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Spring 2017

Which Way Is The Political Compass Pointing?

Log Exports: The Story Behind The Story

Sharing The Resource: Loggers And Mountain Bikers Work Together

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SPRING 2017 / VOLUME 40 / NUMBER 1

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Truck LoggerBC magazine is published four times a year by the Truck Loggers Association, with content and support from the Interior Logging Association and the North West Loggers Association. Its editorial content seeks to reflect issues facing the industry and to provide readers with current information on BC's forest industry. All rights reserved.

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Advertising Sales & Design Layout office:

Advertising In Print

Advertising In Print
200 - 896 Cambie Street, Vancouver, BC V6B 2P6
Tel: 604.681.1811. Fax: 604.681.0456

Publication Mailing Agreement No. 40010419.
For subscriptions, contact office@tla.ca or 604.684.4291.

Send change of address notices
and covers of undeliverable copies to:

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FROM THE EDITORIAL BOARD DESK...

Welcome to the Spring 2017 edition of *Truck LoggerBC!* I hope everyone who made it to the TLA convention had a great time seeing old friends, finding new opportunities and soaking up some of the information the great sessions had to offer. We had a big turnout at all of the sessions and nearly a 1,000 people at Suppliers' Night. Thanks to everyone who attended for their continued support. We hope to see you all next year for our 75th anniversary celebration in Victoria.

In this issue, we complete our series on the rate model, outlining how contractors can reap the benefits of a model they know and trust. There is an interesting safety article discussing the burden being placed on timber harvesting supervisors. Most logging supervisors began logging because they like the hard work and the outdoors. They didn't sign up to sit behind a desk and complete paperwork for due-diligence purposes but that's where the industry is going. This challenge is something the industry is trying to address. From a market point of view, we look at log exports, a long misunderstood forest product. With the election approaching, log exports are back in the media and we need to make sure the facts get out there.

Several of our feature articles dig deeper into issues discussed at the convention. We delve into forestry's changing relationship with First Nations as

their control of the forest resource increases. We talk to each speaker from the "Realities of Operating a Contracting Business" to get more details. We also look at good examples of successfully sharing the working forest with recreational users. Finally, we review the politics discussed at the convention including Premier Christy Clark's announcements and our last two sessions on Friday, "Political Compass with Vaughn Palmer" and "Maximizing the Potential of the BC Forest Industry."

Rounding out this issue of the magazine, there's a wrap-up of the TLA convention highlighting key events and sharing some great photos. There's also registration information for the ILA's 59th Annual Conference & Trade Show happening May 4-6, 2017 in Vernon. The TLA board will be attending and we hope to see many of you there as well.▲

Ts'ayweyi:lesteleq
(Matt Wealick, MA, RPF)
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STANDING UP FOR FORESTRY

First and foremost, I'd like to thank everyone who attended the TLA's 74th Annual Convention & Trade Show this year. It was one of the best conventions in my memory and I'm pleased and proud that so many people who work in the forest industry made time to go. Our speakers this year addressed a wide range of topics and our live and silent auctions raised considerable funds to support forestry education in BC. For a full review and photos of the convention, turn to page 24.

I'm also proud of the advocacy achievements we made during the convention. Premier Christy Clark made two major announcements in her speech during the Leader's Luncheon. The first was job training tax credits that will have a direct and positive impact for TLA members. Independent timber harvesting contractors know they are approaching a wall of retirements and this tax credit will help them make sure the knowledge of their experienced employees is passed down to the next generation. We're already working with Minister Shirley Bond on this project and it's moving quickly. The second announcement was the Contractor Sustainability Review. David Elstone addresses the review in more detail on page 8. However, I would like to state here that this was a landmark announcement and the result of several years of telling our story and offering solutions to a difficult and entrenched issue. This goes far beyond rates. We need to look at the working relationship between contractors and licensees and how it can be improved. Both these announcements showed me that the government of the day is listening, understands the forest industry and values the role independent timber harvesting contractors play within it.

As we move towards the provincial election in May, log exports continue to get more and more media attention. Anyone who works in the forest industry knows log exports are an important BC forest product. They enable us to

harvest the full profile of species and working conditions—there are many stands where if some logs aren't exported people won't be going to work. We get into more detail on log exports in the Market Report on page 15. I encourage you to read the article so you can correct misinformation on log exports when you hear it. Anyone who states that we should ban log exports knows nothing about our forest industry or the impact this would have on the coast of British Columbia. Period.

Most people who know me, know that I am passionate about this industry, which brings me to the broader issue of protecting the working forest. In the lead up to the election, we have already seen industry detractors attempt to mislead the public by conflating log exports and old growth harvesting. We must be vigilant in responding to anti-logging rhetoric and attempts to further shrink the working forest. There are individuals in this province that support shutting down logging operations entirely, by pulling on people's heart strings and providing them with misleading information and partial truths. The impact of their objectives would be devastating to our employees and would ruin rural community economies. I know this, because I have met some of these people. The TLA will continue to advocate for the industry, but we need everyone in the industry to share proudly what this industry means to them. One thing I do know—if we don't, I guarantee no one else will.

We received a lot of attention around the article, "Urban vs Rural: Addressing the Emergency Transportation Gap" in the Winter 2017 issue of *Truck LoggerBC*. The article discussed the difficulties workers and employers in remote regions have in accessing helicopter evacuation when they are injured. This is an issue close to my heart and I read with interest the report written by Roger Harris published in February. He made some good observations and

provided three recommendations that could improve the situation as it stands. We as an industry need to read this report and provide our feedback—our opinions and ideas matter in developing better working conditions. There is a link to the report on our website, visit www.tla.ca/HEMS.

Unfortunately, this brings me to the serious issue of safety in our industry. We've had five fatalities this year and, as I write this, we haven't finished the first quarter. We have the organizations in place to study these incidents and give us explanations and safety information to review. But it is up to us to ensure we do review these incidents with our crews and model safe practices ourselves wherever we go. Statistically, 95 per cent of incidents are caused by human behaviour and 85 per cent of that behaviour is caused by what people believe leadership wants as signaled by their everyday actions. We need to make sure each of us is building a culture of safety within our companies through our own actions and those of our supervisors. Our industry is evolving and gone are the days where we just look at the incident and the individual involved and lay blame. We need to have a much broader look at how the incident developed. We've come a long way in the last 20 years but we can't take our foot off the pedal on this one.

Finally, the TLA will be holding our May board meeting in Vernon so we can meet with the Interior Logging Association's board to discuss the challenges we share and so we can support the ILA's conference and outdoor equipment show. The ILA's equipment show gets bigger and more impressive each year and I'm looking forward to seeing it again. If you're in the Vernon area May 4-6, I highly recommend coming by and taking a look. There's more information about the ILA conference on page 21.▲

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SHARING THE PROSPERITY, CHANGING THE RELATIONSHIP

The TLA believes a strong and sustainable working forest will generate ongoing prosperity for the people of British Columbia, and the people who work in the forest should share in that prosperity. These core values are why the TLA strives to be a strong and unifying voice for its members, the broader forest sector and the communities where we live and work across the province.

Why am I reciting key passages from the TLA's strategic plan here? It's because I want you to keep these values and visions in mind as I celebrate the success of major forest products producers in our great province. Take note of the following passages from the Q4 and 2016 financial results press releases:

- West Fraser: "Record sales exceed \$4.4 billion" and "Adjusted EBITDA up 62% compared to 2015."
- Conifex: "In 2016, adjusted EBITDA was a record \$33.6 million, compared to \$7.7 million in 2015."
- Interfor: "Adjusted EBITDA was a record \$199.6 million, eclipsing the previous record set in 2014."
- Western Forest Products: "Notwithstanding adverse harvest conditions, Western achieved its highest fourth quarter adjusted EBITDA in ten years."

Stunning—in fact—awesome. Undoubtedly, 2016 was a record year for many forest products producers with operations in BC and elsewhere. We should celebrate these companies' spectacular achievements in prosperity. They came from a focus on cost control, strategic initiatives, strengthening markets, and of course, the stronger US dollar.

Unfortunately, the prosperity of these forest products producers—which are also major tenure holders in this province—is not shared with their supply chain. In sharp contrast, over the last twelve months, I can say that seven medium to large logging contractors on the BC coast have turned out the lights, or significantly down-sized and dispersed their equipment. That capacity and in-

frastructure is now gone. And I am only accounting for the businesses I know about. There are likely more small operators and contractors in the Interior that are not on my list.

Many of these contractors have been in business for years. They have had successful operations. They too have focused on cost control and made strategic investments in their businesses. In fact, several told me they weren't broke or even losing money. However, they were unanimous in saying their margins simply don't justify continuing in this industry. What? How can this be? When records are being set by almost every publicly traded forest products company operating in BC, why are contractors failing?

There is a distinct disparity between those who work in the woods and those who control the tenure.

It is nearly impossible to deny, there is a distinct disparity between those who work in the woods and those who control the tenure. This observation was the motivation behind the many David versus Goliath themed articles we have published over the last three years. Looking back at them, their warnings have all come true.

But there is great news! The provincial government is embarking on one of the most impactful and significant initiatives in over 20 years. The Contractor Sustainability Review announced by Premier Christy Clark at the TLA convention last January has the potential to reshape our industry.

The first phase was to establish a baseline of financial performance by the province's logging contractors. PNL Consulting was hired to collect and analyze the financial statements of contractors and in less than a month obtained information from contractors that represent approximately 30 per cent of the provincial harvest. Politicians take note—that is a resounding response and

speaks volumes to the frustrations of the contracting community.

By the time you read this, the government will have followed the Premier's direction and announced an independent facilitator who will build upon the financial performance baseline. They will interview contractors to formulate a thorough picture of what is happening to timber harvesting contractors in this province. The facilitator will hopefully identify the reasons why the disparity we have demonstrated here exists.

However, this work will not be completed before the provincial election. My ask of the new government (and new opposition) is to ensure this very important work does not lose momentum. Please understand, the future of our

contracting businesses, our rural communities and the forest industry itself relies on this initiative.

Contractors want forest products producers to succeed and we celebrate their record performances. But contractors want to be able to do so as well. It is not just about rates, it's about the relationship between contractors and the licensees that hire them and how we all do business. What do I hope the Contractor Sustainability Review will achieve? When this work is done, it should identify ways to allow those who work in the forest to share in the prosperity of the resource.▲

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EMPLOYEE TRAINING AND CONTRACTOR SUSTAINABILITY: POSITIVE CHANGE ON THE HORIZON

The timber harvesting contractors made two big advocacy gains at the TLA's 74th Annual Convention & Trade Show. In her speech during the Leader's Luncheon, Premier Christy Clark announced the creation of a training tax credit for loggers and the launching of the contractor sustainability review.

Training is close to the ILA's heart. We currently have four students training to be log truck drivers and 16 students training to be heavy equipment forestry operators. We achieved this through funding provided through the Canada-British Columbia Job Fund. And the students take the in-class portion of the course at Thompson Rivers University's Kamloops campus (trucking) and Williams Lake campus (heavy equipment). The actual machine in-seat time, 120-160 hours, is done with active logging contractors in the Williams Lake area. It's a good partnership and we've trained many young loggers and truck drivers this way.

The creation of a training tax credit will complement the work we're already doing. So much of a logger's knowledge is learned over decades of on-the-ground experience. We're in danger of losing much of that knowledge in the wave of retirements we know are coming our way. This training tax credit will provide an incentive for ILA members to take on the cost of a new employee. Logging equipment is expensive to buy and expensive to run. It's hard to justify reducing its productivity in today's cut-costs-to-the-bone environment. I think this will be one answer to the challenge of training tomorrow's logger.

I was relieved to hear Premier Clark say the contractor sustainability review was going to happen and going to happen quickly. BC's logging associations have been beating this drum for three years as a joint lobby effort, continually warning that the situation for contractors is just getting worse. After the TLA

convention, I joined Aaron Sinclair of PNL Consulting and we toured the southern Interior talking to contractors and asking them to participate in the review. After so long at the bottom of the pile, they were understandably wary but I'm pleased to report 100 per cent of the contractors we talked to were eager to participate. Contractors' prompt commitment to participate in this review is a triumph given such a tight timeframe and evidence that contractors are frustrated.

Finally, I'd like to invite everyone to attend the ILA's 59th Annual Conference & Trade Show taking place May 4-6, 2017 in Vernon, BC. Our theme this year is "Women Working in the Forest Harvesting Industry" and I'm proud to say Melinda Morben from Island Timberlands will be our keynote speaker. Melinda first spoke at the TLA convention a few years ago and hit it out of the ball park, with her quick wit and messages resonating with many contractors in the room. This time around, Melinda will talk about diversity in the workplace and how it can improve your busi-

ness and your bottom line. We'll also have our big outdoor equipment display again this year—each year it gets bigger and the community turn-out on Saturday grows too.

Our ILA Board of Directors has once again invited the TLA Board to join us. This will be the third year the TLA Directors have ventured up to Vernon and conducted their Board meeting at our conference after which the two respective boards gather to discuss contractor issues of mutual interest. This type of teamwork must be effective given the success we have achieved in the announcement of the Contractor Sustainability Review.

After our directors meet, we'll kick things off on Thursday evening with the Meet & Greet event. Turn to page 23 to see the full program. I look forward to seeing you there!▲



Photo: Karl Silbaugh Photography

Visit the ILA's outdoor equipment show on May 5 & 6 in Vernon. It's part of their 59th Annual Conference & Trade Show.



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VIEW FROM THE NORTHWEST: MARKETS, ELECTIONS AND COMMUNITY SUPPORT



Another year is well under way. Already we have made progress in two key areas. At the TLA convention in January, Premier Christy Clark announced her government's Contractor Sustainability Review of BC's timber harvesting contractors. Forestry contractors are based in our communities, hire local workers and purchase materials and supplies locally. Their stability contributes to the stability of rural communities. The ILA, TLA, and NWLA were instrumental in putting this issue in front of government and are delighted they have decided to act on it.

The second announcement by Premier Clark at the convention was the job training tax credit for on-the-ground training for BC's timber harvesting contractors. We are all aware of the—let's call it advanced average age of forestry workers. A recently retired friend called our logging crew a geriatric club in reference to that reality. We are all aware of the costs associated with on-the-ground mentoring of new workers and the announcement will assist in offsetting some of those costs as well as giving young workers a better chance at gaining experience in the industry. I hope this announcement will be acted on before the upcoming election.

Just prior to the the TLA convention opening, we had the opportunity to meet with Minister Steve Thomson. I feel it was a productive meeting with a good exchange of views. The main item I presented was the need to rejuvenate government and NWLA's joint efforts in finding solutions to the problems in the northwest forest industry. With contractors and government busy with hydro lines and pipelines for the last few years, the focus has been lost. A good starting point may be dusting off the 2006 Northwest Forestry Revitalization Strategy. Although the strategy is now over ten years old, it is still a useful document and could serve as a template for moving forward.

Speaking of the upcoming election, it is very important that we, as members of our respective organizations and as individual voters, make sure all the candidates are aware of the importance of the forest industry to rural communities and the entire province. The forest industry represents billions of dollars in economic activity in the province and much of that economic activity is in rural communities. The jobs in the forest

demand for fencing and decking materials both in the local market and elsewhere in North America. Cedar fencing and decking has long been a staple product for the small sawmill operators in the region. When cedar log prices are high, the end product becomes too expensive and demand dries up with consumers opting for alternative products. The economic benefit this industry brings to the region is often underestimated given

It's very important we make sure all the candidates in the upcoming election are aware of the importance of the forest industry to rural communities and the entire province.

industry are well-paid jobs comparative to some others and provide substantial revenues to both the provincial and federal governments. Maintaining government awareness of the issues that arise within the forest industry is important in order to continue the contributions the industry makes to the economy and lifestyles of rural populations.

Log markets in the northwest are holding fairly steady if not improving. Most local forestry contractors have a full season in front of them. The benefit of stable markets results in contractors having advance work booked rather than gaps in activities which is difficult to survive on a continual basis. Most loggers in the northwest are market loggers, relying heavily on reasonable prices being paid for round logs. The costs of operating in the northwest are high due to the mountainous terrain, low quality fibre content and distance from markets. Let's hope 2017 holds stable log markets so contractors and workers can relax and have a profitable year of continuous harvesting.

Cedar log prices have dropped off somewhat which should work to the advantage of the local small sawmilling industry. Springtime results in a spike in

that these operations are not highly visible. However, they provide a substantial number of jobs as well as a local market for certain timber types. The revenues generated from these operations stay in the region which is a benefit to the northwest economy.

In the late 1970s the NWLA became all but dormant. In the early 1980s I was heavily involved in resurrecting the organization. It was a lot of hard work. Building a membership, making contact with industry people and government. Enticing suppliers to get involved. Organizations like the NWLA can only survive with membership involvement. It is not good enough to just pay your annual dues and expect others to do the legwork. No matter what organization you're involved in, you have to stay engaged, involved and volunteer in order for it to achieve meaningful results. Support your association and it will support you! 🌲

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LOG EXPORTS: THE STORY BEHIND THE STORY

It's election time! And as if on cue, that old populist punching bag issue, BC's log exports, has been pulled out to rally the masses. They're painting the picture that our forests are being drained for simple profit, powered by the old saying "an exported log is an exported job." It is easy to pull on heart strings when a loaded logging truck passes through a town with no sawmill supposedly giving no benefit to the community.

So then why am I celebrating that in 2016 log exports as a percentage of the total coastal harvest was 35 per cent? My reasons are simple.

Exporting logs sustains local jobs, keeping workers employed in the woods and in BC sawmills and pulp mills. This is contrary to common belief. However, when you look at the facts, it's clear it's the truth.

These sawmills have closed, in part, as a result of significant AAC reductions caused by environmental pressures.

If we were not exporting those logs (6.3 million cubic metres in 2016), those trees would not have been harvested. They would have been left standing and the loggers and truckers who delivered them would be out of work.

What gets overlooked by the anti-log export faction, is the economic reality that BC coastal sawmills, pulp mills and value-add producers need log exports to ensure they get the type of logs their mills need to operate. These manufacturing facilities need a specific type of log or species of timber to operate. Log exports allow us to harvest the entire timber profile. So if log exports were curtailed, the full harvest would be affected not just the 35 per cent that's exported. With no log exports, there would be far, far greater unemployment in our rural communities.

So how do we explain all the mill closures we have seen in the province over

the last 30 years? Again, much of the anti-log export rhetoric leaves out the full story. No BC sawmill has ever been closed because of a shortage of logs due to log exports. We need to look at the size of the working forest.

The BC allowable annual cut (AAC) for coastal Crown land has fallen from a high of 24.5 million cubic metres in 1985 to 16.5 million cubic metres today, a reduction of 8.0 million cubic metres or 33 per cent. This is primarily as a result of increased environmental protection that reduced the size of the coastal working forest. Given the log capacity of the current mills operating on the coast, 8 million cubic metres equates to 16 sawmills closed as a result of environmental protection of coastal forests. Simply put, it is wrong to say that mills have closed as a result of log exports. These sawmills have

closed, in part, as a result of significant AAC reductions caused by environmental pressures.

Is there anybody investing in new mills if we have the logs? Indeed there is a brand-new sawmill currently being built in Surrey that will purchase some of these logs to support its operation. However, log exports occur because what we harvest is surplus to domestic demand.

To dig deeper into the question of investment, let's look to the US Pacific Northwest. There, privately owned timberlands are the main source of harvesting in the region and log exports have been a principal product for decades. And yet, new sawmills are being built there today and many, if not most, have seen major upgrades. Despite this investment, sawmill employment has dropped in the Pacific Northwest. Investment drove consolidation in sawmills which resulted in the construc-

tion of larger, more cost-effective mills which employed less people than the older, inefficient smaller mills. Something to think about.

While BC's log export policies have been around for over 100 years, markets have changed dramatically. In 2005, log exports to the US were very strong. Today, the US demand has shrunk dramatically and is now fourth on the list of export destinations. As with so much of our BC forest products, China has become the top market for BC log exports. Again, contrary to common belief, very little returns to North America as finished products. If it weren't for China, there would be significant unemployment in our forest industry across BC.

If the next government in BC wants to create more jobs in the forest industry, they should focus on policy that allows for the harvest of the four million cubic metres of allowable cut that goes unharvested every year. In doing so, they would create upwards of 8,000 jobs across the coast. After all, there are two jobs in the forest supply chain (i.e., logging) for every direct manufacturing job.

We celebrate that 35 per cent of the coastal harvest was exported because we wouldn't likely be here if it wasn't. Perhaps environmentalists would be happy if that percentage was zero, but I am guessing loggers, mill workers and the rural communities where these people live and work would beg to differ.▲

*David Elstone, RPF, Executive Director, TLA
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STRESS AND STRAIN: THE CHANGING ROLE OF THE HARVESTING SUPERVISOR

If the coastal forest industry had a high school annual, the role of supervisor would be voted ‘most changed.’ According to many in the industry, this presents both challenges and opportunities. The challenge is the added stress and strain the new role creates for supervisors, the opportunity is the chance to improve training and productivity.

With 90 per cent of timber harvesting being done by independent contractors, the responsibility for safety management has increased for this segment of the industry, and the supervisor’s role has morphed radically in response.

“If you turn back the clock 20 years,” suggests Rob Moonen, CEO of the BC Forest Safety Council, “we moved away from the fully integrated forest companies like MacMillan Bloedel, where employees were getting support and train-

ing internally, to the situation today where they’re now independent owner operators. It’s been an evolution for the industry as far as how the system is adapting and how training has evolved.”

This evolution has caused the role of supervisor to become far more complex and onerous than it ever was. TLA President Jacqui Beban explains, “Historically, we always used to look at who your hardest worker was, who your best operator was, who had the best attitude and those were the people who normally got promoted to a supervisory role. Now you have to look at the whole supervision position, which is a lot more detail-oriented as far as paperwork and reporting goes.”

Today’s supervisor must be more focused on regulations, while maintaining that day-to-day positive relationship

with the crew and, ultimately, still protecting themselves, the employees and the company. They must show they’re doing everything they can at the workplace to prevent incidents from happening. This seems like a challenge to even the most dexterous octopus.

Meet Bill Nelson. He’s been in the industry for 33 years—he started out setting chokers right out of high school. Nelson is one of two project managers at Holbrook Dyson’s Vernon Lake camp, located between Woss and Gold Lake.

He describes his job as a balancing act with high stakes where people’s lives are at risk. “My number one priority is to make sure everybody goes out and comes back safe every day. My next priority is to get everything done, to be efficient and productive. Those two things are inseparable. People say ‘safety first’



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but the reality is a good operation is run with a healthy measure of safety and productivity daily.”

Nelson says the last priority is due diligence: keeping himself, his employees, his partners, their company and their customer—in this case the licence holder—safe legally so there are no environmental or WorkSafeBC concerns. “Production, safety, and liability: any one of those things falls through the cracks, and it will come back and get you,” Nelson cautions.

The biggest challenge? “Getting enough sleep,” he quips.

We laugh. But the TLA is concerned and is questioning whether the job has changed so much it’s putting too much pressure on the supervisor. “I’m hearing from many contractors that they struggle to find employees willing to be supervisors. A supervisor used to be able to split their time between supervising and actually getting into a machine and producing. That is increasingly not the case,” explains David Elstone, TLA Executive Director. So the traditional training pathway Jacqui Beban described doesn’t work anymore

and the legal accountability that supervisors face today takes the role to a whole new level.

And how has training kept up? “Our industry has great people working in it, but we need to continue to provide tools that can make us even better,” stresses Beban. A few years ago, the industry came together to revise and streamline supervisor training, provided by the BC Forest Safety Council. Since 2014, 165 participants have attended at least one of three supervisor training sessions in Nanaimo or Campbell River. Contractors made up 138 of those participants, coming from 73 different companies to learn more about due diligence, communication and leadership.

“I think one of the things the industry is very focused on, from both the contractor and licensee perspective, is that if you’re going to pull people away from their jobs, the training has to be valuable and delivered in the most efficient manner,” explained Moonen. “And, in part, that’s why this training was developed in modules.”

As industry continues to focus on improving its safety record, it’s critical

it continues to improve training and works to streamline the reporting process so supervisors have the tools they need to perform their jobs and ensure the safety of their crews. However, supervisor training courses aren’t going to address all the challenges.

Elstone concludes, “As the transfer (or some call downloading) of responsibilities from licensees onto contractors and their supervisors continues, that cost needs to be understood and recognized. We need to make sure supervisors have the support they need as they work to keep our workers safe and productive and to meet the due diligence requirements of the business owner and licensees as well. More and more, my members are telling me their supervisors are asking to return to a regular worker role because the stress and strain of supervisor responsibilities are too much. I think this is an emerging issue that we need to address—as an industry—before the cracks grow any wider.”▲



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CRACKING THE RATE MODEL

Part Four: Putting it All Together

In this four-part series—Cracking the Rate Model—I’ve outlined the key parts of the rate model: depreciation and amortization, overhead, labour costs, and profit. I’ve also explained where a focused effort can bring results. Contractors who understand the intricacies of a rate model can reap the benefits with a model they understand and trust. In this fourth and final article of this series, I will discuss putting it all together.

Where Can I Get a Rate Model?

Unfortunately, you can’t buy a rate model with your morning coffee. If you’re a strong Excel user, you could build one yourself. But most people don’t have that kind of know-how. The best place to start is your accountant. Not every accountant has this skill set. But it’s worth asking. If they do, they should be able to help you put your data together into a rate model that accurately reflects your business.

So what will all this cost? Rate model costs vary depending on the equipment and complexities involved. A basic model will start at around \$1,000. Costs will rise if you have new and untried equipment with unknown variables. The better you know your data, the less the model will cost.

Who Can Help Me Collect My Data?

When building a rate model there are experts out there you can draw on for expert advice:

Equipment Manufacturer / Dealers

These guys know the equipment better than anyone else. You should be able to get realistic figures for maintenance schedules, fuel consumption, major overhaul costs and resale values for your equipment from them.

Fellow Contractors

Sometimes the hardest thing to do is ask a buddy for advice. While most contractors will keep tight lipped about

their rates, most are willing to share their experiences around running equipment, breakdowns, and the extra unforeseen costs involved in the industry. This hands-on experience can sometimes be the most valuable part of your model.

Banker

Your banker is always a good source of information when it comes to bringing new equipment into your business. The banker can help you come up with a plan and outline the costs associated with financing or leasing equipment which needs to be built into your model.

Tax Considerations

Income tax is a piece of information we usually leave out of the model because tax is an unavoidable part of your profit that must be paid at year end. However, you still need to plan ahead. If your business is incorporated and eligible for the small business deduction, you would pay 13 per cent corporate tax on any eligible profits, so you need to ensure this is reflected in your cash flow.

Reacting to Rate Model Results

Once you have entered all your costs into your rate model, step back with your accountant and consider what it all means. A rate much higher than your current negotiated rate means you’re likely losing money every day you head to work and need to renegotiate immediately or consider if you can get a better rate elsewhere.

A rate lower than your current rate means either you have missed some costs or your profit is higher than expected. If your profit is higher than expected, pat yourself on the back for being a good negotiator with a strong relationship with the licensees you work for.

Benefits of a Rate Model

Building a rate model can be intimidating and it does take some time and money. That said, there are many ben-

efits to having a rate model for your equipment. For a contractor, it is worth the effort. The more you understand your costs, the more knowledge and ammunition you take to the rate negotiations table. There will be no more second guessing yourself and wondering if you have taken on a poor contract.

By knowing your costs, you know when to stay home rather than work yourself into a loss position. Working 1,000 hours in a loss position will not get you any further ahead than declining the contract. In fact, it will move you further behind. By knowing your rates, you can make sure you are logging sustainably and will be able to reinvest in new gear and innovations.

Conclusion

It’s important to use the many resources that are available to you to create a model based on sound financial, practical and logical information. By being armed with the most reliable end information, you will be in the best position to make the most informed decisions possible for your business.▲

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@mnpc.ca



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ILA 59TH ANNUAL CONFERENCE: WOMEN WORKING IN THE FOREST HARVESTING INDUSTRY

By Forests, Lands and Natural Resource Operations Minister Steve Thomson

It's always a pleasure to provide an update in advance of the yearly ILA convention, and to speak to recent government and ministry initiatives that may be of interest to ILA members.

First, I would like to expand on a commitment that Premier Christy Clark made at the TLA convention in January—namely, the appointment of an independent facilitator to assist in the second phase of the contractor sustainability review. I'm pleased that George Abbott has agreed to undertake this important work.

Also, since the TLA convention, Finance Minister Mike de Jong released Balanced Budget 2017—the BC government's fifth consecutive balanced budget.

As part of Balanced Budget 2017, government has provided \$150 million to the Forest Enhancement Society of BC. This is in addition to the \$85 million provided to the new society when it was formed last year. To date, the society has approved over \$6 million in projects around the province.

The Forest Enhancement Society has five main goals:

- prevent and mitigate the impact of wildfires
- improve damaged or low value forests
- improve habitat for wildlife
- support the use of fibre from damaged and low-value forests
- treat forests to improve the management of greenhouse gases

The Forest Enhancement Society funding complements other ministry investments, such as the \$445 million invested by Forests for Tomorrow since 2005. The increased reforestation efforts could create up to 3,000 jobs over five years.

Through the Forestry Fibre Action Plan, we can create 500 jobs by providing access to secondary fibre users of an additional one million cubic metres of residual fibre and low quality wood.

As well, as part of Balanced Budget 2017, the provincial sales tax on electricity purchases will be reduced to 3.5 per cent on Oct. 1, 2017 and eliminated by April 1, 2019. This will improve business competitiveness and economic per-

formance for resource industries. This measure was applauded by mayors of resource dependent communities.

Another tax measure of interest to ILA members is the reduction of the small business tax rate to 2 from 2.5 per cent, effective April 1, 2017. BC will now have the second-lowest small business tax rate in Canada.

On March 3, along with Premier Christy Clark, Minister of Jobs, Tourism and Skills Training Shirley Bond and Minister of State for Rural Economic Development Donna Barnett, I had the pleasure of releasing the BC Rural Economic Development Strategy.

The strategy builds on previous government programs, including the BC Rural Dividend, which is also administered by my ministry. As part of Budget 2017, the three-year \$75-million Rural Dividend was extended for another year, bringing government's total commitment to \$100 million. The first full year has been extremely successful. To date the BC Rural Dividend has provided 124 recipients with up to \$10,000 each in project development grants and provided 227 recipients with project awards of \$100,000 (single projects) and up to \$500,000 (partnership projects). The next application intake window runs from April 3 to May 31, 2017.

Our Rural Economic Development Strategy outlines a three-pronged approach that builds, strengthens and diversifies rural communities. Our strategy includes immediate investments and a long-term action plan to support thriving rural communities. These investments are expected to support up to 26,600 direct and indirect jobs with an overall impact of \$2.8 billion to provincial GDP.

In addition to extending Rural Dividend funding, government is investing \$40 million to extend high-speed internet access to rural and remote communities that will lay the foundation for new investment and jobs in BC's burgeoning tech industry.

And of course, investments in skills training continue to be important. Wayne Lintott is a strong advocate and champion for skills training for forestry



jobs. With grants from the Canada-BC Job Fund, the Interior Logging Association is partnering with Thompson Rivers University to deliver training in driving logging trucks and operating heavy equipment.

On behalf of the 140 communities around the province that rely on forestry, we're working closely with the federal government and other provinces to secure a new softwood lumber agreement with the United States. To that end, the province has hired David Emerson as Special Envoy to the US to ensure that American workers, consumers, senators and congress are aware of how much they need BC lumber. US forest product companies do not manufacture enough lumber to meet US demand.

While we're pursuing opportunities for negotiating, we're also preparing for litigation and for all eventualities should duties be imposed on softwood lumber exports to the US. We believe the strategies in the Rural Economic Development Strategy will help support BC communities. As well, I'm also participating in the Federal-Provincial Task Force on Softwood Lumber led by the federal Minister of Natural Resources. The intent of this task force is to ensure that across Canada there are the appropriate supports in place for communities and workers.

While there are some clouds on the horizon there are still lots of reasons to be positive about the future of BC's forests and BC forestry. I know forestry will remain a key contributor to BC's future prosperity, as it always has been.▲

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EVENTS:

May 4th: Thursday Evening, Meet & Greet
May 5th & 6th: Inside & Outside Displays, Kal Tire Place
May 5th: Friday Luncheon, Dinner & Dance
May 5th & 6th: Seminars (to be posted on website,
interiorlogging.org)



**For registration and further information,
contact the ILA office.**

Tel: 1-250-503-2199
E-mail: info@interiorlogging.org

AGENDA & EVENTS PRICING

THURSDAY, MAY 4, 2017

TLA DIRECTORS' MEETING

9:00 am – 3:00 pm | Fairview Inn and Suites

REGISTRATION

4:00 pm – 7:00 pm
Vernon Lodge Hotel (Columbia Room #102)

ILA DIRECTORS' MEETING

4:00 pm – 5:30 pm | Vernon Lodge Hotel (Room #130)

MEET & GREET \$50.00

6:00 pm – 10:00 pm | Vernon Lodge Hotel

FRIDAY, MAY 5, 2017

BREAKFAST \$25.00

7:30 am – 9:30 am | Vernon Lodge Hotel

INSIDE & OUTSIDE DISPLAYS N/C

9:30 am – 4:30 pm | Kal Tire Place

ILA ANNUAL GENERAL MEETING N/C

8:30 – 10:00 am (ILA Members Only)
Vernon Lodge Hotel Okanagan Room

SEMINAR N/C

10:00 – 11:30 am | Kal Tire Place
1) "Supervisors Rights & Responsibilities"
Presenters: Kevin Birnie (Occupational Safety Officer) and Carol Savage, RPF (Industry Specialist-Forestry) WorkSafeBC

FRIDAY LUNCHEON \$50.00

11:30 am – 1:30 pm | Vernon Lodge Hotel
Guest Speaker: MELINDA MORBEN, RPF; Manager, Operational Logistics, Island Timberlands
"DIVERSITY IN THE WORKPLACE"

SEMINAR N/C

2:00 – 3:00 pm | Kal Tire Place
2) "Prevention Enforcement and Recovery"
Presenter: Kathleen Werstiuk, Manager, Wildfire Risk, BC Wildfire Service

FRIDAY NIGHT DINNER & DANCE \$55.00

6:00 pm to 12:00 am | Vernon Lodge Hotel
FEATURING The Band: "EASY FIX"
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SATURDAY MAY 6, 2017

INSIDE & OUTSIDE DISPLAYS N/C

9:30 am – 4:30 pm | Kal Tire Place

SAFETY LUNCH AND LEARN SEMINARS N/C

Pre-Register | <http://www.bcforestsafesafe.org/node/2929>
10:30 – 11:20 am | Registration, Coffee and Welcome

SEMINAR 11:20 am – 12:00 pm | Vernon Lodge Hotel
1) "All Incidents are Preventable; Near Misses are Gifts"
Presenter: Cherie Whelan, Director; SAFE Companies, BC Forestry Safety Council

LUNCH | 12:00 – 12:45 pm

SEMINAR 12:45 – 2:00 pm | Vernon Lodge Hotel
2) "What is Up with this B.S. – Being Safe!"
Presenter: Eldeen Pozniak, Pozniak Safety Associates Inc.

TICKET & DISPLAY REGISTRATION

Description	Qty.	Price	Subtotal
MEET & GREET (May 4)		X \$50.00	
BREAKFAST (May 5)		X \$25.00	
ILA AGM (Members Only)		N/C	N/C
FRIDAY LUNCHEON (May 5)		X \$50.00	
FRIDAY NIGHT DINNER & DANCE (May 5)		X \$55.00	
SEMINAR & LUNCH ((May 6)	N/C	Pre-Register with BCFSC http://www.bcforestsafesafe.org/node/2929	
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CONVENTION REVIEW: IN IT FOR THE LONG RUN AT THE TLA'S 74TH ANNUAL CONVENTION & TRADE SHOW

By Brenda Martin

The TLA's 74th Annual Convention & Trade Show was a resounding success this year. Our theme, "In It For The Long Run," spoke to the desire timber harvesting contractors have to work in our forest industry for many years to come. They want to keep creating jobs and contributing to the economies of the rural communities where they live and work. However, they are facing significant challenges to this goal and that's what was addressed at the convention.

For the first day, the convention started with another look at steep slope logging. It was the focus of last year's convention and we wanted to see how things had changed. The overarching message was this: The knowledge base on steep slope technology is growing but investing in steep slope equipment is still not without some risks. While the opportunity and need is clear, the need to earn a return on investment is important. We'll continue to track this issue.

Over lunch, Wendy Ferrand, gave a hard-hitting keynote address about strengthening the 'people side of timber harvesting' and how that can affect safety. The single biggest message that came from Ferrand was this: An unengaged worker is the highest risk person on your crew. It's critical that our crews

know safety is our priority and respect the work environment.

In the afternoon, we dug into the "Realities of Operating a Contracting Business" and looked at forestry from a First Nations perspective taking into consideration their increasing control of the resource. Both these sessions are reviewed and elaborated on in this magazine—flip to pages 37 and 33 respectively.

First thing Thursday morning, the TLA's annual general meeting took place. With a record attendance of over

60 people, it's clear the TLA membership are engaged and looking to hear about what the TLA has achieved over the last year. We welcomed three new directors to the board this year: Bill Nelson, Aaron Service and Dorian Uz-zell (see page 31 for the board photo and new Director bios).

Premier Christy Clark maintained our time honoured tradition and addressed the delegates during the Leader's Luncheon on Thursday. It ended up being a historic speech. She announced



The TLA awarded \$32,500 in scholarships this year to forestry students at UBC, BCIT and VIU and heavy equipment operator students at VIU. A special mention goes to Alex Tang (far left, back row) for his thank you letter to the TLA's Education Committee. The committee members were touched by his eloquence and gratitude.



Tracey Russell from Inland Group sat down with Minister Thomson to hear his thoughts on the coming year.

her government's contractor sustainability review for BC's timber harvesting contractors. This is the most important announcement for contractors in almost 20 years and gives real hope to BC's contractors that they will soon be able to share in the prosperity of the forest resource.

Premier Clark also announced the development of job training tax credits for on-the-ground training specifically for BC's timber harvesting contractors. This idea recognizes the unique challenges timber harvesting contractors face in training new and existing employees. You can't send someone to school for logging. So much of the work has to be learned on the ground from people who've worked in the industry a long time. It was rewarding for the TLA board to see years of advocacy work result in decisions that will improve the lot

of every contractor in BC.

Throughout Thursday, the sessions looked at three different aspects that can affect a contractor's business. First, we looked at new models for a successful forest industry. We learned why investors were voting with their wallets with investments in the US South. Alternatives to the current model are joint ventures, part-

nerships or market logging. CCDC2 or stipulated price contracts common in the construction industry, may be another alternative for the logging sector.

In the afternoon, speakers addressed the market and how it could be affected by softwood lumber negotiations and sharing the forest resource between stakeholders with different goals and values. From the market perspective, we learned there is no global timber shortage on the horizon and as a result it is doubtful if US duties on Canadian lumber exports to the US can be passed on to customers. And that good things have happened since the last softwood lumber agreement including increased diversification, new technology, a focus on green building around the world and some cooperation between the US and Canada on marketing wood. From a sharing-the-

resource perspective, we discussed it is not forestry OR tourism; it is forestry AND tourism. Also, a high turnover in leadership means new mayors and councillors are less familiar with forestry and so the need for communication and education between the forest industry and communities is ever greater.

Minister Steve Thomson joined us on Friday for his traditional Minister of Forests Breakfast. He provided more details on Contractor Sustainability Review—the deadline for completing the economic analysis and getting the independent facilitator in place is March 31, 2017—and sat down with Tracey Russell from Inland Group to answer questions about broader forest industry issues. He also recognized the 19 scholarship recipients from BCIT, UBC and VIU (see photo page 24).

The final two sessions of the convention, "Political Compass with Vaughn Palmer" and "Maximizing the Potential of the BC Forest Industry" are reviewed on pages 40 and 44 respectively. These final two sessions didn't pull any punches as they hammered through on what the industry needs from BC's next government and what we can do right now to get the most out of BC's forest industry. This convention may have been a first to have not one, but two CEOs from the major licensees sit on a panel.

Looking back over the more social aspects of the convention, the President's Welcome Reception kicked off the three days with a bang. There were some funny entertainers and the hotel kept the appies coming all evening. New this year—the Loggers Dinner & Comedy Club was a massive success. Tim Nutt



Tim Nutt had everyone laughing at the Loggers' Dinner & Comedy Club.



The Ladies Luncheon was a success again this year with a great variety of prizes!



Thanks to Rob Giroux for coming to Vancouver to do the live auction this year.

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Premier Christy Clark made two big advocacy announcements at the convention this year.



The live auction was a huge success this year raising \$97,550 for forestry education in BC.



The TLA's annual general meeting was very well attended this year. It's great to see members staying engaged.

had everyone laughing and the whole evening had a fun, lighthearted vibe. Lotte Davis of AG Hair inspired attendees at the Ladies' Luncheon and the It's a

Wrap! After Party rounded out the three days with a fun DJ dance party and fries at midnight!

Our sold-out trade show was, once

again, a business hub throughout the convention. Suppliers' Night on Friday was all hustle and bustle and we raised \$97,550 at the live auction and \$14,160 at the silent auction for a total of \$111,710. These funds will go towards supporting student scholarships and forestry education programs.

Finally, we earned impressive media coverage during the convention. David Elstone, TLA Executive Director, spoke on five radio shows and two TV news programs. Looking at print media, we had articles in *The Globe & Mail*, *The Vancouver Sun*, *Campbell River Mirror*, *Sunshine Coast Reporter* and *Business in Vancouver*. We also had a variety of online coverage and excellent pickup on our social media channels. The convention was also a great opportunity to get our message out and this year was no exception.

Next year, the TLA will be celebrating our 75th anniversary. Come join us in Victoria, January 17-19, 2018. We hope to see you there! See more of this year's convention images on page 54.▲



The convention is a great opportunity to network and do business.



The new Loggers' Dinner and Comedy Club was a big success!

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REAL-TIME RESPONSES AT CONVENTION

By Brenda Martin

For the second year in a row, the TLA surveyed convention delegates in real-time to get their thoughts on the issues that matter to them. What we learned from the responses re-confirms much of the TLA's advocacy efforts.

Softwood Lumber

With so many unknowns overshadowing your business, including the softwood lumber dispute, how do you view the outlook for your business for 2017?



- Positive – 21%
- Neutral – 48%
- Negative – 31%

This shows the concern and the lack of clarity many have regarding softwood negotiations. With 79 per cent responding with either neutrally or negatively, it reflects that contractors know they are at the start of the supply chain and—as the TLA predicted—it is the beginning of the chain that gets squeezed first and hardest when markets get tough.

Community Support

As rural residents, do you find support for the forest industry in your community?



- Strong support – 33%
- Some support – 60%
- No support – 7%

This was a good news story for us. A full 93 per cent of those polled felt they had some support from their community and more than a third felt they had strong support. This reinforces the TLA's belief that rural communities recognize that timber harvesting contractors and their suppliers are the economic backbone of their communities.

Working Forest

Would a reduction in the working forest impact your business?



- Yes – 97%
- No – 3%

The working forest on the BC coast has shrunk significantly over the last 20 years. It has impacted our industry and played a role in the closing of many forest product manufacturers. As we see from this resounding response, further reductions will be damaging to today's forest industry.

Recruitment

Do you have a need over the next year to recruit new employees?



- Yes – 80%
- No – 7%
- Maybe – 13%

Are you concerned about future employee recruitment given the demo-

graphics of your workforce and competition from other resources?



- Yes – 84%
- No – 16%

Asked at two different sessions, these two answers make it clear that members know they will need to recruit new employees. So it is good news the provincial government has added another string to our bow with the training tax credit announced by Premier Christy Clark in her speech at the convention.

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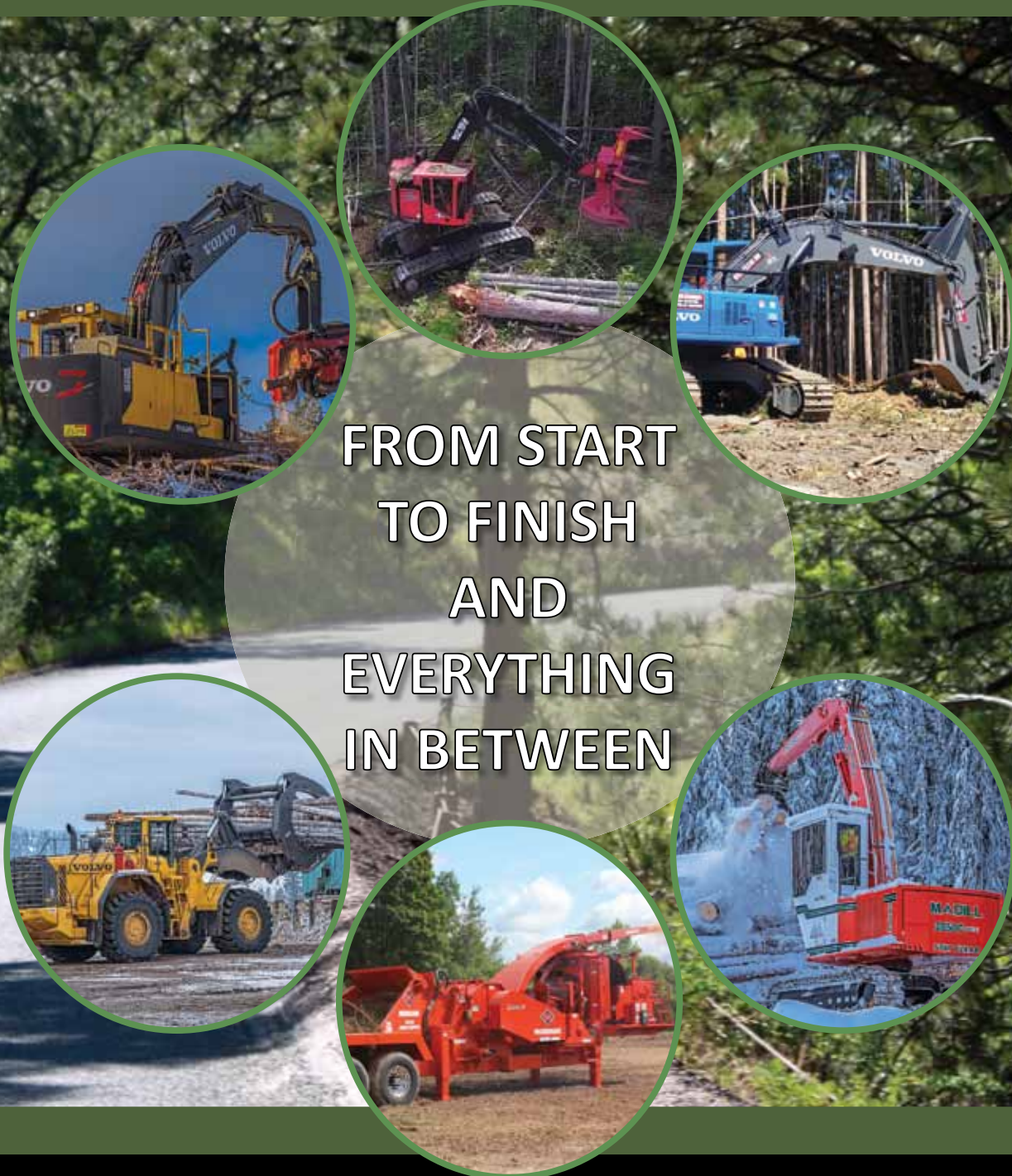
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The TLA board is made up of 19 directors, most of who run small to mid-sized companies based in BC's rural, coastal communities. TLA Board for 2017: (left to right, back row) Bill Nelson, Dorian Uzzell, Mark Ponting, Dave McNaught, Howie McKamey, Aaron Service, Adam Wunderlich, Carl Sweet, Matt Wealick, Tim Lloyd, Brian Mulvihill (front row) Doug Sladey, Barry Simpson, Mike Richardson (Vice President), Jacqui Beban (President), Don Banasky (Past President), David Elstone (Executive Director), Lawrence Van De Leur. Not pictured: George Lambert, Clint Parcher.

MEET THE TLA'S NEW BOARD DIRECTORS



Dorian Uzzell

Dorian Uzzell is an owner of Wakhash Contracting in partnership with Rob Moretto. The company does road building and logging and they have 75-90 employees depending on the season. While their head office is in Campbell River, they have remote camps in Johnstone Strait, Broughton Archipelago and Bonanza Lake.

Dorian is a third generation logger. His grandpa, Chick Uzzell, owned logging companies from 1950 until he retired in 1990. Dorian started out at a dryland sort and as he moved around in the early years, he took every opportunity to run equipment. He's happy with his career choice. "Forestry will be here for the next generation," said Dorian. "It's a renewable resource but it wasn't always seen that way. In 1993, miserable old guys were convinced there was no future in it but they were wrong."



Aaron Service

Aaron Service owns Peninsula Logging in partnership with George Fallis and Dan Scott on the Sunshine Coast. The company does stump-to-dump harvesting mostly on the Sunshine Coast and up coastal mainland inlets. They employ around 15 people including sub-contractors. Aaron splits his time equally between managing the crews and working on a machine himself.

Aaron grew up on the Sunshine Coast and became interested in forestry when he joined the Junior Forest Wardens in grade six. In high school, he worked for a family friend who was a logger. Later on, he completed a Bachelor of Science in Forestry at UBC and became a registered forest professional. "After school, I went back to logging and about ten years ago decided to do something on my own," explained Aaron. "So I bought a processor and got started."



Bill Nelson

Bill Nelson is a partner in Holbrook Dyson Logging based in Campbell River. Holbrook Dyson offers full phase harvesting and road construction services. Bill works as a project manager, running the two camp operations with his partners. Holbrook Dyson employs 55 people and operates on mid and northern Vancouver Island.

Bill is a third generation logger. In fact, he completed elementary grades one and two in logging camps before moving to Campbell River. He worked in Norie Bros. Logging's shop every summer in high school and started setting chokers at 17. He did one year of university at SFU before the forest industry called him back. "I liked the challenge of working hard and I loved being outside," said Bill. "I grew up in logging. So it was like coming home."▲

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ONE PARTNERSHIP AT A TIME: FIRST NATIONS BUILDING CAPACITY

By Ian MacNeill



An increasing number of First Nations in British Columbia are looking to forestry to provide economic development in their communities, and many of them are reaching out to non-First Nations contractors to help them build capacity.

“It really is an exciting time,” says Rob Miller, a founding partner at MT+Co, a Vancouver-based law firm where he heads up the First Nations development group. “Most new timber volume being made available in BC is going to First Nations either through treaty or agreements with the provincial government,” he says. This is presenting First Nations with an opportunity to not only take back control over the land and resources in their traditional territories, but merge economic development with stewardship and other traditional values. This kind of economic development not only serves the interests of First Nations people living in their traditional territories, but gives band members that left in search of opportunities elsewhere a reason to go home where they are increasingly finding high-value, meaningful work in First Nations’ forestry companies.

Because many of the First Nations do not have the experience or the resources to build out capacity on their own, they are turning to non-First Nations’ contractors to help them do it, and contractors who get ahead of the curve and establish mutually beneficial relationships with them will be the ones that will secure more volume going forward, says Miller. “Those that don’t are going to have a problem with their business model.”

Miller dug into this issue with Hegus (Chief) Clint Williams of the Tla’amin Nation during the 74th Annual TLA Convention & Trade Show at a session titled, “In It For The Long, Long Run.”

Successful relationships will be built on respectful engagement and ongoing consent. “It’s kind of like a marriage,” says Miller. “If communication breaks down and one of the partners starts taking the other for granted, the marriage is likely to fail.” In terms of business models for Aboriginal and non-Aboriginal entities tying the knot, good examples already exist, says Williams.

Long before the Tla’amin Nation, based near Powell River, acquired a community forest licence in 2004—

which the band had been asking for in some form or other for 140 years—they had a long history of working in logging camps throughout BC. The acquisition of the licence allowed band members to work on their own land to the benefit of both themselves and their community.

Nowadays the Tla’amin are operating successful forestry operations, thanks in part to establishment and maintenance of good relationships with non-Aboriginal partners, including the community of Powell River as well as logging contractors and log brokers. By nurturing those relationships the band has expanded capacity and promoted economic development.

“When we started more than 10 years ago we had nothing; no money and the land we did have was logged out,” Williams explains, pointing out that thanks to the acquisition of the community forest licence what was once a small woodlot now comprises 8,200 hectares of fee simple private lands sustaining an AAC (allowable annual cut) of 25,000 cubic metres. “Although the forest and range negotiations took two years, the resulting forestry operations that followed have paved the way to our becoming a



self-governing nation,” he says. “Sharing logging revenues with the band has allowed us to keep students in post-secondary institutions and fund housing. Partnerships made us successful and put us in the place we are today.”

The Nisga’a Nation has also benefitted through cooperative relationships with non-Aboriginal partners. Following the signing of the Nisga’a Final Agreement in 1999, a treaty that gave the Nation control of 2,000 square kilometres of land as well as the fishing and forestry

resources contained within them, the Nisga’a government set up Lisims Forest Resources LP, a company designed to harvest and sell timber according to the Nisga’a Forest Development Plan and a TLA member. However, lacking both the financial and human capital necessary to develop capacity in a number of areas, including marketing and harvesting, as well as road building and engineering, the company turned to non-Aboriginal contractors, says Art Mercer, a former Economic De-

velopment Coordinator for the Nisga’a Lisims government. “Our leaders told us right at the start that we needed to find companies we could do business with that shared the same vision as the Nisga’a,” recalls Mercer, who now operates a consulting business in Terrace. “Outsourcing allowed us to keep costs down and make money.”

With an increasing amount of new volume going to First Nations and treaty settlements awarding more land to indigenous people, more bands are going to be looking for partners they can do business with, and the most successful candidates are likely to be the ones that appreciate and accommodate traditional First Nation’s values. According to Ben Haizimsque, Lisims’ current Director of Operations, outsourcing is still an important aspect of the business model. “Our company is looking toward taking on more operational stuff from the contractors, but the problem we continue to have is the lack of a skilled work force, and we are not in a position to just up and create a multi-million dollar contractor community of our own.”

Until that day comes, he says, contractors wishing to do business with

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the Nisga'a or any other First Nation are well advised to do a little research about their prospective partners before picking up the phone. "It's not that hard to do nowadays," he says, adding that while he understands that contractors have their own pressures, an empathy for traditional First Nations' values remains an important consideration. "We prefer to work with companies that are accommodating, but we understand that it's their business and their call."

Rob Miller adds that once constructive relationships have been established it's important to formalize them. Again, research is important. "It's important to understand the scope of opportunities that are available," says Miller. For contractors, an important question is: who has the volume? Is it a First Nation under treaty or a licensee? If it's the latter it may be necessary to partner with a First Nation in order to bring it to the licensee. There are also corporate structuring issues to be addressed; there are tax advantages in doing business with First Nations, but these same advantages can lead to certain liabilities. Corporate governance issues also have to be addressed. Dispute resolution procedures need to

be put in place as well as an understanding of how to insulate the business arm from political cycles within the band. This last point is an important one, says Chief Williams, explaining that First Nations' forestry companies need to have policies in place that prevent "rogue politicians" from scooping profits and using them for other purposes.

Although there are an increasing number of opportunities for contractors and First Nations to do business together, many more would come available if the provincial government were to move forward on issues related to Aboriginal rights and title, said another speaker at the recent convention, Grand Chief Stewart Phillip of the Union of BC Indian Chiefs. Although a 2014 Supreme Court decision granting 1,700 square kilometres of land to the Tsilhqot'in people in BC was deemed a "game changer" when it happened, the provincial government has "dragged its heels" since then on rights and title issues, holding up much-needed economic development, says Phillip. "A recognition of First Nations people and their inherent rights are the solutions to many issues," he said. He's also concerned that First

Nations are not getting enough of a voice in the development of forest policy. "The government continues to issue permits with respect to the disposition of our lands, and that's what leads to conflict," he said, conflict that often ruptures into roadblocks and expensive court battles.

It's no secret that business prefers to have certainty on the land base before committing investment dollars and it would appear that progress on the land claims files would go a long way toward providing that certainty. "It's the unfinished business of confederation," says Chief Phillip.

The TLA recognizes its role in assisting contractors to develop lasting, fruitful relationships with First Nations and the degree to which these relationships would help support the creation of that certainty for business. To that end, the TLA published its "Working Guidelines for Contractors to use in Developing Relationships with First Nations" last year. These guidelines can be found at www.tla.ca/FirstNationsRelationships.▲




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DIGGING DEEPER: THE REALITIES OF OPERATING A CONTRACTING BUSINESS

By Robin Brunet

This remark (see above), made by Doug Mosher at the TLA's 74th Annual Convention & Trade Show was about contractors needing to unite during upcoming collective bargaining sessions. However, Mosher's remark could also be applied to the two other presentations given during his session. One on the importance of drug and alcohol testing programs, and the other on changing WorkSafeBC expectations.

Collective Bargaining for Contractors

But back to Mosher, a performance management consultant at Fir-Labour Relations and ACTION Management Services. His goal at the convention was to stress the urgency for developing a "mass" of coastal forest contractors to engage in collective bargaining. He wants a number large enough to compel licensees and the United Steel Workers (USW) union to give contractors a meaningful say at the bargaining table. "This industry cannot afford another 19 per cent cost increase, which is what happened as a result of the last round of collective bargaining," he says.

Mosher's call to action is spurred by

the fact that pulp and paper unions begin bargaining this year; followed by Interior solid wood negotiations next year; and the majority of collective agreements on the coast are expiring in mid-2019. "Another agreement like the current one would not be good for coastal contractors," explained Mosher.

Mosher reflected on his presentations in the week following the convention. "Hoping for a contractor employee 'mass' of over 1,500 is a stretch. But I hold true to my statement about what happens if you do what you've always done—which for contractors means accepting licensee agreements that they have no input into."

Should Mosher fall short of his goal, "then we'll go with the good group that we have," he said. "A united front is hard to dismiss, and recent negotiations I've been involved in with the USW indicate that they are both receptive and pro-active."

Mosher does concede that considerable baggage would accompany a united group of contractors sitting across the table from licensees and union chiefs. "But if there is collaborative

leadership rather than finger pointing in both labour-management and operating model change processes, good things could result."

Drug & Alcohol Testing Programs

Paul Foster, vice president for the Denning Health Group, spoke at the convention about how a good substance abuse program—one that runs the gamut from drug testing to providing rehabilitation—fulfills an employer's legal and moral duty to maintain a safe workplace.

Denning's founder, Tom Yearwood, later explained to *Truck LoggerBC* how Denning (whose clients include Domtar, Weyerhaeuser, TimberWest, and hundreds of BC contractors) can help clients develop a program that includes drug and alcohol testing. "The process typically begins with a meeting between myself and the prospective client where we review their challenges, operating environment, core business values, and touch on the legal threats and benefits of having their own program," he says.

Once an initial draft is reviewed during an executive orientation, it is revised



between Denning and a steering committee “that may be a dozen people in a big company or only one or two with many of my contractor clients.”

Yearwood recommends contractors make unions aware of their intention to develop a program early on, and that the unions receive a copy of the draft policy. “Supervisors must be also trained to investigate situations where an employee is suspected of on-the-job impairment or use/consumption, and trained to investigate accidents and near misses to determine if testing is warranted,” he adds.

The ‘roll out’ day is typically several months after the policy is finalized and a notice of implementation is issued.

Yearwood mentions the consequences of not having a policy and program. “A contractor working for a company that requires contractors to have a program and who fails to develop one could have his contract cancelled,” he says. “Beyond that, failing to act in circumstances where an employee is thought to be impaired could result in massive fines under the *Workers Compensation Act* and the possibility of criminal prosecution under Bill C-45.”

Changing WorkSafeBC Expectations

Yearwood’s grim warning dovetails with a similar one delivered at the conference by Shelley-Mae Mitchell, part-

ner with Borden Ladner Gervais LLP: That more regulatory charges from WorkSafeBC may be forthcoming, and that unlike administrative charges, even a first health and safety offence could result in six months in jail and over \$600,000 in fines (a second offence imposes a \$1.3 million fine and a one year jail sentence).

The most notorious example of jail time occurred in 2016 in Ontario, when construction project manager Vadim Kazenelson was handed a 3.5 year sentence after the Ontario Superior Court found him guilty of four counts of criminal negligence causing death and one count of criminal negligence causing bodily harm. (He had been aware that five of his workers were not wearing safety harnesses but still allowed them to board a swing stage 13 storeys high; it collapsed, causing the men to plummet to the ground.)

Mitchell noted that to set the stage for increased regulatory charges to be successfully prosecuted by the Crown, WorkSafeBC has created ‘for cause’ and ‘for prosecution’ investigative teams, as well as obliging employers to file preliminary and full reporting in cases of death.

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Mitchell later told *Truck LoggerBC*, "Many convention delegates told me they thought the jail time for the Ontario case should have been more severe. The TLA prides itself on extensive safety training and on-site safety, so I'm not surprised by the reaction."

"However, in light of the WorkSafeBC changes, it's worthwhile reminding employers to review their policies and procedures at least yearly or when new regulations are announced. Also, most importantly, they should investigate any claim made by workers of unsafe practices or conditions, no matter how far-fetched they seem."

Nothing stays the same in any industry, and it therefore follows that behaviour and attitude must adapt as well in order to achieve the best outcomes. As Doug Mosher suggests, a simple change of mindset can go a long way in improving collective bargaining sessions; and by extension, a renewed focus on the well-being of employees will help contractors stay on top of drug and alcohol testing and evolving WorkSafeBC standards.▲

The TLA Will Help You Provide an EFAP to Your Employees

At a time when regulators are re-thinking initiatives in order to better protect workers from on-site hazards and other risks, the TLA's Employee and Family Assistance Plan (EFAP) can be regarded as a tool that provides voluntary, confidential, and immediate access to professional assessment, counseling, and referral services for employees and their families, in order to help resolve personal and work-related concerns—including substance abuse.

EFAPs are automatically included in the TLA small group (one to nine employees) benefits plan, and they're an option in the benefits plan for members with 10 or more employees.

David Brandt, client account manager for Johnstone's Benefits (the brokers for the TLA's EFAP), points out that "because the TLA has such a large labour pool, it enjoys an unusu-

ally low monthly cost rate of \$2.15 per employee; usually the cost ranges anywhere from \$3 to \$6."

Better still, the services provided by the TLA's EFAP are comprehensive and include a variety of components. For example, counseling, coaching, and e-learning courses are included, as well as legal, financial, and eldercare assistance.

Brandt says, "Another important thing for TLA members to know is that we have vetted the EFAP provider, meaning the service members receive is professional and reliable."

He concludes, "TLA member organizations with 10 or more employees can add the EFAP on demand. All it takes is a call or an email to us. It really is a fantastic plan at an unusually good price for association members."

For more information about the TLA's EFAP program, see page 5.



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WHICH WAY IS THE POLITICAL COMPASS POINTING?

TLA Editorial

With the next BC provincial election on the horizon and a forest industry that is squarely in the headlights of the new protectionist regime south of the border, industry advocates gathered at the Truck Logger Association's 74th Annual Convention & Trade Show to ponder what is needed from the next BC government.

And who better than the veteran of all political pundits, the always colorful Vaughn Palmer of *The Vancouver Sun*? Palmer introduced the session and provided his perspectives, having spent a 35-year career covering BC politics.

In his customary understated manner, Palmer suggested, "we are in for a very interesting year" as he apolo-

gized for skipping Minister Thomson's speech that morning to listen to Donald Trump's inauguration speech—it had a definite "America first" tone.

To the panel, Vaughn asked: "In an election year for BC, in a change of government year in the United States, in a year when Britain is exiting from the EU, and with a new government in Ottawa, we are clearly in a time of global change. So, what are the issues we should be thinking about?"

Greg D'Avignon, President and CEO of the Business Council of BC responded first noting that our global economy can be described as volatile, uncertain, complex and ambiguous. He reminded us that as a small trading economy, we must

always be mindful of the world around us. He sees BC as complex, a bit complacent, more costly and slower at getting things done than other jurisdictions. We need to be more competitive and we need to invest to be more productive.

Rick Jeffery CEO of the Coast Forest Products Association noted that as a country, we have a competitive global trade agenda, as we do in BC. That said, "uncertainty reigns supreme in the minds of our customers." His advice is to stay the course and implement the recommendations in *Strong Past, Bright Future: A Competitiveness Agenda for British Columbia's Forest Sector* that will lead to improved productivity and profitability in the forest sector.

David Elstone, Executive Director of the Truck Loggers Association (TLA) noted the forest industry is very traditional and not that sexy. For the TLA, the question is how do we keep the industry top of mind for the politicians? We need strong markets for our products but, at the same time, we must have a solid foundation of timber harvesting contractors within the industry.

Grand Chief Stewart Phillip of the Union of BC Indian Chiefs said, "All of our lives have dramatically changed because of Trump's inauguration." He was confident that Trump would follow through with his America first promise. Therefore, maintaining the status quo was not an option for the forest industry.

In a show of support for the panelists,





Palmer sought their advice on what the media should be asking of BC politicians as we head into the election year.

D'Avignon wants to understand what the next government will be doing to make BC more competitive considering the current costly PST regime, rising electricity costs (and the PST charged on them) and the BC carbon tax (the sixth highest in world).

For the forest industry, specifically, Jeffery offered this: How will government set the stage for investment and attracting capital? The forest industry, he noted, is on the cusp of transformational change and it needs capital to grow and remain competitive.

Elstone noted that since forestry is part of the fabric of rural communities across BC, it is important to keep industry issues in the minds of the politicians. Carbon credits for the greenest industry in the world, support in recruiting to replace the aging workforce, and meaningful movement to reduce the uncertainty caused by the First Nations file are all opportunities to be considered by the next government.

In Phillip's opinion the next government needs to come to the table using the four principles for First Nations engagement put forward by their legal team and acknowledge the rights and title that will allow First Nations people to be included fully in the fabric of BC.

Following Premier Christy Clark's announcement of a comprehensive con-

tractor review in BC, Vaughn asked how the outcome might affect the industry.

Jeffery responded by posing broader questions. How do we introduce innovation into the supply chain? How do we implement innovation? How do we share the gains? He supported the contractor review with the caveat that we look at the entire supply chain and try to undo that Gordian Knot of innovation. "We need to break down the institutional and relationship barriers to innovation and get it applied to make us a better performing industry. There is some cool stuff out there." We need to take advantage of it.

On behalf of his membership, Elstone

noted the urgent timing of the review and wondered if results may be available before the election. "Contractors are entrepreneurs at heart. But the barriers to innovation that TLA members face need to be overcome." He was hopeful the review would find some solutions.

The recent Great Bear Rainforest (GBR) agreement received the "royal seal of approval" and favourable media coverage around the world. However, Palmer questioned whether these types of agreements are removing too much land from harvesting to the detriment of the industry?

D'Avignon pointed out that 37 per cent of land base is already protected in





BC despite contemporary thinking from the United Nations that suggests 15 per cent is required to be a progressive and ecologically sound jurisdiction. That said, the GBR was a collaboration and it is this type of working together that can move the province forward. Today, he noted that the marginal effective tax rate in BC has grown from 17 per cent to 30 per cent with reversion to the PST

and that it was more attractive, from a tax basis, to now invest in USA or Alberta. This is a barrier to innovation that collaboration and common fact-based decision making may be able to address. We need clarity on the land base to support investment.

Jeffery agreed the establishment of the GBR was a significant collaboration between industry, First Nations, govern-

ment and the environmental movement and that we should be able to lever it to bring about greater land base security. He further cautioned, however, that based on some recent polling conducted across the south coast and Metro Vancouver, fully 60 per cent of those who said they had heard something about forestry in the media could not recall what they had heard. The conclusion



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drawn was that as an industry, we need to do a better job at telling our story knowing that it will promote more fact-based discussion about resources and resource decisions.

Phillip cautioned that forest inventory data is lacking in BC. (However, Jeffery countered that it was not lacking on the coast.) Phillip also noted that the forest resource is sacred to First Nations people so we must ensure we are sustainable. He noted further that if First Nations are not centrally involved in decision making on the land base, the court was the fallback position and in a highly competitive global business, we can't afford that approach.

Continuing the theme of tax competitiveness, Palmer pondered if the tax climate in BC was a barrier to innovation.

D'Avignon noted that despite a positive interest rate environment in Canada, the tax changes and deregulation that are being proposed in the USA are going to create a "chinook wind of capital running to the USA." Capital that might have otherwise been invested in BC and Canada. "Today, BC invests \$0.57 for every dollar per worker that the USA invests." As a result, BC is getting further

and further behind in their equipment and efficiencies. BC must be focused on barriers to investment and we must be more inclusive of stakeholders.

The final topic for discussion focused on the Tsilhqot'in Decision and Palmer questioned whether the province was on the right path to reconcile First Nations land claims for the betterment of the industry and the province as a whole.

D'Avignon said he was not sure if we were on the correct rights and title path. However, because of the uncertainty it was causing with respect to investment, he thought resolution is not coming fast enough. However, despite the slow movement, he saw numerous examples of successful First Nations agreements and multi-million-dollar businesses that are creating economic opportunity in the First Nations community.

Jeffery saw efforts by his membership to work with First Nations via partnerships, economic agreements and employment opportunities as a huge success story. He saw Tsilhqot'in Decision as an opportunity to create economic development opportunities that will increase everyone's prosperity and quality of life.

Elstone agreed that more haste was needed to resolve First Nations claims, but cautioned that we had to move forward wisely to ensure we minimize the risk of confrontation.

Grand Chief Stewart Phillip had the final word and answered: No, we are not on the right path. He emphasized that the marginal efforts, marginal successes and marginal inclusions to date were not adequate. He noted most issues resulting in significant conflict and then legal movement with respect to acknowledgement of First Nations rights and title, including the Tsilhqot'in Decision, originated from a forest industry related dispute. As he commented at the beginning of the panel, "the unfinished business of Confederation" must be completed.

Regardless of which way or towards which party the political compass points in May of this year, the issues of First Nations reconciliation, tax competitiveness, protection of the working forest, recruitment and training, competitiveness and innovation will loom large in their mandate.▲

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SUSTAINING THE FOREST INDUSTRY: THE LIBERAL GOVERNMENT STEPS UP

TLA Editorial



All photos: Phillip Chin

As the global economy constantly changes and the supply and demand of forest products ebbs and flows, the British Columbia forest industry is always sharpening its pencil to remain competitive and profitable.

This was the motivation behind the 2016 release of the BC government's document, *Strong Past, Bright Future: A Competitiveness Agenda for British Columbia's Forest Sector*. The Agenda contains 27 strategic actions that in aggregate show what the government and industry are doing to support the interconnected components of the industry. These components are made up of healthy, resilient forests that provide sustainable raw materials for a diverse, globally competitive industry that supports stable communities and First Nations partners.

But beyond the actions detailed in the Agenda, Premier Christy Clark announced two additional measures to be undertaken by her government to a sold-out crowd at the TLA's 74th Annual Convention & Trade Show.

First, she showed her understanding of the challenges facing our industry when she noted that the average age of a coastal faller is 57 years and a 50 per cent retirement rate is on the horizon. Together with the costs incurred by employers and individuals to get the training and develop the skills needed to work safely in our industry, it was clear to her that the forest industry was in need.

To address the challenge, she committed to work with the TLA and the other logging associations through Shirley Bond, Minister

of Jobs, Tourism and Skills Training to put in place training tax credits for on-the-ground training aimed at timber harvesting contractors in British Columbia. This will provide more incentive for contractors to hire and train new employees and ensure the decades of knowledge held by today's employees is passed on to the next generation.

BC's logging associations and the industry at large have been advocating for this type of program since the release of the British Columbia Coastal Forest Industry Human Resource Strategy in 2014. The strategy identified the need for accessible, consistent and quality training for the more than 4,700 new recruits that would be required over the next decade within the coastal forest industry.

"This initiative of training tax credits shows Premier Christy Clark recognizes the unique challenges timber harvesting contractors face in training new employees and I thank her for that," said David Elstone, TLA Executive Director. "You can't send someone to school to learn logging. So much of the work must be learned on the ground from people who've worked in the industry a long time. It's really an apprentice-type of situation. Hopefully, the tax credits will allow timber harvesting contractors to invest in training of new employees before we lose all the know-how. This work will support independent timber harvesting contractors who can't afford the added cost of training new employees but know our older workforce can't keep going forever."



To further demonstrate the support the Liberals have for the forest industry, Clark noted that since the American government has accepted all of the allegations that have been filed by the US lumber industry “you would get a more fair and impartial hearing at a judge from a pro-wrestling event” without the efforts of her government.

To counter the threats from the USA, she described the efforts taken by her government to grow the markets for BC’s wood products. Today the government is focusing on India—the world’s fastest growing economy—much the way they successfully did 15 years ago with China.

But it was her announcement of the contractor sustainability review, the first of its kind in recent memory, which drew a standing ovation from the crowd of BC contractors.

Details of the review process and timelines were provided the next day by Minister Steve Thomson. “We have engaged with your associations, we have listened, we have heard the concerns and we worked collectively across all the parts of the industry to be able to undertake this initiative that will get underway immediately,” said Thomson.

The review will be done in phases including an economic analysis of contractor finances and an assessment of that data. This will be followed by an independent facilitated process taking all the information and reviewing with a goal of finding solutions to contractor sustainability by talking to all the sectors of the industry. “We’ve committed to undertake that and to have that independent structure and process in place before March 31,” said Thomson.

So, what do contractors hope to achieve through the review process? “This is a landmark announcement for timber harvesting contractors and for the forest industry as a whole,” said Elstone. “Contractors are the economic backbone of BC’s rural communities. Ensuring they are on a secure business footing and earning a fair rate of return on their investments means we’ll continue to have long-term, well-paid jobs in BC’s rural communities and that benefits everyone.”

“If the supply chain is broken because contractors can’t deliver logs, pay their bills, invest in equipment and training, and have a few dollars left over at the

end of the year, the entire industry is threatened. This is the most important announcement for contractors in years and demonstrates that Premier Christy Clark and her team—including Minister Thomson—understand and are committed to the success of the forest industry,” said Elstone.

Reaction from the industry to the announced review was cautiously positive.

Rick Jeffery, CEO of the Coast Forest Products Association speaking on a panel the next day supported the contractor review with the caveat that we look at the entire supply chain and try to

undo that Gordian Knot of innovation. “We need to break down the institutional and relationship barriers to innovation...to make us a better performing industry.” Elstone hoped for this type of success too noting contractors are entrepreneurs at heart. However, the barriers to innovation that TLA members face need to be overcome and he was hopeful the review would find some solutions. However, he was quick to note that this is not just about rates. “Contractor sustainability can only be achieved in an environment where collaboration and sharing of risk is done.” The TLA has put



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forward many alternatives to the current situation over the past year such as market logging and CCDC2 contracts.

While contractor sustainability has been the focus of the TLA advocacy effort over the past few years and was the focus of the Premier's announcements

at the TLA convention, the sustainability of the coastal forest industry itself is perhaps the larger issue we need to keep in focus.

Over the past year, the public has often questioned the value of the forest industry. We have challenging ter-

rain, a high cost labour environment, competing land use challenges and significantly more constraints than other jurisdictions we compete with. Within this framework, attracting capital and ensuring profits that allow for continued reinvestment by all parties is com-

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petitive. It is more than just contractor sustainability and the industry leaders who participated on the “Maximizing the Potential of the BC Forest Industry” panel during the final session at the convention agreed.

While the coast is unique, we need to keep costs in line while we maximize the harvest of the entire forest profile.

Mike Hamilton of Mike Hamilton Logging (and a TLA Past President) confirmed that we need a well-funded contractor community that allows logs to get to mills since without logs, there is no mill. Don Banasky of Western Canadian Timber Products (and TLA Immediate Past President) added that we need to create an environment where everyone in the supply chain is successful.

Don Demens, CEO of Western Forest Products noted that to be sustainable, we need the support of community and a reasonable rate of return for the risk undertaken. He went on to suggest that while the coast is unique, we need to keep costs in line while we maximize the harvest of the entire forest profile so that

returns to shareholders and business owners will support further investment.

Jeff Zweig, CEO of TimberWest commented that with a generally positive global fibre demand outlook, the long-term view for the coast is very positive.

But sustainability of our industry is dependent on re-investment in innovation and technology starting at the ground level with logging and then moving through the supply chain.

All panel members acknowledged that working together to create an environment for mutual success was needed and this sentiment was echoed when the topic of contractor sustainability was discussed.

Hamilton was bullish on the need to sell logs at global market prices and his belief that this would increase the size of the financial pie from which we’re all cutting a slice. Banasky believed that mutual recognition of the costs of harvesting and then creating an environ-

ment of innovation could be a positive outcome of the review process. He acknowledged that cutting costs when you’re already having a tough time paying the bills can be a struggle.

Demens acknowledged that we could not depend on rising markets to ensure our collective sustainability. Cost control and working together will allow us all to run through the business cycle and create employment consistency. With “65 per cent of a finished lumber product in the cost of the log” we need to work together to ensure our mutual sustainability.

Zweig summed the session up well. The majors and the contractors are very dependent on each other and if one is not sustainable, neither will be. So we need to work to “grow the pie” so that the pieces we all get are larger. With coastal BC delivered log costs in the third quartile, he believes there is room for improvement. “It is a case of the coast against the rest of the world and so we have to work together for mutual benefit and that we can do better.”▲

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SHARING THE RESOURCE: LOGGERS AND MOUNTAIN BIKERS WORK TOGETHER

By Pieta Woolley

Meet Yer Maker. Nemesis. Crouching Squirrel Hidden Monkey. 4Play.

These terrifyingly-named mountain bike trails are just a few of Squamish's best assets. The region is a global destination for single-track cycling—an attraction which has helped make it British Columbia's fastest-growing city, and among the youngest and wealthiest.

You'll often find Alistair McCrone in the woods on his 2014 bright orange Norco Range. The Recreation Sites and Trails officer working for the Ministry of Forests, Lands and Natural Resources, has lived here since 2011, in part to take advantage of the world-class bike infrastructure. That same forest where he rides has an allowable annual harvest or cut (AAC) of 665,000 cubic metres a year—that's 16,625 full logging trucks each year. His job is to ensure that in Sea to Sky country and on the lower Sunshine Coast, both riders and forestry operations can happily coexist.

"It's getting difficult here," McCrone acknowledged, noting that enthusiastic trail builders both with and without permits have created a dense network through the working forest. "You can't drop a cutblock just about anywhere without impacting mountain biking or climbing or a lake."

So you'd expect constant conflict. But

actually, McCrone revealed, it's pretty minimal.

Back in 2006, he explained, tensions mounted as recreation and forestry faced off. BC Timber Sales planned to log a favourite trail: The Powerhouse Plunge. Built in 1996 for the Test of Metal race, one online review warns that "the steep technical switchbacks of the Plunge will have your eyeballs a popping. Stop at a shelter at the trail's end and check your shorts."

Disappointed with the proposed 25-metre buffer, local politicians and the cycling community went to the media. In *The Vancouver Sun*, then-mayor Ian Sutherland complained, "We're concerned because this is a high-value economic area... There's been no meaningful consultation." And, in Whistler's *Pique Newsmagazine*, the Squamish Off-Road Cycling Association's then-president Cliff Miller declared, "The time has come for the province to truly recognize that the backcountry is highly valuable as recreation land."

A decade later, the story has a happy ending. The Powerhouse Plunge incident forced cyclists and forestry planners to come together under McCrone's predecessor, acknowledge that recreation and forestry can coexist with

compromise, and make a deal. The immediate result was the buffer extended to 50 metres. In the long term, though, it cracked open dialogue between recreation and forestry, leading to a decade of real conversation.

"Everyone has got to be able to operate on the land," said McCrone. "Harvesting, recreation and wildlife. You've got to make it work."

Where recreation and forestry collide, making it work and getting to that happy ending is a skill we all need to develop. From McCrone's story it's clear it happens more often than we think already. But happy endings between recreation and forestry don't make for good headlines.

As you already know, though, the on-the-ground relationships between logging companies and recreation groups are far more complex than what's often presented in newspapers and on TV. It's never a black and white issue.

If you, like McCrone, are also a mountain biker—or skier, or ATVer, or camper or horseback rider—you likely already have a solid individual relationship with other backwoods users in your town. And if you, like McCrone, work in the forest industry in areas

heavily used by outdoorsy types, you've probably already had a taste of negotiating around trails.

Was your experience good or bad?

At January's annual Truck Loggers Association convention in Vancouver, the executive director of BC's Wilderness Tourism Association (WTA) was on hand to offer some advice to logging contractors, on a panel called "Not In My Backyard."

"There are some excellent examples of cooperation and working together and some not-so-good experiences....We're hoping to build good relationships," said Scott Benton, mentioning that he represents 2,200 small and medium-sized businesses across BC. "We're not interested in having forestry not happen... we want to work with you. We want you to help us succeed."

With more people enjoying the working forest, Benton said, "it's starting to get crowded."

Communication helps head off conflicts before they begin, he said. Let other users know ahead of time what your plans are and how it might impact them—and work on mitigating the im-



Photo: Gibson Pictures

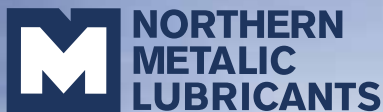
The Half Nelson is the most famous trail in Squamish and one of the most famous downhill bike trails in the world. It's built within the working forest.

pacts. For licensees, the best scenario is a Memorandum of Understanding (MOU) with your local tourism businesses, outlining how both organizations will behave in good faith. In the Bulkley Valley, for example, there is an MOU between the Wetzin'Kwa Community Forest and the local ski club. When licensees and local communities are on the same page,

life is much simpler for the timber harvesting contractor who can get caught in the middle of disagreements.

"Can this be done everywhere? Probably not. I'm a realist," said Benton. "But can it be done in more places? Yes. It makes conversations easier to have."

Politically, Benton noted, the association is pursuing the same kind of



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legislative framework that forestry now enjoys—a way for conflicts to be managed with clarity.

In the meantime, the WTA's website lays out what the industry expects from forestry: "Tourism operators should be automatically notified when harvesting plans are being prepared, and forest licensees should be responsible for taking the interests of tourism operators into consideration when developing harvesting plans. This should include such considerations as access road development and deactivation, harvesting timelines, as well as how licensees will manage such tourism attributes as trails, viewscapes, and other site-specific amenities."

On the same panel, the chair of the United Steelworkers Wood Council, Bob Matters, patiently explained why BC welcomes a forest industry. Forestry jobs, he said, pay mortgages, raise families and build communities. The working forest is governed by among the strictest regulations in the world, and it's sustainable. The industry is worth preserving and shouldn't be shunted aside.

"For many decades, the public understood the importance of the working forest," he said. "We can no longer take this for granted... We do not need more tree museums. We need security for timber access."

Shrugging off tourism's importance is tempting. The average tour guide salary is just \$13.50 an hour—whereas among forestry professionals it's \$31.25 (both according to livingin-canada.com.) Forestry greatly exceeds BC's living wage, which is between \$16.52 and \$20.64 an hour according to the Living Wage for Families Campaign. The gap should make anyone who is interested in eliminating family poverty in the province think twice about replacing forestry with tourism.

However, that simple analysis does a disservice to the bigger picture. Tourism has become a contender. The number of people employed in the forest sector has shrunk to about 65,500 direct jobs. Whereas the Wilderness Tourism Association alone represents 16,000 workers—a relatively small number, but it's growing. Plus, outdoor recreation is a key amenity credited with retaining workers in smaller communities. All together, having both forestry and tourism diversifies economic activities and helps create more stability within communities.

Why is forestry important? How is the working forest managed? Answering those questions for recreational users is critically important to conflict resolution in the woods.

In northern BC, for example, conflict is minimal because "if you don't work in resources, one of your friends or family does," explained Ben Heemskerk, Northern Region Manager for Recreation Sites and Trails BC. "Maybe it's closer to home. They just have a better understanding of it."

Also, people who live in the north tend to recreate outdoors, whether they work in industry or not. So the dynamic that you often find in Squamish and the Sunshine Coast—where city people head into the woods on a bike and encounter logging for the first time—is pretty rare in more rural regions.

Heemskerk understands this dynamic personally. An avid backcountry skier and trail runner, he grew up in the Okanagan without much connection to the resource sector. He credits his work as a researcher for the Ministry of Forests with his "aha" moment regarding the sustainability of the forest sector.

"I realized forests were not a static thing. Having a picture of a forest as a thing that doesn't change is not realistic. There's fire (Continued to page 53)



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intervals, wind events, landslides. Forests have never been static.”

Helping those that are unfamiliar understand forest science is one solid strategy. So is working together. On Boer Mountain, for example, a truly diverse group has helped develop a bike park in the Burns Lake Community Forest: Recreations and Trails BC, the Smithers Mountain Biking Association, Burns Lake Automotive Supply Ltd., Burns Lake Mountain Bike Association, Burns Lake Community Forest Ltd., Burnt Bikes, Free Growing Forestry, the Ministry of Forests, School District No. 91 and more. The project won the 2010 Premier’s Award for Innovation.

“A lot of companies here work proactively with recreation groups,” said Heemskerk. “There are always challenges, but facilitating good communication is key.”

Indeed, in Squamish, the recreation contributions of logging companies and government make a significant impact on relationships, said McCrone. Squamish Forestry, for example, replaced an entire trail when it had to shut another.



Photo: Gibson Pictures

Mountain biking and logging really came together when Dylan Ponzi rode on a loaded logging truck during the Squamish Days Loggers Sports Festival.

er. BC Timber Sales has posted several signs that say, “You’re recreating in the working forest.” Using local media to let hikers and bikers know what’s happening which areas will be off-limits far ahead of time has been effective, McCrone noted.

He gets it, because he does it.

“I bike a lot, more than most people walk,” said McCrone. “So maybe I’m more aware of what industry is doing [for recreation] than most people. I come across things on trails all the

time—bridges, signage—and I know, oh yeah, this is industry-built.”

It’s not a new idea. But communication—drawing that knowledge out of the heads of forest workers like McCrone and into the public sphere—is how the forest industry can make sure recreation and forestry continue to share the woods.▲

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