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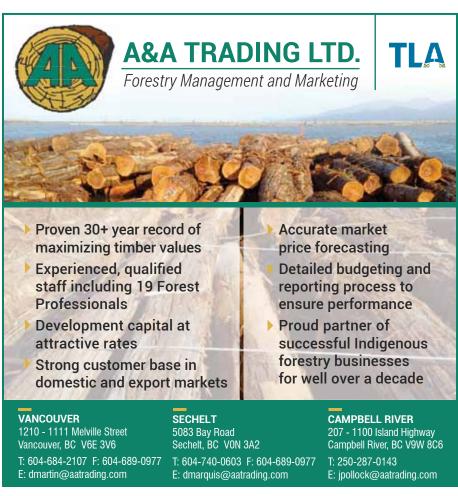
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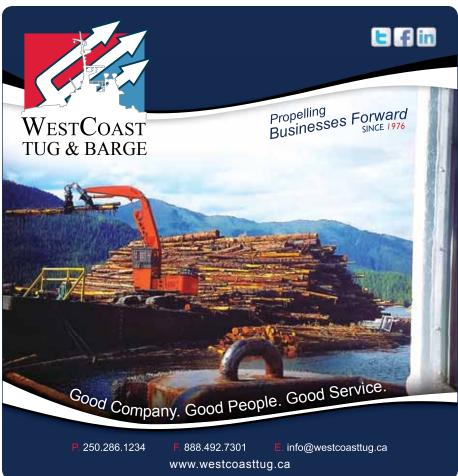
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FROM THE EDITORIAL BOARD DESK...

Welcome to the Fall issue of *Truck LoggerBC* magazine. In the wake of another devastating and record-breaking wildfire season, you'll find two relevant articles in this issue—the safety report on page 20 provides insight to potential risks for workers, and a feature article on page 51 highlights the need for action for fireproofing our communities.

Another issue of immediate importance that many contractors are facing is the industry's acute labour shortage. We provide a perspective on proposed solutions to address the issue on page 28. On page 30 we explore the unintended consequences of potential log export policy changes.

With the recent controversial media coverage suggesting that BC's old growth forests need to be protected further and that old growth logging be banned completely, this issue includes an article that sets the record straight about how much of BC's old growth is already protected, and the potential impact on the forest industry if it was no longer logged.

For contractors and/or business owners, if you have not already considered having a crisis communications plan on hand in the event an issue arises on your worksite, you'll find the article on page 36 about the importance of following a plan helpful with understanding why you should have one.

This issue also includes an article on page 54 about Cascade Lower Canyon Community Forest, a well-managed community forest model between three partners, Yale First Nation, Fraser Valley Regional District and District of Hope.

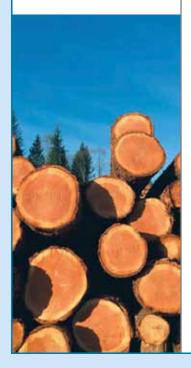
Information about the 2019 76th Convention & Trade Show from January 16-18 can be found on page 40 & 41, including the "All-Inclusive" registration package and single or 3-day passes, as well as this years' highlights, including favourite annual events and sessions covering the industry's hot topics.

I hope you find this issue insightful and informative. If you have any feedback or comments, please contact Jennifer Kramer, director of communications at 604-684-4291 ext. 2 or Jennifer@tla.ca.



Dorian Uzzell Editorial Board Chair





TLA TRADES SCHOLARSHIPS

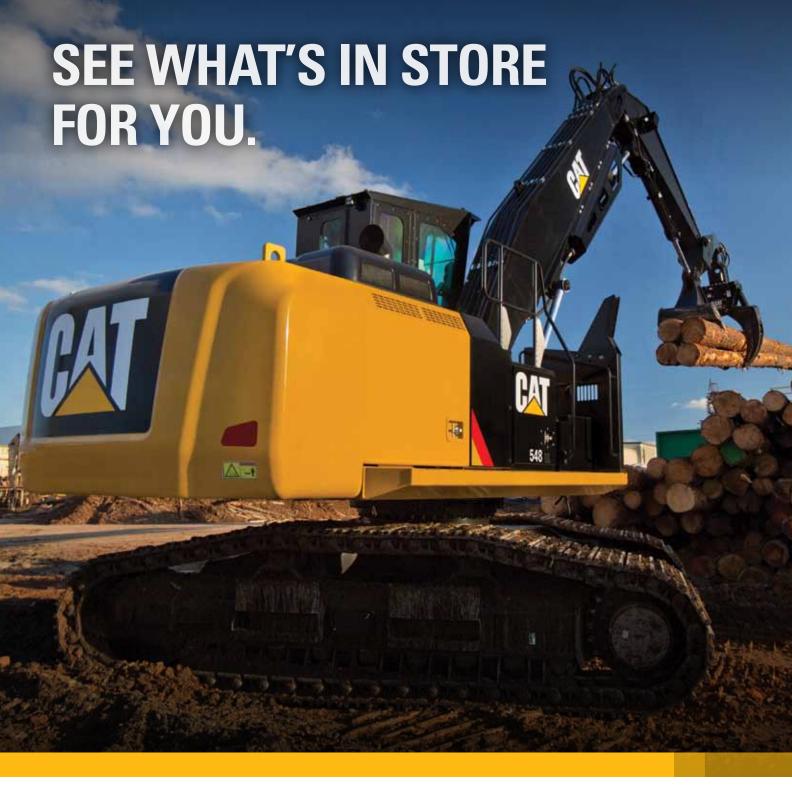
TLA members! Do you have trade apprentices on your crew?

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ADVOCACY RAMPING UP FOR WILDFIRES, SUSTAINABILITY AND REVITALIZATION



ne of the most significant events to have impacted the forest industry this past summer is the devastation of wildfires across the province.

Following the worst wildfire season on record in BC, we have once again addressed our concerns with government about the lack of utilizing contractors to assist with fighting fires. After hearing from several contractors about what they were observing regarding forest fire fighting, we reached out to the TLA membership to solicit broader feedback from across the province. We will share this information with BC Wildfire Service later this year when we anticipate meeting to discuss a strategy for 2019. As a reminder, please stay safe when returning to harvest burnt stands.

Another equally important event to have occurred over the summer, and possibly the past decade, was the highly-anticipated initiation of the facilitation process to review the resulting recommendations from the Contractor Sustainability Review (CSR).

In mid-August, members of the TLA executive, advisors, and executive director independently met with the facilitator, Dan Miller, a former cabinet minister and Premier who was hired to oversee the review and implementation of the CSR's recommendations.

Although behind schedule, it was evident at this meeting that the government is earnest in its desire to assist the forest industry as a whole in resolving the current imbalance between contractors and licensees in the best interest of public land and the province.

This is an opportunity for contractors to collectively change the status quo by improving business practices through fair negotiations, being well informed about related data, not undercutting the market and knowing when to say no.

At time of writing, another meeting was scheduled in mid-September to meet with Miller again along with leadership from COFI, ILMA, ILA and NWLA to begin the process of working together to identify mutually agreeable solutions and resolve differences.

year, and I'd like to congratulate all the participants and winners.

Thanks to the 240 golfers who joined us for our 22nd annual golf tournament

This is an opportunity for contractors to collectively change the status quo by improving business practices through fair negotiations, being well informed about related data, not undercutting the market and knowing when to say no.

Not only do we advocate government about policies that affect the industry, we are also concerned about policy that will impact contractors' businesses directly. Recent changes to the Medical Service Premiums (MSP) and introduction of the Employer Health Tax (EHT) in 2019 will undoubtedly cause financial harm to TLA member businesses. The 1.9 per cent EHT tax is equivalent to many of the TLA's members' net profit margins; meaning it is entirely possible that our members may be working without profit.

As a business owner, this is of great concern to me. How can we continue to serve our customers, support our communities and keep our employees if there is no incentive to stay in business?

To date, we have sent two letters to government regarding these issues asking they rethink this tax given the financial impact it will cause our membership.

These timely and relevant topics are addressed at the TLA's regular networking events and annual convention, where we provide opportunities for members to hear from guest speakers and industry experts, as well as interact with other contractors to discuss issues and learn from one another. I encourage you to join us.

The TLA also proudly sponsors many Logger Sports events throughout the province each summer in support of the industry. It was great to see such a large turnout of loggers and their families this held at Westin Bear Mountain in Victoria to accommodate the overwhelming demand from our members to participate. Congratulations to tournament winner, Catalys Lubricants; best-dressed team, Cokely Wire Rope; and all other contest winners.

As we ramp up for another busy year, I'm looking forward to all that we are about to accomplish powered by a dynamic, now fully-staffed team in the TLA office including Stacie Dixon, director of membership; Lisa Cruthers, events manager who oversees the convention and tradeshow, golf tournament, and networking events; Jennifer Kramer, director of communications who oversees media relations, social media, government communications, and is the editor of Truck LoggerBC magazine; and Shannon Hudson, executive assistant, a new role supporting the executive director and board of directors. Special thanks to Kathie Madden for temporarily coming out of retirement to assist with planning events. I encourage you to reach out to the staff, myself or Executive Director, David Elstone anytime to address your issues or concerns.

Mike Richardson, President, TLA Tel: 250.203.2649 Email: mike@tsibass.ca



QUESTIONING THE NEED FOR THE BC FOREST SECTOR TO BE GLOBALLY COMPETITIVE

Pollowing the release of the Contractor Sustainability Review (CSR) and its resulting recommendations, we have been hearing a lot about the need for the BC forest sector to be globally competitive.

Raising this issue begs the question, is the BC forest sector globally competitive? And why does it matter? How is competitiveness measured? And how does competitiveness impact contractors? One strategy to be competitive in business is to reduce costs where possible; in forestry, that typically means negotiating lower rates with timber harvesting contractors.

To be frank, contractors do not need to be globally competitive. They are the necessary service providers in the supply chain operating at a local level who harvest and deliver timber from the sidehill of a remote valley to a sawmill. It does not make sense to compare their delivered costs to that of a logger in the US or Chile; they simply are not competing with them. To suggest contractors' costs in BC are higher than in other jurisdictions is to be uninformed; if those other jurisdictions had the same conditions that BC contractors operate within, those competitors would likely have similar costs.

British Columbia is undoubtedly a high cost region to operate within. The ruggedness of our terrain and the logistical challenges of the Coast are not easy hurdles for contractors to overcome. The distance from stump to market can be some of the longest in the world. Not to mention the regulatory and legislative environment they operate within.

Contractors own and operate businesses with the intent to earn a return; they are not in business to subsidize the financial returns of their customers. When it comes to cost savings in the supply chain, loggers in BC have nothing left to give.

The proof of that is abundantly clear based on the data from the CSR that confirms contractors in this province are not earning a return sufficient to reflect the risk of operation.

Furthermore, the Canadian Forest Industry (CFI) 2018 Contractor Survey revealed absolutely startling revelations about contractor margins compared to its survey in 2015, indicating a significant increase in the number of contractors across Canada who did not earn a profit;

We have seen the best ever lumber and pulp markets and yet contractors are continually discouraged, and their costs are not getting any lower. As I have said so many times in the past, this juxtaposition means there are serious issues in the industry.

Contractors need impactful change with government's assistance. Some licensees understand; but obviously most do not. I believe the issues the TLA has raised, which have been confirmed by

Contractors own and operate businesses with the intent to earn a return; they are not in business to subsidize the financial returns of their customers. When it comes to cost savings in the supply chain, loggers in BC have nothing left to give.

77 per cent of contractor respondents who said they were making the same to much lower profit margin; and more than one third of BC Interior contractors made a zero profit.

Is it fair to say the BC forest products sector is globally competitive if its supply chain has margins of zero or less? When businesses do not earn returns, they close down and that impacts communities. Just look at the forest fighting effort this past summer. Whose equipment was used to fight fires? Contractors. When contractors close down, they sell their equipment, which can be sold anywhere in the world and may not necessarily remain local to support community needs.

In contrast to contractors' financial performance over this same period of time, lumber prices rallied to their highest ever, reaching a peak earlier this year. The financial statements of Western, Interfor, Norbord, West Fraser, Canfor, and Conifex all indicate stellar earning returns, but are they sustainable?

the CSR, are viewed as more of an annovance than identifying an issue that is paramount to the health of the sector and to the province.

Government needs to be creative, and frankly, aggressive in resolutions to level the playing field for contractors in rate negotiations with licensees. We need the CSR recommendations to be implemented to benefit all contractors, not just Bill 13 contractors, throughout the entire province.

David Elstone, RPF, Executive Director, TLA Tel: 604.684.4291 ext. 1 Email: david@tla.ca



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CONTRACTOR SUSTAINABILITY REVIEW MEETINGS HAVE BEGUN

n August 15, 2018, the ILA's Contractor Sustainability Review (CSR) Committee comprised of Randy Spence, ILA chairman and a logging contractor; John Drayton of Gibraltar Law Group, ILA director; Tim Menning, ILA director and contractor; and myself, held its first meeting with the CSR's facilitator, Dan Miller. It was our first one-on-one meeting, with further group meetings planned in the immediate future with licensees, logging associations and contractors to review our concerns covering contractor sustainability.

Save the dates! The Interior Logging Association's 61st Annual Conference & Trade Show will be held on May 2-4, 2019. Again, the City of Kamloops has been chosen for our conference. The inside & outside display areas will be located at the Tkemlúps te Secwépemc Powwow Grounds. The Interior Safety Conference will partner with us again and hold their conference on May 2, 2019 at the Coast Kamloops Hotel & Conference Centre. All of our seminars and functions will be held at one location, also at the Coast Kamloops Hotel & Conference Centre. Information on the event will be available early February 2019.

Our first Log Loader Operator Contest this year was a great success, with the first prize of \$750 going to Taylor Casman, of Pritchard, the second prize of \$500 went

to Matt Larson, Canal Flats and the third prize of \$250 to Shawn Schmidt of Kamloops. We are looking forward to our second annual contest and having Ryan Bremner of Northface Grapple Tips as our Log Loader Committee chairman. Most 2018 competitors have already asked to be re-registered for the second competition and more operators are looking forward to signing up. I would like to thank Chris McGuire of Brandt Tractor Ltd., Kamloops for supplying their John Deere Log Loader, as well as the \$1,500 prize money for the two-day log loader contest.





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RE-VISIONING AND RE-INVENTING A SOLUTION FOR THE NORTHWEST **FOREST ECONOMY**





n Northwest BC, many of the is-Lsues impacting the logging industry on the Coast and the Interior, including revitalization, contractor sustainability, First Nations industry participation, log exports, and safety, are also of great concern. Perhaps the most critical to a long-term, sustainable solution is revitalization, or better yet, re-visioning and reinventing the Northwest forest economy.

Revitalization has been a local focus for decades; weak industry leadership and generally poor political representation, combined with the lack of a visible crisis (e.g. Mountain Pine Beetle), has meant that provincial initiatives have generally ignored the Northwest. The Northwest's crisis is one where high costs and low overall stand value prevents contractors from being able to support the same industrial forest model that is applied in the rest of the province.

Without re-visioning and re-inventing our local forest sector in a way that would lead to a stable industrial forest base, contractors have to rely on intermittent operating periods driven primarily by market prices. Log exports are a big part of this reliance. Without exports, contractors cannot afford to cover the loss incurred when harvesting the fibre (pulp) logs that comprise a significant part of almost every stand in Northwest forests. The few local sawmills cannot offer prices that offset the fibre log loss. Therefore, without exports, most stands become unprofitable and then contractors are not able to invest in maintaining or renewing their equipment, nor are they able to provide a sustainable supply of wood to the local sawmills. The challenge for the local sawmills is that they are competing in a marketplace where their costs do not allow them to offer prices that will cover the cost of harvesting enough wood to sustain running two shifts.

Many forest tenures in Northwest BC are now controlled by First Nations, and several treaties are expected to be concluded in the next few years, which means, forestry will be a critical part of their potential success. A solid forest contractor force will make for one less concern for First Nation forest managers to have to worry about. If there is not a sustainable model for the local forest economy, then it is not just the contractors that will be at risk, the economic success of First Nations will also be in doubt. I'm pretty sure the BC government would much rather see First Nation economic successes.

So what have we been doing here in Northwest BC to move us towards forest sustainability? Over the past almost 20 years, there have been many reports and recommendations, such as the Cheston Report in 2000; the Northwest Fibre Utilization Study in 2005; the Northwest Forestry Revitalization Strategy in 2006; the Skeena-Nass Forest Sector Strategy in 2013; the Forest Investment Opportunities in Northwest British Columbia report in 2016; and the Northwest Future Forest Products and Supply Streams project due to be completed this year. There have also been political messages sent, including a joint letter from communities, contractors, licensees, and stakeholders to the Premier and Prime Minister in 2009; the formation of the (now defunct) Northwest BC Forest Coalition in 2010; and the creation of the local government Northwest BC Resource Benefits Alliance in 2014. We also support provincial and strategic projects where they make sense for the northwest, for example, participation in the recent Contractor Sustainability Review.

In general, these initiatives have promoted working within existing systems to make them more efficient. While some recommendations have sometimes been partially implemented, they have not yet addressed the critical issue of trying to maintain a system of grinding an

expensive resource through a low-cost economic model. Where we have not gone far enough is in creating the conditions for re-visioning and re-inventing the Northwest forest sector by supporting product, market and policy research, leading to development of a new, innovative, prosperous and sustainable forest sector for Northwest BC. The beauty of this is that if we can make something work here, it can be applied throughout the province (whereas the converse is not true). Additionally, creating solutions that allow increased harvesting in BC's Northwest forests will also help deal with the province's mid-term timber supply concerns.

Much of what we have done or said in Northwest BC has not been heard by government at both the bureaucratic and political levels. That needs to change. Northwest BC-and in particular the Northwest BC forest sector—needs strong Northwest forest champions in government. The NWLA must continue to focus on and support that goal.

Rick Brouwer is a registered professional forester and lives in Terrace BC with his wife and daughter. He is the executive director of the non-profit Skeena-Nass Centre for Innovation in Resource Economics (SNCIRE), and a partner in Westland Resources Limited, a natural resource consulting company and associate member of the NWLA. While Rick has lived and worked throughout the western half of BC, he grew up in the Skeena Valley and believes there is great potential for people in the northwest woods.

Paul Schuetz Northern Interior PERSPECTIVE





INCREASING FOREST SERVICE ROAD SAFETY IN THE NORTH

ver the years, forest service road (FSR) safety has come a long way with making improvements such as more pull-outs, wider road surfaces, standardized radio calling procedures and the Resource Road radio channel system. However, driving to and from remote worksites is still widely considered to be one of the most dangerous aspects of the job for log haulers. While road improvements continue, the injury rate has not decreased proportionate to the associated investment. There were 45 serious injury claims recorded by BC log haulers in 2017, up from 39 in 2016 and 27 in 2015. TLA member Jeremy Kuharchuk of Blue Valley Enterprises Ltd. in Vanderhoof, BC, suggests three main factors that will increase forest service road safety: 1) increased maintenance, 2) a lower commercial speed limit, and 3) user education.

1) Increased Maintenance

Given the extensive use of FSRs throughout the year in the North, they are often under maintained. Kuharchuk points out that, licensees are "extending seasons and hauling year-round on roads that were not built to handle it." FSRs need to be upgraded, constantly maintained, and not left in a state of disrepair once hauling is complete. Improved maintenance may include realignment, widening and improving road surfaces; erecting proper signage at the start of all roads, sharp curves, and pull-out areas; and increasing the amount of routine maintenance by employing more grader operators to keep these roads drivable year-round.

In the summer, heavy dust accumulations have been a leading cause of serious motor vehicle incidents on FSRs, yet there are still heavily used main roads that are extremely dangerous to drive on due to dust. A common and effective dust-control measure is the application of calcium chloride, which is typically only concentrated at the beginning of FSRs, popular recreational routes, or around bodies of water. The safety of FSR users does not appear to be a priority when considering where dust control measures are applied.

2) A Lower Commercial Speed Limit

The Forest Service Road Use Regulation of the Forest and Range Practices Act of BC states that the speed limit on FSRs is 80 km/hour unless otherwise posted. Unfortunately, many road users appear to disregard this speed limit and seem to avoid penalty due to lack of enforcement. The RCMP is a rare sight on FSRs, leaving the duty of speed enforcement in the hands of the Forest, Lands, Natural Resource Operations and Rural Development's Compliance and Enforcement Branch (C&E) and road marshals employed by local licensees. About a decade ago, the C&E were given approximately 10 radar guns to enforce the more than 400,000 kms of resource roads in BC, an insignificant number to ever make an impact. This lack of enforcement is leaving FSR users with uncertainty about whom to approach with issues, or concerns.

Kuharchuk suggests speed limits should be reduced to not only discourage speeding, but to "force licensees to increase cycle times." This would reduce a lot of the pressure on log haulers to meet deadlines, and would prevent them from being forced into such unsafe driving habits as speeding and taking unnecessary risks on the poorly maintained FSRs.

3) User Education

In recent years, the BC Forest Safety Council and various FSR Safety committees have provided excellent online resources and information related to forest service road use and safety. Companies must undergo annual safety audits and accreditation procedures to ensure they are operating in compliance with current BC safety laws and protocols. However, these resources and protocols are not always properly relayed to the workers that are driving these roads daily. Pre-work safety meetings should be held daily to assess the road conditions and other potential hazards, evaluate driver fatigue and to open the floor for safety concerns that workers might have. While many companies do conduct pre-work safety meetings and routine equipment inspections, the importance of road user education should not be understated and these standard safety procedures should be a regular occurrence across the industry.

TLA member Rob Ubleis of Ubleis Logging Ltd. in Fort St. James, BC, notes that many roads are so unsafe that he has witnessed valuable, young workers opting to leave the industry to avoid having to work in such an unsafe environment. During a time when our workforce is ageing and replacements are more difficult to find, we should ensure forest service road safety measures are implemented to make the industry more attractive to new and young workers, and keep the roads safe for all users.

Paul Schuetz has spent more than 20 years working in the Northern Interior forests with Industrial Forestry Service Ltd. His experience in timber cruising, road engineering and crew management give him unique insights into contractor issues in the north. If you have an issue you want to bring to the TLA, call Paul at 250-564-4115.

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OBTAINING INFORMATION FROM GOVERNMENT



TAThen negotiating with a licensee, or dealing with government, it is imperative to be well informed. There are two valuable government resources available to contractors to assist with obtaining information when managing their business.

The Harvest Billing System (HBS) is a public record of all provincial harvest from both Crown and private sources driven from the provincial log scaling system. The HBS contains licence-specific data on harvest volume, species, grade, waste and a variety of related data points. Data can be summed by cutting permit, licence and region, and generate reports to be emailed to the user in real time.

It can be a key source of data when a contractor is working for a small tenure or BC Timber Sale holders and believes that they have not been appropriately paid for the volume they have delivered.

Another application is for the contractor who wants to place a lien on timber under the Forestry Service Providers Protection Act. In this case, the scale site data in the HBS can be helpful to identify volume harvested by location.

Be aware, however, that the HBS system data is not infallible. It is of little use when dealing with cruise-based sales, because the system does not keep track of harvest volumes under this form of permit; only the cruised volume is reported.

Additionally, all timber harvesting agreements that specify or provide for an Allowable Annual Cut (AAC) are regulated by the Forest Act and the Cut Control Regulation. However, the Cut Control Regulation allows transfer of a portion of the volume of timber harvested under a licence to another licence under certain conditions.

As a result, the HBS data itself may not provide correct harvest volumes for a specific cut control period which is not useful for specific monitoring of Bill 13 contracted volumes. An alternative data source for contractors is seen in the Cut Control Administration Guide whereby, "the volume of timber harvested is

attributed to an agreement (tenure) by way of yearly cut control statements." These cut control statements are the final (and legal) determination of annual harvest volumes attributable to a licence, as confirmed by government and are the definitive document for a Bill 13 contractor to reconcile their volume of work against.

Cut control letters include reconciled timber volume reported by scale; wasted or damaged; harvested under road permits; cut, damaged or destroyed by the holder of the agreement; carried forward from the preceding cut control period; volume attributed from another licence; and volume adjustments, if applicable.

Unfortunately, cut control letters are not provided to anyone other than the tenure holder as a result of Section 142.93 of the Forest Act.

This can be a very impeding situation for contractors in that their contracts are tied to harvest volumes attributable to a licence, but the legal confirmation of the specific annual volume attributable to the licence is only available to the licensee. In circumstances where this information is not shared, the contractor can be left in the dark.

This issue was clearly identified in one of the 13 resulting recommendations in the Contractor Sustainability Review,

which states, Bill 13 contractors are to be provided with Annual Cut Control letters so they can determine if they have obtained their full cutting rights for the year and the five-year cut control period.

The second valuable government resource available to contractors is the Freedom of Information (FOI) Act. Individuals can request information online from various ministries, such as data concerning wildfires (including photos) and historical AAC values, or determine what a licensee might owe the government in stumpage, or for a waste assessment.

Typically, there is no charge for a FOI request, although there are circumstances when a fee is applied, and information can take approximately six to 10 weeks to be received. As with the cut control letters, any data requested that may be considered confidential between the government and a specific licensee may be redacted prior to providing the information.

I encourage contractors to utilize these tools if they require information that the government is able to provide and where they are not able to due to privacy concerns.

John Drayton is a Kamloops lawyer practising in Forestry and Motor Transport Law.





BUSINESS PRACTICES FOR SUSTAINABLE CONTRACTORS

Part Two—Are you asking your accountant the right questions?

Your accountant can be your most trusted business advisor and an integral part of your team; not simply someone you visit once a year to review your tax returns and financial statements. Historically, an accountant was thought of as a financial expert whose main focus was preparing tax returns. Typically, they were very comfortable conducting an annual review of their clients' business, but far less comfortable talking about future goals and objectives. However, times have changed over the past few decades and accountants have had to adapt and become forward-looking advisors.

As a client, it is your responsibility to ask your accountant the right questions to ensure they are forward thinking and focusing on the right areas of your business. You need to ensure they can cover the basics, such as your tax compliance and financial reporting; however, truly successful business owners draw far more value from their accountant than simple financial statements. The following are questions to ask and areas of focus with your accountant:

Tell me about your level of forest industry experience?

Ask about their experience and knowledge of the forestry industry, do they know the difference between a buncher and a processor? Can they tell you the steps from stump to dump? The more in tune your advisor is with the industry the better they will be able to serve you and your needs.

How much time will you focus on my business and how often can we meet?

Good accountants will have a lot of clients but they should always have time for the forward-looking clients that want to meet regularly to review where the business is heading and how to get there. They should always make the time to discuss your plans.

If you were in my situation, what would you do differently?

Accountants assist a variety of business owners and are a wealth of knowledge when looking for insights on how different styles and approaches could help you. You can learn a lot from your accountant if they are willing to give no-holds-barred advice. They may also be able to connect you to new suppliers or customers.

Is there anything I can do to help with efficiency?

Accountants enjoy working with clients who are well organized and on time. By asking this question you are ensuring your records are presented in a method that assists your accountant and allows them to focus on the big picture rather than being delayed by unorganized information.

How can this tax season be improved over last vear?

An accountant who understands your industry should be able to answer this easily and a truly proactive accountant will have been in contact with you throughout the year with any changes that may impact you. Ask these three questions:

- 1) What industry-specific tax changes affect my business this year?
- 2) Is there anything else I can do to minimize my taxes?
- 3) Is there anything I could have improved last year?

Is there a business structure that could work better?

As a business grows, how it is structured may change over time. A trusted business advisor should proactively address this but it is always good to ask the question. Depending on the stage of your business life cycle, some structures minimize tax, some help with liability protection and others help when winding a business down or selling. Asking this question too late could be costly.

Am I withdrawing funds from my business in the most tax-efficient manner?

Your accountant should be able to help you minimize the tax on funds you withdraw from your business. Depending on the amounts, there are more options than simply dividends or taking a salary. Ask your accountant if there is a need for a large withdrawal.

How am I going to exit my business?

As time goes on, exiting a business is one of the greatest concerns of owners, and oftentimes accountants fail to address the issue. You should be discussing this with your accountant from day one. You never know when the day will come when it is time to hang up the hard hat and work boots and find a beach. By planning ahead, you can ensure this is done as tax-efficiently as possible with few headaches.

A strong business relationship with your advisor will enable you to maximize your advice, and the benefit to your business will be substantial. It is equally important to choose an accountant whose values align with yours and someone who will always deliver you the truth regardless of how tough it is to hear. By choosing wisely and acting on solid advice, you and your business can reap the rewards.

Chris Duncan, CPA, CA, is a Business Advisor with MNP's Private Enterprise group who specializes in real estate, construction and forestry businesses. Working out of the Duncan office and serving clients across Vancouver Island, Chris draws on his unique background to deliver industry-specific advice to help business owners stay in compliance, make informed decisions and achieve their goals. Chris can be reached at 250.748.3761 or chris.duncan@mnp.ca.

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HARVESTING ACTIVITIES POST-WILDFIRE **CARRY POTENTIAL RISKS TO WORKERS**

ith two summers of significant wildfire activity behind usand a record burn of 53 million cubic metres of timber in 2017 alone, and in 2018, the third worst wildfire season on record at time of writing, it is timely to consider the potential risks of harvesting burnt wood.

Much of the timber touched by fire will be salvageable, but logging-damaged fibre presents its own set of risks and hazards that need to be identified, evaluated, planned for and controlled. In addition to considering the technological and timing challenges of salvaging burnt wood before it loses value, potential health and safety risks to workers need to be addressed.

The most obvious risk after a forest fire is tree stability and the potential for tree failure. Fire may cause damage to limbs, stems or root systems, so careful assessment and mitigation of dangerous trees is key, as well as communication Activities such as falling, skidding, sorting, loading and hauling logs can expose workers to ash particulates and dust,

...employers should perform a site walk-through looking for signs of ash exposure. Black residue on workers' hands or clothing, or black deposits on the tools, equipment or vehicles they use, is an obvious indication.

of potential hazards to site supervisors and crews. The Wildlife Danger Tree Assessor Certificate Program provides guidance to employers working in high stem-density sites such as wildfire burn areas as to what needs to be assessed and how the sampling is done.

The next most immediate and serious risk to workers is exposure to wood ash. especially where ground cover has been depleted. Wood ash particulate can also become airborne through the handling of blackened logs and debarking activities.

Ash from forest fires is a complex mixture that can change depending on the temperature of the fire. The lower the temperature, the more carbon is present in the ash, and the blacker it



Industry has worked hard to reduce its prior average of 21 days to 12 days in the past year, but more needs to be done. When there is an injury at work, an employer must file that information with WorkSafeBC within 3 days. Prompt claim filing means the best outcomes for the injured worker and the company, saving industry tens of millions of dollars in costs. Safety is good business.

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BC Forest Safety





appears; higher temperatures can result in the production of more calcium carbonate, which is a lung irritant.

Short-term health effects from woodash exposure can include eye, nose and throat irritation, cough, and allergic reactions. In the long term, exposure may lead to more serious health issues, including lung diseases such as chronic obstructive pulmonary disease (COPD). These risks extend not just to logging operations but to any industry that operates in this environment, such as land- and wildfire-management personnel, surveyors, and tree planters when restocking the burned-out areas.

To identify whether your workers are at risk, employers should perform a site walk-through looking for signs of ash exposure. Black residue on workers' hands or clothing, or black deposits on the tools, equipment or vehicles they use, is an obvious indication. Any worker complaining of eye, nose or throat irritation, or allergic symptoms, is another.

Part 5 of the Occupational Health and Safety Regulation outlines employer responsibilities for controlling exposures to hazardous substances. Exposures must either be eliminated or reduced below harmful levels with the help of engineering and administrative controls, and the use of personal protective equipment.

Workplace exposure to wood ash and dust can also be reduced in the following ways: by educating workers about these hazards; providing hand and face washing facilities to remove black dust from skin; providing personal eyewash units; assuring that vehicle and equipment cabs are sealed properly and operated with the windows closed, using a

cab filtration system that is appropriate to the particulate size and is frequently inspected and maintained; and considering the use of respiratory protection that has a high efficiency particulate air (HEPA) filter and disposable coveralls for workers who spend most of their time outside of vehicles.

Budd Phillips is a Prevention Field Services Manager for WorkSafeBC, based in Fort St. John. He can be reached at budd.phillips@ worksafebc.com.



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LUMBER HAS GONE THROUGH A CRAZY CYCLE, BUT HOW ARE OTHER MARKETS PERFORMING?



umber prices have been on a wild Lride this past year, with SPF 2x4s touching an incredible price of \$655 per thousand board feet in June, only to embark on a historic collapse during the summer. Lumber demand continues to improve and supply growth is constrained, so lumber should remain quite strong going forward; wild price swings notwithstanding. As lumber markets stay strong, what is happening in the other markets of the forest products industry?

In short, they are all looking pretty good too. Close to home, log markets have been very solid, thanks to steady demand from Asian markets coupled with growing domestic demand. Although BC log export volumes are down, prices have been excellent. However, as robust as BC log export markets have been, log prices in the Pacific Northwest are even stronger. Much of this demand strength centres around China, where the economy continues to grow in a country that needs to import a large percentage of its fibre needs (including logs, chips, lumber, pulp, recovered paper, etc.).

As influential as China has been on the log and lumber markets, Chinese demand has been even more impactful on global pulp markets. In conjunction with various operational problems at many pulp mills, recent Chinese policy changes to the import of recovered fibre (old cardboard boxes, newspapers, and magazines) have served to drive pulp prices to record-high levels in 2018. In both US and Canadian dollar terms, pulp prices are currently amongst the highest levels ever witnessed. As such, BC pulp mills are doing extremely well even as some costs have been rising. Looking forward, there is almost no new pulp capacity being built anywhere over the 2019-20 period, so, barring a global recession, these currently high pulp prices are expected to persist for another couple of years.

Turning to the paper grades, those record-high pulp prices have led indirectly to some higher paper prices, as strong pulp prices pushed several North American (and global) paper mills to close last year. With a raft of mill/machine closures, supply has shrunk faster than demand, and paper prices have now embarked on a robust price rally throughout North America and, frankly, almost every global market.

Low prices and weak demand forced nearly 20 per cent of North American newsprint capacity to close last year, and the reduction in supply has been the impetus for a 25+ per cent jump in North American newsprint prices since the summer of 2017. Following newsprint, pricing for all other higher-value paper grades (those made by Catalyst and others) is experiencing a strong upward cycle that will not see any weakness until 2019. Frankly, there is not a paper grade in the market that is not enjoying a strong price rally at the moment.

However, high paper prices are not all good news, either. Tariffs/duties have taken their toll on some Canadian producers; by the time you read this, tariffs on newsprint and other groundwood grades may have been affirmed by the US International Trade Commission (ITC) or they may have been revoked. Revoking them is the only commonsense move-the US desperately needs Canadian newsprint, remember—but it seems that common sense is not all that common these days, especially when it comes to international trade.

Keeping on the international theme, the big story to continue watching is China. The US-China trade spat could benefit Canadian paper and forest products producers, but it will also add volatility, and volatility is always tough to manage. However, the longer-lasting (and likely larger) aspect of the Chinese story is the country's massive fibre shortage. Last year, Chinese authorities put

restrictions on the import of recovered/ recycled papers (the required input for tens of millions of tonnes of paper and packaging grades in the country), and now the country is looking to ban those imports completely, ostensibly for environmental reasons but also to bolster their domestic recycling sector. Such drastic moves by the Chinese government have left domestic producers scrambling to find secure fibre supply. It led Nine Dragons to buy Catalyst's US mills, and a host of Chinese companies are searching the globe for other assets to buy that will provide them with some fibre security. The Chinese already own substantial assets in Canada and we may see more mills change hands in the coming years. When China makes such drastic policy moves, repercussions are felt around the world.

Markets remain strong for now, but we all know that such cycles do not last. This latest rally still has some legs, so all eyes should be focused on how developments on the trade front unfold in the short term.

Kevin Mason, CFA is the Managing Director at ERA Forest Products Research. His focus is exclusively forest products, covering the sector's major North American companies and providing detailed analysis of the global forest products industry to clients worldwide.



HARVESTING TECHNOLOGY IN NEW ZEALAND NEW SOFTWARE MEASURES WHAT MATTERS

Part Two

New Zealand fosters a culture of creativity and the forest industry has recently enjoyed success by incorporating innovative ideas, benefiting contractors and forest owners.

Loggers in New Zealand are using new tools such as feedback software, a GPS tracking system for choker-setters who wear special GPS units that are synced each morning with the yarder. The yarder operator can then track the location of the choker-setters on a screen in their cab at all times without needing a clear sight line. As a secondary warning system, when the choker-setters are inside a preset corridor, a flashing warning or audible alarm alerts the yarder operator. The tracking system provides another way to reduce miscommunication regarding location of choker-setters and accidents.

While machine operators are benefitting from tracking workers, crew foreman and owners have also found new ways to monitor production. One example is cloud-based software such as "STICKS" which allows a user to upload and report on Standard for Forest Data and Communication (StanForD) data, which is collected by most modern processing heads-on-board computers. Files are created as each tree is cut, which record all the information about which log grades and volume have been produced. This information is uploaded to the Cloud and a supervisor can see up-to-date information in real time on each of the log grades and total volume that has been cut. Furthermore, they also get live updates on what has been loaded onto trucks as well as what has been delivered to end destinations. Contractors seem to enjoy this system as they can more accurately assess total production as opposed to traditional methods such as piece counts and they receive more timely information than the traditional truck scaling tickets. The system allows them to also prioritize log grades cut based on market demands, which can be updated in real time.

Unmanned Aerial Vehicles (UAV) are increasingly used for applications in forest management, including ways that benefit loggers. Some loggers in New Zealand have even purchased their own to aid in their operations.

Typically, initial skyline setup and line shifts result in considerable downtime. One way of reducing the time and manpower required for setups is by using a UAV to fly a lightweight synthetic straw line across cable spans. Some contractors report the process, which normally requires multiple workers and several hours of strenuous work, can now be completed in about a half hour with minimal effort. Some are even using the UAV to get a different perspective of the job site for planning purposes, or to fly the clearcut after the job is finished to access slash left on-site. Other examples include quarry or chip pile volumes, which can be accurately measured and regularly updated by flying the site with a LiDARequipped drone.

A few years ago, researchers successfully demonstrated the ability to operate a steep slope tracked felling machine including winch assist by remote control in conjunction with live video feed. The system has now been commercialized and allows the operator to work remotely with all the controls, seat and diagnostics as in the real machine. Remote controlled tailhold anchors have been a favourable way to reduce the time associated with yarder line shifts, and a remote control system was recently installed into an excavator, where with the aid of cameras mounted in the cab, the yarder operator can reposition the anchor machine on their own.

Camera systems are also finding their place in operations for monitoring areas out of sight for worker safety or for productive reasons. For example, in grapple yarding where a spotter is normally required, cameras can be setup in the harvest area and relay a video feed to a

screen in the cab of the yarder that can be remotely panned and zoomed. Cameras have also been integrated into new motorized grapple carriages designed for tower yarders or mounted externally onto other carriages like swing yarder grapples. These carriage camera systems can also include infrared mode for low light conditions, GPS tracking, provide distance and altitude information and can transmit up to 900 metres. These camera systems aid grappling of stems without the use of a spotter while also making the task of yarding easier on operators. Some grapple yarding operations are now using lights mounted onto the carriage in conjunction with their camera system, which is helping them extend working hours. The lights are also helping with simple tasks, like making maintenance on the yarder or carriage at the beginning or end of day easier in low light conditions.

These are only a few of the innovations being implemented in New Zealand. There are many others on the horizon soon to come. While forestry is often referred to as a "sunset" industry, from what I can see with these many exciting developments, the sun is just starting to rise.

Originally a forester from California, Hunter Harrill is a senior research assistant at the New Zealand School of Forestry. He provides research for the logging industry through New Zealand Forest Growers Research (FGR), teaches forest engineering at the University of Canterbury and provides outreach and extensions services to loggers and forest managers.





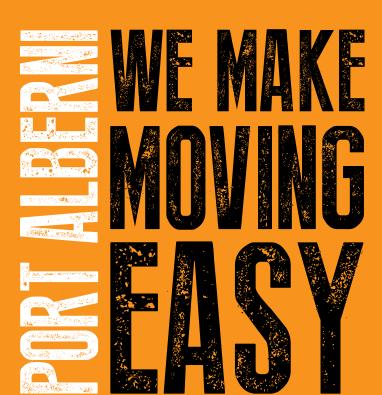
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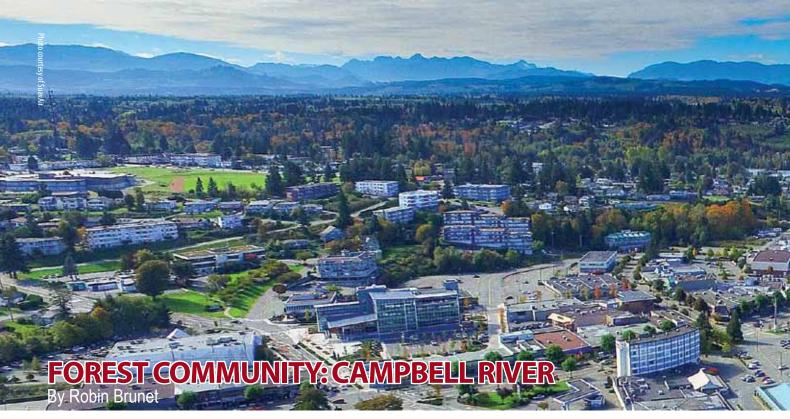
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One evening in late June of this year, Andy Adams, mayor of Campbell River, decided to stroll through the downtown core of his city; he was soon immersed in a crowd of over 1,000 people witnessing a festive arts battle, sipping craft beer from a local brewery, and sampling wine and other delicacies from nearby boutique businesses.

Welcome to a progressive BC forestry town in the 21st century.

Adams recalls that June evening because the energetic mood was in direct contrast to events of a decade ago, when this coastal city of 35,000 people saw the closure of TimberWest's Elk Falls sawmill, followed two years later by the closure of the Catalyst paper mill and recycling operation. "That, combined with the closure of a mine and other resource businesses amounted to the loss of over 3,000 jobs in our region," he says.

But instead of fleeing to more prosperous locales en masse, Campbell River's population mainly stayed put and embarked on an economic diversification that, today, has made the city more resilient than ever.

And yet, despite the arts battles and craft businesses that have lent an almost seaside resort ambiance to Campbell River, the city still proudly celebrates its forestry roots, as it does its other famous claim to fame: 'The Salmon Capital of the World'. "The forestry sector is inextricably intertwined with our past and our fu-

ture," says the city's Economic Development Officer, Rose Klukas. "About 7 per cent of our population is directly employed in forestry compared to the provincial average of 2.5 per cent, and we're actively involved in promoting the sector to high school students—because we see amazing new opportunities ahead."

Campbell River, with its 16 kilometres of waterfront, is considered the hub for the coastal forest industry on Northern Vancouver Island thanks to well established infrastructure, including an extensive network of logging roads, and water links such as a deep seaport.

The city is located within the Campbell River Natural Resource District (CRNRD), and within this district are 18 timber processing facilities, 41 woodlots, and 14 First Nations tenures. The district office handles permitting for an Annual Allowable Cut of approximately 4,500,000 cubic metres, and Western Forest Products, TimberWest, Interfor, and Island Timberlands are the four main licensees who provide direct and indirect jobs (the majority being in forestry and logging) within the community. As a distinct forestry town, the city of Campbell River is a TLA member with more than 100 member companies, the highest concentration of membership in the province.

Campbell River is also home to an assortment of manufacturing companies, including T-Mar Industrial Engineering and Manufacturing, and value added

businesses such as Comox Valley Shake & Shingle. This is in addition to support and technical service firms having head offices in the city, such as Strategic Natural Resource Consultants, and Capacity Forest Management—the latter a consulting firm specializing in First Nations forestry licences.

Adams cites a strong sense of community pride as a reason for Campbell River residents staying put when the mills and mines closed, and as far as he and other city administrators were concerned, protecting their livelihoods was all-important. "So we embarked on a series of initiatives that would revitalize and diversify our economy," he says.

These initiatives included offering a downtown revitalization tax exemption for new developments and redevelopments, which would provide tax relief on the increased assessed value for up to five years. This was accompanied by infrastructure upgrades and beautification of the downtown core. The efforts paid off: by 2013, there was more than \$100 million in new construction in the city, with the value of the construction up by 72 per cent (nearly double the value of construction in 2012).

The following year, Campbell River's economy was given an additional boost with the construction of a new \$300 million hospital and the one billion, five-year reconstruction of the John Hart Dam on the outskirts of the city, the



latter of which is said to have employed more than eight hundred people in all.

By 2017, Campbell River's economic resurgence was the stuff of media headlines: the CBC in October of that year noted that job growth in the area had increased by 1,000 positions in a two-year period, with resource sector recovery (including the reopening of Nyrstar's Myra Falls mine, which had closed in 2015 so the company could review site infrastructure deficiencies) accompanied by a surge of film production on the central and north Island (which in turn prompted Campbell River's North Island College to launch a pilot program in television and film crew training).

In fact, the CBC reported that job opportunities had become so voluminous in so many sectors that North Vancouver Island overall was experiencing a labour shortage.

Klukas says Campbell River's initiatives "helped keep the lights on, and in recognition of forestry's key role in our future we persuaded the TLA to allow local governments to be associate members. That way, we could approach government on industry issues as a unified force with other communities, and have a more productive discussion on the impact of different proposed legislations."

City administrators also established a Forestry Task Force in cooperation with the local industry, First Nations and the public, to enhance the sustainability of the forest sector and to support existing and new businesses. The task force's mandate includes: investigating the potential for a community forest licence; investigating future economic development options; and promoting non-timber forest resource business opportunities.

But arguably the most significant investment the city has made in its forestry future is in recruitment and training. "We've been staging show and tell-type visits in high schools for about 12 years now, the first one in partnership with the TLA for a school that had just launched a new forestry component," says Adams. "It's satisfying to know that some of these kids have since grown up and are now working in the industry."

Today, Campbell River is respected as a hub for forestry-related education: North Island College offers a range of technical and hands-on programs specific to coastal forestry, while the North Vancouver Island Aboriginal Training Society runs a Forestry Training BladeRunners Program for Aboriginal people and communities in the region. As Adams points out, industry education begins at the high school level, and Carihi Secondary provides a forestry program to prepare youth for entry-level jobs in the sector.

Adams and Klukas view this infrastructure as crucial to their city being able to take advantage of opportunities coming down the turnpike. "Our goal is to train enough people to offset the huge impending vacancy in the ageing forestry workforce," says the latter.

As is the case with any forwardthinking government, its administrators are too busy looking ahead to dwell on their accomplishments—and given the challenges facing BC's forestry sector, Adams doesn't take any of the gains his city has made over the past decade lightly. "Our work is hardly over because there are so many issues brewing," he says. "The bottom line is we don't want another war in the woods; instead, we have a good message to deliver about the sustainability of our resource industries, including forestry.

"We thought last year was exceptional for business activity, but so far in 2018 we're up 29 per cent compared to 2017. Our aim is to top that next year, and in the years to come."



s predicted, the timber harvest-A s predicted, the charge and ing sector is experiencing an acute labour shortage crisis. For the past decade, employers and forest industry stakeholders have increasingly been challenged to find well-trained, competent people to meet their staffing needs.

An aging population and retirementrelated turnover are the key factors supporting projected job vacancies over the next decade and is expected to increase in forestry and logging occupations in BC. While these vacancies are projected for the future, the industry is already experiencing this shortage now.

This issue is compounded by the fact that fewer young people are joining the forest industry as a career. The logging sector is particularly vulnerable to this trend given its physical nature and the remote and often seasonal or contractbased aspects of the work.

According to WorkBC's latest 2018-2028 BC Labour Market Outlook Report, over the next decade 2,000 logging-related jobs will need to be replaced mainly due to retirements. Unfortunately, the situation for timber harvesting contractors is not entirely unique. By comparison, the report indicates healthcare and social assistance as the top sector for expansion (new demand) and replacements, which forecasts 67,900 openings and a daunting 80,500 jobs that need to be filled due to attrition.

For the logging sector, WorkBC predicts that it is not going to grow over the next decade, which is accurate, at least in terms of allowable annual cut trends. We will not be harvesting as much in the BC interior, and at best a stable harvest trend for the coast, which equates to less employment.

So only 2,000 jobs in logging compared to 148,400 jobs in healthcare. Why should government care about logging jobs? There is one obvious distinction between these two sectors. Healthcare workers are essentially employed directly by the province and government; whereas, logging is one of the very few sectors that actually pays for itself, generates financial support for communities, and is one of the single largest sectors that generates non-taxpayer generated income (i.e., not personal income tax and property tax) for our government.

We believe exposure to understanding the industry and generating interest in logging at an early age is one way to address future labour needs. While the courses already offered in the high school curriculum such as science, biology, physics and math

already provide exposure to students' interest in potential careers in healthcare and social assistance, logging-related courses may also generate similar interest to those who possess the required unique skillset.

equipment including trucks are now sitting idle as contractors are left with no choice but to reduce their operations if they can't find a skilled worker.

Given that logging involves heavy machinery unique to forestry, a dangerous growing innovation and the manufactured wood products sector." While positive, funding for existing programs are lacking and more degree and certificate programs are not a substitute for onthe-ground training.

In response to this dilemma, in 2016 the Truck Loggers Association (TLA) proposed a logging contractor training tax credit to ease the financial burden of on-the-job training for contractors.

The forest industry and all of its related associations already make a substantial contribution to raising awareness to attract jobs. For example, the TLA has invested in numerous high school programs, provides funding through its Forestry Education Fund, and awards scholarships to post-secondary forestry students at BCIT, VIU and UBC; we help support members seeking to obtain the training for Level 3 First Aid certification, coastal log scaling exams and heavy-duty mechanics; we sponsor programs such as Festival of Forestry and Logger Sports, and support the BC Forest Discovery Centre.

Despite our collective efforts, it is not enough. We recommend building an elementary and high school program that teaches students about natural resources and how we manage them in a sustainable manner. The government, as the main shareholder and beneficiary of the timber resource (and other natural resources), needs to take a more active role in educating the population about the industries that provide for all of us.

Additionally, the most common pathway for worker training in the logging sector is through on-the-job work experience and workplace knowledge, which is passed down from more experienced, senior workers who tend to be the most productive on the crew. Unfortunately, taking top workers away from production to pass on valuable knowledge to the next generation reduces production and profitability. At a time when contractors are struggling to remain sustainable, this creates a disincentive to make training the next cohort of workers a priority. As a consequence,

natural environment in a competitive business with razor thin or non-existent margins, the solution to the training problem is about more than simply sending new entrants to a school. Logging is all about learning on the job, not in a post-secondary classroom.

In response to this dilemma, in 2016 the Truck Loggers Association (TLA) proposed a logging contractor training tax credit to ease the financial burden of on-the-job training for contractors. This approach would help ensure the next generation of workers acquires the necessary knowledge to be productive and safe, before the know-how is lost to retirement.

There is overwhelming wide support from the TLA's 500-member companies for this type of training support. Anticipated benefits of this approach include incentivizing employers to free up resources for targeted skills training and encouraging increased hiring of younger trainees into the sector.

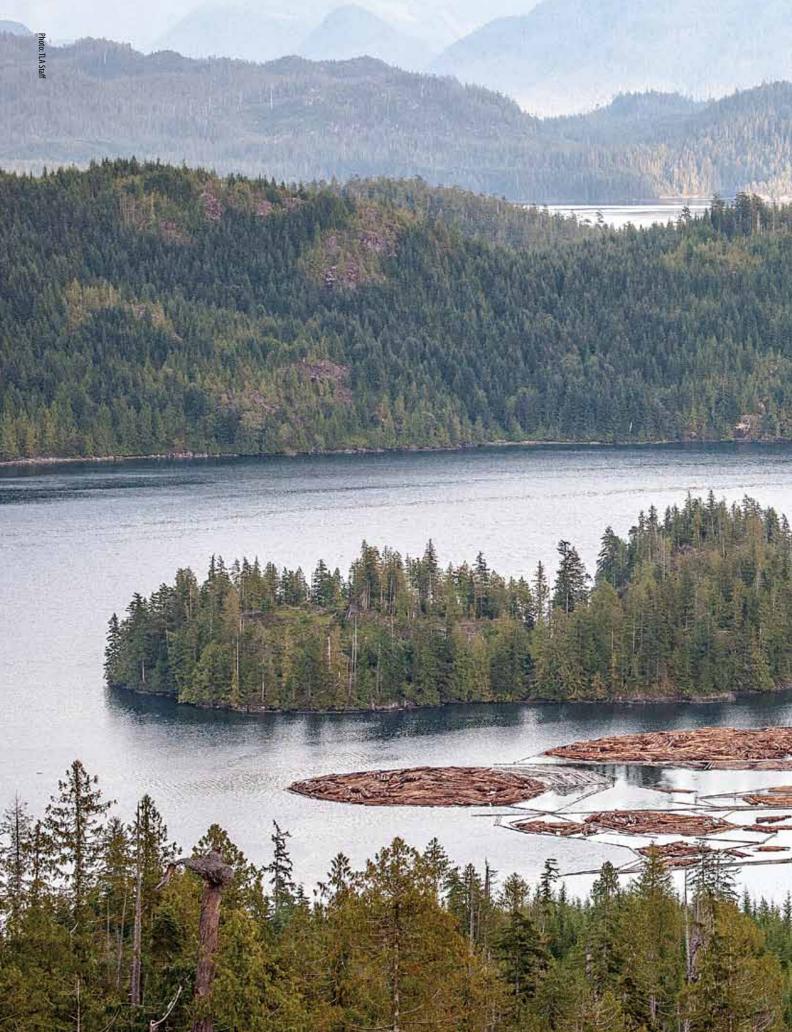
This approach to ensuring proper onthe-ground, industry specific training for new recruits is not new to this province and given the significant economic impact that the forest industry has on the province and especially in BC's rural and First Nations communities, it should be a no-brainer.

The current government recognizes the need to recruit and train for the forest industry. In the Minister of Advanced Education, Skills and Training Melanie Mark's mandate letter, she is specifically tasked with "developing more degree and certificate programs to increase the number of skilled workers in BC's forestry sector, focusing on

The TLA is asking the government to review the work done thus far on this creative idea to resolve a major challenge for our industry and could become a template for similar programs across Canada. Logging contractors are the economic backbone of rural communities across the province. Talk to your mayor. Talk to your local MLA. Help them understand the need for support to ensure BC's forest industry has the manpower to address growing markets while at the same time supporting rural communities.

The forest industry labour shortage is a collective responsibility, one that the government as the owner and beneficiary of the resource needs to support.







Craig Galligos, forestry manager for Thichum Forest Products, owned by the Tla'amin Nation in Powell River, is equally concerned. "Log export reductions would negatively impact our business and, as a result, take away from returns to our community. We fund community projects and shift monies to programs that need assistance. A reduction in our profitability will have a direct impact on those programs." He's also concerned about the impact on employment opportunities. "If we could provide good stable jobs this would help attract new workers," he says.

That the provincial government seems determined to carry through with its election promise and at least scale back log exports to some degree seems increasingly certain. In a visit to Nanaimo last March, Forests Minister Doug Donaldson said he found it "unacceptable" that BC exported six million cubic metres of "raw" logs in 2016, this despite the fact that according to the Canadian Centre for Policy Alternatives, it generated \$3 billion for the provincial economy. "What our emphasis has been, is trying to turn our attention to how do you have

more of those logs processed in mills in BC," Donaldson is quoted as saying.

The apparent premise is simple. Cutbacks on exports will supposedly increase the availability of logs for the domestic market given reduced competition for this fibre from international buyers. This will lead to the revitalization of the manufacturing industry, innovation, and ultimately more jobs for British Columbians.

But will it?

No, says Roger Harris, more likely cutting back on log exports will be a job killer, says the former MLA and cabinet minister who currently serves as BC's Forest Safety Ombudsman, is a director on the BC Aboriginal Business and Investment Council (ABIC), and works with First Nations, industry and governments.

The premium paid by foreign buyers creates the margins that allow the harvesting sector to operate and build the strong balance sheets necessary to invest in value-added processing (although there is no clear evidence that this has taken place in a direct sense). Eliminate that revenue and many operators will simply cease to function, especially in regions where the timber profile value is low and harvesting costs are high; which describes a lot of areas on the coast, many of which are managed by First Nations. When asked what the industry would be like in 10 years if log exports were curtailed, he proposed the following: Depriving licensees of the ability to access the export markets for some portion of their log sales will result in an increase in high grading, an increase in the amount of wood waste left behind, and turn many timber stands into economic ghettos as the highest value timber will have been removed, resulting in fewer logs being harvested and available for domestic use in manufacturing. Rather than attracting innovation and investment back into rural BC, it would have the opposite effect and in some regions put the final nail in the coffin for both the harvesting and manufacturing sectors and the jobs associated with them.

And it gets worse, log exports are a forest health issue. Many of the timber stands on the coast and in the Northwest are "over mature," of low value and expensive to access. These are also some of the best growing sites in the province for



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reforestation. Without an economic way to remove the timber from the land and replant these stands nothing will change. The timber value will continue to decline and with it the opportunities to have a thriving forest sector.

The exporting of logs should be one of the tools used in the development of a forest revitalization plan. By maximizing the value on some portions of log sales it will provide the revenues that facilitates the ability for full-profile harvesting, which means less waste residual, less high grading, lower operating costs, greater access to fibre for value-added processing, support innovation, and provide a legacy of a healthy and vibrant timber basket to build a globally competitive industry all around. The added bonus is much of this innovation will occur in areas closer to the stands, which means investments in rural communities, not a continuation of the consolidation of manufacturing to larger centres.

"The Herculean challenge is helping the public understand this perspective as well," says David Elstone, TLA executive director.

As of this writing, no one outside government has any idea what the province is actually going to do—the how much, when and where of it all-and that has operators big and small worried about their futures, including A&A Trading, a company that manages its own tenures and has a dozen successful partnerships with First Nations. "Exports are critical to the harvesting sector in which First Nations are active participants," says Makenzie Leine, the company's vice president of business development and indigenous partnerships. "We supply wood to the domestic market and strive to build strong relationships with domestic manufacturers. Anything that is surplus to their needs is exported. These exports support the profitability and economic stability of operations, bringing value to our partners and stability to workers and contractors. They also support the economic viability of other parts of the forest profile which, in many cases, brings more fibre to the domestic market. Changes in export policies could have a significant impact on our ability to do this."

The dropping of the log-export boom is not the only upcoming policy change that could have a negative impact on the forest industry, in this case the arena shifts from the Coast to the Interior. Woodland caribou numbers have been declining in Canada and the federal government is currently consulting with the provincial government on what to do about it as part of its Action Plan for the woodland caribou. One possible solution would be to pull land out of the working forest. How much is unclear, but an early indication from a source that prefers to remain anonymous suggests a 14-million cubic metre reduction in the Interior AAC, which currently sits at 54 million cubic metres.

This has many in the Interior concerned, including Lennard Joe, GM of Stuwix Resources Joint Venture in Merritt and a board member of the Interior Logging Association. "We don't want decisions made on speculation and without adequate consultation," he says, adding that the woodland caribou are important to First Nations and that he believes that affected communities either already have policies in place, or are working on them. "We operate on a triple bottom line-environmental, social and economic," he says.

In response to questions submitted by email to the forests ministry about the

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possibility of land being withdrawn from the working forest to expand woodland caribou habitat, a ministry spokesperson said that the province is two years into a three-year "provincial caribou recovery program" and that it is aware of the need to "adequately balance indigenous cultural values, economic development, and other societal values." The spokesperson went on to say that the ministry has engaged with industry, stakeholders, and indigenous nations in the development of the program, and will continue to do so. The results of this "engagement" are expected this fall. The question about the possibility of land being withdrawn from the working forest was not addressed.

The TLA is supportive of efforts to create more manufacturing jobs and spur innovation, and it recognizes the importance of protecting endangered species such as the woodland caribou. However, there are no magic-bullet solutions to these complex problems. Slogans like "exporting logs is exporting jobs" may be effective politically, but they do not make a good basis for establishing policy.

Exporting is a tool that allows those engaged in forestry to achieve other objectives, including, at least in some cases, survival. On numerous occasions the TLA has expressed that solutions to the log export issue lies in addressing control of timber supply rather than imposing instruments that directly change log exports.

"It's all about economics," says Roger Harris. "Nobody is going to harvest if they're losing money doing it, in which case there will be a shortage of logs for all buyers in both primary and secondary markets."

In other words, fewer jobs all round.♣

A Question of Rights

Does the provincial government have the authority to unilaterally impose further log export restrictions on First Nations?

Not according to Guy Wright of the K'ómoks First Nation. "No," he says emphatically. "It's an economic benefit to the Nation."

Craig Galligos of the Tla'amin Nation agrees. "On First Nation lands, no, I don't believe that they have any right to restrict our log exports."

They may have a point, says industry consultant Roger Harris. He argues that the forest licences being issued to First Nations are "government to government" and represent the "currency" of reaching an economic agreement, an accommodation to First Nations as part of the reconciliation process. When these licences are issued they have a certain value. "Suppose the licensee has the ability to export 30 per cent, that confers a certain value on it, if you come in and unilaterally declare that it is now 20 per cent it reduces that value." He adds that in many cases these licences are small in size and already economically challenged. Reducing the ability to utilize log exports only makes that situation worse and in some cases could be economically fatal.

It is worth noting that none of the sources Truck LoggerBC magazine interviewed for this story has so far been consulted by government with respect to reducing log exports. Readers of this magazine will recall that last year we published a story about the UN Declaration on the Rights of Indigenous People (UNDRIP). The declaration recognizes that indigenous people have inherent rights, including those associated with their traditional territories. "There is recognition of indigenous control and ownership of resources and of seeking indigenous consent prior to development," said Rob Miller, a lawyer with MT+Co who heads up the company's First Nations Economic Development group. Yet on the matter of log exports, nei-

ther the K'ómoks or Tla'amin nations' representatives we spoke to had been consulted, this despite the fact that in September of last year Premier John Horgan issued a statement that his government was "committed to working in partnership with Indigenous peoples to embrace and implement UNDRIP..."

Failure to engage in consultation with First Nations prior to unilaterally increasing log export restrictions that beggars the value of licences could be both politically and economically problematic for the government. "If First Nations find their licences have been restricted in value, don't be surprised if they head to the courts," says Harris.

There is also the possibility the government might finesse that part of the problem by picking and choosing who can and cannot maintain their current export levels. It could for example choose to exempt First Nations and/or those with community forest licences. What this would mean for those who do not qualify for the exemptions, is that they are forced to bear the brunt of a policy decision that upon close examination appears to be more political than practical.

Makenzie Leine from A&A Trading says there needs to be a shift in focus when it comes to forest revitalization. "We need to avoid the temptation to prompt change by restricting or penalizing a part of the sector that has been innovative, built relationships, invested in the sector, and learned to survive in a very challenging business environment," she says.

According to David Elstone, TLA executive director, who receives diverse views on log exports from within the TLA membership, who heard from one member who expressed, "the government should be attempting to provide positive conditions to attract investors and innovation rather than seeking to impose changes that cause internal conflict."



Tans DeVisser, president of Coastland Wood Industries Ltd., remembers January 20, 2012, when a large explosion at the Babine Forest Products sawmill 220 kilometres west of Prince George destroyed the entire premises, killing two workers and injuring 20 others.

He says, "The media dug into this story and wouldn't let go, and all sorts of rumours were spread, causing bad publicity for the mill's owners."

Several months later, DeVisser was at work at his Nanaimo-based plant when news came that two workers had died in an explosion at Prince George's Lakeland Mills sawmill facility. "I expected another media circus and negative publicity from the kangaroo courts—but this time there was no endless speculation," he says.

It wasn't until several years later at a trade event that DeVisser learned why Lakeland had avoided ruinous public scrutiny. There, Cam McAlpine, principal at Earnscliffe Strategy Group, recounted how he had been contacted by Lakeland management shortly after the explosion for guidance on how to effectively deal with employees, investigators, and the media.

DeVisser, who presides over 300plus employees and has an emergency response plan for serious injuries or fatalities, realized his plan lacked a communications component. "In essence, Cam said you have one chance to make a positive impression; if you don't, then things can spin out of control very quickly," he says. "So after he was done talking, I asked him to visit me in Nanaimo and help me develop a formal strategy."

McAlpine, who has an extensive media background combined with broad communications experience at all three levels of government and in the private sector, believes a crisis communications plan should be an integral component of any emergency response plan, especially at a time when technology allows anyone with a smartphone to broadcast rumour and innuendo to the masses.

While the importance of clear and forthright communications may be a no-brainer, McAlpine points out that during an emergency, when adrenaline and emotions are running high, the fine points of how to interact with different parties can easily be overlooked. "A CEO preoccupied with determining why an accident occurred and ensuring the safety of his other employees can easily be daunted by the myriad outsiders descending on the accident scene," he says. "So following a plan—even a cheat sheet-makes the ordeal a little easier and goes a long way in creating that allimportant positive first impression."

Gerard Messier, manager of program development for the BC Forest Safety Council, agrees. "However, I think it's fair to say that the majority of contractors don't have a communications plan. Larger companies with HR support might, as might a firm that has had a bad experience—but for the latter, it may already be struggling to reverse damage to its reputation."

Messier goes on to note, "During an emergency, a good communication plan not only helps with dealing with the media and minimizing damage to the company's reputation, it is also critical in helping notify the appropriate organizations such as BC Ambulance and WorkSafeBC. Internally, it guides when and how to contact managers and supervisors who can help with the situation. Also, employees will be anxious and wanting information about the incident. A good communication plan also includes when and how to update employees."

As to why so many contractors haven't developed a formal communications strategy, Messier theorizes, "We're in an industry where so many people are working full-tilt just to keep afloat and don't have the spare time. Plus, smaller contractors may think they don't need a plan. But unfortunately, saying 'no comment' in our era of social media and around the clock news coverage is the worst thing you can do, no matter how big or small you are."

Messier can cite examples of negative outcomes arising from a contractor failing to take command of communications. "Imagine the impact on a family if they learn second hand through Facebook or Twitter that a loved one has died in a workplace incident," he says. "That kind of damage can't be undone."

Although the BC Forest Safety Council continues to develop training focused on worker health and safety as well as emergency response (motivated by the fact that 10 people have died on the job every year in the province's forestry sector for the past three years), it too is concerned with clear communication. In August it unveiled the Serious Incident and Fatality Investigation online course, intended to better prepare companies to manage situations where a serious injury or fatality occurs on their worksite. "It covers how best to work with the authorities that will arrive to investigate, as well as how to complete their own investigation into these very challenging incidents," says Messier. "There is also a section on how to handle internal and external communications after an incident."

On a most basic level, such a communications plan should include a list of people to phone and their contact information, and advice on what to say (sticking to the facts and avoiding the temptation to speculate is essential). Other elements could include a provision after an incident to clearly state not only what happened but what will happen in the near term and why; and ensuring that communication team members will be present in multiple locations (if warranted by the company's size and operations).

Messier says, "some emergency plans and communications strategies are better than others. On one end of the scale it can be bare bones and lacking in detail, but equally bad is one that is so cluttered with information and protocols that the user can't find essential phone numbers in a hurry.

"Some of the more effective emergency response plans I've seen contain clearly-defined procedures that have been boiled down and printed on stickers that can be placed in logging trucks and other machinery. There is also a more detailed emergency plan on-site that can be referred to to make sure that all the proper steps have been taken."

The more Messier discusses communications, the more it becomes clear that it is inextricably intertwined with emergency response. "For example, including geographical coordinates for a worksite in a plan for the benefit of quick helicopter access, or driving directions for fire crews and ambulances.

are examples of effective emergency response as well as communications elements," savs Messier.

The communication strategies McAlpine develops for clients emphasize being consistent in frequency of communications and providing updates whenever news regarding a crisis







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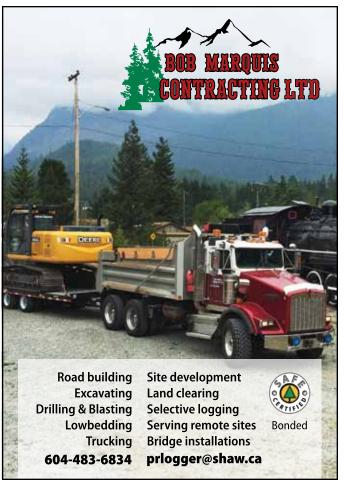
becomes available. "Of course, disseminating the plan among managers and regularly updating it is crucial to its success," he adds.

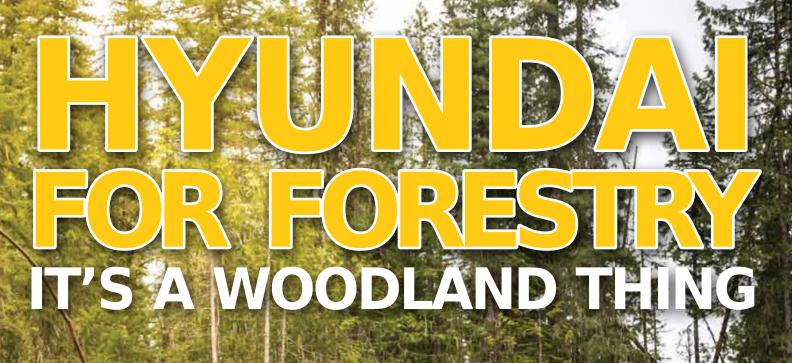
The communications plan that McAlpine developed for Hans DeVisser took only a few weeks to formulate, is 22 pages long, and has been disseminated to Coastland's dozen-odd managers. "I told Cam to give me a book like a paint by numbers that I could open up and go through step by step," says DeVisser. "Outsiders reading it may regard the information as obvious, but I hate the idea of having to think on my feet when talking to strangers—so this is a great aid."

McAlpine also opened a Twitter account on Coastland's behalf, on the strength of the truism that while companies may be at the mercy of social media during crisis, they can also use it to their advantage.

While DeVisser hopes he never has to use his communications manual or report bad news via social media, the knowledge he is able to do so allows him to sleep easier at night. "I feel like all the components of my business are in line," he says. "It's yet another way I can protect my people and the business we've worked so hard to build."









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*The "All-Inclusive" registration package does not include the Spouse Event on Friday, January 18, 2019. Tickets for this event must be purchased separately.

HIGHLIGHTS FROM THIS YEAR'S PROGRAM

Annual Favourites

- President's Welcome Reception
- Leaders' Luncheon
- Loggers' Dinner and Comedy Theatre
- Industry Trade Show
- Spouse Event
- Lunch on the Trade Show Floor
- Suppliers' Night
- Live and Silent Auctions

Hot Topics

- Meeting with the Minister
- Labour Negotiations
- The New Zealand Style of "Making it Work"
- Making Tech Work for You
- Wildfires
- Big Picture Issues for Small Business
- Labour Shortage What are we going to do about it?
- Legalization of Marijuana
- Rate Models



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As the Contractor Sustainability Review (CSR) continues to unfold, it is important to understand that individual contractors have a relatively small impact on the success of the provincial forest industry. However, collectively contractors comprise more than 90 per cent of all timber harvesting in the province and they do virtually all of the pre- and post-harvest work required to ensure industry operations remain sustainable.

Contractor successes or failures impact their employees, their families, the suppliers who support them, the communities where they live as well as their customers—the tenure holders. When you boil it down, if a contractor is not able to deliver on the work they are contracted to do, their customers will not be able to operate.

tenure holders and contractors are essential to ensure the sustainability of BC's forest industry, and are at the heart of the CSR discussion and top of mind for all types of contractors' province-wide. Doug Donaldson, Minister of Forests, Lands, Natural Resource Operations and Rural Development stated, "the recommendations from the logging contractor sustainability review will help improve relationships between logging contractors and forest licensees. The report by George Abbott and Circle Square Solutions, and their 13 proposals, provide a good basis for the next round of facilitation."

While the intent of the review process is to improve the overall competitiveness of both logging contractors and licensees, a common theme that emerged from the report included the need for better data and better communications. While implementation of the 13 recommendations proceeds, the TLA canvassed several contractors from different sectors of the industry to determine what the end goal might be and just what constitutes the perfect tenure holder—the one that all contractors want to work for?

Brinkman & Associates Reforestation Ltd. started planting trees over 48 years ago in British Columbia; those planted from their first contract are now older than most of their crew members. Since then, Brinkman has planted more than 1.4 billion trees, thus giving them a strong basis for understanding the licensee relationship issue.

Timo Scheiber, Western Forestry Contractors' Association (WFCA)



member and operations manager at Brinkman was quick to point out that the best tenure holders treat their contractors as partners by working with them to improve results and reduce cost through a longer-term relationship. "We are able to provide the best value when our input and expertise isn't limited to a one-time project, when we can get to know the needs of the tenure holder and the particulars of their operations." He notes an example where one licensee has their road foreman work with the planting supervisor to plan the scheduling of blocks, "there have been several times where we've been able to reschedule the timing of a block to get it planted before a bridge is pulled, saving thousands of dollars on helicopter access," notes Scheiber. "It seems very simple, but with others, there is often little communication between the harvest and post-harvest phases, and those opportunities are missed."

Scheiber also says that in the competitive coastal market it has become common place to avoid viewing costs by not providing access to remote locations. "To the licensee, it may seem like a savings to avoid the cost of flying into blocks during the tender process, but really, they are just passing all the risk and uncertainty on to contractors which often results in either unnecessarily high pricing, or an incomplete plan for the work." In Scheiber's opinion, the downloading of risk to the contractor is a poor practise that may give small, short-term gains to the tenure holder which are generally traded for larger, long-term costs for both. "The perfect tenure holder allows the contractor to provide the right price to handle the complexity of the work required, safely. This requires good communication from the harvesting phases, and accurate information on actual site conditions."

Sig Kemmler of Alternative Forest Operations and TLA Board member has been logging for more than 30 years and has had long-term relationships with tenure holders that emulate the partnerships detailed by Scheiber. However, when a recent change in a contract manager brought in a young gun looking to make a name for himself, the same old "how low can I get the rate this year" mentality took over almost immediately.

"Without profits, I won't be staying around with this company," laments Kemmler. "It's not about looking at a map and deciding what the rate should be. Contract managers must look longer-term as opposed to how low can we go this year if they want to be a preferred tenure holder."

Matt Wealick (Ts'ayweyi:lesteleq), a First Nations strategic advisor and TLA Board member has learned what it takes to try and become a perfect tenure holder having managed a number of smaller tenures in the Fraser Valley, including the Cascade Lower Canyon Community Forest (CLCCF). "My experience with smaller tenures is that costs are critical to profitability but working with partners to ensure success is even more important," notes Wealick. "We always hire locally so that the profit from our tenures comes back to the community. Our logging contractor employed eight local people and that was important to our CLCCF Board of Directors."

"Rates are negotiated with a joint understanding of block values and costs and we typically come to an agreement quickly," says Wealick. "But when unexpected issues arise, like a slide that occurred in a recent block, that is where the relationships are tested. We brought in a geotechnical consultant, agreed





upon a plan to address the slide and we re-negotiated rates while on the hillside," he adds. "Despite the changes, we both still did well."

Matt doesn't see himself and the CLCCF as the perfect tenure holder yet, but with a small tenure, they have to try to have this perspective. Understanding community needs and working with local contractors that understand the community provides the recipe for success. "This is the lesson others should learn," says Wealick.

"For me, the perfect tenure holder is one that has a willingness to share in both the good times and tough times," says Howie McKamey, a veteran coastal logger and TLA member.

"What do I mean by this? The licensee must be prepared to say, this is a good block, or these markets are decent, so we can share in the opportunity and pay better rates. Then, when markets turn, or wood profile is poor, both the contractor and licensee have to put their heads together, adjust the plan and make it work.

We have very good relationships that work this way with the Tla'amin First Nation. We consult, we share ideas, we improvise, and we come up with plans that work for both of us. A large block we were to log one summer became marginal due to slumping markets. But rather than just drop the rates or cancel the project, we walked the block, adjusted the layout and made it work for the both of us. The key was that both parties understood how important it was to have both of us succeed. It is the type of relationship that contributes to them being a perfect tenure holder."

TLA members Barry Mills, vice president of operations and Paul Schuetz of Industrial Forestry Service Ltd. in Prince George direct the flow of their company's forestry consulting services to their clients in the north.

For Mills, the perfect tenure holder has many attributes. They should consider the contractor as a professional who is paid to look after their affairs in whatever capacity they are employed, essentially an extension of the company itself, and be willing to trust the contractor to complete a contract in the most efficient manner. In this regard, mutual respect and communication are paramount to Mills. The perfect tenure holder sees the value in a long-term relationship and offers annual contracts

that provide a steady flow of work and not just those who accept the lowest bid every year. "Tenure holders who value the consistency provided by a long-term contractor who becomes intimately familiar with the company's needs, standards, and operating cycle is the tenure holder we prefer to work for," says Mills.

Schuetz, a TLA member and the TLA's Northern Interior logging contractor representative, coordinates large multiphase forestry projects adds that, "tenure holders that don't work against us, but with us to achieve our mutual goals and provides feedback that is constructive and reasonable contributes to being considered the perfect tenure holder. If they recognize that we are the experts in what we do, and they allow us to utilize our expertise to get the job done, they are the clients we want to work with."

It's evident that forestry, engineering, silviculture, logging and tree planting contractors all want to work with the perfect tenure holder and their perspectives on what qualifies them to be one is surprisingly similar. If you are not the perfect tenure holder, perhaps this editorial has provided some advice to become one.



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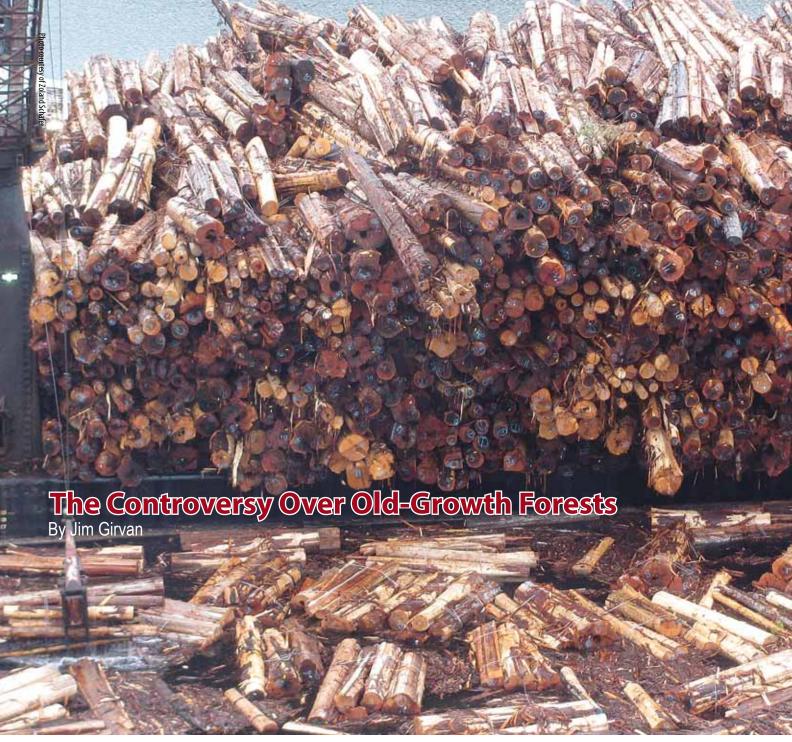


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n old-growth forest means differ-Aent things to different people and the definition of what it is can rarely be agreed upon. To some, old-growth forests are the ones with the name that tugs on the heartstrings like "Chanterelle Forest", "Avatar Grove" and even the "Great Bear Rainforest." Each of these unique oldgrowth forests were named by environmental groups pushing an anti-logging agenda. To others, old-growth refers to forests greater than 250 years of age that provides a valuable source of globally demanded fibre that supports jobs and the economy in BC.

Regardless of the definition or the names, BC's coastal old-growth forests are valuable and their management is important to a broad cross section of stakeholders. To be clear, we are not about to log the last stand of old-growth as we are often lead to believe. In fact, BC has already protected a significant majority of its rainforests and old-growth.

According to the BC government, 55 per cent (1.78 million hectares) of the province's 3.2 million hectares of oldgrowth forests are protected in parks and wilderness areas. On Vancouver Island, that amounts to about 520,000 hectares of forest that will never be logged, or more than two-thirds of the old-growth timber on Vancouver Island's Crown land.

It is also important to note that protected old-growth areas have seen a considerable increase over the past decade at the expense of the working forests and the coastal allowable annual cut, which have seen declines. In 2015, the government established 567 additional old-growth management areas within five landscape units of the Sunshine Coast Natural Resource District, an area that covers 18,421 hectares, representing



about 13.6 per cent of the 134,993 hectares of Crown forested land base in those landscape units.

In 2016, the Great Bear Rainforest Forest Act was enacted, which provided for the designation of new special forest management areas that prohibit commercial timber harvesting activities over an area of 6.4 million hectares, including onequarter of the world's coastal temperate rainforest. With the new measures in the land use order and legislation, 85 per cent of the forest will be protected and only 15 per cent (550,000 hectares) will be available for local, job-supporting logging.

Most recently in July of this year, an additional 98 hectares of the Coastal Douglas-fir ecosystem was protected in 19 land parcels near the communities of Bowser, Qualicum Beach, Nanoose Bay and Cedar on Vancouver Island, and on Galiano and Salt Spring islands.

Despite this continued increase in protected old-growth area, a June 2018 CBC article wrote about 223 international scientists who urged BC to protect its provincial rainforests. The scientists warn that BC's rainforests are at risk of disappearing without urgent protection. Their letter "specifically called for protection of primary forests (old-growth forests that have never been logged) and intact forests (forest isolated from human activity)." They also suggest, "instead, the province's wood fibre needs should be satisfied by logging in second-growth forests, rather than in primary or intact forests."

What is most concerning about this warning is the misconception this plea has created for the public about how much of BC's old forests are already protected, and the importance of timber harvesting in BC, specifically in our rainforests and primary forests.

Let's explore this.

BC is the most sustainably managed forest region in the world. The province has more forested land under third party environmental certification than any other country and the industry harvests only 0.3 per cent (27,000 hectares) of the coastal forest's 8.5 million hectares per year.

The current proportion of the harvest from coastal second-growth forests has risen steadily over the last decade from about 5 per cent of the harvest in 2000 to about 50 per cent of the total harvest today. This increase in second-growth harvest has coincidentally led to a continued reduction of old-growth area harvested, a trend which is forecasted to continue for several more years until a complete second-growth harvest may be possible. This shift is reducing our reliance on old-growth harvest as additional second-growth areas come to maturity and as a measure to offset oldgrowth areas that have been protected from logging.

Today, our forests currently support 140,000 total jobs in BC through timber harvesting and manufacturing forest products. Unnecessarily ending old-growth logging would lead to significant job loss, stymie investment and put forest dependent communities in serious jeopardy.

If the goal is to reduce (or eliminate) old-growth harvesting and at the same time guard against job loss and a reduction in forest industry economic output, the fundamentals of volume yield per hectare of land harvested must be considered. Typical coastal old-growth sites can yield as much as 1,500-1,800 cubic metres per hectare whereas second-growth sites yield approximately 400-600 cubic metres per hectare given they are harvested at younger ages. This means that to support the existing forest industry in the absence of oldgrowth harvests, significantly more second-growth land base would need to be harvested annually to provide the same volume of logs and support today's level of employment. While we are moving towards this eventual goal, we simply do not have sufficient second-growth area today with which to support the industry.

In a July CBC interview, David Elstone, TLA executive director said, based upon research undertaken by the TLA, "if the available supply of old-growth forests were to suddenly disappear on Vancouver Island, it would result in the closure of (up to) four sawmills, at least one pulp mill, and spell the end of the cedar shake and shingles industry in BC." This outcome would be as a result of the significant drop in the annual allowable cut supported by existing second-growth only. While we are moving towards a sustainable second-growth industry, if we do not want more mill closures and job loss, continued old-growth harvest is needed.

However, old-growth logging is not simply about supporting the allowable cut. Old-growth logs have inherently higher value than second-growth logs and they are sought after globally for their fine grain and applicability to high-end building products.

As the current government works with stakeholders to revitalize the coast and create more jobs, it is the old-growth logs that are sought out by the plethora of artisans and secondary wood manufacturers across BC, and it is those very companies that create the highest number of jobs per cubic metre of logs consumed; for example, a Vancouver Island flooring, timbers and architectural wood components manufacturer that uses about 4,000 cubic metres of old-growth timber annually and employs about 25 persons. That equals 160 cubic metres per job, which compares very favorably to the BC average of about 960 cubic metres per job (2015 statistics). The government therefore has to be cautious in finding the right balance in forest policy that allows for

old-growth harvest and this high level of job creation.

Using Douglas fir as an example, the value of old-growth logs is clear. Using market-based log prices in place earlier this summer, old-growth logs can bring between \$350 per cubic metre for lumber quality logs and \$700 per cubic metre for high-end grades. By comparison, second-growth logs range between \$120 and \$200 per cubic metre. As a result, elimination of old-growth logging would not only reduce employment, but the inherent value in the industry would be reduced as well causing a ripple effect to the BC coastal economy.

Despite the risk, in September 2016, the Union of BC Municipalities passed a resolution calling on the BC government to amend the 1994 Vancouver Island Land Use Plan to protect all of the remaining old-growth forests, an initiative previously passed in April 2016 by the Association of Vancouver Island and Coastal Communities (AVICC). Ironically, at the same UBCM convention, a resolution was passed asking that "the methodology by which the allowable annual cut is determined and approved by the Chief Forester under the Forest Act, be re-evaluated so that stable, long-term employment be assured." These two conflicting resolutions demonstrate that the relationship and reliance of the BC coastal economy on the harvest of some old-growth and job creation is not clear to everyone, least of all those who do not live in rural communities.

The same can be said of the environmental group, Ancient Forest Alliance, who suggests the elimination of oldgrowth logging is needed to ensure sustainability of the resources and to "protect BC's forestry workers, who need government leadership to ensure a sustainable, second-growth forest industry if they are to have a future." It is clear they were not aware of the significant negative implications of an old-growth ban on coastal AAC and jobs.

As with any valuable resource with competing demands, a balance must be struck to ensure an equitable benefit to all. To date, successive BC governments have adopted this philosophy by striking a balance in what lands are protected and what lands support the working forest as the industry transitions to a second-growth regime. As of today,



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the timber harvesting land base in BC consists of 22 million hectares or 23 per cent of BC, while parks and protected areas along with special management zones comprise approximately 29 per cent.

Old-growth forests provide value to the environment, recreation, wildlife and those forest workers whose livelihoods rely on it. A ban on harvest is no more palatable than complete inclusion in the timber harvest land base. A continued balance in provincial forest policy must ensure all stakeholder needs are met.



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In February 2018, the Forest Analysis and Inventory Branch, Office of the Chief Forester Division within the BC Ministry of Forests, Lands, Natural Resource Operations and Rural Development completed a review of the impacts that the 2017 fire season had within the Cariboo Region of the BC Interior.

In the report, it noted that the 2017 wildfires affected more than 1.2 million hectares, the largest impact on record (going back about 100 years) for a single fire season and the area affected was eight times larger than the average annual area burned in BC of 142,000 hectares. At the time of writing, the 2018 wildfire season has been the third worst on record; its impact is yet to be determined.

The objective of the review was to assist the Chief Forester in assessing if current allowable annual cuts should be re-determined and to provide an initial assessment of the impacts the fires may have had on the post-salvage, mid-term timber supply levels.

About one million hectares or 80 per cent of the area impacted was in the Cariboo Region with the most severely affected management units being the Quesnel, Williams Lake, and 100 Mile House Timber Supply Areas (TSAs). Of the million hectares burned, 650,000 hectares of the fire impacts were on the timber harvesting land base (THLB) or between 12 per cent and 22.5 per cent of the total THLB depending on the TSA. For an area of the province already ravaged by pine beetles and other insects and diseases, this was not good news to the industry.

Fire severity mapping was completed to support salvage operations and to up-

date the forest inventory; re-measurement of existing inventory ground plots within fire perimeters was completed to quantify timber volume losses by fire severity classes; and forest inventories were updated to account for timber volume losses due to the fires using both the severity mapping and ground sampling information.

In addition to incorporating the impacts of the fires, an updated assessment of the timber harvesting land base was completed, and other modelling assumptions related to timber supply projections for pre- and post-fire conditions and managed-stand growth were made to ensure the most current basis for a reassessment of the future timber supply.

While the results of the analysis varied between TSAs as a result of fire location, the updated timber supply projections suggest that current AACs do not need to change as long as tenure holders remain focused on the salvage of dead trees. That said, reductions in mid-term timber supply (post salvage) of up to 10 per cent are likely, depending on the TSA and further, that to keep the impacts at this level, short-term harvest remaining focused on salvage is required.

There may also be a need for the Chief Forester to reconsider current AAC partitions to certain types of timber such as live trees versus dead trees to help ensure that salvage harvesting does not further impact mid-term supply. The three Cariboo Region TSAs were already heavily impacted by the mountain pine beetle and the impact of the 2017 fires only added additional downward pressure on timber supply in the mid-term.

Beyond the impacts on timber supply and the eventual impacts the fires will have on the industry reliant on the Cariboo Region AAC, the human impact of the fires was even more significant suggesting a growing need to fireproof rural communities against the next inevitable firestorm.

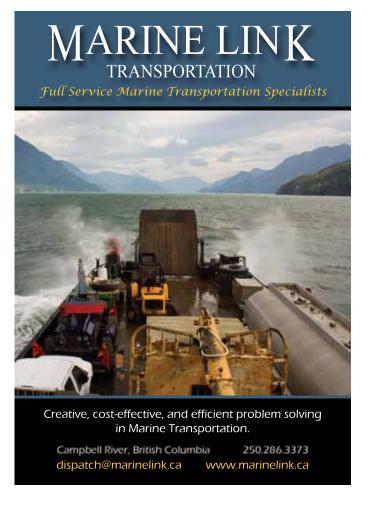
While many communities have completed Community Wildfire Protection Plans (CWPPs) that identify wildfire protection priorities, the large majority of these plans have not been implemented and the communities' risk profile to wildfires remain unchanged. Where communities have started implementation, the fuel management mitigation efforts have been limited to small areas that will have little or no impact on future wildfires, much like those that burned in 2017. Additionally, there has been little or no emphasis on protection of broader watersheds, critical infrastructure, and other important resource values such as important wildlife habitats.

If important community values are to be protected from future wildfire damage, there is a need to invest heavily (potentially billions of dollars) in broad landscape-scale treatments that have the potential to influence the current highseverity fire potential that dominates our Interior forests. These investments need to be strategic and targeted to the areas of greatest risk. At the same time, we need to find better ways to utilize fibre and reduce waste that contributes to fire behavior (such as spread rates and head fire intensity) in our recent cutovers.

Our forest industry plays a critical role in integrating fuel treatment strategies into harvest planning and creating mechanized solutions to implementing fuel treatment strategies that lower costs and improve operability in low value forests. For example, in many of our dry forest ecosystems, historic clearcut harvest methods need to change as the regenerated pole sapling and young dense forest stands only contribute to future wildfire behavior. More consideration needs to be given to partial cutting and prescribed burning to increase the amount of shade, and thereby promoting higher foliar moisture content of understory vegetation during periods of drought, lowering wind speeds and increasing the overall wildfire resilience of forest stands.

Much of the most important shortand mid-term timber supply is embedded in, or immediately adjacent to, dead or dying forest stands which makes our green wood even more vulnerable to wildfire. These areas need to be mapped and protection strategies need to be developed if we are to avoid even further reductions to future timber supply. In many areas like the Cariboo, the





Okanagan and Kootenay's, this should be our highest forest management priority. Similarly, many of our Southern Interior watersheds have the same wildfire vulnerability and these areas could cost tens of millions of dollars to restore following a catastrophic fire event if we do not focus on their protection now. Significant damage to watersheds will impact the sustainability of our many rural communities.

Wildfire vulnerability has been one of the top forest management issues in BC since 2003, yet over the past 15 years we have achieved little in reducing our vulnerability. The problem has gotten worse as the dead pine and other insects and disease have contributed to surface fuel accumulations. Time has run out and immediate action is required if we are to avoid a series of damaging and costly wildfire seasons over the next 15 years.

n January 2018, the Ministry of Forest, Lands, Natural Resource Operations and Resource Development released: Post-Natural Disturbance Forest Retention Guidance: 2017 Wildfires. The document provides guidance on the forested areas that should be reserved from harvest to protect nontimber values (referred to as retention planning). When planning retention during salvage harvesting, there are six points of overarching guidance that should be contemplated. In order of priority:

- 1) Ensure human safety and minimize damage to existing infrastructure.
- 2) Sustain, restore or enhance the capacity of ecosystems to provide ecosystem values, such as those related to water quality and wildlife habitat.
- 3) Consider the collective disturbances on the landscape to mitigate cumulative impacts on environmental and societal values.

- 4) Facilitate the adaptation of forests to improve resilience to climate change.
- 5) Minimize impacts to timber supply by shifting logging from undamaged stands to damaged stands wherever possible.
- 6) Recover value from the burnt timber before the wood quality deteriorates.





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The Community Forest: A Different Perspective of the Management Model



On the afternoon of July 14, Cascade Lower Canyon Community Forest Corporation shareholders gathered for a landmark annual general meeting at the Hope District Council chambers.

The meeting opened as usual with a First Nation acknowledgement, a fitting show of respect for the Yale First Nation, one of three partners that control timber harvesting in the CLCCF. Representatives from the other two partners,

the Fraser Valley Regional District and District of Hope were also in attendance. Any regrets at sacrificing part of a sunny summer weekend vanished when discussion turned to 2017/18 highlights.







At the top of the list was disbursement to the CLCCF partners. For the first time since 2013, when logging in the community forest began, there was money to share. And lots of it. Each partner received \$100,000, its share of profits realized from logging efforts in the community forest, which spans an area of 26,000 hectares around Hope.

The meeting was "pretty upbeat," says Matt Wealick, general manager of the CLCCF. "The board felt we had a good year and that we're going in the right direction."

John Fortoloczky, chief administrative officer for the District of Hope, says there are many ways the district's share of the money could be used to benefit the community. "We could dole it out... to groups or individuals, to projects for maybe seniors or a big regional project or recreational items."

The money was not the end of the good news. The year's highlights revealed logging efforts by the corporation had employed 11 Hope residents and that corporation directed 1 per cent of all gross revenue be used for recreational infrastructure development, such as trail building.

These were big wins for the partners which only assumed direct management of the forest tenure in the spring of 2016. The success was due largely to the relationships cultivated by the community ration contracted management services, logging and log purchases to a large operator, Tolko Industries, because without money in the bank and experience working in the industry it would have been difficult for the partners to go it alone, Wealick said.

The CLCCF partners banked its share of profits from the Tolko arrangement

Well-managed community forests go beyond dollars and cents; worth is also accorded to a community's cultural values, recreational aspirations and ecological concerns.

forest partners and contractors hired to do the work. Well-managed community forests go beyond dollars and cents; worth is also accorded to a community's cultural values, recreational aspirations and ecological concerns. It takes partners and contractors who can listen and work together across cultural lines.

When the community forest tenure was initially awarded in 2011 the corpoand when the contract ended it assumed control over timber harvesting in the district. It now contracts the logging to Tolsons Enterprises and timber marketing to Probyn Log Ltd., a local company and TLA member, which employs a number of Hope residents.

John Iacoviello, Probyn's manager of forestry and timber development, says there are advantages to working with

local companies like Probyn. "I've been working in that area for 20 years. We've been around long enough that we know who the First Nations are, we know the people and we know what they like and don't like." While some larger companies make a deal, take the wood and run, Probyn has roots in the area and plans to stay for the long haul, he says.

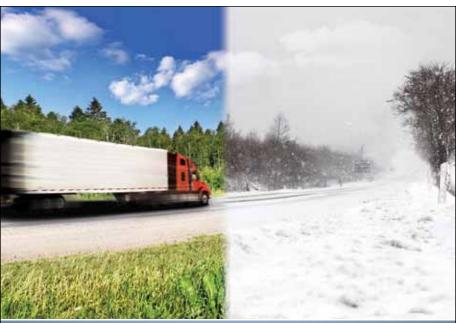
What sets the CLCCF community forest partnership apart from others is that it has three partners, a First Nation and two other levels of government. There is no industry member. The CLCCF is managed with deference to First Nations' livelihood and cultural values as a starting point, says Wealick, whose father was from the nearby Tzeachten First Nation in Chilliwack. "We're looking at things from a different perspective," he said. "It's not all about economics. Yes, there is an economic component, but it's also about what the community wants to see." Just as passengers on a cruise ship don't want to look at clear cuts, there are areas, hills and mountainsides that might be of cultural significance to a First Nation, areas they would not want logged, Wealick said.

Fishing is key to the Yale First Nation's livelihood and culture, says Steven Patterson, who chairs the CLCCF and represents Yale First Nation. So, the Yale members will sometimes request a hydrological report, to ensure crucial fisheries are protected. "We have to be very careful when we are doing work in any particular watershed," he added.

With First Nations values as a starting point for harvesting decisions, CLCCF must also account for community wishes of the smaller Union Bar First Nation, town of Yale and residents living in Hope, Sunshine Valley, Skagit River area, who are keen to develop the area's recreational potential that often runs counter to logging. And of course, there are a myriad of environmental regulations and best forest practices to follow as well. So far, the CLCCF has balanced the competing interests of its partners and now has even cut them a cheque, exemplifying BC's community forest model.

From Hope, the CLCCF stretches north along both sides of the Fraser River, to Yale. South of Hope, where the river bends westward, another chunk of the forest lies to the south of the river. The trees are a mix of Douglas fir, hemlock, balsam and most valuable of all,





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cedar. It is mountainous terrain and logging is made difficult by steep canyons. Of the total area, less than 1 per cent, or 8,000 hectares will be harvested, to ensure long-term sustainability.

Before the CLCCF was granted its tenure, the Hope region was part of the vast Fraser Timber Supply Area. Numerous companies, including Interfor, were licensed to log in the area, many operating under volume-based tenures. To avoid encroaching on each others' turf, the companies formed "gentleman's agreements" to divvy up the land, Wealick says.

BC's old model did not sit well with many BC First Nations, said Patterson. "A lot of licensees, they'll come by once a year and tell you where they plan to harvest and then they go away," he said. As First Nations began to assert more control over their traditional lands and companies were given a duty to consult, many large forestry corporations deemed the negotiations too time-consuming and simply pulled out.

Interfor left the Hope area in the early 2000's after the Bill 28 takeback, which removed logging rights from companies and reallocated them to First Nations.

It was a dramatic change to the district which lost revenue and jobs previously provided by the company. The current 25-year tenure is area-based and gives the CLCCF sole timber harvesting rights within its boundaries. Having clear access to available timber makes sustainable harvest practices more feasible. And working with small, local contractors who know and understand the areas' values and concerns makes it easier to implement plans arising from the delicate three-way negotiations between partners.

Wealick who has worked in forestry his entire life, believes the future of logging lies in the community forest model. "There are lots of examples where...major licensees are working, and you don't see a lot of benefits from the major licensee coming back into the local community," he said. Community forests in partnership with smaller contractors can avoid disagreements between contract loggers and major licensees over rates and realize more direct community benefits, he said. "Those sort of examples could happen all over BC."





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The generosity of the golfers helped raised \$8,988 towards the TLA Forestry Education Fund, including \$3,660 from the silent auction, \$3,250 from the live and first-table-to-eat auctions, and \$2,079 from the Nootka Sound Timber Co. Ltd. shooter bar.



Congratulations to the tournament winners, Catalys Lubricants, who shot a 58 and went on to defeat Berk's Intertruck in a tie-breaking shootout, as well as the best dressed team, Cokely Wire Rope who wore argyle from head to toe with style, and all other contest winners.

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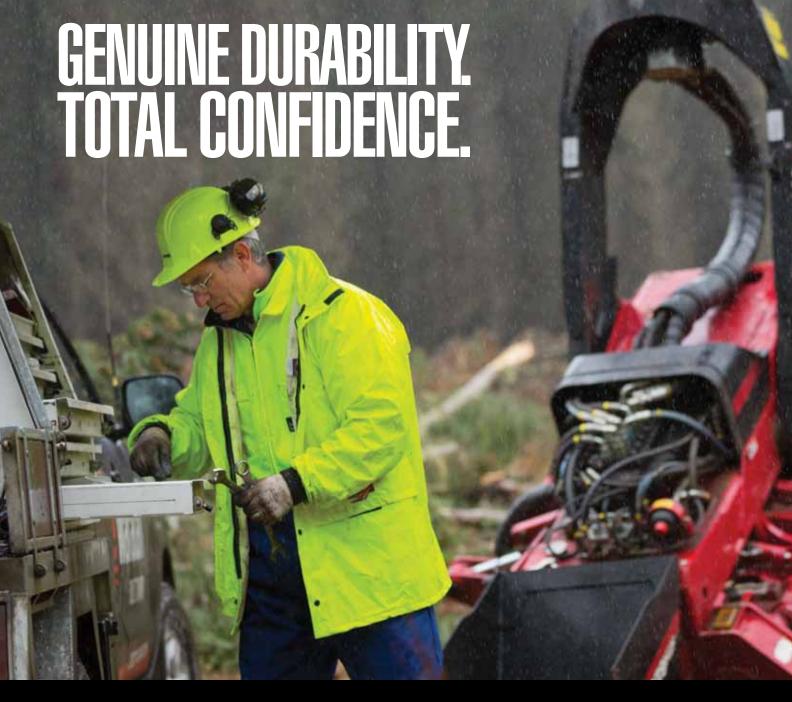
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