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FROM THE EDITORIAL BOARD DESK...

Happy New Year and welcome to the Winter 2020 issue of *Truck LoggerBC* magazine. Be sure to preview the information provided about the TLA's 77th Annual Convention and Trade Show, to be held January 15–17 at the Westin Bayshore in Vancouver. As an industry currently in crisis reacting to significant changes in forestry policies and shifting markets, this year's theme, "Vision 20/20" covers important industry issues to provide a vision into the future.

In this issue, we speak with industry leaders, Charlene Higgins, Stephen Hunt, and Susan Yurkovich to get their perspective on where the forest industry is currently, where it needs to go and what we need to do to get there.

Following September's BC Logging Convoy, we provide the inside story of what motivated two Interior contractors to rally together more than 400 logging trucks to drive to Vancouver in an effort to get government's attention.

In "Forestry Community—Revelstoke," we take a look at the importance of the town's community forest, the potential impact of the caribou recovery plan, and how it is embracing its evolution from not only a resource town to becoming a tourism destination as well.

We explore the government's recently announced Interior Forest Sector Renewal initiative in relation to the previous Coast Forest Sector Revitalization initiative and the potential for unintended consequences if it results in

implementing new policies. We also explore what you need to know to understand about surrogate bidding and the potential risks involved.

Following the "What is Old Growth" article in our Fall 2019 issue, we continue to take a deep dive into old-growth logging to provide insight to how deep rooted it is in BC's economy and communities. We also take a deep dive into how the forest industry is cutting carbon emissions and why forestry is considered the greenest workforce in Canada.

Once again, we have included the annual 2020 Forestry Event Calendar in the centre spread. I encourage you to remove it and keep it on hand for the remainder of the year.

I'm looking forward to connecting with many TLA members at the upcoming Convention. If you haven't already, be sure to register today!

As always, I trust you will find this issue insightful and informative. If you have any feedback or comments, please contact our director of communications, Jennifer Kramer, at 604-684-4291 (extension 2) or by email at jennifer@tla.ca. 🌲



Dorian Uzzell
Editorial Board Chair



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LOOKING BACK TO LOOK FORWARD

Having a vision is important. A large cornerstone of the NDP government's vision for the forest industry is to increase logs to domestic manufacturing and increase the value-added sector, which resonates strongly with the general public. And in many respects, this vision conceptually should align with the TLA members as long as it results in the same or increased amount of timber harvesting.

Unfortunately, over the last six months and for the near future, timber harvesting is far from seeing any increases. Our industry—coastal and interior—is in crisis. There is an immense amount of suffering and frustration in the forestry sector today; the TLA Board of Directors and myself are empathetic to it and are indeed experiencing this first hand as business owners ourselves. On such a somber note, this will be my last letter as president of the TLA with my two years in this role coming to an end this month.

So much has quickly changed since we finalized the TLA's updated strategic plan when I became president in mid-2018. Market weakness was growing, but the impacts to timber supply, the enduring coastal strike and the depth of the market change were hard to foresee. Nor was it clear how the government's own vision for the sector would manifest itself with the Coast Revitalization Initiative, the soon-to-be-expected results of the Old Growth Strategic Review and Interior Forest Renewal initiatives. Fortunately, the TLA's strategic plan and vision continue to remain relevant through all this turmoil and has kept our efforts on course.

I am proud of what has been accomplished over the last two years and I am thankful for a supportive Board of

Directors and energetic TLA staff. One key aim was to provide member value by growing our membership in the northern Interior. The strategic impact of this allowed us to state that we represent the sector across the province, which came with increased responsibility. Acknowledging our Interior membership by ensuring we provide member value wherever our members operate has been vital to fulfilling our objectives.

Last spring, the TLA held its first membership networking event in the Interior in Prince George. Our advocacy has resulted in many new Interior contractors joining over the last two years, including a show of support from three new Interior community members. I believe this shift to encompass the broader provincial level will be instrumental in advancing our members' interests.

The biggest advocacy issue has been the Contractor Sustainability Review (CSR) and we have had significant successes in getting government to address it, although the changes we hoped for have not been brought to completion as of yet.

I am pleased the TLA led the way in getting the Hourly Equipment Rate Sheet project launched and completed in partnership with TimberTracks™ and support from the Interior Logging Association. This document should rest in the back pocket of every contractor. Knowing what your equipment is worth and having that reference is instrumental in advancing a sustainable contracting community in this province.

Our advocacy has materialized with continuous efforts to keep the membership engaged with calls for action, from keeping you informed on CSR developments, to supporting your submissions on the Old Growth Strategic Review.

An aware and engaged membership is what makes this Association strong. I would like to acknowledge all of those who have contributed their time to help advance the interests of the TLA membership at so many tables where the TLA represents the contracting community.

Advancing support for relationships with First Nations has been another strategic objective, which has even greater urgency and relevance than ever before. As we seek to understand where Bill 41's support of United Nations Declaration on the Rights of Indigenous Peoples will take us, the TLA has sought to develop tools and raise awareness of First Nations issues in the context of forestry. This has been valuable work and I hope the momentum continues.

The role of the TLA president is rewarding and challenging. I would like to express my gratitude for the support that I have received from my fellow executive, with Bill Nelson as vice president and Jacqui Beban as the immediate past president. Jacqui's long tenure with the TLA as a director comes to an end this January. With the natural progression as vice president to be elected to the role of president, I know the TLA will be well guided by Bill through the rough times ahead.

The TLA has followed its strategic plan and made course corrections along the way. The government has their plan and I hope Premier Horgan can see that how they are attempting to achieve their vision requires course correction too, because frankly, at this time, unintended consequences have arrived.▲

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MAKING LIFE BETTER

The tagline for the BC government's 2019 fiscal budget, "Making Life Better" might be missing the mark with a reported shortfall of \$133 million for the second quarter of their fiscal year due to reduced revenues in the forest sector. With even less timber harvesting since October, the impact of a forest industry in crisis should finally be landing squarely within the halls of the BC legislature. Along with it, should be the message that the forest sector is integral to the livelihoods of those who work in our forests and their communities.

Large budget shortfalls from a specific source such as the forest sector makes headlines. As of late, so too has the frustration of timber harvesting contractors and their workers on numerous occasions.

Social media has been highly effective in fueling a grassroots uprising. The BC Logging Convoy was organized in a matter of days, and in late September saw over 400 trucks converge in downtown Vancouver from as far away as Vanderhoof. The largest and unintentional impact of this convoy was its inspiration for others in this province to follow suit.

Late November saw coastal loggers rally to have their voice heard in Campbell River on two occasions within one week. The first was when the Wilderness Committee planned a public meeting to discuss management of old-growth forests, which was met with the timber harvesting community from across northern Vancouver Island mobilizing to share their views.

Shortly after, a meeting of constituents in the North Island riding with their MLA turned into a raucous townhall style gathering with some 80 contractors expressing frustration over forest policy and the United Steelworkers and Western Forest Products (USW/WFP) strike.

As I write this in mid-December, the coastal logging community descended on the grounds of the BC legislature, yet again, in an attempt to express their frustration with government over the prolonged outage from the USW/WFP strike and the state of the forest sector. We were pleased to hear Premier Horgan's immediate response stating government will be looking at ways to assist those affected.

All that to say, timber harvesting contractors are fed up as they watch their way of life, their livelihoods, and their communities suffer from relentless hits to their industry. Life is not better for them.

Since July 2019, a canary in the coal mine indicator of potential problems has been BC Timber Sales' 13 no-bid timber sales on the Coast, which is an abnormal number. Three of those no-bids were repeated and again failed to sell. What we know is that markets have been weak, and new forest policies were implemented during that time.

To be fair, many of today's issues were not caused by the current, or any government, but can be attributed to the USW/WFP strike; 20 per cent duties on softwood lumber exports to the United States, market conditions in China, and Interior timber supply reductions due to mountain pine beetle. However, they all relate to a publicly owned resource—our provincial forest.

The NDP government's vision is to transform the forest industry. Its goals are to use more BC logs in domestic manufacturing facilities; increase value-added production; and leave less waste behind after harvesting to support pulp and paper mills. Bottomline, the government wants to sustain and create more jobs from our forests. Unfortunately, a stick is being used to shape the industry into this vision.

That vision seems confounded when it relies on a working forest, yet there seems to be relentless initiatives such as species-at-risk reviews, caribou habitat set-asides, land use planning processes, and an old growth strategic review, which all could potentially reduce the amount of working forest, increase costs for industry, and therefore reduce jobs. Why aren't we meeting with government to discuss how to expand our working forest, reduce costs, and increase jobs?

The general sense of the TLA membership is that government is working against the industry rather than supporting it. My recommendation is to have a vision, but how it is achieved is just as important as the end goal. An industry in convulsions is a telling signal. Take a phased-in approach, which helps to react to unintended consequences. Learn from how implementation on the Coast might be modified when considering recommendations that will come from the Interior Forest Sector Renewal process.

These protests are an attempt to raise awareness that there are problems. To be successful in seeing a vision come to reality, government needs to walk with industry, as it transitions. The tagline of "Making Life Better" should also apply to those that work in our forests, but so far, we are going in the wrong direction. What would make life better for contractors is to work on George Abbott's recommendations to address contractor sustainability.

One final comment, this will be my last Executive Director's message. I have truly valued the many notes of appreciation and support over the last five years. Thank you for reading my articles.▲

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WE'RE GOING TO SEE JOHN!

On September 25, 2019, I was lucky enough to participate in what would be a historic day for our industry. The first text started at 4 am to let me know that logging trucks that were part of the BC Logging Convoy had passed through Quesnel. The next text at 6:30 am said there were more than 100 at 70 Mile House.

Trucks were en route to Merritt from as far north as MacKenzie and Burns Lake. I thought to myself, it's going to be a good day. I made my way to Merritt that morning along with ILA Board Directors to meet at the marshalling point. We were there to support the vision of many individuals who wanted to send a message of support to the mayors of forest dependent

to all that were involved, along with offers of reduced hotel rates and money to assist in their fuel costs.

The time to move on was drawing near so Howard McKinnon and Frank Etchart addressed the group to provide clear and concise instructions; their message was of safety and professionalism. ILA Chairman, Randy Spence, shared words of support and I shared gratitude to organizers, participants, and everyone who supported us. Chiefs Lee Spahan and Aaron Sumexheltza representing the Five Nicola Bands offered words of encouragement and support for our journey and also let the group know that they were sending a letter to the Premier in support of our

stop. Whether we were travelling through Abbotsford, Langley or as we took the exit onto Hastings Street, the signs, banners and crowds continued.

The original plan was for the majority of the trucks to marshal at the PNE grounds and only eight would continue on to the Convention Centre to deliver the message; however somewhere along the way that plan had changed.

Fast forward to the Convention Centre where approximately 1,000 people lined the streets as the first of over 400 trucks arrived trucks arrived, and they were met with cheers loud enough to drown out the sounds of their horns. It took approximately four hours for all of the trucks to pass by and the crowd stayed and cheered every one of them. Those that parked were swarmed by the media.

The Vancouver Police Department escorted the remaining trucks to a marshalling point and from there many of the drivers made their way back to the Convention Centre. They were greeted and congratulated by complete strangers for what they had accomplished that day. Hands were shaken and in some cases a few tears were shed.

Unfortunately, we didn't get to see Premier Horgan that day but I'm extending an invitation to the Premier to jump in a truck with me and maybe together we can find the solutions to help our industry!▲

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communities who would be gathered in Vancouver later that day for the Union of BC Municipalities Convention. The result would be a convoy of over 400 logging trucks coming together to share in our message to Premier Horgan that rural communities in British Columbia matter.

We arrived in Merritt at 9 am and already there were at least 50 trucks and hundreds of people gathered around waiting for further instructions. Soon after you could hear a symphony of air horns (which would become a familiar sound) as a row of trucks came down the Coquihalla highway north from Kamloops and pulled into Merritt. The support that had already been shown to the drivers as they made their way here was overwhelming. People had been standing on the side of the highway as early as 2 am waving flashlights and signs to show their support.

It was no different in Merritt as a steady stream of local businesses continued to deliver food, coffee, water and well wishes

industry and the message that we were delivering today.

At approximately 10 am, the first of many trucks started to roll out of Merritt and the horns began again. Hundreds of people lined the side of the highway or stood on top of the overpass, waving signs along with Canadian and British Columbian flags. Those participating in the convoy could only continue to sound their horns as their mere words were not enough.

The support for the convoy continued as we made our way down the Coquihalla highway. Every overpass from Merritt to Hope had people waving signs and cheering on the group. In Hope, the convoy grew as it was joined by trucks that had travelled the Fraser Canyon or Hope-Princeton highway. We were now over 240 trucks and as we continued on to Vancouver, more trucks asked to join our group to show their support. As we travelled deeper into the Lower Mainland the support from the general public didn't

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Contractors in northwestern BC have heard about forest revitalization for a long time. There have been at least five booms and busts in our area since the 1970s, and each time there has been discussion about how to revitalize the forest industry. The interesting thing is that ever since I've been involved in these revitalization discussions, the messaging from the industry and forest contracting community in northwestern BC has been consistent, and has also been consistently ignored.

Maybe this time our messages will be heard and we can finally move forward!

Cost structure

Northwest BC has the enviable condition of having both challenging forest types combined with challenging terrain, including large areas without roads. Additionally, there are few manufacturing facilities in the region. This means that the region needs strong markets for the entire log profile from the area, which does not happen frequently. Without multiple robust and diverse markets for our entire log profile, our cost structures hold us back.

Solutions: 1. Locally-led and informed research into Hemlock and Balsam to innovate existing products and lead the development of alternative products for a suite of opportunities to market the region's forest profile. 2. Support First Nation endeavours to utilize the timber profile.

Stumpage

In northwestern BC, the appraisal system will result in negative stumpage rates for much of our forests, but we still pay the minimum rate. This means that while costs are recognized, they are not reflected in the actual stumpage we pay, nor are we able to "recover" the costs through a lower stumpage rate. In effect, we are held at a disadvantage when compared to the rest of the Province.

Additionally, when we innovate to reduce our costs, the Post-Harvest Appraisal Review Method (PHARM) disallows the costs of the innovation, pushing the indicated stumpage upward.

Solution: Ledger the stumpage rate. When a negative stumpage rate is indicated, the minimum is still paid (\$0.25/m³), but appraisal ledgering is to be used to allow the negative portion of the indicated rate from the appraisal to be recognized in the calculation for stumpage on a licensee's other stands. This could be implemented province-wide.

Marginalization and lack of representation

The northwest doesn't fit the mold of the Interior or Coast. Politically, the region has generally not voted in line with the ruling political party. Hopefully, this has changed since the Minister of Forests, Lands, Natural Resource Operations & Rural Development is from this area; however, the current government owes most of its allegiance to urban centers and Vancouver Island. We do not have any of the established, large industrial players operating in the region, which means that the northwest does not get much consideration when government "consults with industry" (i.e. COFI).

Solution: Include the North West Loggers Association when government "engages with industry."

Uncertainty

There is confusion and uncertainty around implementation of current and upcoming treaties, although much of the tenure in northwestern BC is controlled by First Nations and community tenures. This could also lead to opportunities and demonstrations about how to get things done.

Solution: Work with those Nations that are approaching treaty and have forest tenures to develop solutions that utilize forest resources.

Bureaucracy

There seems to be a culture in the regional and branch offices that Northwest BC is not significant on the provincial stage. We are told that solutions that work for Northwest BC are "likely" to be a problem for the United States or for the "main" licensees in the rest of the Province. In other words, it seems to be easier for bureaucrats to criticize and either say, "no" or, "if the solution works for the other 80 per cent of the province, then that's good."

There is also a bureaucratic attitude that we should let the marketplace rule, as opposed to developing and promoting opportunities and markets that best utilize the forest resources to provide a good return for the people of BC.

From a bureaucratic perspective, Northwest BC is seen to be aligned to the Prince George area. Even the Skeena Region has its main offices in Smithers, which is still in the true Interior.

Solutions: 1. Move regional and provincial decision makers into Northwest BC. 2. Have provincial leadership direct the bureaucrats to embrace a philosophy of developing locally relevant solutions across BC.

All of this is not to criticize or whine, but instead to provide advice and solutions, and demonstrate that there's a lot of opportunity in the forests of northwestern BC. The NWLA and contractors of northwestern BC are ready to work with the Province to move these solutions forward. 🌲

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IMPACT OF PROPOSED CHANGE TO FOREST UTILIZATION

Lately, a topic of great interest has been the Fibre Recovery Zones that were implemented on the BC Coast early in 2019, increasing the amount of wood fibre that is removed from harvested areas in the Interior. Reducing wood waste in cutblocks and maximizing volume recovery sound like attractive concepts, but what is the cost of these initiatives and who will be footing the bill?

In January 1966, government introduced Close Utilization to the industry and it constituted “logging all wood between a 30 cm high stump and a 10 cm diameter top in all trees with a 17.5 cm diameter breast height and larger.” Starting as a voluntary policy in certain areas of BC, Close Utilization was designed to reduce waste in the forest and provide fibre for nearby pulp mills. After its initial implementation in the mid-60s, the Forest Service noted, “all districts are reporting an upsurge in the shipment of chips to pulp mills, which in turn results from an increase in the number of sawmills with barkers and chippers.”

More than 50 years later, the utilization standards remain relatively unchanged, but with the ongoing demand for more fibre for pulp mills, and the desire to reduce waste in the forest, changes in utilization is touted as a solution to the problem of roadside waste piles.

In the summer and fall of 2019, one of the topics discussed at the Interior Forest Sector Renewal workshops was manufacturing capacity and fibre utilization. Changes to fibre utilization and the idea of maximizing the fibre potential from forested stands by harvesting and hauling whole trees is not a new concept.

Cutting stems to a 20 cm high stump and a 5 cm top was proposed as well as skidding the whole tree to roadside, loading and ‘off-highway’ hauling the whole tree to a processing yard or mill, then processing the tree into lengths for sawmill use while saving the remaining long-butts, branches, hog-fuel, etc. for

other users such as pulp mills. Adoption of such a proposal would change the way forestry is done in the Interior, and while there are many advantages, there are disadvantages as well.

Advantages:

- Higher utilization: Increasing utilization means getting the most economic value out of a harvested tree. The increased volume coming from blocks would provide biomass consumers with opportunities to increase their supply; and in some cases, may potentially allow for an Annual Allowable Cut uplift in areas where pulp mills operate.
- Increased supply: While the merchantable supply of fibre to the sawmilling industry will not effectively change, the supply of lower grade fibre to downstream consumers of sawmill by-products will improve. With the ongoing closure of sawmills, the demand for biomass continues to increase. By maximizing the fibre utilization from stands harvested in the field, this demand for biomass can be alleviated by hauling undersized and less desirable stems.
- Less waste: If whole trees were utilized, the excess waste that would normally be burned in large waste piles would decrease dramatically. The benefits would include less time and labour for piling the waste and burning it, ‘cleaner’ areas for post-harvest activities, and less CO₂ released into the atmosphere.
- More employment: Increasing the utilization standards in a cutblock would result in an increase of the overall volume that is hauled. More truck loads would be required to deliver this extra volume since whole, undersized and low-grade trees that do not meet mill quality specifications would be added to the mix. This increase in workload would result in higher employment

opportunities for logging and chip truck drivers.

Disadvantages:

- Harvesting costs: To change the way forest harvesting and hauling practices are done in an entire industry will require many new innovations and adaptations, and change doesn’t come cheap. Investment in new equipment, equipment modifications and associated training that would enable contractors to meet new harvesting standards is a cost that would have to be made up front.
- Log hauling costs: Whole-tree hauling would require contractors to invest in revised trailer configurations, and anyone hauling ‘cut-to-length’ trees would have to change their operating procedures; also, a significant cost up front.

As much of the Interior logging industry moves from harvesting dead pine stands to greener wood, the amount of waste left behind in cutblocks has been diminishing. However, we are a long way from the ‘zero-waste’ strategies some European countries employ. There are many benefits to changing, but investment is required up front for changes to machinery, safety and training.

Demanding truck logging and harvesting contractors to make these changes on their own will create an environment of cut-throat competition amongst themselves, and to avoid this, government- and licensee-funded initiatives must be implemented to ensure the transition is made smoothly. While changing utilization standards may increase available wood volume, tax-break incentives, low-interest loans, training initiatives, and long-term contracts should be provided to ensure contractors are not stuck paying for it.▲

Paul Schuetz, consultant to TLA

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Left to Right: Brad Piercy, Rachelle Burt, Mike Delves, Chris Duncan, Blair Traxler

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SURROGATE BIDDING

“Surrogate bidding” in the context of a BC Timber Sales (BCTS) auction can mean different things to different people. But for BC’s logging contractors, it can mean an opportunity to generate additional revenue through collaboration with major licensees, private landowners and timber management companies (herein referred to as “Majors”).

Of course, anyone eligible to register as a “BC timber sales enterprise” under the BC Timber Sales Regulation (the “Regulation”) is free to pursue BCTS timber harvesting opportunities regardless of whether they work with a Major. But the rules that govern the BCTS program provide incentives for contractors and Majors to work together.

The Regulation deems that a person otherwise registered as a BC Timber Sales enterprise is no longer a registrant for so long as that person holds three active BCTS licences. In other words, regardless of its capacity, a registrant may only hold three BCTS licences at one time. On the other hand, capacity constraints may limit participation of other registrants in the BCTS program. While the requirements of registration are not onerous, the BCTS auction process imposes substantial financial and legal obligations on an “applicant” (a registrant who submits a bid or “application” in a BCTS auction). An applicant will typically have to lodge a bid deposit with its application. If something goes sideways and the applicant does not enter a licence agreement (typically a “Timber Sale Licence”) with BCTS when its application is “approved” (that is, when it submits a winning bid), the registrant forfeits its bid deposit, and BCTS will impose higher licence deposit requirements upon that registrant going forward.

Once the winning bidder enters a TSL agreement with BCTS, substantial obligations are imposed upon the winning bidder, now licensee. These include payment of a substantial licence deposit, financing a logging operation, management of a logging operation that complies with legislative and contractual requirements, payment of stumpage and waste assessments, and marketing of timber. And there is also the risk that the TSL may not turn out as advertised and strain the economics of the operation.

For contractors, management of a compliant logging operation is not of much concern—it’s what they do. On the other hand, management of the obligations and risks associated with timber harvesting operations is what Majors do. So, there is potential for alignment of the interests of a Major in search of incremental fibre but who cannot bid in a BCTS auction, and a contractor in search of a source of incremental revenue but who is unable or unwilling to assume the risks of a BCTS harvesting opportunity.

In such a relationship, the Major would agree to purchase the timber harvested from a TSL awarded to the contractor in a BCTS auction. The purchase price may include a volumetric rate paid to the contractor, or an agreement to use the contractor to perform the logging work, or both. Typically, the Major will agree to provide the licence deposit and possibly the bid deposit on behalf of the contractor, and may agree to provide working capital for the logging operation. The Major should otherwise agree to ensure that the harvesting opportunity is completed in accordance with regulatory and contractual requirements, including payment of stumpage and waste, and agree to indemnify the contractor

for any liability the contractor incurs as a result of the TSL.

In any such collaboration, the parties need to avoid anti-competitive behaviour—they cannot do anything that may suppress bids in a BCTS auction, or suppress the price of timber or logs. Related to this, the agreement or arrangement that the parties come to should not have the Major agree not to bid on the TSL (this issue should not arise if the Major already holds three active TSLs), and the contractor should prepare the TSL application and determine the bid independently of any such agreement or arrangement. That is not to say that the contractor cannot seek information from a potential Major collaborator (the price that the Major is willing to pay for the timber, the logging rates it’s willing to pay, and so on), but the Forest Act prohibits “agreements or arrangements” whereby a party agrees not to bid on a TSL, or whereby the bid particulars and the amount of the bid “are decided.”

Finally, the contractor’s protection from legal liability associated with the TSL is usually the Major’s agreement to indemnify the contractor. But unlike a typical contractor’s operation, primary liability under the TSL is imposed upon the contractor since they are the “licensee.” And, as the saying goes, an indemnity is only as good as the person who gives it, so all the legal rights in the world do not replace the value of a trusted working relationship.▲

Jeff Waatainen is an associate with the Forestry Law Practice Group of DLA Piper (Canada) LLP. This column is in the nature of general commentary only, and is not in the nature of legal advice or opinion.

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WHAT YOU NEED TO KNOW ABOUT THE BC LOGGING TAX

What is the logging tax?

The logging tax is a 10 per cent tax that applies to individuals and corporations in BC that receive income related to logging operations from private and Crown land. The logging tax is only applicable to those individuals and corporations that own, or own the rights to the logs that are being sold.

What is considered income from logging operations?

Logging operations can include any combination of:

- The sale of logs, standing timber, the right to cut standing timber, or primary and secondary forest products (e.g. lumber, shakes, shingles, poles, pulp, paper etc.).
- The delivery of logs to a sawmill, pulp or paper plant, or other place for processing or manufacturing, or a carrier for export.
- The acquisition of logs, standing timber, or the right to cut standing timber.
- The cutting of logs from standing timber.
- The import and export of logs.
- The production of primary and secondary forest products.
- The transportation of logs.

Capital gains on the sale of timber is treated as logging income for the purposes of the logging tax and as such is taxable.

There is no minimum number of trees or income for an operation to be taxable.

When do you have to pay?

The logging tax is payable to the Ministry of Finance within six months of your year end in which the logging operations occurred. If you owed more than \$2,000 in logging tax in the previous tax year, you must make instalment payments.

You must pay your instalments as follows:

- The 50 per cent instalment payment by the end of the tax year.
- The 25 per cent instalment payment by the end of the third month following the end of the tax year.

The remaining tax payable is due with the logging tax return six months after the end of the tax year.

Examples of situations where the logging tax is often missed:

Timber sale bidding on someone's behalf

The Logging tax department is currently reviewing stumpage data from BC Timber Sales (BCTS) and the Ministry of Forests, Lands, Natural Resource Operations & Rural Development to determine if the logging tax has been paid on all BCTS transactions. In many cases they

are going after the successful bidder for the logging tax or even the secondary contractor hired to harvest the timber. While all the cases are currently under review, they won't likely relent until they get someone in the supply chain to pay the tax.

Private land holder

If you are logging a piece of land you have held for a long time and claimed it as a capital gain, then you are responsible for the logging tax as well.

Sale of standing timber

When selling land with standing timber you might be responsible for the logging tax on the part of the sale price attributable to the timber value. The logging tax department has been reviewing sales transactions through the land titles office and assessing logging tax on sales of large parcels with standing timber.

Farmers

Farmers are one group of individuals who are often caught off guard by the

logging tax. When clearing land for more space, farmers are responsible for the logging tax on any trees they sell from the cleared land.

When is the return due?

You must file a logging tax return within six months of your year end in which the logging operations occurred.

Does it mean I pay more tax because I log?

No. The logging tax is a separate tax you pay to the Province for income derived from logging operations. However, the amount of logging tax you pay is nor-

If you or your corporation is being assessed regarding the logging tax, it's important to seek the advice of an accountant familiar with the provincial tax.

mally fully deductible as a credit against your federal income tax filing. You have up to three years to make the claim on your federal income tax return if you missed claiming it.

What do I do if I am being assessed regarding the logging tax?

If you or your corporation is being assessed regarding the logging tax, it's important to seek the advice of an accountant familiar with the provincial tax. Getting the right advice can not only minimize your headaches but can also minimize your tax exposure.▲

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BC GOVERNMENT'S OPTIMISTIC VISION FOR CHANGE AND TRANSFORMATION

By Premier John Horgan

Wood fuels British Columbia's economy. Our province has one of the world's most sustainable and innovative forest sectors. We are facing challenging times in the industry: from climate change, to ongoing trade disputes, to the protracted coastal labour dispute and the challenge of ensuring the industry is aligned with the changing profile of coastal forests.

And while the challenges facing our Interior sector are equally daunting, the heart of our forestry sector remains its people.

Forestry remains a cornerstone of our economy, and our government is proud to work with you to move the sector forward.

What we are experiencing today is more than a transition, it's a transformation. Long-term prosperity for forest workers and forest communities means finding new markets and getting more value from our forest products. To do that, we need to make sure the industry is up to the challenges ahead.

Our government is doing everything we can to help the forest industry get the most value out of every log, grow our manufacturing sector, promote innovative products in markets around the world, and create good jobs in local communities. We need everyone with an interest in the future of forestry to help us shape that future. We need to work together as we revitalize the Coast forest sector by increasing the processing of BC logs within the province and redirecting waste fibre to BC's pulp and paper mills. And we need to work together to find locally-driven solutions to build a forward-looking vision for timber supply areas in BC's Interior.

Partnerships with First Nations are an essential part of building a better future for BC's forestry sector. Guided by the new *Declaration on the Rights of Indigenous Peoples Act*, which became

law in November, we can establish a predictable and collaborative path forward with Indigenous peoples, communities and businesses on land and resource management. We now have 13 signed partnership agreements between First Nations on Vancouver Island and BC Timber Sales, including Cowichan Tribes, K'ómoks First Nation, Qualicum First Nation and the Nanwakolas Council member First Nations. These agreements will bring economic benefit and build relationships. We are sitting at the table with industry and First Nations,

building partnerships that create better outcomes and opportunities for everyone. By working together, we can balance environmental stewardship with economic opportunity and growth.

BC is globally recognized for its innovative value-added wood products and mass timber is a cost-effective and sustainable evolution that focuses on value over volume. BC communities are embracing mass timber technology for tall wood buildings, with cities such as Victoria, Campbell River, Kelowna, and Surrey signing on to become early adopters.

At a time of global focus on climate action, mass timber can help us unlock BC's full economic potential and create good jobs for forest workers. Our government is doing what we can to encourage companies to make the transition.

This year, as part of the CleanBC plan to reduce climate pollution, the Province changed the building code to allow wood building construction up to 12 storeys using fire-resistant, engineered wood. We also directed that engineered wood is used, where possible, for \$20 billion in public infrastructure projects over the next three years, including schools, housing and hospitals—like the new St.



Photo courtesy of the NDP

Paul's Hospital in Vancouver and the Royal BC Museum in Victoria. Innovative partnerships, like the one between Pinnacle Renewable Energy and Mitsui, will also see BC wood transformed into clean, renewable electricity in Japan and good-paying jobs here in BC.

The BC Government's vision for the future of forestry is an optimistic one. Change and transformation can be difficult, but together we can tackle the challenges ahead and find solutions that work for people. Forestry remains a cornerstone of our economy, and our government is proud to work with you to move the sector forward. Let's build a stronger, healthier forest industry for the people and communities who depend on it.▲

STRENGTHENING THE BC FOREST SECTOR'S RESILIENCY

By Doug Donaldson, Minister of Forests, Lands, Natural Resource Operations and Rural Development

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



British Columbia's forest sector has helped build this province, and forestry and forest product manufacturing are the greatest sector contributor to BC's economic base. We are committed to its future for all British Columbians. The industry has faced a perfect storm of challenges over the past year—from market pressures, low commodity prices and ongoing unjust duties from the US, to impacts from climate change.

That's why we are making changes to strengthen the BC forest sector's resiliency so that it can come out of this situation stronger, more diversified, more inclusive of Indigenous Nations' interests and better able to withstand the challenges of the future. Our government announced the start of this change at the TLA's 2019 Convention.

Failures and inaction by the previous government have led us to unsustainable concentration in the industry and a serious power imbalance, with contractors paying the price. Through the Contractor Sustainability Review, we committed to making changes with contractors and tenure holders at the table. I recognize your countless hours of hard work and commitment to seek solutions so contractors and tenure holders can share in successes and increase partnerships going forward. In 2020, based on recommendations from Dan Miller's report, I look forward to finalizing the

changes needed to cement partnership approaches and create a more unified forest sector that advances competitiveness for contractors and tenure holders. We know it's better for everyone when we work together.

Aligning with the Convention's theme of "Vision 20/20," it's clear we need a big picture approach to support current manufacturers of lumber, pulp, paper and pellets, and encourage further investment in higher-value products such as engineered wood.

Continuing with the status quo is not an option. With constrained fibre supplies, it's crucial that we get value out of every piece of fibre that is harvested. Adding value means adding jobs for British Columbians and continuing to support British Columbia's communities.

That's why we've brought in changes through our Coast Revitalization initiative to increase the flow of fibre for domestic production. This includes a higher fee-in-lieu on some export logs when it makes economic sense to mill those logs locally. We are supporting business-to-business relationships between harvesters and manufacturers through streamlined scaling procedures. Because we want to maximize jobs from the fibre, we are encouraging improved utilization through implementation of a fibre recovery zone, which we can adjust to market conditions. We engaged industry on ideas for reform and we're acting on recommendations received.

In spring 2019, we passed Bill 22 to ensure the public interest is considered before any tenure transfer takes place. I looked for proposed solutions in tenure transfer arrangements that consider community, Indigenous and worker perspectives. The Conifex-Hampton transfer in Fort St. James was the first approved tenure transfer after Bill 22's adoption. I'm confident the legislative and regulatory changes will support a more vibrant and diverse forest sector.

Understandably, we, amongst many, are concerned about reduced operations on the Coast this past year. Our government knows how difficult labour disputes can be for all those who are affected; we hold strong to our belief that progress and

solutions are best made when parties engage in good faith at the bargaining table.

For Interior workers faced with permanent and indefinite mill closures, we've provided \$69 million in funding to help with early-retirement bridging, skills training and employment supports. This funding was put in place following discussions that myself and Parliamentary Secretary Ravi Kahlon have had in communities with affected workers, communities and industry.

As part of the Interior Renewal, we sought Indigenous, community, industry stakeholder and public feedback to improve the long-term success of the Interior forest sector. A *What We Heard* report is expected to be released early this year.

A parallel process in the Interior continues where forest industry leaders are helping form regional coalitions of Indigenous, community and labour leaders to work together on how to create the most value and prosperity from the midterm timber supply; this is the TSA Coalition process.

We are continuing efforts to expand and diversify demand for our wood products abroad. In my recent trade mission to China and Japan, I discussed with customers and stakeholders our building code changes that allow mass timber construction to 12 storeys, related BC and Canadian technologies, and BC's position as a supplier of high-quality wood products.

We are also partnering with Indigenous Nations to develop several land use plan updates and amendments that are more responsive to today's growing resource development pressures and values. This process will include opportunities for significant community, stakeholder and public engagement. Please stay tuned to our land use planning public engagement site for opportunities to provide your input on projects under development.

Looking ahead, I'm confident that BC's forest sector will show its resiliency and innovation to weather our current challenges as it has so many times in the past. I see our forest sector emerging with a new strength, vision and stability that will continue to cement it in the foundation of our economy. I see a good future and the future is wood.▲

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TRADE SHOW HOURS

Thursday, January 16

1:30 pm - 5:30 pm

Friday, January 17

11:30 am - 4:30 pm

6:00 pm - 10:00 pm

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Start Time	End Time	WEDNESDAY, JANUARY 15	Room
7:00 am	5:00 pm	Registration Open	Westin Foyer
7:00 am	8:00 am	Continental Breakfast Enjoy a coffee and snack before the sessions begin.	Upper Foyer
8:00 am	8:30 am	Welcome Mike Richardson , President, TLA First Nation Welcome Deborah Baker , Squamish Nation Council	Stanley Park Ballroom
8:30 am	9:30 am	One Year Later... An Inside Look at the Political Battle for BC Authors of "A Matter of Confidence" Last year, this dynamic duo enlightened us with their views of the new political landscape for our province's politics – a year later, a forest industry in crisis sets up our two speakers for more fascinating political discussion. <i>Moderator: Mike Richardson, Tsibass Construction Ltd.</i> Rob Shaw , The Vancouver Sun Richard Zussman , Global BC	Stanley Park Ballroom
9:30 am	10:15 am	The Economic Future of BC Vision 20/20: A view on the must-know trends influencing the major cost variables of your business. <i>Moderator: Tyson Lambert, T-Mar Industries</i> Susan Mowbray , MNP	Stanley Park Ballroom
10:15 am	10:45 am	Coffee Break	Upper Foyer
10:45 am	11:45 am	Hosting Conditions: What's Missing for BC's Forest Industry? Would you invest in BC? This panel delves into the conditions that business owners and investors seek for operating a business and what is needed to succeed in BC. <i>Moderator: Val Litwin, BC Chamber of Commerce</i> Susan Mowbray , MNP Dick Jones , Teal-Jones Brian Baarda , Paper Excellence Canada	Stanley Park Ballroom
12:15 pm	1:30 pm	Keynote Lunch – Mental Health in the Workplace This presentation will discuss the significance of mental health on employee performance, attendance and safety, and offer suggestions on how to create a psychologically healthy and safe workplace. Al Bieksa	Stanley Park Ballroom
1:30 pm	1:45 pm	Coffee Break	Upper Foyer
1:45 pm	3:15 pm	The Business of Safety This panel will focus on key safety topics most relevant to the forestry industry's supply chain. <i>Moderator: Rob Moonen, BC Forest Safety Council</i> Gerry Paquette , WorkSafeBC Budd Phillips , WorkSafeBC Roddy Govender , KPMG	Stanley Park Ballroom
3:30 pm	4:30 pm	A Conversation with Forestry Critic, MLA Rustad A forest industry using the public forest resource revolves around forest policy. BC Liberal's forestry critic John Rustad toured the province in the latter half of 2019 to talk with the industry. This conversation will reveal what he recommends to help the industry move forward. <i>Moderator: Brian Mulvihill, Finning Canada</i> John Rustad , BC Liberal Forestry Critic	Stanley Park Ballroom
5:00 pm	6:30 pm	President's Welcome Reception	Lower Foyer

Start Time	End Time	THURSDAY, JANUARY 16	Room
7:00 am	5:00 pm	Registration Open	Westin Foyer
7:00 am	8:00 am	Loggers' Breakfast Buffet (complimentary for TLA members)	Upper Foyer
8:00 am	10:00 am	Annual General Meeting: For TLA Members Only	Cyprus Room
10:00 am	11:15 am	A View From the Outside Looking in – What People Think Vision 20/20: Pollster Greg Lyle lets us know how Canadians view forestry and its role in Canada's future. Greg will also share some of his latest political insights based on his research. Moderator: TBA Greg Lyle , INNOVATIVE Research Group Inc.	Stanley Park Ballroom
11:15 am	12:15 pm	Networking Time	Upper Foyer
12:15 pm	1:30 pm	Leaders' Luncheon TICKETED	Stanley Park Ballroom
1:30 pm	5:30 pm	Trade Show Opens	Grand Ballroom
1:30 pm	2:00 pm	Trade Show Networking and Coffee	Grand Ballroom
2:00 pm	3:30 pm	Got Timber Supply? The Coast and Interior Revitalization Initiatives are largely focused on fibre. New utilization policies have been controversial on the Coast. This panel looks at timber supply, why there is a need to use more post-harvest waste fibre, and the learnings of those trying to make it work on smaller licenses. Moderator: Chris Cole, TLA Robert Schuetz , Industrial Forestry Service Ltd. Stew Gibson , Paper Excellence Canada Larry Fedorkie , Capacity Forest Management Ltd.	Stanley Park Ballroom
3:30 pm	3:45 pm	Coffee Break	Upper Foyer
3:45 pm	5:00 pm	Solutions for Making the Most of Timber Supply Aside from forestry policy challenges with utilization, these panelists explain the potential opportunities and solutions that could help get more out of our forest resource: stand thinning in the Interior, biomass recovery on the Coast, and single-stem innovation. Hear what the experienced are trying. Moderator: Chris Cole, TLA Dominik Roeser , UBC Faculty of Forestry Rob Stewart , Stewart Systems Inc. Jeff Cutforth , Stella-Jones	Stanley Park Ballroom
5:30 pm	9:00 pm	Loggers' Dinner and Comedy Theatre Reception 5:30 pm Dinner 6:30 pm Comedy 8:00 pm Vancouver Theatre Sports League TICKETED	Stanley Park Ballroom
9:00 pm	12:00 am	Loggers' Lounge After some laughs with our comedians, continue the good times with friends in a lounge environment along with music and libations.	Cypress Room

Cancellation Policy: For cancellations prior to or on Friday, January 3, 2020 a 10% administration fee will apply. Cancellations after Friday, January 3, 2020 will be non-refundable. If you wish to transfer your registration to another individual you will be required to provide 48 hours advance notice.

REGISTRATION FEES

Members Rates ■ Non Member Rates ■

TICKET

All-Inclusive Convention Pass (members only - max 200)
Includes all meals, sessions, and ticketed events except the partner event. **\$1,095** **N/A**

3-Day Session Pass
Includes all non-ticketed sessions **\$750** **\$950**

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Includes all non-ticketed sessions for a single day. Ticketed events can be purchased separately.

Wednesday **\$400** **\$500**

Thursday **\$350** **\$450**

Friday **\$400** **\$500**

MEMBER AND NON-MEMBER

WEDNESDAY

Keynote Luncheon - Al Bieksa **\$90**

THURSDAY

Leaders' Luncheon **\$110**

Loggers' Dinner & Comedy Theatre **\$120**

FRIDAY

Spouse Event **\$110**

Lunch on the Trade Show Floor **\$55**

A Meeting with Minister Donaldson **\$60**

Suppliers' Night + After Party **\$110**

Registration is available online 24 hours a day at

TLA.CA/CONVENTION

You can access your registration anytime to make changes.

Start Time	End Time	FRIDAY, JANUARY 17	Room
7:30 am	5:00 pm	Registration Open	Westin Foyer
7:30 am	8:00 am	Breakfast Enjoy breakfast and coffee before the sessions begin.	Upper Foyer
8:00 am	9:30 am	A Meeting with Minister Donaldson The TLA Executive spend much of their volunteer time lobbying the Minister on behalf of TLA's membership. Along with his executive team, the TLA President will discuss the current hot topics facing logging contractors and the forest industry at large with Minister Donaldson. Audience participation is encouraged. Moderator: Tracey Russell, The Inland Group Doug Donaldson , Ministry of Forests, Lands, Natural Resource Operations and Rural Development Mike Richardson , TLA President, Tsibass Construction Bill Nelson , TLA Vice President, Holbrook Dyson Logging Jacqui Beban , TLA Immediate Past President, Nootka Sound Timber	Stanley Park Ballroom
9:30 am	9:45 am	TLA Forestry Education Fund Presentation of Annual Scholarship Awards Presenters: Dave McNaught , Chair, TLA Education Committee, Seaspray Log Scaling Mike Richardson , TLA President, Tsibass Construction	Stanley Park Ballroom
9:45 am	10:15 am	Coffee Break	Upper Foyer
10:15 am	11:00 am	Forest Product Markets – What will Happen Next? Vision 20/20: A look at various forest product supply relationships for logs and lumber, to learn about what the BC industry's prospects are for the year ahead. Moderator: Barry Simpson, Oceanview Forest Products Russ Taylor , FEA Canada (Wood Markets)	Stanley Park Ballroom
11:00 am	12:00 pm	Hourly Rates for Forestry Equipment After recognizing a need for better information on equipment rates, the TLA partnered with the ILA and TimberTracks™ to publish hourly equipment rates for logging specific equipment in the province. When there is a wildfire, the BC Wildfire Service looks to contractors for help; we explore how that relationship has evolved. Moderator: Aaron Service, Peninsula Logging Aaron Sinclair , Timber Tracks Inc. Les Husband , BC Wildfire Service	Stanley Park Ballroom
11:30 am	4:30 pm	Trade Show Open	Grand Ballroom
12:00 pm	1:30 pm	Lunch on the Trade Show Floor	Grand Ballroom
12:00 pm	2:00 pm	Spouse Event – Forest to Table This year's event will showcase the best of what BC has to offer in this creative pairing of food from the forest and local BC wine. We'll also be joined by a sommelier from Andrew Peller Ltd for some wine tasting with flair, and all proceeds will support the BC Children's Hospital Foundation.	Cyprus Room
1:30 pm	2:45 pm	The Case for Forest Tenure Diversification Tenure consolidation is necessary to secure support for manufacturing assets, or so we've been told! However, as timber supply decreases in the Interior, communities and First Nations seek opportunities to have a voice in the forest resource. This panel explores why greater diversification may be better when it comes to forest tenure. Moderator: Bruce Blackwell, B.A. Blackwell & Associates Ltd. Charlene Higgins , BC First Nations Forestry Council Jennifer Gunter , BC Community Forests Association	Stanley Park Ballroom
3:00 pm	4:30 pm	Our Working Forest – Why Communities Care Timber harvesting contractors are the economic backbone of BC rural communities. Mayors know this and are having to respond to the challenges that the industry presents. We hear from mayors about their need for working forests to ensure their communities remain viable and resilient as changes happen across the landscape. Moderator: Stirling Angus, SJA Forestry Consultant Mayor Gaby Wickstrom , Town of Port McNeill Mayor Walt Cobb , City of Williams Lake Mayor Mayco Noel , City of Ucluelet	Stanley Park Ballroom
4:30 pm	6:00 pm	Trade Show Closed All delegates and exhibitors MUST promptly exit the Trade Show Floor at 4:30 pm	Grand Ballroom
6:00 pm	10:00 pm	Suppliers' Night Dinner + Live and Silent Auction	Grand Ballroom
10:00 pm	1:00 am	After Party!	Stanley Park Ballroom

SPOUSE EVENT RAFFLE DONORS



Abbotsford Centre	Two tickets to Old Dominion concert
BC Forest Discovery Centre	Family day pass
Bin 4 Burger Lounge	Gift certificate
Bon Macaron	Gift certificate
Capilano Group	Two tickets to Capilano Suspension Bridge Park
Fairmont Empress	One night stay for two in a Fairmont room
Interior Logging Association	Tree of Life necklace
Johnstone's Benefits	Wine gift basket
Kajohl Management Ltd.	Two bottles of wine
Marsh Canada Limited	Two bottles of assorted wine
Probyn Log Ltd.	Native bracelet
RoyQuip	Pyrrha necklace
The Keg Steakhouse + Bar	Gift certificate
The Westin Bayshore	Two night stay for two, including breakfast

SILENT AUCTION DONORS



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BC Forest Safety Council	Grey wool Stanfield shirt	North Arm Transportation Ltd.	Two Canucks tickets and a Carhartt Hoodie
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Cokely Wire Rope Ltd.	Six bottles of assorted wine	Sladey Timber Ltd.	STIHL power saw
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Finning Canada	Cat 55 quart cooler	The Westin Bayshore	Two gift certificates for two night stay, including breakfast
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Fountain Tire	\$1000 Fountain Tire gift card	Vancouver Island Air Ltd.	Scenic flightseeing trip for two
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TLA FORESTRY EDUCATION FUND: WHAT YOUR MONEY ACHIEVES

The TLA Forestry Education Fund invests in supporting forestry education for the next generation and raising awareness about the TLA and forestry in our communities. Each year, upwards of \$100,000* is raised through the Suppliers' Night silent and live auctions at the TLA Convention and Trade Show and other fundraisers. Auction items are generously donated by TLA members and supporters. In all of the auction's excitement, it can be easy to forget what the Forestry Education Fund supports; the following highlights several initiatives:



▲ Founded in 1967 by Bill Moore, the Festival of Forestry takes 20 teachers on a three-day tour to show them the whole forestry cycle—from seedling to final wood product. The 2019 tour, held on the North Island, let teachers see forestry on the ground so they could understand the industry better and pass on what they learned to their students.

Annual spend: \$5,000



▲ The TLA supports Logger Sports events across BC. Last year, the TLA supported events in Campbell River, Port Alberni, Cowichan, Port McNeill, Powell River, Bowen Island, Port Clements, Sandspit, Squamish, Houston, and Hope. These events are a great way to get the public out and thinking about forestry in their community.

Annual spend: \$13,500



▲ National Forest Week is celebrated nationwide every year. The TLA sees the benefit of publicly celebrating our forest and everything they provide for us—timber, recreation and tourism, wildlife habitat, etc. Pictured here are students in Powell River on a field trip.

Annual spend: \$2,000



▲ The TLA budgets for five TLA Trades Scholarships each year at \$1,000 each. Shane Denton is a heavy-duty mechanic apprentice for Ponting Contracting. To find out more, visit www.tla.ca/scholarships.

Annual budget: \$5,000 max.



▲ TLA Scholarships are awarded annually to students attending the following schools and planning to work in BC's forest industry: Vancouver Island University (VIU), University of British Columbia (UBC) and British Columbia Institute of Technology (BCIT). This financial support allows tomorrow's forestry workers to focus on their education and be better prepared to join the industry.

Approximate annual spend: \$34,900



▲ The TLA has always valued the BC Forest Discovery Centre offering interactive learning opportunities focusing on forest heritage, ecology and resource education, and is one of its oldest benefactors. In 2019, the Centre opened its new Forests Forever: Innovation in Modern Forestry exhibit, for which the TLA was one of many industry sponsors. This photo depicts 55 foreign diplomats posing in the Truck Logger's Gallery who visited the Centre specifically to learn about modern day forest practices from the exhibit.

Annual spend: \$10,000

**These funds are separate from the TLA'S operating capital.*

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FORESTRY EVENT CALENDAR 2020

DATE	EVENT	LOCATION
January 15 - 27	Truck Loggers Association Convention and Trade Show	Vancouver, BC
January 28 - 30	Premier's BC Natural Resources Forum	Prince George, BC
January 29 - 31	Western Forestry Contractors' Association Conference and Tradeshow	Prince George, BC
February 3 - 5	ABM Indigenous: Prairies (TLA members receive 10% off the primary delegate registration fee)	Treaty 6 Territory & Homeland of the Métis, Saskatoon, SK
February 5 - 7	Association of BC Forest Professionals Conference and Tradeshow	Nanaimo, BC
February 20 - 22	Oregon Logging Conference and Trade Show	Eugene, OR
March 16 - 18	ABM Indigenous: Vancouver Island (TLA members receive 10% off the primary delegate registration fee)	Lekwungen Territories Victoria, BC
April 1 - 3	2020 COFI Convention	Prince George, BC
April 1 - 3	82nd Intermountain Logging Conference and Equipment Show	Spokane Valley, WA, USA
April 17 - 19	Association Vancouver Island and Coastal Communities Convention	Powell River, BC
April 29 - May 1	Olympic Logging Conference	Victoria, BC
May 7 - 9	Interior Logging Association Conference	Kamloops, BC
May 11 - 13	ABM Indigenous: West (TLA members receive 10% off the primary delegate registration fee)	Secwépemc Territory Kamloops, BC
June 3 - 4	Private Forest Landowners Conference	Courtenay, BC
June 3 - 5	First Nations Summit Meeting	Vancouver, BC
June 8 - 10	ABM Indigenous: East	Six Nations Territory

	(TLA members receive 10% off the primary delegate registration fee)	Ohswegen, ON
June 17 - 18	Global Softwood Log & Lumber Conference	Vancouver, BC
July 11 - 12	Powell River Logger Sports	Powell River, BC
July 19 - 21	Pacific Logging Congress - Summer Board Meeting	Carmel, CA, USA
July 25 - 26	Bowen Island Logger Sports	Bowen Island, BC
July 30 - Aug 3	Squamish Days Logger Sports	Squamish, BC
September 10 - 13	Alberni Logger Sports, Alberni District Fall Fair	Port Alberni, BC
September 12	Cowichan Logger Sports	Duncan, BC
September 21 - 25	Union of BC Municipalities Convention	Victoria, BC
October 3	Vancouver Island Safety Conference	Nanaimo, BC
October 7 - 9	First Nations Summit Meeting	Vancouver, BC
October 28 - 29	Vancouver Island Economic Summit	Nanaimo, BC
November 8 - 11	Pacific Logging Congress Convention	Indian Wells, CA, USA



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TACKLING THE ISSUE OF PHASE CONGESTION

In 2018, WorkSafeBC launched a comprehensive three-year forestry high-risk prevention strategy to address workplace safety at forestry operations, focusing on those areas of the timber harvesting segment that represent exceptional risk to workers.

As part of the strategy, an additional focus initiated in 2019 has been on phase integration, which is the practice of incorporating multiple harvesting phases within a single operating area. Within that operating area, there might be a single contractor with multiple phases or multiple contractors working at the same time. Without proper planning, effective communication, and active management and qualified supervision, these areas can become overcrowded or jammed, leading to phase congestion.

Phase congestion is an industry-wide problem and has resulted in serious injuries and fatalities, contributing to a higher injury rate compared to many other sectors in BC. Last year, the forestry sector's injury rate was 4.6 claims per 100 workers compared with the province-wide rate of 2.19. In 2018, there were 789 claims, 23 per cent of which were serious injury claims.

Phase congestion has been an issue that the industry has struggled with for some time. The early dilemma had operators focusing on the phase congestion itself, when the focus should have been on the problem and factors that led to phase congestion in the first place.

To help address the issue of phase congestion, WorkSafeBC developed a new resource—"Forestry phase integration:

A conversation guide for officers." The guide helps our Forestry Prevention Officers better educate the forest industry on the difference between safe phase integration and phase congestion through a risk-based approach.

During inspections of forestry operations, WorkSafeBC Forestry Prevention Officers are ensuring that employers and prime contractors understand the high level of risk of an incident occurring as a result of phase congestion. To help identify and assess those risks, a simple questionnaire has been developed for our officers to use during inspections and share with employers.

The conversation guide includes questions around the phases that are operating in the block, whether the employer or prime contractor understands

75%* of log truck drivers wear seatbelts.

What do your fellow drivers know that you don't?

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(*self-reported in recent surveys of log truck drivers by the BCFSC.)



BC Forest Safety

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the difference between phase integration and phase congestion, whether challenges or threats have been identified that affect the interaction of phases, and what controls—including critical controls—are in place to avoid phase congestion. It also covers the assigned responsibility of who is responsible for the controls and critical controls.

The guide also includes a phase congestion matrix that outlines examples of potential hazards and risks, as well as controls and critical controls associated with various phases.

The guide is designed to help operators come to understand how phase congestion occurs; as various elements of operations are brought together, greater risks and threats are introduced, and ultimately additional controls are needed to ensure it doesn't become problematic.

A key goal of the guide is to ensure that employers and prime contractors at forestry operations have the proper operational controls in place to mitigate the risk of injury to workers.

Data collected from the conversation guide over the next two years will be used by WorkSafeBC to develop other potential resources to help the industry manage phase integration more effectively.

It is important to note that WorkSafeBC did not develop this conversation guide in isolation. Consultation was a key part of its development.

A draft of the guide was prepared at the end of 2018. In early 2019, a pilot team of Forestry Prevention Officers was trained on its use and completed 34 field tests of the resource while conducting high-risk strategy inspections.

A final version of the guide was completed in May 2019 after incorporating feedback from the pilot team, as well as from WorkSafeBC's Forest Industry Advisory Group, BC Forest Safety, employers and contractors. Following training of all Forestry Prevention Officers, it was deployed for field use in July.

So far, industry reaction to the conversation guide has been very positive, with some industry groups, including

the Coast Harvest Advisory Group, looking at parallel initiatives. This is important, because it will require all of us working together in this sector to address this critical issue.

Forestry High Risk Strategy

WorkSafeBC's Forestry High Risk Strategy targets the highest-risk activities in harvesting: manual tree falling, log transportation, cable-yarding operations, mechanized harvesting including tethered-equipment operations, and silviculture. The strategy is designed to reduce the serious-injury rate through inspections that may include consultation with workers and employers, as well as education.▲

Budd Phillips is Manager, Prevention Field Services, at WorkSafeBC in Fort St. John



Is safe phase integration part of your harvest plan?

Identify the hazards | Assess the risks | Implement suitable controls

Visit [worksafebc.com](https://www.worksafebc.com) and search for "Managing risk".

WORK SAFE BC

FORESTRY COMMUNITY: REVELSTOKE

By Robin Brunet

Photo courtesy of Steve Shannon/Tourism Revelstoke

It wasn't too many years ago when an Internet search of Revelstoke yielded a bounty of information about forestry, mining, and how the city was created in the 1880s when the Canadian Pacific Railway was built through the area.

What a difference economic diversification makes. In 2019, a Google search of Revelstoke first yields Revelstoke Mountain Resort, which urges guests to ski North America's greatest vertical at 1,713 metres. Next comes Tourism Revelstoke, followed by a slew of travel advice and recreational opportunities in the vicinity (not the least of which is exploring a future outdoor adventure park featuring zip lining, bungee jumping, and surfing on a man-made lake).

With this, Revelstoke joins the long list of BC's logging towns that are known exclusively by younger generations as a

tourism playground, or as a great place to raise a family due to the ideal blend of pristine outdoors and small town amenities.


Yet, with a population of 7,500 and situated on the banks of the Columbia River amid prime cedar, fir, and spruce stands, Revelstoke is still very much dependent on logging for its livelihood. The resource industry built the city's fortunes to the point where it had the wherewithal to diversify; and now that forestry comes a close second after tourism in fueling local economic activity, policy makers and residents are very much motivated to retain its health moving forward.

Mike Copperthwaite, general manager of the Revelstoke Community Forest Corporation (RCFC), says, "We're resilient, but 2019 can't be compared to 2018 or 2017, which were great years because

of strong log prices. It's no secret that prices have gone down as of late, and there's been an increase in stumpage, plus there is less interest in some species of wood—so we're pulling back on our reins a little bit."

Contributing to community concerns—for tourism as well as logging—is the federal/provincial caribou recovery plan, which made headlines in May of 2018 when federal Environment Minister Catherine McKenna declared mountain caribou to be facing "imminent threat" and ordered Victoria to take immediate action. If the John Horgan government's response is deemed inadequate, Ottawa could enact conservation measures that would further restrict forestry and the backcountry recreation industry.





Mountain caribou preservation issues have been a fact of life in Revelstoke for decades, but considering 90 per cent of the RCFC's Tree Farm Licence (TFL) is technically in caribou habitat, the licence could close in a worst-case scenario (to date, 8,000 hectares of the TFL's 120,000-hectare geographical range has already been put aside for caribou, and the RCFC harvests about 200 hectares out of an estimated 18,000 hectares of operable land).

The provincial forest ministry has stated that the most core caribou habitat is already protected from harvesting, but the feds have argued that while survival of the species is not at risk, their recovery is.

Revelstoke Mayor Gary Sulz says, "We fought for an entire year to get a seat at the table with regards to recovery plan negotiations, which are ongoing, and we're holding Victoria to its contention that enough land has been set aside."

For the record, Sulz perceives Premier Horgan to be "a stand up, intelligent man who understands the importance of logging to our community. But we really don't know how this will play out with Ottawa potentially becoming involved."

If nothing else, Revelstoke residents aren't shy about presenting a united front: in April, over 800 people filled the Community Centre auditorium, and spilled into the hallway, and thousands more tuned in to watch as provincial government representatives gathered feedback on two draft agreements to protect the caribou (a process that will end next May). While some people called for stricter logging restrictions, most were concerned with tourism recreation restrictions and the impact to the local economy.

In some ways, press coverage of the caribou initiative has highlighted the scope and importance of forestry to Revelstoke.

The RCFC is a community owned tenure whose TFL was purchased in 1993 via a community referendum, in the spirit of the city wanting more control over local resources. Since then, its members have created a legacy fund in excess of \$1 million that Revelstoke can leverage for infrastructure projects (this year, the city spent \$100,000 of that fund on the creation of a splash park).

Over the years, Revelstoke's processing capabilities have evolved to make maximum use of the region's diversity of stands and changing market conditions. "Total harvest in the area is 450,000 cubic metres; the RCFC cuts about 90,000 cubic metres per year, and our regional mills take advantage of niche markets," says Copperthwaite. "For example, our largest mill, operated by Downie Timber, produces decking and siding and other high-value products, and this has helped keep operations going at a time when many conventional Interior mills have closed due to Mountain Pine Beetle volumes no longer being available or have deteriorated to the point it is not economically feasible to harvest."

Much in the way forestry has diversified, civic planners have diversified the regional economy overall. "Tourism started to really take off in the early 2000s, to the point where our ski hills attracted people from Whistler," says Sulz. "Today one of the biggest growths is in mountain biking, which has helped tourism in this region become a year-round sector with very little downtime."

With Revelstoke now a destination and not just a resources town, its demographic is changing. "A lot of younger tech professionals come here to work because they can do so from home and want to enjoy the benefits of a rural environment," says Sulz. "Many of these people subsequently realize Revelstoke is also a great place to raise a family—

and their parents have discovered us as an equally desirable place to enjoy retirement. So we're enjoying the best of all worlds."

The influx of younger residents is in turn benefitting the future trajectory of Revelstoke. Sulz explains, "Many of these people are entrepreneurs with great ideas that could further diversify our economy. For instance, one individual is planning to make tiny homes, which are all the rage in North America due to their affordability and mobility—and if his plans go through, it would be a much-needed boost to our housing inventory."

"There are also plans to turn pulp logs into secondary products, and many other initiatives are in development. The point is, with the influx of younger people comes the proliferation of outside-the-box thinking, which is exciting and much welcome as we move forward."

Just as Sulz looks forward to Revelstoke's continued evolution, Copperthwaite is anticipating a solid 2020 for the forestry sector, unpredictable elements like the caribou initiative notwithstanding.

He says, "we're starting to see improved log prices as the housing and renovation markets in the US hold steady and improve respectively. As for the stumpage issue, it's being dealt with. I think overall, 2020 will turn out to be better than 2019—and 2019 certainly wasn't bad by any means."

"We have great forest stands, solid infrastructure, and the will to protect the gains we've made. Yes, there are issues to face, but we're facing them head-on. Let's see what happens in the New Year."▲



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INDUSTRY LEADERS' VISION FOR THE FUTURE OF THE FOREST INDUSTRY

By Ian MacNeill

By any measure the BC forest industry is in crisis. Many in forest-reliant communities are worried that a way of life is coming to an end with low commodity prices, mill closures, impending Allowable Annual Cut reductions now that the beetle-kill wood is running out, and wildfires having taken their toll. But is it as bad as all that? Are there any reasons to be optimistic? What could we do to move forward and rebuild an industry that still directly employs more than 33,000 British Columbians directly and is the lifeblood of more than 100 rural communities? To get some answers we reached out to industry stakeholders for their opinions on where we are, where we need to go, and what we should do to get there.

Photo courtesy BC First Nations Forestry Council



Charlene Higgins, Chief Executive Officer, BC First Nations Forestry Council

Truck LoggerBC Magazine: Do you see opportunities in forestry going forward for First Nations?

Charlene Higgins: Absolutely, we see opportunities on two fronts. First, we see tremendous opportunity in terms of jobs. Although there have been job losses recently, the forest industry is not going away and the current workforce is aging. First Nations live where the resources are, positioning them to take advantage of new job opportunities. We need to find ways to attract and train them to increase their participation in the forest sector.

Second, we see the current transition as an opportunity to look at new ways of managing forest lands and resources. The crisis of the midterm timber supply was predicted a decade ago, yet there was no planning to deal with it. We understand that the land base in the Interior has been compromised by wildfires and the beetle kill, but it was also compromised by focusing primarily on timber at the expense of other values. We know that timber is very important, and the Nations agree with industry and government that we need to do more to increase fibre utilization, but we also believe that you have to do so while managing for other values.

TLM: What are some of these other values?

CH: Water, wildlife, non-timber resources, cultural values, biodiversity. These values should not be treated as secondary. This is a much more sustainable model.

TLM: How do we achieve this type of management?

CH: First Nations need to be more involved in the governance and stewardship of forest lands and resources, and forest management has to go back into the control of the communities and people who live in them, so it's all about tenure reform. For over a decade, the Nations have been providing recommendations to the province, and along the way we have developed the BC First Nations Forest Strategy that changes the relationship to one that is government to government. It sets the stage for a new paradigm that does not leave industry out, but for it to work there needs to be tenure reform. Everybody is talking about it.

TLM: Does that mean taking back tenure and redistributing it?

CH: We are always trying to find ways that are win-win. First Nations want to be land managers, and industry wants fibre certainty. When you put tenure in the hands of First Nations and rural communities you create automatic partnerships where everybody can get what they want. Industry would get fibre certainty, and communities and First Nations would play meaningful roles in forest management and stewardship. Licensees do not

need to feel threatened because ultimately, we want to see partnerships and agreements that provide fibre certainty.

TLM: Are you optimistic that this could happen?

CH: The provincial government has made a commitment to implement the United Nations Declaration on the Rights of Indigenous Peoples, which includes the rights of Indigenous peoples to control their land and the resources they contain. When you make a commitment you create expectations, and the expectations are high. Now is the time to put the words into action. The new BC First Nations Forest Strategy we have developed with the province provides a way forward, and it's not just about First Nations, it's about rebuilding and sustaining rural British Columbia.



Photo courtesy of Western Canada United Steelworkers

Steve Hunt, Director, Western Canada, United Steelworkers

Truck LoggerBC Magazine: The provincial government has announced policy reforms that it says will "rebuild the coastal forest sector," and is currently seeking policy input from Interior stakeholders. Are you optimistic about where all this is going?

Steve Hunt: There does appear to be an attempt to change the situation, but a lot of things happened over the past 16 to 17 years that have to be undone. The big operators have always gotten everything

they've wanted and now find themselves in trouble because commodity prices tanked and they need help.

TLM: Industry groups assert that renewal requires developing hosting conditions that allow for secure access to fibre at a reasonable cost. Would that solve the problem?

SH: I think changing the rules to suit everybody's needs would be better for all British Columbians. Forestry provides a lot of good jobs and tax revenues for schools and hospitals. I think solving the problem is going to take more than just listening to what the major companies have to say.

TLM: What kinds of changes would you like to see?

SH: Bill 22 is a start, but it doesn't go far enough. If a forest company doesn't use the timber that it has under its tenure, they should lose it. We used to have a policy in BC known as the Social Contract that tied logs to jobs and communities. It existed for decades and through governments of different stripes until it was terminated by the BC Liberal government. We need a return to that.

TLM: What would the mechanics of tenure redistribution look like?

It's more complex than just saying here's a deadline. But if you shut a mill down and there's no mill for the timber to go to we should try to find someone else to use it. One of the things we're calling for is the restoration of an office of the jobs commissioner, which was terminated by Gordon Campbell. There are wonderful stories of how it was able to help areas relying on forestry recover from the lows in the resource cycle.

TLM: Do you have an example?

SH: There was a mill in Golden, Evans Forest Products [now Louisiana Pacific], that shuttered nearly 30 years ago. Through the office of the jobs commissioner a plan was developed and executed. The mill reopened, and it's still operating today. Every time I drive through Golden and see it operating I am reminded that there is a better way than just shuttering mills. But we all have to work together to keep these places running. We should also be providing some incentives to develop value-added. Other countries do it. We have a little in BC, but not much. We need some creativity, and it isn't coming from the big operators, it's coming from entrepreneurs who want to take a chance, but can't. How can you do a laminate plant if you can't get fibre?

TLM: Why are so many mills closing in BC when so many independent operators or potential value-added players and entrepreneurs complain of not having access to fibre.

SH: What's happening with the mill closures amounts to an industry strike. They're angry because they aren't getting their way. It's a protest in the low cycle of the market. That's part of the problem. They've had it their own way for so long they don't like it when they're told to do something differently, or it's even suggested they do something differently.

Truck LoggerBC Magazine: The forest industry is in something of a crisis. Do you see any reasons to be optimistic?

Susan Yurkovich: Yes, there are many challenges, but we can make some choices now to help manage through this transition and set the industry up for success going forward. We see opportunities for market and product innovation, to promote the benefits of low carbon wood building and to further diversification of overseas markets including the Philippines, Vietnam, Malaysia, and India.



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**Susan Yurkovich, President and CEO,
Council of Forest Industries**

TLM: What needs to happen at the policy level going forward?

SY: We all want to have a strong forest sector and reinvestment. Critical to that is to have secure access to fibre at a reasonable cost.

TLM: What needs to happen to make that a reality?

SY: There needs to be a policy environment that supports industry and allows it to compete in the global marketplace. We must have a situation where it makes economic sense to harvest fibre, and in most cases, both manufacture it and ship it to market and make a reasonable profit. If we can't do that, it's not a sustainable place to be. When you're investing in plants and equipment, there is a significant lag between investment and payback; you have to know you have consistent access to fibre in order to justify the investment.

TLM: The government is currently seeking input from stakeholders on how to affect a renewal of the Interior forest industry. What advice do you have?

SY: The industries are different, but the fundamentals are the same. For people to invest, there needs to be an environment where there is secure access to fibre at a reasonable cost. But there is also a significant structural shift going on. At the peak of the beetle infestation, a decision was made to get out as much wood as possible, so the Annual Allowable Cut was as high as 70 million cubic metres. However, the ministry is projecting that

by 2030 it will be down just below 40. Milling capacity must be rebalanced in order to match the available harvest, otherwise you'll have too much iron chasing too little timber.

TLM: It sounds like we're going to have a smaller industry.

SY: Yes, at least in the midterm. But we will also have more opportunities in the Interior as we move away from the beetle-kill wood and into green wood in terms of product innovation and value-added. We understand that forestry, both on the Coast and in the Interior, is fundamental to our province and remains a significant contributor in terms of jobs and GDP. We also know that Microsoft and Google are not moving to Houston or Port McNeill or many of the other 140 fantastic communities that rely on the forest sector. There is no one entity that can provide all the answers to the challenges facing our industry, but if we make a collaborative effort to come up with innovative solutions, we can move forward.▲

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WHAT IS THE INTERIOR FOREST SECTOR RENEWAL INITIATIVE?

By Ian MacNeill

Following through on an election promise, the provincial NDP government has been conducting a series of discussions with forest industry stakeholders and communities in the BC Interior on the way to formulating policy changes that it says will lead to a “renewal” of the industry.

Actually, these days, anything that would keep the ship from sinking any further would be welcome. The Interior industry, especially the independents, have been struggling with fibre-access issues for years and now, thanks in part to voracious wildfires and the winding down of the beetle-kill harvest, it's about to get worse; the government recently announced that the allowable annual cut is going to decline by as much as a third over the next decade. Add to this the fact that lumber prices have fallen off a cliff and the seemingly never-ending softwood lumber dispute with the United States continues to spread collateral economic damage and you've got a situation where a lot of stakeholders and even communities that rely on forestry in the

Interior are wondering if survival is an option, let alone anything like renewal.

It's well to point out at the start that the current hardships didn't come about purely by chance. Yes, the industry has been buffeted by forces beyond its control, but the damage has also been caused in large part by policies of the past that seemingly favoured major manufacturers at the expense of most others. It's clear now, looking at a landscape littered by closures and layoffs that efforts to manage for the circumstances or long-term industry health were not enough, so a review of them and the implementation of new ones that would lead to increased fibre access for all, provide stability to communities, encourage new value-added efforts, and lead to the better utilization of the resource based on the input of affected stakeholders is welcome.

The Interior renewal effort follows hard on the heels of one conducted last year that looked at the coastal industry, and if past is prologue, it will probably lead to the setting of “goals” similar to the ones set for the Coast, so it's useful

to review what those coastal goals are. They include:

1. Rebuilding solid wood and secondary industries to ensure more BC logs and fibre are processed in BC.
2. Improving harvest performance to ensure more fibre is available for domestic mills, including the pulp and paper sector.
3. Maintaining a credible auction system by taking steps to ensure bids on timber sale licences are independently made.
4. Fostering stronger business-to-business relationships between BC Timber Sales, major licensees and First Nations.
5. Restoring public confidence through amendments to the *Forest and Range Practices Act* and auditing the private managed forest land regime.

These are laudable goals, but achieving them will incur costs, and there is concern that many of those costs are going to fall on the shoulders of the contractor community.

Consider goal number two. It is premised on the fact that, at least according to the provincial government, there is approximately two million cubic metres of “wood waste” on the coast, which it helpfully goes on to explain is enough to fill 800 Olympic-sized swimming pools each year. Instead, this waste should be redirected to “pulp and paper producers and the bio-products/bio-energy sector, supporting CleanBC’s renewed bio-energy strategy.” There will be penalties for non-compliance.

Again, utilizing all of the resource is a good thing, but the question remains, who is going to pay for this change? Contractors will invariably get the job of removing the waste, both on the Coast and in the Interior, raising questions around how much it will cost them to do so. Will the price they receive for delivering wood waste to processing facilities provide any profit? Will it even cover costs? Will these costs be reflected in the appraisal manual? Will licensees pass along any subsidies they get for clearing the wood waste to the contractors who do the work, or keep them for themselves?

And again, with reference to goal number two, the wording implies that

increasing the fibre supply to domestic mills and the pulp and paper industry can be achieved by improving harvest performance, and doubtless it can to some degree, but there is no mention of tenure reform, which in itself is crucial to any meaningful strategy that would lead to anything like renewal.

sure we’re acknowledging the long-term commitment contractors have made to communities and the investments they’ve made to create this fabric for the economic health of communities.”

He adds that since the industry is in a major downturn and going through transition, government would also be

Contractors will invariably get the job of removing the waste, both on the Coast and in the Interior, raising questions around how much it will cost them to do so.

These are just a few examples, so if there’s a message the Truck Loggers Association wants to get across, says TLA Executive Director David Elstone, it is that before implementing new policies government needs to be wary of unintended consequences. “Contractors are typically the ones that have to implement and carry out the changes on the ground. They are the economic backbone of communities, they are the ones that employ the workers, including an increasing number of First Nations, so when it comes to recommendations that affect the forest, forest management, tenures and everything else, we have to make

well advised to ensure policies are not only phased in so those affected have time to adjust, but an effort is made “to help people through the transition.”

These sentiments are echoed by Todd Chamberlain, general manager of the Interior Logging Association. “If there are practices they want to incorporate it can’t be done on the backs of the contractors,” he says. “If licensees are all of a sudden required to do this stuff, it’s the contractors who will have to do it, and they are going to have to be compensated, and in order to do that the government has to compensate the licensees through the appraisal system, and the licensees



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are going to have to be prepared to pass those incentives along to the people actually doing the work on the ground.”

Or to put it another way, the devil is in the details, and there are a lot of them that need to be worked out before penalties should be assessed.

These comments do not comprise the total of what the TLA believes needs to happen in order to lead to a renewal of the Interior forest industry. After careful consultation with TLA members and other affected stakeholders, the TLA submitted a wide-ranging list of recommendations to Forest Minister Doug Donaldson. The recommendations emphasize the need to re-evaluate forest stewardship, the importance of growing back the midterm supply, and educating the public so that it has a better understanding of the industry and its contribution to the provincial economy.

Tenure reform also needs to be on the agenda. In addition to investigating the potential merits of greater tenure diversification—particularly in regards to supporting a more diverse value chain—the TLA would like to see government consider reviewing the merits of conducting another “take-back” on tenures

greater than 500,000 cubic metres. This take-back could be added to the BCTS’ volume as well as to both community and First Nations’ licences.


A review of BCTS practices would also be welcome. The emphasis should be on achieving maximum harvest and even flow-supply across the year, and avoiding offering sales biased to one quarter which, as many contractors know, is not helpful in terms of distributing work flow.

With reference to First Nations, the TLA is calling on government to be more proactive in settling land claims, and include management of First Nations’ cultural values as an Interior appraisal manual credit. The government also needs to carefully consider Bill 13 harvesting rights of contractors as major forest tenures get potentially segmented through Bill 22 decisions or segmentation of tenure to First Nations. Contractor rights must somehow be accounted for as the government moves forward with greater First Nations’ participation in the industry.

Hosting conditions also need to be considered. For example, a carbon tax should not apply to the only industry in

the province that reduces atmospheric carbon (see page 54 for more on this topic). The government should also move forward with the implementation of a training tax credit.

Nobody is expecting that the government is going to come up with solutions that will magically solve all the problems plaguing the Interior forest industry, or satisfy all stakeholders. And the TLA recognizes that any changes are likely to have a positive impact on some, and a negative impact on others. However, the need for change is clear. The policies of the past have been detrimental to tenure diversification, and that has not served the interests of the many communities that rely on forestry for survival, or the people of BC as a whole. It’s time for some real change.▲



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GRASSROOTS CONVOY SEEKS RESULTS

By Adrienne Tanner

BC's September logging truck protest, the largest in recent memory, was cooked up over a cup of coffee at the Merritt home of Howard McKinnon, owner of a logging truck business and 45-year veteran of BC's forest industry. His friend, fellow hauler and business owner Frank Etchart, had dropped by and as always, talk turned to the industry downturn killing jobs in Merritt and other communities dependent on forestry province-wide. McKinnon himself hadn't worked in five months. Merritt's local mill, Aspen Planers, had planned to harvest a large volume of timber near Lillooet over the summer, but skyrocketing stumpage fees and plummeting lumber prices meant there was too little profit to be made on the wood. The mill curtailed production until the math improves. That was devastating news for McKinnon, who had geared up in the spring, believing business would be booming. "I bought two more trucks.

I'm sitting here with egg on my face with very few trucks working."

The two men felt they had to do something to raise awareness of problems endemic to BC's forest industry. McKinnon had helped organize a 1994 logging truck rally to Victoria and suggested it might be time for another. He and Etchart knew the annual Union of BC Municipalities Convention was happening in Vancouver the following week. The gathering, which is attended by municipal politicians and a smattering of MLAs from across BC, presented an ideal opportunity to make their concerns heard. So, the next day they put out a social media callout urging logging truck operators to roll into the heart of downtown Vancouver for a rally outside the convention on Wednesday, September 25. At such short notice, McKinnon wasn't counting on a huge turnout. "But there was an overwhelming response from just about every community north

of Merritt, and some south too," he says. When the numbers hit 200, McKinnon and Etchart called the RCMP, knowing a convoy of that size would require a police escort. By Tuesday, the day before the rally, they'd had responses from between 350 and 400 drivers planning to attend.

Among them was Laura Christy, of Merritt, whose family has three generations actively working in the forest industry. Logging is practically in her blood. Her father, Fred Lowe has been driving a logging truck since the early sixties. "My dad had two daughters and so I went with him everywhere. I could hardly wait for a day off from school to go in a truck." Today, Christy and her husband own a company that runs two low beds used to move logging equipment, and two logging trucks. Christy's sister is an office manager for a trucking company and her husband builds roads for a Merritt logging company. And for

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the past six years, Christy's son has driven a logging truck as well. "So, we're all tied to it."

Christy says since 2011, her customer list has shrunk by half. "There's been half a dozen prime logging contractors in our area that have either shut down, sold or just folded." Loggers in Merritt must now travel farther afield to find work, including her son who takes jobs that separate him from his wife and one-year-old because there is little work close by. "You do what you have to do to put food on the table," Christy says. The downturn has had a ripple effect throughout the entire town. Sponsorships for hockey and baseball teams, typically donated by forest companies, are harder to come by, she says. "The money is just not there." Even Christy's girlfriend, who is a hairdresser, reports her business is feeling the pinch. For all these reasons, there was no question Christy and her family would sign on

for the rally. "My husband and I went in a pickup. My husband's sister drove one of our trucks."

"It was such an emotional day to see all the trucks and all the people at the side of the road from Merritt to Vancouver cheering us on."

Jerry Canuel, a retired chief forester from Merritt who worked in the business for 42 years, helped organize the rally and write speaking notes that clearly identified the issues and demands. He says current stumpage fees, which are in part calculated and adjusted yearly, are currently too high. The data used in the calculations stretches back over a 10-year period, and over time the market has shifted, Canuel says. At today's lumber prices, the numbers don't work. "It's put most company's quota wood offside and they cannot afford to put their loggers to work."

The loggers want BC to adopt something more like Alberta's system to avoid the boom and bust cycles. There, stump-

age is calculated on a timelier basis and reflects stumpage rates significantly lower than those charged in BC, Canuel says. But BC has been reluctant to tinker with the system for fear any change would be viewed by the United States as an unfair subsidy and reignite the softwood lumber wars, Canuel says. "Loggers and independent mill owners cannot afford to wait as their livelihood and that of many entire communities are teetering on the brink of collapse."

The Facebook post calling on participants to join the rally ricocheted across the Province. In Prince George, when a



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friend asked Cole Thorne if he was planning to attend, there was no hesitation. Thorne called his boss who encouraged him to make the trip. "It's costing us to haul logs," says Thorne. "That's not the way it's supposed to work. A guy is supposed to go to work and make money." Thorne prepared for the trip by washing his truck. "You gotta look good—I take a lot of pride in my truck." He started at 6 pm, finished at 10 pm and started the drive south at 2 am."

People in towns along the route lined the streets cheering and holding signs of support, Thorne says. But the enormity of the rally really hit home when the convoy reached Merritt, where about 150 more trucks were waiting. "The RCMP had the town shut down for us to come in and we went into the cardlock, had a little get together and then took off down the Coquihalla to Vancouver. It was absolutely amazing." More supporters with banners were standing on top of every overpass. The truckers were heartened by the outpouring of support. "It was such an emotional day to see all the trucks and all the people at the side of the road from Merritt to Vancouver cheering us on," Christy says.

Overall, McKinnon feels the rally was a success and the loggers got their points across. Outside the Vancouver Convention Centre, the protesters were met by the entire opposition Liberal caucus and Forest Minister Doug Donaldson fielded some questions from the crowd. If there was one disappointment, it was that "Premier Horgan was in the building, but never did once come out," McKinnon notes. Thorne says he hopes the rally will get results. His first child was born just weeks after the rally and his livelihood depends on fair prices for lumber. He loves his job and hopes to remain in it for the long run but fears he won't be able to if things don't improve. He feels he did his bit by participating in the rally, saying, "You know, we had to make a point. We're not going to sit back and just watch our families go."▲

(Continued from page 62)

2. Authority of contracts:

- Determine who oversees the contracts and has signing authority.

3. Contract management:

- Determine who locates and manages contractors and if there are obligations to create employment or small business ventures to conduct required work.

4. Insurance:

- Errors & omissions
- General liability
- Professional liability

5. Rates for harvesting and road building:

- Determine who negotiates and who accepts the market downside risks/upside gains.
- Understand explicitly costings and profit resolutions.

6. Log sales:

- Determine who markets the log.

7. Accounting:

- Determine who pays the bills.

8. Dispute Resolution:

- Understand how to resolve a dispute in payment, rates, or licensee management.
- Determine who has the final decision-making authority.▲



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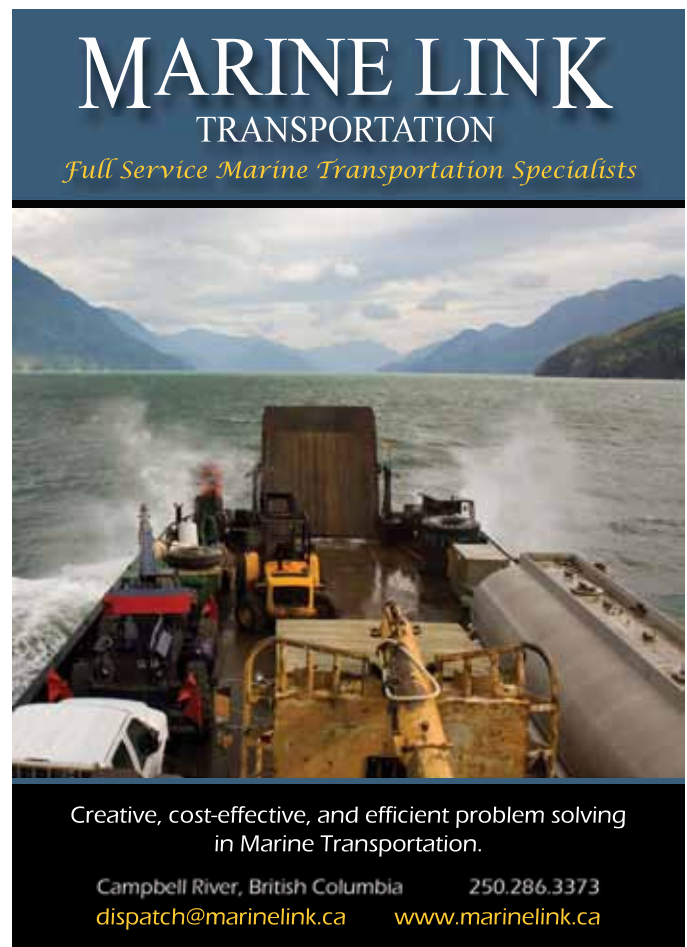
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OLD GROWTH ROOTS DEEP INTO BC'S COFFERS, ECONOMY AND COMMUNITIES

By Jean Sorensen

The BC forest industry sector reliant upon old growth sits at a cross roads; with government able to nudge it either into a downward economic spiral or towards an era of renewed investment.

The Green Party, environmental groups, plus a retracted proposal from the Vancouver Island chapter of the Union of Municipalities, have all called for a moratorium on old-growth logging. Such a moratorium, says Truck Loggers Association Executive Director David Elstone, would translate into the closure of four sawmills, at least one pulp mill and likely spell the end of the cedar shake and shingle industry. (The shake and shingle industry exports, according to Forestry Innovation Investment Ltd. (FII) figures for 2018, saw \$167 million in revenues from sales into US, Japan and the European Union.) It would also severely impact communities.

But, banning old-growth harvesting is also coming at a time when BC is gaining more traction with companies using old-growth wood to reach high-end markets, producing engineered wood products and drawing in millions of new investment dollars.

The downward spiral

"It would have a devastating impact on us," says Gabriele Wickstrom, mayor of Port McNeill, if a moratorium shut down old-growth harvesting. A total of 55 to 60 per cent of the wood logged in the northern Island area is old growth. The ripple effect of unemployment would filter through the community affecting businesses of all kinds, contractors and their support services. But, it would seep to a deeper level impacting homeowners and curbing family expenditures. It would also hit young people and professions—disenchanted with urban home prices—returning to home communities such as Port McNeill. "We would be losing those people," she says.

The 2018 Council of Forest Industries' (COFI) forest industry report conducted by PricewaterhouseCooper (PwC) (which uses 2016 figures) places the BC forest industry's contribution to gross domestic product (GDP) at \$12.9 billion through direct, indirect, and induced impacts. When broken down by region, the Vancouver Island/Coastal area (one of seven) directly contributes just over \$2.1 billion, a hefty portion.

The ripple impact of banning old growth goes beyond her community, Wickstrom says.

Northern Vancouver Island contributed \$60 million in stumpage fees to BC's government coffers in 2018. "Last year was an exceptionally good year but most people are not aware of how much stumpage fees we contribute to Victoria," Wickstrom says. The COFI PwC report shows the significance of the North Island within the Vancouver Island/Coastal region although a direct year-to-year comparison can't be made as the report is based on 2016 numbers. The Vancouver Island/Coast region paid \$86 million in stumpage into BC coffers, with personal income tax of forest workers and those in that sector contributing another \$79 million and taxes on products and services in the region netted the BC government another \$86 million.

Wickstrom makes the point that those fees flowing from the North Island are helping government pay for services enjoyed by BC residents that are beyond her regions. (The BC government website says stumpage fees are used to fund



social services such as education and health care and are sometimes shared by government with First Nations communities under revenue sharing agreements.)

She points to a disconnection between resource communities and larger

urban centres. For example, she says, clear-cut forest areas (a renewable resource which is then replanted) are criticized but on a trip back home to the Mainland, she visited a Coquitlam hillside where she once saw nothing but forest. It was now covered with

houses. Yet, that kind of clear-cutting urban development doesn't evoke the same negative feelings as logging.

Wickstrom says people in urban centres have different issues (such as water or housing) than northern communities such as hers. That doesn't mean she won't support their needs. But, she would like to see that same kind of support returning to communities such as hers as the revenues from logging sustain the government, helping these larger communities address their issues.

Her greatest fear is that her voice won't be heard on the issue of old-growth logging over that of the outcry from larger centres which generate more votes and politicians will be blind to "the devastation it would impose upon us."

Forestry consultant Zolten Schafer, RPE, who manages a community forest and two TFLs on the Island, says loss of revenues should be a growing concern to the current government as 2019 has continued the downward cycle started in 2018 with sagging lumber prices.

US lumber tariffs, the Interior's reduction in allowable annual cut (AAC), a stumpage fee increase and high log prices resulting in mill closures and production curtailments throughout the province will all combine to reduce revenues.

"You had better be prepared for a huge drop in revenues," Schafer says.

The COFI PwC industry figures on stumpage for 2016 saw \$745 million in stumpage fees flow into government coffers.

Figures from the Ministry of Forests, Lands, Natural Resource Operations and Rural Development have seen total forest revenues rising to over \$1 billion in the 2017/2018 fiscal year from 2015/16 figures of \$865 million. However, going forward, BC's three-year Budget & Fiscal Plan starting from the base year of 2018/19 through to the next three years ending 2021/22 is projecting a downward slide in total revenues as reduced AAC levels kick in. Figures show the revenues going from \$1.3 billion down to \$1.063 billion—a revenue loss of \$336 million. (The loss comes at a time when the government—doing away with healthcare premiums in 2020—is estimating a revenue stream loss of \$2.7 billion, according to budget figures.)

BC's AAC peaked at about 90 million cubic metres in 1987. The long-term forecast is for an AAC of approximately 58 million cubic metres by 2025, with a

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return to more historically normal levels by some time close to 2075, according to PwC.

Reduced AAC is seeing major producers of dimensional lumber look outside Canada for extra fibre. West Fraser Timber Co. Ltd., Canfor Corp., Conifex Timber Inc., Interfor Corp., the Teal-Jones Group, Tolko Industries Ltd. and Western Forest Products Inc. all acquired businesses or mill assets in the United States. Canfor and Mercer International Inc. acquired assets in new international markets, such as Sweden.

Schafer also says that new coastal policies relating to greater waste wood utilization to feed the industry's pulp sector are causing concern amongst loggers, where high recovery costs can outweigh the log selling price. "No logger is going to take out a \$55 log if it costs him \$100," he says.

Contractors from stump to dump will feel the impact of removing old growth.

"Without old growth to harvest, my payroll would drop from 95 to 40 people and the revenues from \$30 million to \$12 million," says Dorian Uzzell, whose family has logged Vancouver Island for three generations.

Old-growth forests comprise 55 per cent of the timber on Vancouver Island. "If you want to know the effect of banning old-growth logging, just picture the industry half its size," he says.

The pressure is not coming from rural communities, he says. "We operate in a small bubble here," he says from his home in Campbell River. "The community or a large percentage supports the forest industry and know it is what contributes to the community and the province."

Uzzell says forest practices surrounding old-growth logging are based in sustainable forestry and loggers take care to ensure that harvesting plans protecting streams and watersheds and other values are followed. But, contractors with employees and investment in machinery should also have the security of knowing the remaining old growth, not in reserve, can be logged. "The Vancouver Island Land Use Plan was an agreement of sorts on how the forests should be managed, including reserves for old-growth timber," he says, this was done so harvesting companies can be assured of a future.



The new road to old growth

In Port Alberni, an Island community once the centre of forest industry manufacturing, the San Group is investing more than \$70 million into a small log mill and building a new remanufacturing centre for engineered wood products.

The venture will utilize both old growth and smaller diameter cedar logs (or old-growth cedar log tops) and turn them into veneer laminated products for sale to an international market wanting the beauty of Western Red Cedar.

San Group's corporate Vice President of Business Development Bob Bortolin

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said the new saw mill and remanufacturing facility will be the first new mill development on the island in 15 years. "We want to bring the community back to what it was," he says.

"I think we have to look at old growth as part of a bigger picture," says Bortolin. "I can't see us eliminating the fine grain (found in old cedar) and still doing what has to be done in bush—which is why we are installing the small log line." The value of the larger diameter old-growth material offsets the cost of harvesting and utilizing the smaller stem diameters that were normally hauled into burn piles.

"We are completely away from construction grade material and some products such as decking and fencing," Bortolin says. The San Group's market is architects and designers looking for the aesthetic fine grain appearance of old growth and by using composite methods can create engineered wood products delivered at a reasonable price.

The San Group acquired the Coulson large log mill and the new small log line will be an addition. The two lines will work together with logs pre-sorted prior to the in-feed. The two break-down lines will provide both the core (lower valued) material obtained from smaller diameter wood and tops, plus a new finger-jointing line optimize shorter pieces while the veneer will be obtained from the large log side. The old-growth wood is being sliced to provide veneer, says Bortolin, adding the assembly of the veneer over the cores will occur at the reman plant being built next to the Catalyst Paper plant.

"We are making an engineered wood product with a face of veneer (one-eighth inch thick) and adhering it to a backer of cedar lumber, finger-jointed material or laminated product," he says.

Surrey-based PowerWood Corp., a remanufacturing facility, derives approximately one-third to one-half of its fibre from old-growth wood. "We mostly deal in red and yellow cedar and it is mostly used in siding packages, high-end construction and other high-end products that go into things such as pergolas," says Jake Power, a second-generation president of the company which ships 55 per cent of its product to the US with the rest going to Europe and Asia.

"A moratorium would shrink our employment base one-third to one-half,"

says Power, adding that while commodity lumber and decking products are marked by high-production and low manpower, remanufacturing of old growth or prime cuts of wood into high-end products require more man hours and more employees.

"We would be doing less," he says of sales. It is not a case of substituting second growth for old growth if supply is crimped. Second growth—with more knots—is not the high-end, aesthetically pleasing products that architects and custom-builders are wanting for high-end construction.

"What you would get is more substitute products such as steel products, plastics and building products such as aluminium siding that is made to look like red cedar," he says, adding these products are not as environmentally friendly as using wood. The issue that Power sees is maintaining a balance on the working forest land which is like farm land. There should be provisions for ensuring that second-growth stands age so they can provide old-growth qualities for products that remanufacturers such as PowerWood have created in world markets.

Interior producer Gorman Bros. Lumber, and its subsidiary companies, are another group of companies moving deeper into high-end products in a bid to add value at a time when the fibre basket is shrinking.

"Everything is appearance grade," says Kerry Rouck, Gorman's manager of corporate forestry and woodlands.

Removing old growth from the company mix would impact Revelstoke-based Downie Timber the most, Rouck says. The mill produces cedar, hemlock, spruce and Douglas fir products, which contribute to Gorman Bros.' worldwide reputation for producing one-inch, appearance grade boards with the smooth, splinter-less Gorman edge.

The Revelstoke mill, employing 300, is also a major contributor to the economy in the woods and in the mill. Downie Timber's woodlands group harvests 180,000 cubic metres of logs (about one-third of the mill's needs) with the remainder purchased from contractors or other operators. Rouck estimates approximately 30,000 cubic metres of what Downie Woodlands Group cuts is old growth.

The spruce is processed into Gorman's hallmark one-inch boards and

sold worldwide in three to 12-inch widths. Douglas fir and hemlock are processed into planed square beams sold into the Japanese and Chinese markets. The Western Red Cedar is used for a variety of panelling, bevel and tongue and groove products, channel siding, and a range of rough and surface industrial clears. Cedar products are sold in Central Canada, into the US, England and Australia.

"We are focusing on the high-end to optimize value," he says.

The BC government is in a conundrum with the old-growth issue because while they want to increase domestic manufacturing and value-add processing (versus traditional volume-oriented manufacturing), they have also embarked on an Old Growth Strategic Review. Industry and some communities fear the Review could result in the reduction in the availability of old-growth fibre which is typically used to achieve the aforementioned manufacturing objectives that the government desires.

At the same time, government is facing environmentalists who are adding pressure for this government to make changes to the amount of old-growth harvesting, without acknowledging how much is already conserved. The BC industry and provincial economy is obviously still very much reliant on harvesting this type of timber, as are government objectives. Therefore, it will be interesting to see how government reacts to feedback from the Review. If this issue is important to your business or job, the TLA encourages you to visit the government's engage.gov.bc.ca website, to provide feedback before January 31, 2020.

The direct link is: <https://engage.gov.bc.ca/govtogetherbc/consultation/old-growth-strategic-review/>

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CANADA'S FOREST INDUSTRY CUTTING WOOD AND CARBON EMISSIONS

By Jean Sorensen

Canada's forest industry is cutting more than timber, it is cutting carbon emissions.

National figures on carbon emissions show that Canada's managed forests and its industry are ahead of the curve, providing an offset credit against climate-changing emissions and poised to play a major role in helping Canada reach its 2030 Paris Agreement climate change targets. Since 1990, Canada's forests have added an absorption credit to the nation's total carbon dioxide (CO₂) or equivalent gases (CO₂e) emissions.

"The Forest Land category has the largest influence on sectoral totals (removals) for all years of the time series," said Canada's 2019 submission (based upon 2017 figures) to the United Nations Framework Convention on Climate Change (UNFCCC), which receives carbon emission reports annually from nations.

There are two aspects at work in Canada's forest—the human impact on managing forests and parks and producing forest products and secondly, the forests affected by natural disturbances such as fire and insects. Natural Resources Canada (NRC) statistics show that human activities relating to Canada's managing forests are actually producing a carbon "sink" pulling greenhouse gases (GHG) from the atmosphere. (Forests and oceans are the largest carbon sinks.)

"Human activities in Canada's managed forests accounted for removals of about 20 (megatonnes) Mt CO₂e in 2016, while large-scale natural disturbances accounted for emissions of about 98 Mt CO₂e, resulting in net emissions of 78 Mt CO₂e," as shown by NRC statistics if straight-line math is followed. (But, that's not the way international carbon credits and emissions are counted today.) The spike in emissions from natural disturbances is

credited to BC's fires and the mountain pine beetle.

Figures show that in 2017, BC lost 1.2 million hectares of forest to wild-fires and in 2018 that figure rose to 1.3 million hectares. BC fires accounted for about 60 per cent of the total burned area in Canada in 2018, compared to an average of 7 per cent over the 1990 to 2018 period. By comparison in 2019 (August), Canada lost 1.8 million hectares.

"2019 was not a bad year for fires," says Dr. Werner Kurz, senior research scientist for the Canadian Forest Service. In BC, the last figures tallied showed only 21,000 hectares in late September. "That is as much as 60 times less than what we saw in 2017 and 2018." Dead or dying trees will continue to be a source of carbon emissions, but if BC has a few years of low fires, keeping insects in check, growing new stands, and deploying new forest management strategies, BC's overall forest health will grow. "It will take a



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few years to make up for years of fire and mountain pine beetle," Kurz said, who is an expert on carbon monitoring.

In the big UN picture, Canada's forests are not emitters, but the good guys. The ongoing culprit in the fight against climate change and emissions is the fossil fuel sector used in Canada's buildings, vehicles, and fugitive activities (oil and gas extraction and refining activities). Canada's agricultural and forest industry's buildings contributed only 3 Mt CO₂e in 2017, according to national inventory statistics.

"In 2017, the Energy sector (consisting of Stationary Combustion, Transport and Fugitive Sources) emitted 583 megatonnes of greenhouse gases, or 82 per cent of Canada's total GHG emissions," said Canada's last submission to the UNFCCC. Canada, like other countries agreeing to reduce emissions, reports annually its GHG emissions. To put it in perspective, Canada's carbon

inventory showed 716 Mt CO₂ eq produced in Canada in 2017, an increase of 8 Mt over 2016.

"We know that forests historically play a role in removing carbon dioxide and forest management has enhanced that role," said Kurz. But, the reality is that the real impact of Canada's forests will only be felt on the Paris Agreement if Canada first addresses its fossil fuel emissions.

Why and how the UN counts forest carbon

The way that Canada counts carbon domestically isn't the way the United Nations counts carbon emissions as countries move towards honouring their Paris Agreement commitments.

The UN's focus on monitoring GHG emissions is attempting to gauge how human activity impacts, moderates, and mitigates climate change.

Trees absorb carbon storing it in their trunks, limbs and roots. Carbon dioxide and other gases are released when diseased or old trees die (their carbon absorption falls off prior), through forest fires, or through biomass decomposed on the forest floor.

Canada has 9 per cent of the world's forests, according to the NRC. There are managed and unmanaged forests. NRC figures for treed areas (forests through to lots with trees) tallies at just under 400 million hectares with managed forests, those managed for timber and non-timber values such as parks or subject to fire protection, accounting for 226 million hectares. It's the managed forests that the UN tally looks at and for good reason.

The UN's Intergovernmental Panel on Climate Change (IPCC) recognized that large swings by natural disturbances impact the forest emission figures and urged Canada and other forest industry countries to separate them. Canada

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changed its counting method in 2017 and figures for forest lands and wood products fall under a broad category known as Land Use, Land Use Change, and Forestry (LULUCF). Canada estimated in its annual report that its forests withdrew 150 Mt of carbon from the atmosphere in 2017.

"Net removals have fluctuated between 160 Mt to a minimum of 150 Mt over the period between 2005 and 2017, as forests recover from peak harvest rates and low-level insect disturbances occurring in the early 2000s," according to Canada's UN report in the LULUCF section.

But, the LULUCF section also estimates emissions from Harvested Wood Products (HWP), those products reaching long-term end of life decades after harvesting, decomposing forest products and short term, either through pulping or burning and found emissions ranged from 140 Mt to 130 Mt (approximately 125 Mt net) in 2017. The total net difference from managed forests and HWP amounted to an estimated removal of about 26 Mt of CO₂ in 2017. (Figures are rounded.)

Forest industry ahead of curve

When the federal government committed to reducing GHGs by 30 per cent by 2030 over 2005 levels, the Forest Products Association of Canada (FPAC) in 2016 issued its industry *30 X 30 Climate Change Challenge* looking to reduce 30 Mt of carbon or 13 per cent of the federal goal by 2030.

Derek Nighbor, FPAC president and chief executive officer, said his association was the first to announce such a plan in 2016 and the forest industry has worked on all fronts to curb emissions. "Men and women working in mills help produce product that stores carbon and that is good for the environment," he said, as long-life products such as cross-laminated timbers can extend wood shelf life but also replace concrete and steel. The pulp and paper industry has reduced GHG emissions 70 per cent since the early 1990s, turning to co-generation, while sawmills are using bark and residual wood for power generation. (Bioenergy is 54 per cent of the forest industry's energy stream.)

Nighbor calls those employed in the industry the greenest workforce in Canada. "We are a renewable industry

and sustainable as we replace what we harvest when compared to other industries." Canada's forests are managed by professions ensuring multiple values are recognized as well as sustainable. When it comes to certification of sustainable forests, Canada leads, said Nighbor. "We are number one in the world." Canada has 166 million hectares of forest independently certified or 40 per cent of all the certified forests in the world.


In BC, the Council of Forest Industries (COFI) has seen significant GHG reductions; in its 2016 report to the BC government on climate change and carbon taxing, COFI provided statistics showing that in 1990 the forest industry contributed 7.8 per cent (or 13.6 Mt CO₂) to BC's total output of 57.2 Mt CO₂ but in 2014 that figure dropped to 2.7 per cent (4.2 Mt CO₂) of BC's total output of 64 Mt CO₂.

"Over the past two and a half decades, the sawmilling and pulp and paper sub-sectors have each reduced their greenhouse gas (GHG) emissions by 62 per cent, largely by converting to biomass fuel. The GHG reductions per unit of product produced are also significant at 57 per cent. This compares to the province as a whole which has experienced an increase in emissions of 12 per cent over the same period," the COFI report said.

Mosaic Forest Management, which manages the BC forest lands of Island Timberlands (100 per cent private lands) and TimberWest (two-thirds private forests), has undertaken a forest-to-freighter carbon accounting for TimberWest to be carried out by KPMG and certified by the UK based Carbon Trust. The goal is to achieve carbon neutrality. The intention is to undertake a similar exercise for Island Timberlands. TimberWest has committed to reach carbon neutrality in the next decade.

"We are the only forest company to do this in the world," said Mosaic's VP of Forest and Sustainability and Chief Forester, Domenico Iannidinardo. Tracing and reducing the carbon footprint was done to enhance the BC forest product to a world market and demonstrate the company's concern regarding both sustainability and the competitiveness of carbon sequestering wood to carbon intensive products such as concrete and steel.

"From an emissions perspective, the best way to minimize the emissions is to make sure to utilize the forests as much




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as possible," Iannidinardo said, adding that forest residuals or pulp logs go into products and there are efforts to reduce slash pile burning. "We always look for fuel efficient machinery and encourage our contractors to do the same," he said. The company stresses video conferencing to reduce travel to meetings. Other measures include vehicle idle time management programs, incentives to make contractors operate more efficiently, and intermittent operating engines that automatically shut down.

Transportation

Canada's transportation sector was responsible for 28 per cent (201 Mt) of Canada's 2017 emissions with road transportation contributing the lion's share or 144 Mt. (Passenger transportation contributes 54 per cent to total emissions, freight emissions are 41 per cent of total and off-road is 5 per cent, according to Natural Resources Canada.)

BC's forest industry, as part of the transportation sector, has moved as far as it can go without more technological advances. In spring 2019, BC passed the *Zero Emissions Vehicle Act (ZEVA)* which will require all new light-duty cars and trucks sold in the province to be zero-emission vehicles by 2040. This target uses a phased-in approach: 10 per cent of new light-duty vehicle sales by 2025, 30 per cent by 2030 and 100 per cent by 2040.

ZEVA regulations are still forthcoming but a BC's Ministry of Energy, Mines and Petroleum Resources email said that "it is anticipated that it would apply only to on-road light-duty vehicles, with weight ratings of less than 3,856 kilograms. This would include cars, crossovers, SUVs and light pickup trucks (e.g. Ford F150), but not heavier, medium- and heavy-duty trucks (e.g. Ford F250, buses, transport trucks and medium-duty delivery vans). Crossovers and SUVs like the Honda CR-V and Chevrolet Tahoe would be included."

The pickup is a mainstay of forest communities and workers. Blair Qualey, president of the New Car Dealers Association (NCDA), said, "Regrettably the (electric) technology for pickup trucks is not there yet although there is a lot of talk." The vehicles selling are electric or hybrid passenger vehicles (spurred by a \$5,000 federal grant and a \$3,000 provincial grant). The difficulty lies in battery capacity able to power a pickup

truck and loads. Currently, the NCDA is seeing electric or hybrid vehicle sales at 7 per cent of the 2025 goal. If manufacturers do not meet the 10 per cent goal on non-emission car sales, they can be assessed a penalty by the province. That's a concern, said Qualey, since if the technology doesn't appear to power a good pickup, manufacturers may withdraw from that market.

Natural gas is seen as a bridge fuel, transiting away from diesel and running 30 per cent cleaner with renewable natural gas running 80 per cent cleaner as a fuel source. "We have got 850 trucks (medium to heavy duty, plus transit and other service vehicles) running on compressed natural gas and liquid natural gas (LNG)," said Arvind Ramakrishnan, Fortis senior manager, natural gas business growth. They are mainly in larger urban centres and there's no cross over into the forest industry.

The difficulty lies in finding an engine manufacturer willing to provide an engine powerful enough to handle capacities needed by logging trucks both on and off the highway, he said, adding the largest available natural gas engine is only able to handle 80,000 pound loads.

There are pickup trucks that can use natural gas conversion kits, but access in remote areas to refuelling is limited, although Fortis is expanding its network. He said Fortis does have conversion incentives and is open to discussion on innovative projects.

Off-highway equipment and trucks are reported as part of Canada's national inventory of carbon under the industry sector and Canada uses emission counts from a Tier 3 engine. Canada committed to establishing emission regulations under the *Canadian Environmental Protection Act 1999* for new off-road engines that aligned with the *US Federal Environmental Protection Act* and California Air Resources Board requirements. In the period before the regulations were promulgated, Environment Canada signed Memorandum of Understandings (MOUs) with 13 engine manufacturers in 2000 leading to the Tier 1 engine standards. Since then more efficient carbon suppression Tier engines have emerged.

"We now have Tier 4 (mandatory on new equipment) and Tier 5," said Max Schultz, manager for Prince George Truck and Equipment Ltd. (Depending



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on the equipment, Tier 4 can reduce emissions by as much 80-90 per cent.) Schultz said that these low-emission diesel engines do come with some drawbacks as the life of the engine is shortened and owners are reporting more fires, as not just emissions are held back, but also heat. "I had an insurance fellow in here the other day and he was telling me that there have been 150 fires (claims) in the past two or three years."

BC Bioenergy Network's Scott Stanners, Executive Director, said fuel suppliers today are required to mix biofuels into fossil fuels (under the *Greenhouse Gas Reduction Act* and regulations) with a 5 per cent volume in gasoline and 4 per cent in biodiesel. The CleanBC program will cause BC fuel suppliers to progressively decrease the average carbon intensity of their fuels to achieve a 10 per cent reduction in 2020 relative to 2010 levels, increasing to 20 per cent by 2030. BC is also pushing to increase the BC production of renewable biofuels to 650 million litres by 2030.

Currently, said Stanner, the amount of biodiesel produced in BC is only 11 million litres, and difficulties are faced in both supply, use and production. Biodie-

sel, derived from spent vegetable oils and grease, does not exist in quantities to displace fossil fuel diesel, and, biodiesel is not effective in colder climates. Also, the US is moving toward more biodiesel and there is a government subsidy promoting its use, making it more attractive to sell spent oil and grease to the US than refine it in BC or Canada.

The critical decade ahead

With carbon emissions increased in 2017 (over 2016) and expected to grow to over 800 Mt because of population increases and industry by 2030, Canada's 7th National Communication and 3rd Biennial Report indicates that Canada will need to shed 232 Mt of carbon to level off at 583 Mt (a 30 per cent reduction) to meet the 2030 Paris Agreement. Canada's forests—if the industry continues managing effectively and innovation leads to new carbon sequestering products—can contribute as much as 20 per cent of the offsets. Or, Canada's forest industry and forests could take 46 Mt carbon from the atmosphere.

Two research bodies behind Climate Action Tracker (CAT), which pulses and rates country progress to reaching 2030 Paris Agreement targets, indicate Canada has only made incremental progress from its federal plan, the Pan-Canadian Framework on Clean Growth and Climate to reach goals. Saskatchewan, Manitoba, Ontario and New Brunswick all have court challenges of the mandatory federal carbon pricing system, and according to CAT have no strategic plan for reducing carbon emissions. (Canada's carbon inventory shows Ontario and Alberta are the largest provincial emitters.)

Forests, according to CAT, are a bright spot and the offsets from the forests in the LULUCF category are an encouraging potential sink. "In its latest 2030 projections, Canada has quantified the extent of that (forest) contribution for the first time," said CAT. "Canada estimates in its projection that forests will contribute a seven to 46 Mt CO₂e reduction towards meeting its 2030 target."

The BC forest industry is not sitting idle but moving forward to deepening Canada's forests sink through more reforestation efforts, rehabilitating burn



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areas, greater efforts to control infestations, and increased utilization of biomass waste and longer-lived products. But, they are complex issues.

"On Vancouver Island, we have Western Red Cedar dying in areas," Kurz said, as climate change is shifting geographic growing zones and work is progressing to determine the extent of those shifts to ensure future tree health. Stressed trees become susceptible to infestation and forest fires. There is also the question of determining the best species to plant in the face of climate change and economic conditions.

Slash-pile burning releases an average of 5 Mt of carbon and presents another complex issue, Kurz points out. Utilizing more forest residuals as biofuel can be useful if it offsets a fossil fuel. Yet, there is also value in leaving biomass for the next tree crop health and fauna, but too much forest floor loading contributes to potential forest fires.

Mosaic's Iannidinardo said his company is also contemplating species selection in the face of climate change. "We are working closely with the provincial tree improvement branch and participating with their tree improvement program, which has come out with Climate Based Seed Transfer guidelines," he said.

The questions of what to plant, where to plant and how much to plant are all front and centre with the Western Forestry Contractors' Association as it heads into two major tree-planting seasons.

Bruce Blackwell, president of the Western Forestry Contractors' Association, agrees more consideration should be given to geographic growing zones and species, but there should also be more strategic consideration on how many stems to plant per hectare. "We have our current stocking standards largely based on professional judgment that was made in the late 1980s," he said. In the Interior, where forest fires are most common, he said, perhaps the number of stems can be reduced to reduce crowded-out stems adding fuel to fires.

Currently, BC is into the largest reforestation effort that Blackwell can recall, with more than 300 million trees planted annually over the next two years with an estimated 1,000 extra tree planters needed to ensure roots hit the ground. It's not a panacea for climate change or BC's forests. "We are moving in the right direction," he said, adding it is not the numbers that count but "getting the right tree in the right place" and species that are more resilient to climate change, disease and fire.

He is also not convinced that commonly used computer modeling of forest health presents a real picture. "We need more boots on the ground," he said as forests change. "We are losing sight of what is actually happening on the ground."

The Association of BC Forest Professionals (ABCFP) are also developing a new suite of training options and guidelines in conjunction with BC Wildfire Service to improve the knowledge and use of fire in managing BC's forests. The association received a \$400,000 grant from the Ministry of Forests, Lands, Natural Resource Operations and Rural Development and builds on a series of recommendations the ABCFP submitted to the 2017 flood and wildfire review. One of the recommendations advocates making wildfire a specialized area of practice with specific operational professional practice standards on planning, prevention, and rehabilitation of burned forest ecosystems.

The Paris Agreement that resulted in Canada's multi-pronged Pan-Canadian Framework trickles down to BC's 2017 Forest Carbon Initiative (FCI) brought forward by Ministry of Forests, Lands, Natural Resource Operations and Rural Development.

BC is partnering with the Forest Enhancement Society of British Columbia, BC Timber Sales, Forests-for-Tomorrow, and others to mitigate climate change. FCI is supported by funding from the federal government's Low Carbon Economy Leadership Fund (LCELF). Together, the province and federal government have committed \$290 million to FCI from 2017/18 to 2021/22. CleanBC has a broader scope than the FCI; the FCI focus is on more reforestation, fertilization and planning to deepen BC's forests as a sink.

BC Timber Sales (BCTS) has developed a climate change strategy, said Kerri Brownie, RPF, and BCTS' stewardship officer. The strategy consists of a communications platform to ensure that all across the province, BCTS' offices have best practices and tools to mitigate climate change. It is an all-encompassing program that goes from planning, harvesting, road allocation, and into reforestation.

Brownie said that the concerns around forest fires is also causing BCTS to consider how it offers blocks for harvest with those at greater fire risks considered for harvest while the lay-out of cutblocks are being designed to provide fire breaks where possible.

"I know one of the big areas we are looking at is tree adaptation to climate change," she said. "Everyone is paying more attention to what trees are going to be planted."

The bottom line, though, that the past, present and future work by the forest industry from planning, reforestation, tending, harvesting and devising long-term carbon sequestering is all adding up to an industry credit in more than one way.▲

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At Your Service

WORKING AGREEMENTS FOR FIRST NATIONS TENURE HOLDERS

By TLA Aboriginal Affairs Committee

The TLA's Aboriginal Affairs committee sought ways to assist TLA members in building and enhancing relationships between the membership and First Nations communities. Through a strategic plan carried out by the Committee, it was identified that there is a gap between what First Nations communities were obtaining in terms of new forest tenure licensees and their capacity to undertake operational activities with the licence, specifically, undertaking harvesting, marketing and management of the licence through an agreement with a third party. There is a juxtaposition between generating the economic opportunity from the tenure and the many potential liabilities that are associated with owning and managing a licence. The following draft working document serves as a source of information for consideration when creating a working agreement to carry out activities associated with First Nations licence. TLA members are invited to provide their comments and input.

When reviewing the below list of topics, ask who is responsible, who is accountable, and who will manage?

Community Engagement

1. Process for sharing information early:
 - Sharing cultural information to inform licence/tenure management and contractor activities.
 - Sharing of forest management activities with First Nations community.
 - A process to protect cultural information on the landscape.
2. Update process for First Nations leadership on business activities of tenure and impacts on the land:
 - Understanding who the leadership is; hereditary versus elected Chiefs, cultural versus government leadership.
3. Process for understanding the community's capacity, and the skills and labour available:
 - Employment opportunities
 - Training and capacity building

Safety

1. Criminal liability for negligence (Bill C22):
 - Criminal liability for a workplace accident can potentially extend to Chief and council if safety management systems are not in place and adhered to.
2. WorkSafeBC regulations:
 - Fines can be levied for violation of various regulations that WorkSafeBC enforces.
 - Vetting WorkSafeBC credentials by obtaining letters of clearance.
 - Determine if a First Nation entity requires a WorkSafeBC account.
3. Planning:
 - Determine if there is a safety plan, who creates it and who implements it.
4. Prime Contractor:
 - It is a WorkSafeBC requirement to have a prime contractor for central safety systems coordination in a harvesting operation. Identify and manage for prime, independent and dependent contractors.
 - Reporting process for documentation management and safety plan compliance auditing.
5. Certification:
 - Determine who should have it.

Forest Management Planning

1. Compliance to various legislation at provincial and federal level:
 - When planning activities, account for regulations associated with the *Forests and Range Practices Act*, *Wildlife Act* and *Fisheries Act*.
 - Requirement to use forest professionals.
2. Prepare legal forest management plans including forest stewardship, site, and harvest plans:
 - Determine who pays for preparation of plans and who is legally responsible for deficiencies.
3. Prepare and submit cutting permits and road building permits:
 - Determine who pays for and prepares permits and who is responsible for delays.
4. Government liaison:
 - Determine who acts as the representative of the licensee.

Forest Management Operations

1. Compliance of legislation at provincial and federal level:
 - When conducting activities, account for regulations associated with the *Forests and Range Practices Act*, *Wildlife Act* and *Fisheries Act*
2. Contract management of harvesting activities:
 - Determine who does the harvesting and who ensures the contractor is following the plan and regulations.
3. Reforestation/silviculture liabilities:
 - Regulation that licensees must meet reforestation obligations post-harvest. Determine who is responsible if deficiencies occur, some of which may not be known for seven years post-harvest.
 - Determine who holds the funds and is liable when managing accrual accounts for silviculture liability.
4. Stumpage and waste:
 - Determine who pays for stumpage.
 - Determine who is responsible for waste residues.
5. Wildfire suppression activities:
 - Determine who is responsible and who pays if a wildfire breaks out during harvesting activities, and if part of the tenure catches fire.
6. Government liaison:
 - Determine who represents the licensee during harvesting and post-harvesting.
7. Cultural artifact discovery during operations resulting in force majeure:
 - Determine who pays the bills during the delay.

Business Management

1. Agreement type:
 - There are many different types of agreements and each depend on the level of responsibility that the First Nations is willing to assign to a third party.
 - Corporate structure will define format for engagement (under Community Engagement).
 - Document expectations and manage the track record of what is achieved.

(Continued on page 48)

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