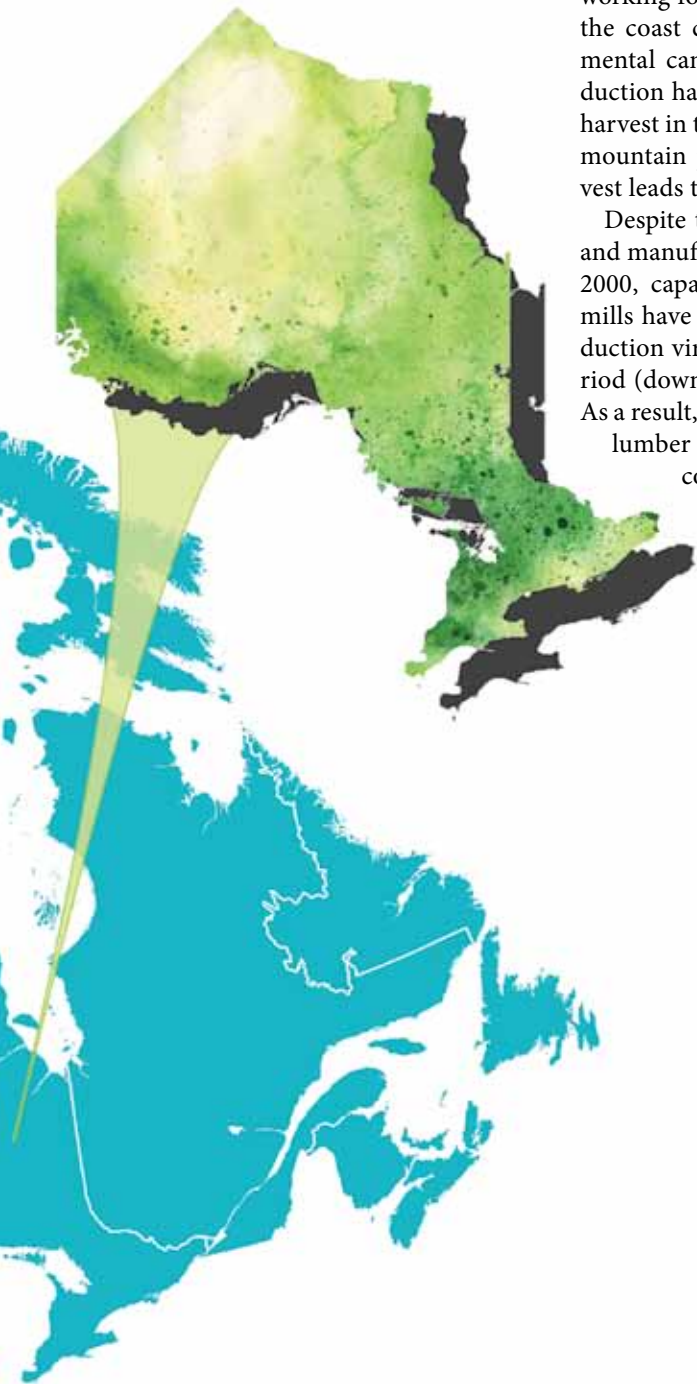
BC's Forestry Job Record

First, let's get the BC job numbers correct. The following table shows the Stats Canada employment figures by sector for the years 2000 and 2015 within the BC forest industry. In aggregate, the forest industry lost some 45,000 jobs over the 15-year period.

Photos: iStock



Stats Canada Employment Data by Sector	2000	2015	Difference	
Forest and Logging	18,295	12,396	5,899	32%
Pulp and Paper	18,331	8,417	10,414	55%
Support for Forestry	16,653	4,603	12,050	72%
Wood Product Manufacture	43,352	26,377	16,975	39%
Total	97,131	51,793	45,338	47%



Log exports have risen in BC since 2000—from 3 per cent of the provincial harvest to 9 percent over 15 years—and they provide an easy target for the job loss rhetoric. However, a number of other significant changes have occurred with the industry that more clearly explain where the jobs went.

From 2000 to 2015, the provincial harvest fell by 16 per cent as a result of working forest land base reductions on the coast caused by ongoing environmental campaigns. This provincial reduction happened despite an increased harvest in the Interior set to combat the mountain pine beetle. A reduced harvest leads to less jobs.

Despite the many sawmill, pulp mill and manufacturing plant closures since 2000, capacity increases at remaining mills have kept provincial lumber production virtually the same over the period (down just 6 per cent since 2000). As a result, one cannot point to reduced lumber production as a significant contributor to job loss—at least from a provincial perspective.

Over the last 17

years, the industry collectively increased its productivity by using technology to displace high-cost labour in an effort to keep BC's wood products competitive in the global marketplace. Starting in 2001, the lumber industry accelerated its restructuring in the face of ongoing softwood lumber pressure which resulted in substantial productivity gains with labour in sawmills and wood preservation industry increasing two times faster than in the entire manufacturing sector¹. (Labour productivity is defined here as the industry's value added divided by total number of hours worked. Simply put, we learned to make more lumber with less people.)

This same trend was also seen in the logging sector. The ongoing shift towards harvesting second growth combined with increased use of mechanical harvesting has led to the displacement of on-the-ground workers. (However, this shift has a silver lining: increased mechanical harvesting has improved the industry's safety performance.)

At the same time, the global shift to electronic media forced a significant reduction (59 per cent) in BC paper production (1.5 million tonnes) and 17 per cent reduction in BC pulp production (close to 1 million tonnes). Several mills closed as a result of these failing markets. When people stop buying the product we are making, we stop making it and the jobs go with it.

Contrasting these industry changes over the past 15 years with the job loss statistics reported by Stats Canada and the conclusion drawn is much different than typically reported.

- A reduced harvest, primarily on the coast, resulting from reductions to the working forest was responsible for 10 per cent of the job loss reported.
- Increased productivity in wood manufacture at BC sawmills accounts for another 38 per cent of job loss. However, it also contributes significantly to BC's ability to remain competitive in the global market.
- Increased productivity in logging accounts for another 27 per cent of job loss. However, the increased mechanization within the industry has made it a lot safer.

In aggregate, these specific changes point to the fact that 75 per cent of the Stats Canada reported job loss in BC

Rationalizing Forest Industry Job Loss Between 2000 and 2015



- Reduced Harvest 10%
- Manufacturing Productivity 38%
- Less Manufacture 22%
- Logging Productivity 27%
- Log Exports 4%

was as a result of productivity improvement or a reduction in the harvest.

On the other side of the coin, reduced manufacturing of pulp, paper, lumber and value-added products in BC, accounts for 22 per cent of job loss and 4 per cent of job loss can be attributed to an increase in log exports.

Why Can't BC Be More Like Ontario?

Critics often point to the Ontario forest industry as the benchmark for value-added job creation in the forest industry. However, a review of the job statistics there reveal some interesting details about value added.

In Ontario, the 2014 harvest was just under 14 million cubic metres or about 20 per cent of BC's harvest. However, Stats Canada reports just over 62,250 Ontario jobs were dependent on the forest industry in 2014. That suggests about 36 per cent more jobs per cubic metre of harvest in Ontario compared to BC. However, if we dig a little deeper it's clear there are fundamental differences between the industries.

Ontario has a large hardwood species harvest (species which do not grow in BC) that supports a more labour intensive wood products (furniture) manufacturing industry which accounts for approximately 10 per cent of their harvest and a large incremental portion of the job count.

Logging employs 36 per cent more people per cubic metre of harvest in Ontario. To help explain this difference, take a look at the piece size of individual logs. Ontario logs are significantly smaller resulting in greater handling per cubic metre. Larger log piece sizes in BC make our sector inherently more efficient in the woods.

Ontario pulp and paper production employs a whopping 687 per cent more

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people than we do per tonne of production in BC. However, the pulp & paper sector historically has been much larger in Ontario and Quebec. These mills are old institutions which typically require a higher amount of labour compared to more modern, efficient facilities.

What these stats suggest is that unlike BC, Ontario has yet to radically improve the productivity of their mills and logging operations, a process that ensures the global competitiveness of the BC industry. As a result, Ontario remains more vulnerable to the ups and downs of markets and as we have seen more recently with the imposition of duties and tariffs—immediate impacts on sawmill operations not seen in BC.

Ultimately, on paper Ontario has greater employment per cubic metre. However, when we consider the differences between the two provinces' forest industries it's clear it isn't an apples-to-apples comparison. BC's forest industry is indeed different and, dare we say, more efficient at using its timber resource which is reflected in its employment-per-cubic-metre stat.

Job Growth Opportunities

Given the need to remain globally competitive, it is not likely that we are going to increase the BC job count in the woods or mills as we've had in the past.

Despite the rhetoric, banning log ex-

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ports won't increase jobs. The export of some logs in BC allows for the harvest of a significant portion of the coastal working forest that might otherwise go unharvested as a result of high costs, which if banned, would eliminate those harvesting and stevedoring jobs. Banning log exports would reduce today's jobs in the industry by close to 10 per cent.

However, there are opportunities to increase jobs beyond the 4 per cent lost to log exports while at the same time maintain our global competitiveness. In 2016, the coastal industry alone undercut the allowable harvest by some 3.9 million cubic metres. Given today's job statistics per cubic metre of harvest,

harvesting the full coastal cut would yield an additional 22 per cent to the coastal workforce. Opportunity also lies in setting the stage for maximizing the allowable harvest, something the industry and government should all work

towards. Finally, we should look at the control of our public timber supply to ensure the efficient distribution of fibre to where it is needed at BC conversion facilities. Addressing these three issues will lead to more employment in BC.▲

¹Stats Canada



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