[INSIDE» The ILA: Our Strength...A Unifying Voice For 60 Years]







Taking the Helm: Mike Richardson New TLA President

A View from Afar:

A Look at BC's Forest Industry from the Outside-Are We Unique?

Defending the Working Forest - **Learning from Others**





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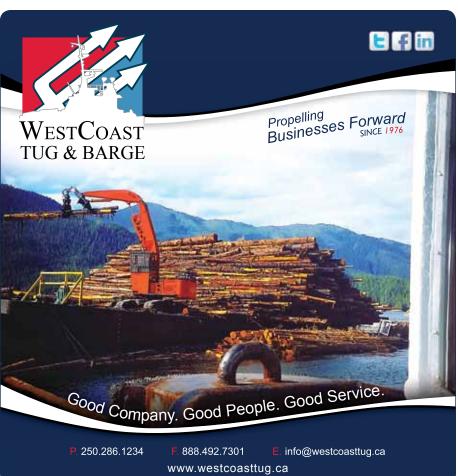
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SPRING 2018 / VOLUME 41 / NUMBER 1

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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.







Advertising Sales & Design Layout office

Advertising in Primt

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...

Ihope you all enjoyed the TLA's 75th Annual Convention & Trade Show. As usual it was well attended and provided great presentations as well as networking opportunities. One of the hits of this year's convention was the TLA's 75th anniversary commemorative book, *Timber Forever!* By the time you're reading this, all TLA members should have received their complimentary copy. I hope you all enjoyed reading TLA's history as much as I did. Finally, I would like to thank all the sponsors of this year's event. Without their support, the TLA convention and anniversary celebrations wouldn't have been possible. You can read more about the convention on page 26.

Before I get further into my opening remarks, I would like to apologize on behalf of *Truck LoggerBC* magazine to Robert Schuetz, President of IFS in Prince George for an error made in the Winter 2018 issue of the magazine. We got his company name wrong. It should have been **Industrial Forestry Service Ltd.** Thank you Rob for your support and apologies again for the error. We also neglected to cite Ngaio Hotte as the co-author of the report "Tired Iron" in the 75-year history. Again, our apologies.

In this issue, we address a number of interesting topics. In the Legal Report, we have a great article answering: What can employers do, from a legal perspective, to ensure that employees they have invested training dollars in stay with the company after their training is complete? I hope this article sheds some light on the topic and keeps your company investing in the forestry workforce.

In Business Matters, Chris Duncan completes the final instalment of his four-part series on structuring your contracting business. Our Safety Report focuses on a traction-assist equipment checklist, providing you with a tool to help ensure your equipment is being operated safely. In our Market Report, we discuss how log supply agreements work in the US which gives us a great opportunity to better understand how the US system works.

We have three great feature articles in this issue. "A View from Afar" gives a recap of a great session at the convention that really caught the imagination of the delegates and generated some great commentary from the audience. We want to pass on this 'outsider perspective' to the broader forest industry. "Old Growth Logging: A Plan For The Future" is an article about a sensitive subject—planning the harvesting of old growth, second growth and third growth to meet all our forest management goals. Our final feature is "Defending the Working Forest" and this article takes a different angle. Rather than just focusing on jobs, what other benefits are there in having a healthy working forest in BC? Broadening the reasons to keep the working forest will attract other people who might not be as jobs focused as the TLA.

As you can see, we have an interesting line-up of articles for you to read in this issue. As always, we hope you enjoy the magazine and that you find it informative. Brenda Martin, who has edited *Truck LoggerBC* for the past five years, has moved on and we wish her all the best. For this issue, if you have any feedback or comments, please contact David Elstone, Executive Director, at

604.684.4291.**♦**

Ts'ayweyi:lesteleq (Matt Wealick, MA, RPF) Editorial Board Chair







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CONTINUING THE 75-YEAR TRADITION OF ADVOCACY FORTLA MEMBER COMPANIES



\(\) That a time to become the 41st TLA president!

At our convention in January, the theme was "Standing Tall & Strong for 75 Years" as we celebrated all that the Association has achieved since 1943. For anyone who didn't read "The TLA: 75 Years of Innovation & Advocacy" in the last issue, I encourage you to go back and read it. The TLA has been punching above its weight, fighting for proper forest management, and opposing corporate and state monopolies from the start.

As part of our 75th anniversary, we published a commemorative book, Timber Forever! and launched it at the convention. I'm proud to say every TLA member company received a copy as a gift of thanks for their support. There is no doubt the TLA is a member-driven organization and the membership's pride is reflected both within the pages of the book and in the number of members who wanted extra copies.

As provincial forest industry advocates, we must always be aware of the environment we operate in. For some trade associations (not necessarily forestry), membership is waning as their members simply don't see their value. This is clearly not the case with the TLA. Our membership numbers have grown significantly over the last two years. Today we're about to hit 500, as contractors across the province join the TLA to show support for the work we do on their behalf. The strength of the Association and the value it provides to its members is a testament to the work of past TLA Boards and the leadership of my recent predecessors.

With the Coast Forest Products Association (CFPA) closing in April, significant change to the coastal industry advocacy scene is expected. CFPA has long been the voice of coastal forest products producers and a force to be reckoned with. Some CFPA members are expected to join the Council of Forest Industries (COFI), the predominant forest products producer advocate in BC, which over the last 24 years was primarily an Interior-focused organization. Now that the major licensees and forest products producers from different regions will be represented by one association, the forest policy advocacy dynamic in BC is sure to change as well.

I'd like to leave the association even stronger than it is today. So the Board and I will develop a new strategic plan. As vice president, I saw how useful the last strategic plan was in shaping the TLA's work. Whenever new advocacy issues arose or when existing challenges took an unexpected turn, we were able to go back and reference the plan for guidance. The strategic planning process also allows us the opportunity to look back over what we've achieved and make sure our vision still reflects the TLA membership's needs. An all-day strategic planning meeting right after an all-day board meeting is a big time commitment for our board members who are all volunteers and run their own businesses. I thank them for making the time to take part in this planning session.

Despite the development of a new strategic plan, it is abundantly clear that my top advocacy priority will be the Contractor Sustainability Review. The last Executive spent a great deal of time shepherding the Review through a change in government and helping George Abbott coordinate discussions with over 140 independent logging contractors across BC. Now we need to make sure the Review becomes public and its recommendations are implemented. BC's logging contractors are up against the wall and they are depending on us to level the playing field between contractors and licensees.

Many are now feeling the pinch of the provincial labour shortage in the forest industry. When I started in forestry, you just had to show up in the marshaling

yard to get your start and that's what I did. Today, things are done differently and, for a lot of reasons, it's harder to attract people to forestry. I know we have more seats in contractors' equipment than people to operate them and this serious issue needs to be addressed.

Being the TLA president isn't a job you do alone. I'd like to welcome Bill Nelson to the executive as vice president. Bill brings a great deal of on-the-ground knowledge with him as a partner in Holbrook Dyson Logging. Bill works as a project manager running two camp operations. We all know logging project management means every time you solve one problem, two more crop up, so TLA advocacy should be a cakewalk for him.

I'd also like to thank Jacqui Beban for her strong leadership as president over the past two years. She achieved a great deal including the Contractor Sustainability Review which was announced and completed during her term. I look forward to working with both Jacqui and Bill, our new 2018 Board of Directors and the TLA staff led by our Executive Director David Elstone.

While one of my greatest joys is to go run my grapple yarder, I know I have to be available to the membership. If you have any comments, issues or feedback, please reach out to me.

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



IS SHARING IN THE PROSPERITY A ZERO-SUM GAME?

ast month I attended the annual ■Wood Design Awards event hosted by Wood WORKS! BC. The event celebrates innovation and design in wood construction in British Columbia. There were indeed some truly amazing awardwinning structures that have been built using timber harvested from BC's forests. What struck me the most about the evening, was that none of those 500 plus architects, designers, engineers and manufacturers that filled the ballroom would have been there if not for the timber harvesting contractors that toil to cut down and deliver over 90% of the timber in this province which then goes into those fantastic structures using various finished forest products.

It would seem that we are all part of a large team in the great effort to take a standing tree and turn it into everything from pulp, paper, lumber, plywood, OSB and beyond. Yet, I hear from too many, that while they may be part of the team, that it is in name only. After all, a team typically shares in its successes.

Commodity pricing of many forest products have been at beyond stellar levels—SPF 2x4s just recently were at an alltime high. Let me say that again, all-time high. In contrast, my membership has clearly expressed that they are not sharing in the prosperity of the forests they work within. And when contractors ask to do so, the major licensees just say no, as they do not want to get into a discussion that resembles a "zero-sum game."

So, what is a "zero-sum game"? According to Wikipedia, "in game theory and economic theory, a zero-sum game is a mathematical representation of a situation in which each participant's gain or loss of utility is exactly balanced by the losses or gains of the utility of the other participants." A zero-sum game assumes there is Pi (π) or profit, where you get a few slices and so do I. But if you want more of the pie, then I will get less.

Contractors, which have been leaving this sector out of frustration due to a dramatic imbalance of weak profitability versus risk, are only naturally desiring some of that pie too, if only to just survive. If the prosperity of the public forest resource of this province needs to be shared far more equitability, doesn't that mean we need to play a zero-sum game to fix the imbalance?

Many are questioning the health of our forest industry because of this large gap in prosperity. Many of the "small guys" ranging the full spectrum from logger to independent manufacturers have told me something has got to change. And it's just not from within the industry that those observations are being made. The issues that the TLA has been harping about have now been clearly acknowledged by not one, but two consecutive Premiers of this province. Then Premier Christy Clark's announcement of the government's commitment to start the Contractor Sustainability Review, demonstrates that there is an issue that merits government investigation.

Then, at the TLA Convention just a few months ago, Premier John Horgan, made a speech appealing to the TLA members in the audience, that many later said to me was calling a spade a spade. Premier Horgan acknowledged, "it's a certainty in many communities that the relationship between the tenure holders [the majors] in the community has been broken and it's in all of our interest to make sure we re-establish that relationship in the days and weeks and months ahead." And furthermore, in reference to what is generally today's forest policy, Premier Horgan said, "It's not working for communities and it's not working for the province. What we've seen is a concentration, particularly on the coast, that undermined that social licence that we all knew existed in British Columbia..."

So, are we playing a zero-sum game when it involves a public resource that includes the government as a player? The Contractor Sustainability Review will hopefully add a new dimension to

the game. But while the government might not want to pick winners and losers, the Minister of Forests will have to make decisions that will favour some and displease others to create meaningful change.

Levelling the playing field is one thing that government can do to help contractors. But there are many other issues that are affecting contractors and their communities that we would like to continue discussing with the Premier. There is a growing desperation in the competition for skilled workers. How many logging trucks in this province are sitting idle? We need the province's help here because this situation is only getting worse.

Other issues include more certainty on the land base for our working forest; a need to improve emergency response capabilities for our workers in remote locations (HEMS-sign the petition at Change.org); and some significant movement on the First Nations file.

One last issue, the wildfire review is something that many are watching. The TLA will be providing a submission to George Abbott and Chief Maureen Chapman regarding the Flooding and Wildfire Review that they are conducting that conveys contractor perspectives on the wildfire issue of both communities in the Cariboo and across the province.

Final note, I would like to give a heartfelt thank you to Brenda Martin who has left the TLA to pursue a new career opportunity. Brenda was the engine behind Truck LoggerBC magazine for the last 20 issues. Good luck Brenda!

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



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OUR STRENGTH... A UNIFYING VOICE FOR 60 YEARS

he Interior Logging Association Board of Directors and staff would like to wish retiring BC Forest Safety Council Chair Ken Higginbotham well with his future endeavours and congratulate Reid Hedlund for taking on the position of acting chairman while a long-term replacement is found for that role. Reid is currently the vice chair of the BC Forest Safety Council, is the past chairman of the Board for the ILA and has been the chairman of the Board for the BC Logging Health & Safety Agency and the Forest Industry Safety Association and was also a member of the Forest Safety Task Force. Reid has been a stump-todump logging contractor in the Midway, Grand Forks area for 39 years.

The ILA Board of Directors and staff would like to welcome Todd Chamberlain, RFT, who has been hired as assistant general manager. Todd started March 5th and will work out of the Vernon office. Todd has been involved in the forest industry for the past 35 years, with the last 23 years in the Merritt area. Todd brings with him years of knowledge from both the licence and contractor sides of the industry and has been involved in several operations with First Nations. Todd's first assignment will be to cover the membership area of the former Central Interior Logging Association out of Prince George.



Interior Logging Association

We would like to invite everyone to attend our 60th Annual Conference and Trade Show on May 3, 4 & 5. This year's conference will be held in Kamloops at the Powwow Grounds. Our theme for this year is "Our Strength...A Unifying Voice for 60 Years". The Powwow grounds offers an area for outside displays that is 10 times larger than what we have had in Vernon. Registration so far shows that this will be the best outside and inside show we have had for several years.

Once again the ILA Board of Directors has invited the TLA Board of Directors to join us. This will be the fourth year the TLA has joined us to conduct their Board meeting at our conference, after which the two association boards get together to discuss concerns and issues facing our collective memberships.

We are pleased to hear that George Abbott's report on contractor sustainability has been forwarded on to government. We are looking forward to the pending review with all parties involved.

The ILA Board would also like to wish Brenda Martin well in her future career endeavours as she moves on from the role of TLA Director of Communications.

We look forward to seeing everyone at our conference. See pages 23 to 25 for more information.





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CHALLENGES AND OPPORTUNITIES: THE NORTHWEST PERSPECTIVE





"We're unique." "We're special." "We're not like the others." "We have our own issues, and we need our own solutions."

Thile these are words that will cause concern for many bureaucrats, these are the reasons why there are associations representing the contractor workforce in the BC forest industry. Whether it's the Truck Loggers Association (TLA), the Interior Logging Association (ILA) in the southern Interior, or the North West Loggers Association (NWLA) representing those in northwest BC, contractors' issues can be regional or provincial and the advocacy work that is needed to address each will differ.

As a business owner in northwest BC and as the executive director of the Skeena-Nass Centre for Innovation in Resource Economics (SNCIRE), I have worked with the NWLA for many years. NWLA speaks on behalf of the many contractors and associated businesses that have continuously been in "survival mode" in the northwest for twenty years, ever since the collapse of Repap, the primary corporate licensee. Repap's failure was a symptom of the core issues in the northwest, which include the economic utilization of forests with 50 per cent or more "fibre quality" logs (i.e. not sawlogs) and stumpage inconsistencies that work against the financial realities we face, all the while trying to get the attention of a government focused on fires, beetles, climate change, and softwood lumber.

The NWLA advocates for solutions to these northwest BC issues. While some solutions may be unique to the northwest, others may also benefit the entire province. By being aware of each other's issues, BC contractors' associations can work together on those that need broader attention, while at the same time ensuring the regional focus on local issues is not lost.

There is great value in the NWLA, the ILA, and the TLA working closely together, for three key reasons. First, so that the common issues are worked

on together. Second, to recognize that even when dealing on common issues, regional focus may be needed to address the diversity of the forests and contractors in each region. Third, to be aware of the issues unique to each region. Maintenance of this regional focus is why there is value in maintaining each association. The associations each have a long history of advocating for their members: the TLA for over 75 years, the ILA celebrating its 60th anniversary and the NWLA celebrating its 50th in 2018 (congratulations to all!).

Recent NWLA initiatives and advocacy include:

- Maintaining a focus on the small sawmill sector in the region to identify and help improve the conditions for their survival, thereby adding value to and diversifying the regional economy.
- Providing input to improvements to the stumpage system from local forest tenure holders, knowing that these improvements will ultimately result in more stability for NWLA members.
- Developing working relationships with other local groups. For instance, the NWLA and SNCIRE met with local provincial candidates before the last election to present potential solutions to the regional "fibre quality" issue.
- In 2010, the NWLA was instrumental in receiving \$2 million towards upgrade and repair of several main road systems in the Coast Mountains Resource District after the collapse of Repap. In 2017, one of these roads was washed away due to a major rain event and the NWLA is once again advocating for funding to rebuild the lost sections of this important multi-user road.

Looking forward, NWLA hopes to connect our membership with new First Nation tenure holders as they work to build capacity and potentially grow a new contractor force.

To those who find it hard to see value in association membership, consider the challenges in a region where the trees are still green, but are seen to be uneconomic; where stumpage for the same forest stand can shift from negative \$20 to positive \$20 just by crossing an imaginary line; where contractors are ecstatic when they can get an eight-month operating season; and where government says that a storm-damaged mainline Forest Service Road owned by the province is not their responsibility to repair; there are no shortages of challenges facing the northwest. The NWLA is your local advocate on these challenges, and that's why there's value for current and future members of the NWLA.

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



THREE R'S OF MECHANIZED HARVESTING: REGULATIONS, RISKS, AND RESOURCES

n August of 2013, a licensee ap-Iproached WorkSafeBC to talk about bringing a piece of tethered equipment for steep-slope harvesting to BC for the first time. They had seen it in operation in New Zealand-and were sold on the equipment's promise to improve worker safety-but they needed input on how it could fit into BC's regulatory framework.

We reviewed our existing requirements and came up with a list of features the equipment would need, including guarding and a larger alternate means of escape. The licensee then worked directly with the manufacturer in New Zealand to modify the equipment, and a few months later it was inspected and is now operating successfully on our local hillsides.

Today, less than five years later, there are an estimated 40 tethered machines working in the province. In a short time,

tethered equipment has transformed the face of steep-slope logging, directly reducing the exposure of forestry workers to felling hazards.

Currently, BC has about 2,000 active hand fallers, an occupation with an injury rate of 27.3, compared to an average of 2.21 for all workers in the province. Tethered equipment represents the next step in worker protection.

This technology puts workers in guarded cabs, high off the ground, physically removed from the hazards they would otherwise face. According to a 2017 report by FPInnovations, "Mechanized Harvesting, a Safer Alternative to Manual Tree Falling," the highest accident rates with mechanized logging stem from maintenance and repair activities, not from tree felling itself. So it makes sense to utilize mechanized falling wherever possible as an alternative to hand falling.

Regulatory Requirements

How does tethered equipment work within our existing regulatory framework? Two general, broad regulations allow for the operation of tethered equipment within the province.

Regulation 26.12.1 says that any equipment designed or adapted for use in a forestry operation must be capable of safely performing the functions for which it's being used. This regulation recognizes that loggers are ingenious and have a long history of innovation, providing flexibility within certain parameters.

Regulation 26.16 addresses slope limitations, specifying that if the equipment manufacturer's slope limit is known, the equipment must be operated within that



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

Learn more at www.bcforestsafe.org



BC Forest Safety





limit. This regulation also sets limits for equipment when the manufacturer's slope limit is not known—between 35 and 50 per cent depending on the variety of machine.

But there's a caveat: If a qualified person conducts a risk assessment of the operation, and if written safe-work practices are developed and implemented to ensure equipment stability during operation, that equipment may be operated beyond those limits. The overarching directive, however, is that this latitude only exists if stability can be assured.

Obtaining that assurance is the role of the employer in consultation with the operator. If conditions are too wet or otherwise hazardous on a given day, the equipment must not be operated, even if slopes are not overly steep.

Regulation requirements pertaining to de-energization, lockout, cable inspection and rigging have been familiar to those in the industry for years. Cable inspection and rigging are of particular importance; when you're tethering a machine to a cable and it breaks, you can get a flopover, or worse, a rollover down the hill.

Originally, some of the guarding requirements were difficult to meet, but most have now been retrofitted with the WCB G600 Standard or the equivalent.

Finally, one of the most important requirements is the planning of an operation. There's a need to design blocks slightly differently for this equipment, and to take advantage of natural features of the landscape in the slope assessment and layout phases. FPInnovations has developed a guide to best management practices for winch-assist equipment, available online.

Reducing risks in the field

Some of the biggest challenges we're seeing are related to rigging failures, cable breaks, or breaks in the attachment points. It's critical that workers and operators are trained in cable inspection. We've also seen alarm systems being improperly installed or purposely deactivated, owing to their tendency to over-alarm. But alarms are an important feature that must

Stump selection can be a particular issue in the Interior, where timber types are different and trees aren't as deeply rooted as on the coast. But the single biggest issue for employers and contractors is scarcity of workers; this equipment requires a large investment in training, and trained workers are hard to retain.

The technology is so new that we don't yet have answers to some health and safety questions. Ergonomics, for example, are a concern. How does it affect an operator to sit suspended in a six-point harness for eight hours or more a day? Studies have been done but the data is still being compiled.

Then there's the used-equipment market. The first generation of tethered equipment is now three or four years old, but we don't know its lifespan. Typically when you buy a machine new, the manufacturer will come in and train your team. If the equipment is resold, the purchaser may not have that same benefit. How do they train and work safely? These issues must be addressed as we move forward.

New Resources for Employers

To help employers better understand health and safety requirements and responsibilities when importing mobile logging equipment into BC, WorkSafeBC developed a guide, available on our website: "Understanding the Requirements

(Continued on page 61)





STRUCTURING YOUR BUSINESS

Part Four—What You Need to Consider on Startup

So, you have decided to go out on your own and start your own business. Now what? First, it's important to lay the proper foundation for your business from the very beginning. Your business is a separate entity from you and should be treated as such. One of your goals should be to grow a business that can survive on its own without your day-to-day contributions. That way when you grow to the point that you can't manage it all on your own, you can easily add extra management to the team and continue to grow. One of the first questions should be whether you want to set it up as a proprietorship or corporation.

Proprietorship vs Corporation

When you start out there are two ways to operate your business: as a proprietorship or an incorporated business-and each comes with pros and cons.

A proprietorship means you operate your business as an individual and have full liability for the operations. The income earned by the business is taxed with your personal income in the year it is earned at your personal tax rate. There is limited separation between you and your business. Many people first starting out set up their business as a proprietorship as the cost of maintaining the business is less expensive and you only have to file one tax return annually. If you do decide to structure it this way, remember to open a GST account and start collecting GST if you are selling taxable services greater than \$30,000 per year.

The main advantage to incorporating is the limited liability of the incorporated company. Unlike the sole proprietorship, where the business owner assumes all the liability of the company, when a business becomes incorporated, an individual shareholder's liability is limited to the amount he or she has invested in the company. Of course, with incorporation comes increased expenses, paperwork and filing an extra tax return for the business.

When Should I Incorporate?

As a subcontractor, you may be asked to incorporate your business sometimes sooner than it makes business sense. The main reason for this in the forest industry is to pass the liability of WorkSafeBC rates and other safety program costs to the subcontractor business. Contractors do not want their rates affected by accidents caused by subcontractors. This is not the end of the world since business tax rates are much lower than personal tax rates, so if your individual marginal tax rate is high and you don't need the funds for personal use, you can elect to leave money in the business and take it out later when your personal tax rate is lower.

Let's Look at a Scenario

Joe is a faller and has been offered a contract to provide falling services as an incorporated business. Joe has previously worked as an employee and made \$145,000 annually. Until now he paid personal tax on the earnings and paid into a RRSP as a savings measure. Joe needs \$100,000 annually for living expenses.

To prepare for the new venture Joe will need to incorporate his business using a lawyer for a cost of about \$1,500. Once incorporated, he will need to register for GST, WorkSafeBC and payroll. Additionally, Joe should speak with an accountant if he has significant assets to move into the new business as they can help do this on a tax-deferred basis. In this case, Joe only has a small amount of gear, so no special tax work is involved, he can simply sell/move over the business assets to the incorporation at fair market value.

Now that he is registered, Joe will need to file work safe reports, as well as corporate tax returns, GST returns and payroll reports (T4 slips) with Canada Revenue to stay in compliance. He will also need to keep his books up to date to support these reports. It is a good idea to discuss how to do this with your accountant before business operations start.

Joe will also need to negotiate his falling rate. He will need to make more than the \$145,000 annually he made as an employee elsewhere since now he must cover WorkSafeBC payments and other costs of his business.

Once Joe starts operations he has cash in the corporate bank account but must pay himself to cover his personal costs. There are two ways to do this: dividends vs salary. The advantage of salary is that you will pay tax over the course of the year and the salary is a deduction within your business. By taking a salary, you contribute to the Canada Pension Plan as well as grow your retirement savings.

Dividends are from the after-tax proceeds of your business, so you pay a lower rate on them personally, but with the corporate tax you pay, the overall tax effect would be almost the same had you taken a similar salary. Dividends do not contribute to the CPP, so you will need to save for retirement on your own.

Joe can take the \$100,000 he needs to live each year and leave the remaining income in the business where the corporate tax is a much lower rate. Then, if he has a slower year, he can then take funds out to live on from prior years, essentially making his business a savings account. This will be taxed at his personal income tax rate, which if properly planned can be lower than if he took all the funds in one year.

Conclusion

Once you have decided to take the step of starting up a business on your own you should seek the advice of a professional to help you make the best business decisions for your situation. The wrong decisions can have adverse effects in the future.

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



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INVESTING IN EMPLOYEE DEVELOPMENT: MAKING SURE YOU PROTECT YOUR INVESTMENT



What can employers do, from a legal perspective, to ensure that employees they have invested training dollars in, stay with the company after their training is complete?

In a job market where there is a shortage of skilled/specialized employees, some employers are prepared to help employees gain necessary skills/ specialization. One method is paying for some or all of the employee's training/education costs associated with acquiring the skills/specialization. However, the reality is that investment can be quickly lost if the employee no longer works for the employer.

In order to protect the investment and increase employee retention, repayment agreements are a tool available for employers. As is the case with most contractual terms of employment, care must be taken to ensure the repayment agreements are properly drafted and entered into, so that they are enforceable at law.

While this article is not capable of providing an exhaustive list of terms and variables, the following are some main points to consider and customize in a repayment agreement.

- The repayment agreement must be in writing and signed by the employee before the payments are made.
- · Not all costs can be recovered and an arbitrary penalty amount is not enforceable. To avoid any confusion, the categories of costs sought to be recovered should be listed in the repayment agreement (e.g. tuition, books, travel costs, pay while at school, etc.). Generally costs associated with third-party training which benefits the employee, both with the paying employer and potentially with a future employer, are recoverable. Costs for in-house training that do not benefit the emplovee outside of that employer have been found to not be recoverable. Similarly, wages while performing

training work have been found to not be recoverable. In particular, the BC Employment Standards Act prohibits employees paying any of the employer's "business costs", which generally includes normal/ entry level training. Accordingly, caution should be taken to not be overly broad in what costs are sought to be recovered. Ultimately the court will scrutinize the repayment agreement to see if there are statutory or public policy reasons to find it unenforceable.

- Duration of the obligation. There is no set formula for how many years the repayment obligation applies or at what rate/percentage it can be reduced (e.g. two years at 50%/year vs five years at 20%/ year vs 100% until three years, then forgiven). Similar to above, the court will scrutinize the repayment agreement to determine if the duration of the bargain is unreasonable and unenforceable.
- Triggers for repayment. Generally the repayment obligation is triggered when the employee resigns or is terminated for just cause. However, there is at least one case that allowed a termination without cause to trigger the payment based on the language in the repayment agreement. A term can be included in the repayment agreement to authorize deduction of wages from a final pay cheque when a repayment obligation is triggered.
- In addition to repayment obligations, employers can also require non-competition clauses as a prerequisite to training payments. The objective is to protect against investing in a future competitor. In order to be enforceable in court, the clause must be reasonable regarding defining the type of work, geographic area, and time limit.

For unionized workplaces, repayment agreements cannot be inconsistent with the collective agreement. Repayment agreements can be negotiated directly with the union (at bargaining or as a separate memorandum of understanding), and if so, they are enforceable via a management grievance. If they are not inconsistent with the collective agreement, there is some case law that says repayment agreements can be negotiated directly with the employee, and in that case, they would be enforceable via the court.

In conclusion, employers have the ability to grow their skilled workforce by funding the necessary training/education for their employees. In order to protect that investment, properly drafted repayment agreements can be utilized to increase the retention of employees, or in the alternative, enable some or all of that investment to be recovered. Please contact the writer or any of our lawyers for assistance with assessing your situation and preparing a repayment agreement.

While every effort has been made to ensure accuracy in this article, you are urged to seek specific advice on matters of concern and not to rely solely on what is contained herein. The article is for general information purposes only and does not constitute legal advice.♣

Michael is a partner at Roper Greyell where he provides advice to employers on employment, labour relations and human rights issues in the workplace. He assists employers with drafting, maintaining, and enforcing employment contracts and workplace policies. He can be reached at 604.806.3843 or mkilgallin@ropergreyell.com.



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MANAGING RISK AND LOG FLOWS WITH **WOOD SUPPLY AGREEMENTS (WSAS)**



Editor's Note: Often we hear from BC's major licensees that their mills can't operate without tenure because tenure gives them the fibre security they need to run a successful business. So we thought we'd take a look at the US South—currently the epicentre of forestry in North America and the receiver of many investment dollars including those from Canadian forest products producers. The irony is that these Canadian forest products producers who claim to rely on tenure in BC to run their mills in Canada are also happy investing in the US South—a place without public tenure where most timber supply agreements are business-to-business. So, is tenure really providing critical fibre security? Or is it just propping up an oligopolistic marketplace?

In the United States, wood procurement managers and foresters do not access logs through tenure such as their BC counterparts; rather, they rely on a range of private and open market transactions to supply raw material to sawmills and pulp mills. Forestry professionals in the US juggle, at a minimum, stumpage contracts (direct purchases of standing trees from mostly private landowners), fee harvests (trees cut from lands owned by their own company), and gatewood (logs delivered by truck "to the gate" and woodyard at the mill) to manage wood flows and log inventories. With clear skies, a flexible group of foresters and loggers, and a well-running mill, these managers may enjoy periods of relative calm as wood flows and mill needs match perfectly.

However, Mother Nature and Mr. Market rarely consider the needs of the forest industry when shaking their giant snow globes. During periods of stormy weather, when loggers and log trucks stay out of the woods (in the US) and uncommitted logs hold out for higher prices, procurement managers spend days at the mill counting truck loads and watching the wood pile shrink. Many a mill manager has ominously said to the procurement team, "You're the best group of foresters I've ever had...'til we run out of wood." And many a procurement manager has paid dearly for those final loads of logs that let the mill complete its final shift.

Therefore, wood procurement managers sometimes employ wood (for roundwood logs or for chips) supply agreements (WSAs). These WSAs help manage the costs and flows of wood raw materials to manufacturing facilities and mitigate operational impacts of timberland divestitures by integrated forest products firms who previously owned substantial acreages of company forests. A typical WSA comprises a contractual obligation by a supplier to provide agreed-to volumes of wood to a buyer, who commits to purchase this raw material at the contract price for a set number of years.

We can picture WSAs as part of a portfolio of activities, or menu of alternatives, used by mills to procure their wood supplies. The Wood Supply Matrix below highlights the fact that mills balance the cost and control of the wood they buy over time based on the situation in each local market.

- Domtar's sale of its northern New York lands to Lyme Timber (a timber investment management organization or TIMO) and The Nature Conservancy included a long-term fibre supply agreement supporting its papers mills in Quebec.
- Fraser Papers' sale in Maine to The Forestland Group (a TIMO) involved assets once held by James River, and included a longterm wood supply agreement.
- Boise's 2.2-million acre sale for \$1.65 billion to Forest Capital Partners in 2004 included longterm wood supply agreements for the former Boise plants. Forest

Wood Supply Matrix

	Less Expensive	More Expensive
Full Control		Direct purchases, such as buying stumpage from landowners
Less Control		Indirect purchases, such as providing loggers a price in advance to buy logs

For all of the challenges they can present—establishing viable volumes against verifiable specifications, implementing and maintaining pricing mechanisms-WSAs provide a useful risk management and negotiating tool. Forest industry sellers of timberlands often included wood supply agreements of 10 years or more in transactions with institutional buyers. The following transactions over the past 15 years, for example, included a range of supply agreements:

- Capital Partners has since sold these timberlands.
- International Paper's sale of over five million acres in multiple large-scale transactions between 2004 and 2008 to TIMOs including GMO, Forest Investment Associates, TimberStar and RMS were all subject to longterm WSAs, many of which still influence today the terms, management and marketability of the underlying timberlands.

(Continued on page 61)

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WORKING TOGETHER FOR A STRONGER BC

By Honourable Doug Donaldson

Ministry of Forests, Lands, Natural Resource Operations and Rural Development

Ti's a pleasure to be in back-to-back is-Lsues of Truck LoggerBC. This time, I have the privilege of giving you an update on Budget 2018-our first full budget as a new government. Our overarching goal as a government is to make life more affordable for British Columbians.

I note that the theme for the upcoming Interior Logging Association's convention is "Our Strength...A Unifying Voice for 60 Years" that mirrors our approach as a government—we believe that we are stronger when we all work together and consider all British Columbians in our decisions and policies.

Representing Hazelton, I know firsthand the struggles that face rural communities and feel honoured that I am also Minister responsible for Rural Development. At the time of writing, we're nearing the end of our online engagement in gathering input from rural British Columbians on what they want to see in a rural development strategy. I firmly believe that the most effective and enduring strategies are built from the ground up-not from the top down. It's important that people in rural communities-where they generate the wealth that helps pay for vital public services such as health care and education-also benefit from the resources that are leaving their communities.

The forest industry is one of BC's foundational industries and is a key economic driver supporting tens of thousands of families throughout British Columbia. There are many challenges—especially in the Interior, which have been adversely affected by the mountain pine beetle and wildfires. However, there are still great opportunities. The innovation involved in tall wood buildings or using residual fibre for pellets, instead of waste, are two examples of wood usage that were not on the horizon just 20 years ago.

One area that needs improvement is the social licence between the forest industry and communities. The social licence needs to be strengthened. Broadly speaking, this means that communities need to benefit from the forests that surround them. It means licensees operating on public forests need to be open with their logging plans and consider community input. It means that the public needs reassurance that the professional reliance model is working. It means that the public and all operators in our forests need to have confidence in our forest inventory.

I look forward to working with the industry to improve social licence. We are expecting the results of the engagement on professional reliance later this spring, and the results of the review of forest inventory by the end of September. And of course, we're looking forward to recommendations stemming from the logging contractor sustainability review.

Returning to Budget 2018, we're dedicating an additional \$72 million to wildfire-related initiatives over the next three years. This includes \$50 million specifically to help communities better prepare for and respond to wildfires through the development and implementation of community fire risk, prevention, and response plans. There is also another \$22 million for land-based recovery in the areas most heavily impacted by the 2017 wildfires. Given the unprecedented scale of the fires, it will take a few years for forests and ecosystems to recover. Funds will be used for fire access roads, improving/ recovering water storage facilities, rehabilitating rangelands, and reforestation. The funding announced in Budget 2018 builds on investments to date, including over \$20 million from the Forest Enhancement Society of BC on wildfire risk reduction and reforestation in the Cariboo alone.

Ministry staff have been working closely with First Nations and licensees in developing timber salvage strategies and approving cutting permits as quickly as possible for salvage harvesting. Salvage harvesting is also being guided by



the ministry's recently published retention guidelines. While public safety is the overriding priority, it's also important to maintain environmental values as much as possible. The wildfires did not burn even. In some areas, forests were burnt to a crisp, while in some areas within a wildfire perimeter there are pockets of green stands.

Funding priorities for wildfire related activity will also be informed by the results of the George Abbott and Maureen Chapman's review of the 2017 wildfires and floods. Their report is expected at the end of April.

Budget 2018 also commits \$16 million over three years to modernizing land-use planning-another one of my mandate letter commitments. The funding ramps up over three years; with the first year focused on developing the strategic policy and appropriate balance between conservation and the use of natural resources. We will be developing our approach in collaboration with First Nations and with input from communities, industry, environmental groups, tourism, outdoor recreation groups and other stakeholders.

I look forward to meeting with you at the ILA's 60th annual convention in May.



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May 3rd, 4th & 5th, 2018 | Kamloops, BC

EVENTS

May 3rd, Thursday 8:00 am - 4:00 pm: Interior Safety Conference, Columbo Lodge (Lower Level)

May 3rd: Thursday Evening, Meet & Greet, Colombo Lodge

May 4th & 5th: Inside & Outside Displays, Powwow Grounds

May 4th, 11:30 am - 1:30 pm: Friday Luncheon, Colombo Lodge (Italian Centre) Guest Speaker - Honourable Doug Donaldson, Minister of Forests,

Lands, Natural Resource Operations and Rural Development

May 4th, 2:00 - 3:00 pm: "Winch Assist Logging & **Best Management Practices**" Presenter - Dzhamal Amishev, FPInnovations

May 4th, 3:00 - 4:00 pm: "Scaling 101 - Your Profits" Presenter - Clint Parcher, Fibre Supply, Coastland Wood Industries Ltd.

May 4th, 6:00 - 11:30 pm: Dinner & Dance, Colombo Lodge (Italian Centre)

May 5th, 9:00 - 10:00 am: "Understanding Logging Costs" Presenter - Aaron Sinclair, PNL Consulting Inc.

May 5th, 10:00 - 11:00 am: "Detection of Impairment in the Field and on the Road" Presenter - A/Cpl Ron Miciuk, RCMP

May 5th, 11:30 am - 1:30 pm: Saturday Luncheon, Coast Kamloops Hotel

Guest Speaker - Honourable John Horgan, Premier of British Columbia

HOST HOTELS

1) Sandman Signature 225 Lorne Street, Kamloops, BC Tel: 250-377-7263

2) Coast Kamloops Hotel 1250 Rogers Way, Kamloops, BC Tel: 250-828-6660

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For registration and further information, contact the ILA office.

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AGENDA & EVENTS PRICING

THURSDAY, MAY 3, 2018

"SAFE BEHAVIOURS = \$MART BUSINESS" N/C

8:00 am – 4:00 pm (Colombo Lodge – Lower Level) For the full agenda and Pre-Registration visit:

http://www.bcforestsafe.org/node/3073

9:25 - 10:20 am Safety Keynote - Why Safe Organizations Fail

10:40 - 11:30 am Managing Fatigue at Work

11:30 am – 12:00 noon Emergency Response

12:00 - 1:00 pm LUNCH

1:00 – 1:15 pm Personal Story on the Impact of Workplace Incidents

1:15 - 2:15 pm Worker Distraction

2:35 – 3:05 pm Stop and Think – Risk Assessment in the Moment

 $3\!:\!05-3\!:\!45\,\text{pm}$ Safety is Good Business – A Log Hauling Perspective

3:45 - 4:00 pm Wrap Up

TLA DIRECTORS' MEETING

9:00 am - 3:00 pm Sandman Signature Hotel (Savona Room)

CONFERENCE REGISTRATION

4:00 - 7:00 pm Colombo Lodge (Italian Centre)

ILA DIRECTORS' MEETING

4:00 – 5:30 pm Sandman Signature Hotel (Pritchard Room)

MEET & GREET \$50.00

6:00 – 10:00 pm Colombo Lodge (Italian Centre)

FRIDAY, MAY 4, 2018

BREAKFAST \$30.00

7:30 - 9:30 am Sandman Signature Hotel (Savona Room)

ILA ANNUAL GENERAL MEETING N/C

8:30 – 10:00 am (ILA Members Only) Sandman Signature Hotel (Pritchard Room)

INSIDE & OUTSIDE DISPLAYS N/C

9:30 am - 4:30 pm Powwow Grounds

With Respect to the Tk'emlúps te Secwepemc Band. No Alcohol is permitted on Powwow Grounds. Thank you!

CONFERENCE REGISTRATION

10:30 am - 4:00 pm Colombo Lodge (Italian Centre)

FRIDAY LUNCHEON \$55.00

11:30 am - 1:30 pm Colombo Lodge (Italian Centre)

Lunch Guest Speaker: Honourable Doug Donaldson Minister of Forests, Lands, Natural Resource Operations and Rural Development

SEMINARS N/C

1) "Winch Assist Logging & Best Management Practices"

 $2:00-3:00\ pm\ Sandman\ Signature\ Hotel\ (Pritchard\ Room)$

Presenter: Dzhamal Amishev, FPInnovations

2) "Scaling 101 - Your Profits"

3:00 – 4:00 pm Sandman Signature Hotel (Pritchard Room)

Presenter: Clint Parcher, Vice President, Fibre Supply, Coastland Wood Industries Ltd.

FRIDAY NIGHT DINNER & DANCE \$65.00

6:00 to 11:30 pm Colombo Lodge (Italian Centre)

Featuring "EASY FIX" (Okanagan's Premier Dance Band)

SATURDAY, MAY 5, 2018

INSIDE & OUTSIDE DISPLAYS N/C

9:30 am - 4:30 pm Powwow Grounds

SEMINARS N/C

3) "Understanding Logging Costs"

9:00 - 10:00 am Sandman Signature Hotel (Pritchard Room)

Presenter: Aaron Sinclair, Manager, PNL Consulting Inc.

4) "Detection of Impairment in the Field and on the Road"

10:00 – 11:00 am Sandman Signature Hotel (Pritchard Room) *Presenter:* A/Cpl Ron Miciuk, RCMP

SATURDAY LUNCHEON \$55.00

11:30 am -1:30 pm Coast Kamloops Hotel & Conference Centre

Lunch Guest Speaker: Honourable John Horgan Premier of British Columbia

TICKET & DISPLAY REGISTRATION

Description	Qty.	Price
INTERIOR SAFETY CONFERENCE (May Pre-Register at: http://www.bcforestsafe.org/node/3073	y 3) N/C	N/C
MEET & GREET (May 3)	Х	\$50.00
BREAKFAST (May 4)	Х	\$30.00
FRIDAY LUNCHEON (May 4)	Х	\$55.00
FRIDAY NIGHT DINNER & DANCE (May 4) (Featuring: The Band, EASY FIX)	Х	\$65.00
SATURDAY LUNCHEON (May 5)	Х	\$55.00
Display Space Requeste	ed & Costs	
8' X 10' INSIDE DISPLAY	Х	\$800.00
15' X 30' OUTSIDE DISPLAY	Х	\$500.00

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a global transition to grapple yarding to handle steep slopes. Ken Dodd, RPF with TimberWest said that based on his experience of planning for and observing tethered harvesting systems, "Identifying areas where tethered systems work efficiently and where they don't has been one of the most important elements of using these machines." A third panelist's comments are provided in a separate article. (To find out more about what John Ligtenberg of WorkSafeBC had to say in this session, read his Safety Report on page 14.) In "Equipment—Tools for Success" speakers talked about new equipment and drones came up several times. Colin Filliter of SuavAir said that applications for using drones in forestry operations are far and wide. With costs getting

cheaper combined with documentation and safety benefits, many contractors use them. However, everyone warned that drone piloting has a steep learning curve.

The keynote speaker on Wednesday provided a look back at the past. The co-founder of Greenpeace, Dr. Patrick Moore told the story of his father, Bill Moore, who founded W.D. Moore Logging. Patrick detailed how his grandfather got started in the industry and his own father's legendary story. Bill Moore not only founded W.D. Moore Logging, he also founded Festival of Forestry (an organization still active today that takes teachers out into the bush and teaches them about forestry) and brought logger sports to the PNE. Bill Moore's family still lives in Winter Harbour on Vancouver Island, although a

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TLA Board elected in January at the AGM: (left to right, back row) Tim Lloyd, Carl Sweet, Mark Ponting, Aaron Service, Dave McNaught, Clint Parcher, Brian Mulvihill, Matt Wealick, (front row) Doug Sladey, Lawrence Van De Leur, Barry Simpson, Bill Nelson (Vice President), Mike Richardson (President), Jacqui Beban (Immediate Past President) David Elstone (Executive Director), Dorian Uzzell, Sig Kemmler. Board members not in photo: George Lambert, Adam Wunderlich.

lack of contractor sustainability meant Graham Lasure, Patrick's step-brother and TLA past president, had to close W.D. Moore Logging last September. That said, Patrick's story about his father is a good reminder that while the forest industry built BC's infrastructure, it also built our culture and played a huge role in our history as a province.

After lunch we launched into a session that asked the question plaguing the forest industry for over a decade, "Who Is Going to Do the Work?" The speakers' messages included acknowledging that we need to train people but there is a cost and contractors must be mindful of their businesses. The BC Forest Safety Council has developed standards for most jobs so we can be clear on what we need to train to ensure competency and safety on the job. This is a challenge that the industry will be facing for several more years at least.

The final Wednesday session had a straightforward title: "Are You Getting Paid for What You Harvest?" This panel reviewed many important details that contractors need to be aware of to be sure they are getting paid for what they log. In particular, speakers urged contractors to make sure they agree with the licence holders on what a cubic metre is and how it is measured before they sign a contract. And if a contractor is being paid via weight scaling, they must know the frequency of sample in their stratum—it can impact payment significantly as the weight to volume ratio changes.

First thing Thursday morning, the TLA's annual general meeting took place. The TLA membership elected a new president this year, Mike Richardson of Tsibass Construction Ltd. and a new Vice President, Bill Nelson of Holbrook Dyson Logging Ltd. Jacqui Beban of Nootka Sound Timber Co Ltd., after serving as president for two years, stepped into the role of immediate past president. Sig Kemmler of Alternative Forest Operations Ltd. (see more about Sig on page 34) was elected to the board as a new director. With strong attendance again this year, it's clear the TLA membership are engaged and looking to hear about what the TLA has achieved over the last year.

Premier John Horgan maintained the time honoured tradition of BC's Premier addressing the delegates during the Leaders'





Scholarship recipients from BCIT, UBC and VIU with Minister Donaldson and Immediate Past President Jacqui Beban.

Luncheon on Thursday. His speech was an inspiring one that gave contractors reason to hope. Here are two comments from his speech that particularly stood out:

> Licensees appear to have more sway than they've ever had before and less responsibility than they've ever had before. And I appreciate that the major licensees may take issue with that statement, but it's a certainty in many communities that the relationship between the tenure holders in the community has been broken and it's in all of our interest to make sure we reestablish that relationship in the days and weeks and months ahead.

We did a lot of this transformation in 2003 with the best of intentions. I don't want to diminish the hard work that went into those reforms. But, clearly, 14 years later, it's not working for you. It's not working for communities and it's not working for the province. What we've seen is a concentration, particularly on the coast, that has undermined that social licence that we all knew existed in British Columbia until most recently.

We look forward to working with John Horgan and BC's government to build a healthy forest industry where everyone in the supply chain can succeed.

Of the three sessions that took place on Thursday, one was captured as an article in this issue of the magazine. Turn to page 50 to read about managing the transition from old growth to second growth harvesting. The other two sessions focused on safety and markets. "Where Is Our Safety Net?" focused on the need to improve helicopter medical response in BC both for rural residents and people who work remotely like loggers. Murray Ritchie from the First Nations Safety Council of BC also spoke at this session around First Nations perspectives on safety. The final session on Thursday, "Market Update: Going Up or Going Down" addressed a variety of issues including: softwood lumber tariffs, a lack of market for biomass and reduced allowable annual cuts.

On Friday morning Minister Doug Donaldson joined the TLA for the traditional Minister of Forests Breakfast. He gave his perspective on the forest industry and then 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.

Both Premier Horgan and Minister Donaldson both expressed strong keenness to review Abbott's recommendations from the Contractor Sustainability Review.

Two of the Friday sessions, "A View From Afar: Outsider's Perspective" and





Leaders' Luncheon with TLA Board and Premier Horgan.

"Defending the Working Forest-Learning From Others" have been written as articles for this issue so we can get the ideas discussed in those sessions out to a wider audience. You can read them on pages 45 and 39 respectively. The final session of the convention spoke to how the TLA and the forest industry can not just survive but thrive over the next 75 years. The speakers saw innovation, new tools and technology, safety and environmental improvements, new regulations and a dehumanization of the forest industry as the biggest changes in the last 75 years. Future thinking panelists agree that supporting education on forestry, like the Carihi High School Forestry program in

Campbell River, is essential to helping people understand the forest industry, connecting to social licence and attracting people to work in the forest.

Looking back at the more social aspects of the convention, the President's Welcome Reception started the event off on the right note with fun caricature artists and a delicious spread of food. The Loggers' Dinner and Comedy Theatre was a great night and the comedian, Andrew Grose, had the room in tears from laughing so much. New this year, the Spouse Event (replacing the Ladies' Luncheon) was well attended and everyone enjoyed the Fairmont Empress' renowned high tea.

Our sold-out trade show was, once again, a business hub throughout the convention. Suppliers' Night on Friday night went later than ever before and let people combine business and fun. We raised \$95,650 at the live auction and \$13,855 at the silent auction for a total of \$109,505. These funds will go towards supporting student scholarships and forestry education programs. A big thank you to those who donated auction items and those successful bidders who brought their cheque books on the night.

Finally, convention media coverage was extensive again this year with interviews on three radio programs and the convention was covered in The Globe and Mail.



At the convention, we spoke, listened and laughed.













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Sig Kemmler

Sig Kemmler owns Alternative Forest Operations Ltd. The company employs seven to 10 people and specializes in harvesting really sensitive sites often shared with other resource users such as watersheds, high visually sensitive areas and urban/rural interface areas.

Sig came to Canada from Germany as a child and right out of high school he joined the Forest Technician program at Malaspina College. He graduated in 1979 and soon after joined the Forest Service and the Rapattack Helicopter firefighting team. After five years fighting fires, he decided to become a logging contractor and he's never looked back. "There's nothing like wood," said Sig. "The smell. The look. Everything



about it is perfect to me. And I love the challenge of finding ways to harvest difficult areas."

The National Post, Times Colonist and several Black Press papers including the Campbell River Mirror and the Alberni Valley News. We also had strong social media reach again this year.

Finally, a huge thank you to our event sponsors and annual sponsors—we couldn't put on this event without you.

Next year, the TLA will return to the Westin Bayshore in Vancouver on January 16-18, 2019. We hope to see you there!♣

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TAKING THE HELM: MIKE RICHARDSON NEW TLA PRESIDENT

By Robin Brunet



He frequently refers to it as restlessness, but curiosity is an equally applicable word to explain the sheer number of jobs comprising Mike Richardson's 42 years of experience in the BC forest industry, as well as the number of companies he has worked with.

But that's not to say he hasn't forged long-lasting relationships. In fact, he's retained friendships—including a business partnership with the Olsen family (of Olsen Management Group fame)—for as long as he's been in the bush. And this, along with his accumulated knowledge about logging and a myriad of issues, serves him well as the new president of the Truck Loggers Association.

Upon being elected to presidency at the annual TLA convention in January, the Campbell River-based Richardson lost no time stating what he believes to be the top priority for the association in 2018. "The Contractor Sustainability Review must be our main advocacy focus," he said. "The TLA has worked hard to have the Review happen, and we look forward to working with government and industry to implement any recommendations that improve the lot of timber harvesting contractors in BC."

A month later, Richardson was even more anxious to act upon the Review.

"We had hoped the findings would be published by now, and we're still hoping that once the new provincial government has a chance to digest the contents, we'll be asked to the table to go over the findings," he says.

Richardson, who has worked for the majors and been "bitten" by the contracting bug several times in his long career, adds, "The fact that contracting is no longer an attractive way to make a living is one of the most troubling aspects of our industry today. The margins are extremely low, it's tough to invest in equipment, and work prospects are such that in recent years it's been easier for seasoned contractors to simply auction off their assets and get out of the business entirely."

At the very least, Richardson expects Victoria to recognize the problems facing contractors and identify the causes, and he notes that BC Premier John Horgan seemed to acknowledge this during his address to members at the January convention (for the record, he stated that "Licensees appear to have more sway than they've ever had before, and less responsibility than they've ever had before...it's a certainty in many communities that the relationship between the tenure holder and community has been broken").

Dating back to its formative years, the TLA has been led by people whose entrepreneurial spirit was informed by years of cold rain running down their necks. Richardson is no different and he is also similar to many of his predecessors when he confesses to never imagining he would be president of an advocacy group. "In fact, when Graham Lasure asked me five years ago to sit on the board, I was reluctant to do so because I was too busy," he recalls. "But I said yes, and I wound up loving every minute of my involvement."

Unlike many of his colleagues, Victoria-born Richardson, 59, did not grow up in a logging family. His father was a towboat operator, and while Richardson enjoyed accompanying him to tow booms along the coast, his love of the outdoors led him to join Crown Zellerbach in 1976 as a chokerman.

Richardson appreciates that younger people may find the idea of wandering into the profession and getting a job with minimal effort exceedingly simplistic. "But that's exactly what the industry used to be like and why we're so motivated to improve our current situation," he says. "There were lots of jobs back then, all of them well-paying, and you literally only had to show up







industry, but because they inherited their parents' curiosity and pursued passions in other fields.

Richardson was MacBlo's general foreman for the North Island Timberlands division in Menzies Bay from 1997 to 2004; then he was bitten once more by the contracting bug and spent three years as Immediate Past President Jacqui Beban's logging manager. His long-time association with the Olsen family resulted in several business ventures, including a management stint at Taan Forest LP where he was part of a team that trained Haida First Nations members to assume control of their land base. "They wound up doing an excellent job of it, as well as launching other business ventures such as fishing lodges, restaurants and hotels, creating a lot of local employment," he recalls. Most recently, Richardson became a partner with Keith and Kyle Olsen in Tsibass Construction Ltd., a stump-todump logging contactor based out of Campbell River.

Aside from the numerous skills he has honed over the years, Richardson has developed a positive mindset from covering so many bases in the forestry industry. "I've worn a lot of hats and known a wide range of people who, from an outsider's perspective, have nothing in common and yet are able to work together towards common goals," he says. "So I firmly believe common ground can be reached in the most contentious issues facing us today, such as the contractor/ licensee relationship."

As an industry veteran, Richardson is far more interested in building bridges than playing favourites. "We at the TLA had a fabulous relationship with the BC Liberals, and it's gratifying that we're developing an equally strong relationship with the John Horgan government," he says. "In fact, I was most impressed when Doug Donaldson was named Forests Minister: he's from a small community and understands the importance of small business operators supporting regional economies."

The Contractor Sustainability Review isn't the only thing on the TLA president's radar: so is the attrition of our workforce. "We have to do a better job of attracting newcomers and sending the message that we're a safe, sustainable, and well-paying industry," he says. "An accompanying issue is that the only way for small operators to take advantage of new blood to the industry is to train them on site-which unfortunately takes key people and equipment out of the loop.

"It's not an easy problem to solve, but we think it can be alleviated if some form of tax credit is introduced. We began this conversation with the BC Liberals and are continuing it with the NDP, and we're hopeful they appreciate the bind small operators are in."

As always, reaching out to young people in the school system is another objective for the TLA and Richardson. "Continued progress is being made in this realm, thanks to our Forestry Education Fund and our sponsorship of high school forestry programs in Campbell River, Port Alberni, Port Hardy, and Port McNeill," he says. "Plus, the TLA supports forestry scholarships for university students as well as five trades scholarships yearly.

"Meanwhile, Brenda Martin, who was the TLA's director of communications for five years, takes groups of teachers into the woods for the informational Festival of Forestry, which is a very clever initiative. Obviously, our goal is to create new programs and extend our reach in the near future."

But from a personal perspective, Richardson is most looking forward to forging new relationships as he advances the TLA's mandates. "The best part of this job is working with such a wide range of people," he says. "The camaraderie that first impressed me in the 1970s is evident wherever I go, and it continues to inspire me to give back to an industry that has given me so much."



7 ears ago, Dr. John Innes, who $oldsymbol{I}$ is now dean, faculty of forestry for the University of British Columbia, told his students to develop several business scenarios for the cedar-laden rain forests of Kingcome Inlet, off Broughton Island.

As expected, they visited the region, talked to locals, crunched numbers, and returned with a scenario on how the inlet could be logged. But to Innes' surprise, they also presented a scenario whereby a high-end lodge could be constructed near the water-and that this establishment could result in a far greater revenue flow over the long-term.

Innes recalls, "I hadn't suggested the idea, and my students weren't antilogging by any means. Then as now, they were looking for jobs in the industry. But obviously their definition of the working forest went far beyond the standard notion of its sole function being to provide jobs to loggers. The numbers might not have been correct, but it was the idea of a possible alternative that was interesting."

Concern for the future of BC's working forests is of course perpetual, case in point: the United Steelworkers (USW) two years ago launched an information campaign to ensure decision makers and British Columbians undernew types of business opportunities—but only if we change things," he says.

The industry also generated \$2.5 billion a year to federal, provincial and local governments.

stand the importance of maintaining these forests as renewable resources.

USW Wood Council Chair Bob Matters noted that "not only do thousands of British Columbians earn their living and support their families by working in the forest industry, the industry also generates almost \$2.5 billion a year to federal, provincial and local governments to pay for important public services that we all depend on."

Such sentiments remain valid and undiminished; however, they're increasingly being augmented by a broader view of the forests providing a multitude of benefits along with ideas on how to sustain the land base over the long haul.

And as far as Innes is concerned, taking a broader view is essential to the future prosperity of BC. "I'm firmly convinced we can grow trees a lot quicker, rejuvenate our forestry industry, and develop

He goes on to say, "The whole forest estate should be considered as a working forest, not just the timber harvesting land base (THLB). All forests in BC are working for us-whether it is sequestering carbon, preserving wildlife habitat, supplying clean water or performing other functions. Looking at forests in this way means fewer trade-offs: the growth intensification that I think we should be investing in would most likely be on sites that lost their primary forest a long time ago, and now have second- or even thirdgrowth forests."

The UBC dean cites several examples of how ingenuity can result in a more comprehensive utilization of our resources. "After Conifex purchased an idle pulp and paper mill in the Mackenzie area in 2010, it converted the facility into a cogen plant that provided power to the grid and diversified the company's revenue sources," he says. "Overseas, the Finnish forestry group Metsa has determined that



be so. "My students have a different way of viewing our resource, and many professionals in the industry are starting to draw the conclusion that standard policies and practices are unsustainable. It's not inconceivable that the stage could be set for fundamental change."

As far as Robert Dennis, Chief Councillor at the Huu-ay-aht First Nations, is concerned, one new way to look at the working forest is to consider the prospect of business opportunities on treaty land. "The message from the Huu-ay-aht to the rest of BC and beyond is that we're open for business," he says. "We're eager to work with anyone who expresses an interest in our resource and has sound business ideas—provided they respect our core values."

utilizing its wood-based production side streams for fertilizer, in landscaping, and earthworks engineering could be more valuable than the standard revenue the company generates."

But Innes adds that ingenuity requires unfettered reign, "and currently the main element holding us back is our tenure system. Just imagine what could be accomplished if we had the

Just imagine what could be accomplished if we had the political will to tear it (the tenure system) up and start all over again.

political will to tear it (the tenure system) up and start all over again."

If that sounds like a pie in the sky wish, Innes explains why it might not

The Huu-ay-aht's lands are located in the Barclay Sound region of Vancouver Island, and the values Dennis mentions include restoring logged regions to a



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degree "exceeding normal standards," he says. "Basically, we determine exactly how much cedar we need for our economic and cultural purposes, and plan our harvesting and replanting accordingly." For the record, the selfgoverning treaty First Nation holds a woodlands licence and two community forest licences, maintains a 150,000 cubic metre annual harvesting plan, and sends about 65 per cent of its cut to local mills.

Dennis also alludes to the familiar argument of the need to enhance the value of our wood when he casually points out that three-foot long cedar carvings and full-sized canoes created by Huu-ay-aht members have an individual value of \$1,500 and \$100,000 respectively: "I'm not suggesting we all go into the canoe business, I'm only using these examples to illustrate that it's possible to get way more value out of our logs than forestry firms are currently achieving."

While some may dismiss Dennis' ideas as not applicable on a larger scale, Innes points out that it's in everyone's best interest to consider the First Nations' view of the working forest: "Inevitably, Crown



land will be under their control. In the past I've predicted it may happen in 20 years, but it could well be sooner."

Bruce Blackwell, founder of the forestry consultancy company B.A. Blackwell & Associates Ltd., is especially concerned about the ongoing health of the working forest, but not from an economic or cultural perspective per se. His worry is that huge swaths of land are ripe for further devastation from fire, and that policy makers are providing nothing more than band-aid solutions.

He says, "Our prevention mindset is all about keeping people and homes safe from fire, when in fact forests should be included. What we need to do is ramp up the construction of landscape scale fuel breaks that alter fire behaviour and help to improve our suppression



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Carolyn Smith talks about Greenhouse Gas Mitigation Options.

capability-with a focus on protecting the remaining green wood that has not been impacted by insect attack like mountain pine beetle."

It's not an easy task: Blackwell has estimated that more than 600,000 hectares around various communities are at high risk for fire, but only approximately 70,000 hectares have been treated over the past 14 years—at a cost of between \$3,000 and \$20,000 per hectare. "It's important to note that these figures are only for those areas within two kilometres of communities and aren't focused on the working forest," he says. "If we include that, then we're talking about several million hectares. So we need to prioritize areas for treatment, and quickly."

One priority might be the gulf islands and southern Vancouver Island. "Within the next couple of decades there is a high probability of a catastrophic huge fire within these regions, akin to the Sayward Fire in Campbell River in 1938, due to their high fuel loading and the increasing numbers of people and human ignitions," says Blackwell.

Once more, the tenure system is singled out as an impediment towards progress. "The government doesn't want to touch it, and yet alternative and this just doesn't cut it given the scale and impacts of the problem."

Finally, for those concerned with climate change mitigation, the working

The government doesn't want to touch it, and yet alternative forestry policy, practices and valuation would go a long way in properly protecting our resource from devastation.

forestry policy, practices and valuation would go a long way in properly protecting our resource from devastation," says Blackwell. "For example, think of the benefits that could be had if stewardship contracts that rolled in 5,000 hectares at a time were awarded to contractors who could extract the green wood imbedded in burned or insect and diseased impacted wood, with a focus on capturing the highest value in alternative or new markets."

Unsurprisingly, Blackwell is reluctant to say whether he's optimistic or pessimistic about the future: "All I know is we're seeing small, incremental change, forest is a potentially enormous tool given that 50 per cent of all wood by weight is carbon.

Carolyn Smyth, research scientist at Natural Resources Canada has, along with her colleagues, undertaken studies, crunched numbers, and concluded via the Mitigation Options for BC's Forest Sector that different types of mitigation could contribute over one third to the province's 2050 Greenhouse Gas (GHG) emission reduction target affordable—and create a significant amount of new jobs.

Smyth notes that by combining strategies such as biomass consumption for



energy purposes, using more wood in construction, restricting wood harvesting in some areas, and focusing on increasing harvest utilization overall would be more effective than individual strategies.

In fact, she has determined that restricting logging alone would only help BC achieve 6-7 per cent of the GHG emission reduction target and leave the forests vulnerable to natural disturbances (wildfires that release carbon into the atmosphere). A singular focus on bioenergy from harvest residues—an energy source that is limited in its application—would result in an 11 per cent achievement. Increasing harvest utilization would achieve 16 per cent.

Smyth also notes that the design of a climate change mitigation portfolio should account for carbon in forest ecosystems, carbon in harvested wood products, and substitution benefits, relative to a baseline.

As in the cases of Bruce Blackwell and Robert Dennis, Smyth's vision of how the working forest can be utilized is grandiose and dependent on a multitude of factors. "But based on the increasing interest displayed by government and the private sector in mitigating climate change compared to when we began our research nearly 10 years ago, I'm optimistic about the future," she says.

The working forest is far more than just job creation and traditional economic activity. Innes, Blackwell, and Smyth—all speakers in the panel session, "Defending the Working Forest-Learning From Others" at the TLA convention in January—clearly demonstrated that we need active forest management in our province's working forest for many reasons that all benefit us. The inevitability of change, will hopefully affect BC's working forest for the better. \$\black\text{\$\text{4}}\$



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It is easy to get caught up in the complexities of our daily working lives and lose sight of the forest when looking at the trees. At the TLA 75th Annual Convention & Trade Show, one panel, "A View from Afar," let outsiders share their perspectives on BC's forest industry, perspectives that will allow us to reflect on just what and how we are doing.

Dr. Clark Binkley has worked on timberland investment for over 40 years, as an academic and as a practitioner having directed forestry investments on every continent in the world except Antarctica. Binkley was the dean of the UBC Faculty of Forestry, managing director and chief investment officer of the Hancock Timber Resource Group and most recently, chief investment officer for GreenWood Resources.

Eric Krume started logging when he was 17 and founded Krume Logging in 1995 near Castle Rock, Washington. In 2004, he formed Summit Attachment and Machinery and has since developed a number of new and innovative products for the logging sector.

So, is BC special? Do we have the ability to compete in the global forest products markets? Are our issues the same as others? Perhaps.

may result in better growth than BC giving them the advantage."

As for the Interior, Binkley believes BC's forest management is just not up to the global standards as seen in other parts of the world, most notably in the

The world is awash in wood. There is no global shortage and BC has to compete for customers like everyone else.

When asked does BC's fibre quality matter in the context of global timber demand and supply, Binkley responded pragmatically. "Basically, there is no oldgrowth left on private lands in the Pacific Northwest (PNW) and the remaining old growth in BC may provide access to specialty markets and continue to provide advantage until it is exhausted or environmental pressure restricts its use. Without the old-growth advantage, private land investment in plantation management and fertilization in the PNW

US South where they are doing much better. The differences in management arise largely because of differences in land tenure—in the US South private ownership means that the landowner reaps 100 per cent of the returns from investments in growing trees. This is not the case in the BC Interior. The US South has seen a 2.5 billion board foot expansion in sawmill capacity with no fibre supply agreements to support them (purely an open market for logs). Soon, the US South will have the best



technology in the world, better than the BC Interior. "The world is awash in wood," noted Binkley. "There is no global shortage and BC has to compete for customers like everyone else."

When asked if we in BC are alone in facing high cost pressures, Krume said that to overcome cost pressure we need to become partners again. Relationships have suffered recently to the point where the loggers are upset at the land owners,

the truckers are upset with the loggers, and so on down the line. "We are all in this together," said Krume. "When the cost of extraction exceeds the trees' value, it is all over. From my perspective, I need a longer term of contract to justify the investments I need to make to remain efficient and competitive. How can a bank lend you money if you have no proof of how you will pay it back?"

Krume continued when questioned about the relationships between contractors and timberland owners in his region. "Innovation is driven by necessity," responded Krume. "We don't need one tool that fits all. We need to specialize and in doing so, be efficient on different types of ground. The relationships with partners in the supply chain drives the potential for this to occur." Krume went on to explain that the land owner has a fiduciary obligation to the investor to get the wood to market as cheaply as possible. "Contractors who agree to work too cheaply, and a lot of us do, have no one to blame but ourselves. Prices must rise and we [contractors] have to value the service we are offering. The innovations I am doing perhaps allow me to reduce my costs and costs in the system which might mean more for me. But I am assuming all the risk in developing these innovations. In contrast to our situation, in New Zealand, logging contracts are typically for five years which allows the logger to pay for a machine," said Krume. Calling a spade a spade, Krume said, "Having 40 acres at a time



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in front of me does not help. Some security of work makes it easier to attract and keep people."

Binkley responded to the issue of relationships by providing perspective on tenure versus land ownership models. He explained that in the Pacific Northwest there is a significant separation of timberland and manufacturing, which has allowed each to independently become efficient and in doing so attract significant new capital. And he agreed that this is similar to some degree with BC private land holdings on the coast. By contrast, however, he sees the BC tenure system as a weak property right. As quoted by Peter Pearse, "Tenure rights are basically a licence to trespass on public land for the purpose of harvesting trees" and, as a result, are not a favourable investment opportunity for private capital.

From Binkley's perspective, the BC stumpage system results in the government extracting most of the residual value or rent from the tenure. As a result, the tenures are not worth that much. This approach differs sharply from the situation he sees in New Zealand



where the concessions were sold for a one-time-only "bonus bid" along with an annual, predictably adjusted ground rent. The result was quite a lot of new capital flowing into the New Zealand forest sector and the prospect of a "wall of wood" nearly doubling that country's production in the next decade or two.

Public forest land management in the US is much different than in Canada,

Binkley explained. Forest Service funds are virtually all consumed fighting fires and as a result, they cannot do much else let alone develop and sell timber. Looking forward, President Trump has suggested less of a budget for the Federal Forest Service, so it is more likely that harvests will go down than up.





One interesting development among progressive environmental groups, Binkley noted, is their seeing a real need for new manufacturing infrastructure to support thinning and other management activities on public forested lands as a means to control the intensity of wildfires. Combined with a desire to restore these lands as a means to prevent fire, sop up carbon, and meet Paris Climate Accord targets, this could be a favourable development

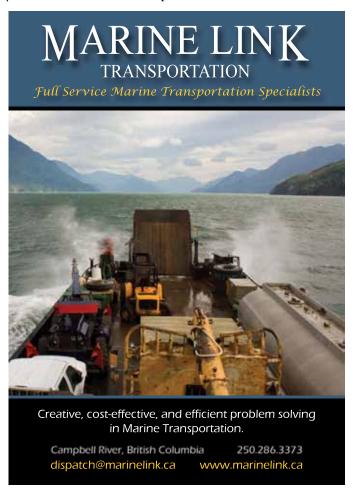
for federal land management in the next decade or two. When Krume was asked about environmental pressures he noted: "If you stand in a clear-cut protesting logging long enough, you will be standing in the forest".

The softwood lumber dispute perspectives were mixed.

Binkley asked delegates to back up and ask themselves who benefits? As he sees it, a tariff on Canadian lumber basically takes money from US lumber consumers and gives it to lumber producers in the form of higher lumber prices and, to the US government in the form of tariff revenues. There is an obvious direct benefit to US producers from higher prices and tariff-free access to the US market.

"But here is a dirty little secret: such tariffs may also benefit Canadian producers," said Binkley. He explained that the benefit to Canadian producers depends on how much of the tariff





is passed forward as higher prices and how much is passed backwards in the form of higher costs. The split depends on market conditions. But, the thoughtful securities analysts Binkley follows are uniform in believing that the main BC companies benefit from the tariffs and

change in the BC system of stumpage has had no impact on the softwood lumber dispute. One has to wonder why BC did it."

The issue of skilled labour shortages is a common theme on both sides of the border. Truck drivers are need-

Overall, the (softwood lumber) trade restriction is a dead weight loss to the US economy and should never have been enacted...

not just because they have invested in the US South.

Krume was clear in his views: "From my perspective, BC gets its wood for free and we have to buy ours. Your view might be different."

Binkley noted: "Overall, the (softwood lumber) trade restriction is a dead weight loss to the US economy and should never have been enacted because the US needs the wood. The evidence of the impacts of the agreement can be seen as boats are now delivering lumber to the USA from New Zealand and Russia at the expense of Canadian lumber. The profound

ed everywhere and Krume's solution seemed simple. "Truck drivers are a necessity and we are going to be constrained by the lack of them. We need to make the job more attractive which will attract more people to the industry," said Krume. "Having the mill open longer to receive wood would be a good place to start."

Binkley added that labour productivity drives wage increases and that without both, you can't attract skilled people to the sector and you will inevitably go out of business. As a result, substitution of capital for labour substitution is a noticeable trend.

Krume noted that as an industry we have been losing our logging workforce for 20 years. "You have to tailor the work to the people you have and to make the job a better job for the people who are doing it. People say we need more mills in the Pacific Northwest but I can tell you, mills don't employ a lot of people... logging does," added Krume.

In his final comments to BC's coastal loggers, Krume said, for loggers and company managers, self-diagnosis of the problems is essential to getting ahead. "Be open to change—one idea at a time." Binkley added, "The only sustainable source of wealth is improved productivity and, for our industry, labour productivity is a big part of that".





OLD GROWTH LOGGING: A PLAN FORTHE FUTURE By Ian McNeill

At the TLA's 75th Annual Convention & Trade Show in Victoria earlier this year, delegates had the opportunity to attend a panel discussion entitled "Managing the Transition," where speakers examined challenges facing contractors and the forest industry as a whole as it shifts away from old to second-growth logging. The following represents at least some of what was discussed at this spirited and informative event.

"By failing to prepare, you are preparing to fail." - Ben Franklin

Today there is still a considerable amount of old growth forest on the BC coast—both within and outside the timber harvesting land base. According to the most recent statistics available from Ministry of Forests, Lands, Natural Resource Operations and Rural Development, the Crown manages

more than 7 million hectares of forest on the BC coast for "economic, environmental and social benefits." Of this 7 million, 3.5 million hectares are old growth (more than 250 years old) and a considerable amount of this—1.8 million hectares—is already under protected status. Drilling down even further, on Vancouver Island in particular, 860,000 hectares (46 per cent of Crown land) is old growth and 520,000 hectares (62 per cent) of that is protected.

And government is utilizing an everbroader array of tools to manage this old growth in what has become an ever-shrinking working forest. These tools include: old growth management areas, parks and protected areas (including the Great Bear Rainforest), the development of old growth biodiversity targets for landscape units, the creation of wildlife habitats and ungulate winter ranges and other reserves, as well as miscellaneous land use objectives and ministerial orders. Of these tools, the most flexible are the old growth management areas (OGMAs). There are currently about 49,000 old growth management areas in British Columbia.

If access to the considerable amount of old growth still available in the timber harvesting land base (THLB) resource were to vanish overnight, it would have a profound impact on the industry. According to Justin Rigsby of Holbrook Dyson Logging on Vancouver Island, that would lead to the closure of at least four sawmills along with one or two pulp mills on the coast, and quite possibly put an end to the cedar and shake industry. What's more it would "hammer employment" and have a devastating impact on families and communities.





Fortunately, the government has no plans to impose a moratorium on oldgrowth harvesting within the THLB and, as was shown previously, has a good plan in place for managing and maintaining old growth forests outside the working forest. Nevertheless, contractors realize they need to prepare now for the inevitable transition from old to second growth as the makeup of the working forest shifts over time. Despite the fact that old growth still contributes about half the harvest by area for both TSAs (timber supply areas) and TFLs (tree farm licences), and probably even more by volume, it is a slow to replenish resource within the working forest and one we need to husband and, more importantly, fully utilize over time.

How much time? At the present rate of harvest the transition to second-growth harvesting will take place over a 90-year period, and within that timeframe the old-growth component will decline from about 50 per cent today to less than 5 per cent by the turn of the century. Many coastal contractors are already managing the transition. Holbrook Dyson Logging is an independent stump-todump contractor that currently incorporates about 20 per cent second-growth logging in its annual cut. On the opportunity side, because the second growth is located at lower elevations and on flatter ground the company is able to access it during the winter when getting to the old growth is too difficult and dangerous, i.e. when the trees are buried under three or four feet of snow on side hills that would get the adrenaline pumping in an Olympic ski racer. "Where we operate in TFL 37 there's a pretty good mix of old and second growth and harvesting the second growth allows crews to work year round providing continuity of employment, more efficient deployment of capital, lower cost structures, and the ability to amortize fixed-cost charges

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over a larger volume," said company CFO Justin Rigsby.

That's the good news.

Rigsby added that harvesting second growth efficiently requires a significant investment in expensive machinery including such budget-busters as bunchers and processors. Simply put, to justify the investment, Holbrook Dyson and other contractors need more wood to harvest. "Our company is going to need considerably more volume if we're going to harvest in second-growth environments," he explained, adding that Interior contractors can make a go of it economically because they have that volume. "In the Interior contracts are 300,000 cubic metres and more, enough to justify the investment. Our contract is only a 150,000 cubic metres."

He added that coastal licensees have that volume but are reluctant to share it. "Currently there is concentration of fibre to just a few licence holders," he said, adding that more British Columbians deserve access to that fibre, including communities and First Nations. "If you could broaden or carve up some of that tenure just a little bit and allow access to



opportunities to utilize the fibre base to its maximum capability. Hopefully down the road we'll see policy changes that will allow more access to some of that land base."

Creativity is also going to be important when it comes to managing the transition said panelist Dick Jones of the Teal-

that timber then I think you've got more Jones Group, which traces its roots back to the legendary Jack Jones, who built a oneman cedar roofing mill on Lulu Island upon his return from World War II. Teal-Jones has an impressive record for creatively utilizing its resources. It sells hemlock used to make matches in China and Indonesia, hog fuel to Disney World in Florida, shingle sawdust to nurseries in the Pacific Northwest,





and planer shavings to Saudi Arabia. No less than 75 per cent of the acoustic guitar tops in the world are made from its wood.

These products all require access to old growth, but the company is working on developing new products from second growth. At the convention Jones displayed "wood flour" made from hemlock sawdust that was seven years in development. It will be used as a roofing product initially, but will eventually find its way into other products, including decking. Teal-Jones is also the only company to have opened a new large sawmill on the coast in the past 20 years, the JS Jones Sawmill in Surrey.

Following the panelist presentations there were some useful discussions generated during question period. One of the more intriguing followed a query from moderator Don Banasky of Western Canadian Timber Products to Justin Rigsby as to whether or not he expected a wave of contractors to exit the business if they have to reinvest heavily in order to make the transition, especially considering that many contractors are 'aging out' and do not have succession plans in place. Rigsby replied that it comes down to opportunity and return. "I see opportunities," replied Rigsby. "There's no question old growth [within the working forest] is going to dwindle, but as long as we have the type of horsepower needed to yard second growth, maybe using tethered systems—bunching wood to make grapple-yarding productivity ter-then I see opportunities for contractors to continue in the long term, but like anything, it's all about return. People will exit the business if there's no concept of a return." Additionally, he added, it's going to be about supplying customers with what they want at prices they're prepared to pay.

Chief Forester Diane Nicholls then challenged the audience to address what she called the coastal environment's "utilization issue." She said that solving the transition issue going forward is "not so much about increasing the Allowable Annual Cut (AAC) as fully utilizing the fibre we have and the type of wood we are going to have going into the future." More effort has to go into creating new products utilizing leftovers from primary products. "We are no longer able to leave residual fibre in the bush when everyone is saying we don't have enough fibre to do what we want to do. There's a disconnect there; we have to create new uses for that fibre."

Dick Jones then added that a "negative stumpage system" should be imposed to encourage better utilization. If more licensees and contractors were encouraged to take out "the garbage" there would be more fibre for pulp mills, and more jobs.

There is no question that managing the transition to second growth is going to be difficult, problematic, and in some cases expensive. However, the upside is that there will be opportunities for those who plan, prepare and invest for the future. It would also help considerably if government reviewed the current tenure system and made it possible for a broader range of entrepreneurial British Columbians to more fully utilize our forest resource. Finally, it's important to remember that we'll never see the end of old growth forests in BC because of our provincial government's and industry's commitment to conservation of unique forest ecosystems including old growth forests through sound resource management and planning.



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THE ILAS 60 YEARS IN THE MAKING By Jim Girvan

In April of 1958, a group of sixteen gentlemen, all connected to the logging industry, met in Rutland and formed the Okanagan Logging Association as a body independent of any others in the province. Several Okanagan area loggers and truckers joined, Harold Hildred was elected as President and the initial membership fee was \$10.

The objectives of the Association were to promote the interests of those engaged in logging, to protect members against unfair practices, to reform abuses in the industry, to seek freedom from unlawful extractions and to disperse accurate information to its members. The mandate spoke to the difficult circumstances that loggers faced at those times, circumstances that have not changed that much in the ensuing 60 years.

By 1960, however, membership grew from outside of the Okanagan area and to reflect the growing area of representation, the name was changed to the current Interior Logging Association.

In the first few years of existence, the Association was focused primarily on trucking issues related to weight restrictions and licensing that were so unfair to loggers that they could no longer sit and do nothing about it. One of its members, Cecil Philpot, elected to spend two weeks in the Kamloops jail rather than pay an





overload fine. This act of defiance galvanized the fight for ILA members and membership grew.

Through the early 60s, the ILA pushed hard against the Department of Commercial Transport on road weight restrictions that were causing undue hardship for many ILA members. The politics of the situation became clear,



however, when overload restrictions were imposed on Interior roads when the government cited logging trucks as the cause of highway damage. However, as noted by ILA Publicity Director Harold Hildred, "Now that there is an election here, trucks don't damage roads anymore."

In 1962, the ILA approached the Department of Commercial Transport, but this time regarding truck licensing fees. In a brief presented by President Peter Dyck, the ILA noted that the quarterly system of truck licensing causes problems for many logging truck operators given their seasons of work. The dispute was eventually settled with changes made to the licensing scheme.

At the 10th Annual Convention in 1969, the growing rift between the major licensees and the contractors was clearly articulated. President William Schneider noted that skyrocketing lumber prices were not being reflected in the prices paid to loggers and truckers. "It is important that the large companies realize that some of the extra profits being realized at this time should find their way into the contractors' pockets so that they can stabilize their positions and acquire new equipment needed to ensure efficiency of operations," he said in his address to delegates.

It was also at this time that the ILA recognized the need to address the issue of recruitment into the logging sector and worked with Canada Manpower and the Interior Lumber Manufacturers' Association with the objective of setting up training programs to encourage young people to enter the workforce. By 1970, two new logging schools were opened in Prince George and Kelowna. These early steps in education and training remain a core component of the ILA mandate today.

1970 also saw the ILA push back on attempts by the IWA to organize contract loggers. In a speech to more than 100 delegates at the 12th Annual Convention, President Bob Lind noted "being forced into a position where the parent company signs the logging contractor and trucker into an agreement with the IWA is a violation of human rights and the Bill of Rights." History shows that the IWA was never successful in their attempts.

By 1972, the ILA had more than 1,000 delegates at its 13th Annual Convention





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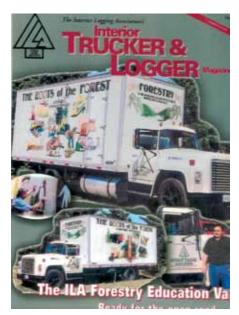


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where the delegates were warned by Resources Minister Ray Williston that multiple use of BC's forests being promoted by the growing environmental movement was the new mantra and that loggers, like all forest users, had to accept that things were changing. The ILA embraced the need for change and President Audrey Baird noted at the 13th Annual Convention that "multiple use was the way to go."

In 1977, the BC Logging Association was created as the merger of the ILA and the Central Interior Logging Association (CILA) with Derek Stamer as chairman of the joint Board of Directors. With growing memberships in both organizations and issues that were common to both, it was felt that joining forces and pooling resources would give a stronger voice to Interior contractors and truckers in policy and regulatory development. While initially the merger provided benefits to the joint memberships, by 1982 local issues forced separation of the two organizations and the ILA once again continued working on behalf of its southern Interior membership.

Following ongoing pressure brought to the government by the ILA-handin-hand with their counterparts in other areas of the province-regarding ongoing abuse of contractors, Bill 13 was introduced by Minister Claude Richmond in 1991. As stated by Richmond on the introduction of the bill, its purpose was to address logging contractors' security in British Columbia. With input from the ILA, the Act was updated in 1992 to clarify the amount of work provisions and in



1996 it was again updated to become the legislation that endured until 2003.

In 1995, the objects of the Association were updated to more clearly focus the work of the ILA on harvesting practices, the value of working with other related groups, forest education and awareness. The Association also expanded its mandate to provide member benefits packages and training programs as well as consulting and support services to its members.

Wayne Lintott was hired as the ILA general manager in 1998 along with Nancy Hesketh, office administrator, hired in June of 1999. With a background in forest harvesting equipment sales and a keen understanding of logging and trucking,

Wayne has lead the development of the ILA to this day. It was in the same year that the ILA purchased its current office in order to secure its longer-term financial stability. With land and building values always on the rise, ownership of their office made a lot of economic sense.

Dubbed as one of the Interior's most exciting initiatives in forest education, the ILA supported the creation of the ILA Forest Education Van in 2001. The original vehicle was retrofitted with education tools and embellished with painted murals that tell the story of BC's forest. With a mission to educate and communicate to students, schools and the public, the van immediately started to enhance







ILA office in Vernon, BC.

forest awareness. By 2002, the original van was replaced as the demands for attendance with the van at community and school events grew.

In 2002 the ILA was instrumental in creating the forestry section of the provincial equipment rental rate guide, better known as the Blue Book, published by the BC Road Builders & Heavy Construction Association. This initiative allowed for a better understanding of forestry equipment costs in an effort to support members in rate negotiations.

In November 2003, the Silver Lake camp suffered a catastrophic fire that destroyed the main facility at this important forest education camp. The ILA led a significant fundraising initiative that resulted in the contribution of approximately \$1.2 million to support the rebuild via Silver Lake Education Society, a long-standing ILA education initiative.

The provincial Forest Safety Task Force, on which the ILA participated via Reid Hedlund who was the chair, was established



Wayne Lintott and Nancy Hesketh of the ILA.

in July 2003 to develop an action plan to reduce the number of deaths and serious injuries in the forest industry in British Columbia by 50 per cent within three vears. The Task Force recommended the establishment of a sector-wide forest safety infrastructure that was to be funded by the entire sector. This recommendation led to the creation of the BC Forest Safety Council where the ILA has had a representative sit as a director since inception. In this way the safety concerns of BC's Interior loggers and truckers are at the forefront at all times.

The fall of 2007 saw Pope and Talbot, one of the province's major forest products operators, file for creditor protection in the wake of growing financial losses. As part of their eventual bankruptcy





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settlement, Interfor purchased its two southern BC Interior sawmills in Grand Forks and Castlegar along with other various company assets. However, not all logging contractors received payment for their services and the logs they had collectively delivered to Pope and Talbot mills in inventory. In aggregate over \$4.3 million was owing and each contractor was to be listed as an unsecured creditor and likely to only recover cents on the dollar. The ILA stepped in and worked with then Forest Minister Pat Bell and the court appointed receiver to facilitate 98.2 per cent of payments on all money owed to contractors.

The lessons learned from the Pope and Talbot bankruptcy and the fight to recover money owed to contractors was a pivotal motivation for government to heed to the 10-year advocacy effort by the ILA and other provincial logging associations for the creation of the Forestry Service Providers Protection Act. It was established in 2009 as a compensation fund from which logging contractors can draw from in cases where the companies they are working for go bankrupt. Instead of remaining

as unsecured creditors to court proceedings like in the case of Pope and Talbot, Forest Minister Pat Bell said: "By enabling a fund and providing for liens on forest products, we're ensuring that logging contractors will be protected financially."

In keeping with their education mandate, in 2012 the ILA partnered with Thompson Rivers University and the provincial government to develop logging focused training programs for log truck drivers and forest harvesting heavy equipment operators. Each program results in basic training and the ILA supports students in their efforts to find additional practical experience upon graduation. Since inception, the program has been full in each course and on average 20 graduates enter the logging workforce each year. Funding for the programs is provided by the Government of Canada through the Canada-British Columbia Job Fund.

Looking forward to 2018 and beyond, the ILA is changing as the world around it evolves. With its continued mandate to work with provincial and municipal governments to ensure member interests are recognized in policy and regulations

development; to work with the BC Forest Safety Council to ensure members are operating to the highest standards of safety and their workers come home to their families each and every day; and with a commitment to grow a thriving and sustainable industry; the ILA is a strong supporter of education and training programs that help prepare the next generation of forestry workers for the greenest workforce in our province.

For 60 years the ILA has worked to promote the interests of those engaged in the logging industry in the Cariboo and southern regions of the province, and to promote and support forest education and awareness. Many rural communities depend on the forest industry for their livelihoods where ILA members live and work.

Looking forward, the ILA has hired Assistant General Manager, Todd Chamberlain, RFT who will work with Wayne and allow the ILA to continue its advocacy efforts throughout the BC Interior. The ILA will continue to work with the industry that supports them, their membership and their communities.



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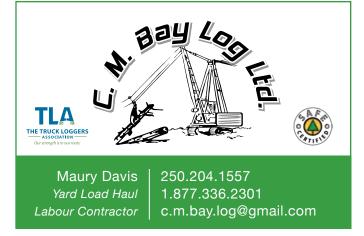


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for Mobile Logging Equipment in British Columbia."

WorkSafeBC also developed an inspectional checklist, "Traction-Assist Logging Equipment Inspection Checklist," for our occupational safety officers, which is also available on our website so employers can know what to expect.

FPInnovations, in addition to their guide to best management practices, have produced a guide for conducting a basic cable inspection: "A guide to wire rope handling and inspection for machine operators."▲

John Ligtenberg participated in the panel "Steep Slope: Climbing Higher" at the January TLA Convention & Trade Show. This report is drawn from his presentation.

(Continued from page 21)

In sum, timberland-owning firms and investors may work with sufficiently long time horizons—typically 10 years or more—to mitigate log price exposure by adjusting harvest levels with log price levels. However, these same firms may require shortterm regular cash flows or wood flows, and WSAs can support these objectives. This is especially true for wood procurement operations, where daily, weekly and monthly wood raw material needs drive the schedule.

Brooks Mendell is President and CEO of Forisk Consulting, which conducts research of timber markets and forest operations. This article includes data from the Forisk Research Quarterly (FRQ), which includes forest industry analysis and timber price forecasts for North America.

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Fun was had by all at the 75th annual TLA Convention and Trade Show.



















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