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FROM THE EDITORIAL BOARD DESK...

I hope you all enjoyed the TLA's 77th Annual Convention + Trade Show; despite the unprecedented snowstorm causing havoc to travel plans and unfortunate heating issues it was, once again, well attended and provided great presentations and networking opportunities. Many thanks to all of this year's sponsors; without their support, our annual convention wouldn't be possible.

In addition to a full recap of the convention sessions and activities, we also provide a summary of what we heard from government as well as two session topics. In the "Got Timber Supply?" article, we provide several different perspectives on how to manage the fibre left on the ground after harvesting, including a response from government about its waste-removal policies.

The article, "A Public Perspective of the Forest Industry" summarizes the session that provided a captivating overview of recent polling results of over 2500 adult Canadians focused on the BC forest industry's reputation and image, and how it is perceived in the public eye. In the "What Government Heard and Said" article, we provide highlights from Premier Horgan's speech, Minister Donaldson's Q&A with TLA Executive, and MLA John Rustad's session.

Also in this issue, we welcome Bill Nelson, the TLA's 42nd president. In his inaugural President's Message, he shares his views on the important issues facing the forest industry and his goals for his two-year term. In his profile article, he provides a view into his professional life as a

partner at Holbrook Dyson Logging Ltd. and his perspective on the future of forestry.

We also welcome the TLA's new Executive Director, Bob Brash and his inaugural Executive Director's message.

The forest community featured in this issue is Nanwakolas, an emerging government, that despite gaining prominence over the years, finds itself sharing the same frustration as non-native contractors throughout BC: namely, the inability to control their own economic destiny in the logging sector with any degree of certainty.

Be sure to read the Legal Viewpoint article, which provides additional clarification about the very important topic of equipment insurance when fighting wildfires.

As always, I trust you will find this issue insightful and informative. This is my last issue as the Editorial Board Chair; I have thoroughly enjoyed being involved in providing direction over the content of each issue and I would like to welcome Sig Kemmler as my replacement. 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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It is my honour to be writing my first message as President of the Truck Loggers Association. On behalf of myself and the board, I'd like to thank our Immediate Past President Mike Richardson for his contribution over the past six years on the board and executive. Mike will not be carrying on as past president for health reasons, and his guidance and sharp wit will be missed. I would also like to thank, Jacqui Beban, who has agreed to repeat her role as Past President for the next two years. The newest addition to the executive team is Aaron Service from Peninsula Logging who is the new Vice President. I am certain Aaron's hardworking, cool-headed approach will serve the TLA well going forward and I am looking forward to working with him.

I am sorry to see Clint Parcher from Coastland Wood Products leave the board; Clint has been committed to making a difference in our ongoing advocacy work. I would like to welcome Bob Marquis of Bob Marquis Contracting as our newest director. Bob is an outspoken defender of the industry and I look forward to his put-it-all-on-the-table approach. And lastly, I'm pleased to welcome Bob Brash as the TLA's new Executive Director. Bob brings a wealth of forestry knowledge and experience to the role and we look forward to working with him.

This year's TLA convention could have been a metaphor for the industry as a whole. It took place in the middle of an unprecedented snowstorm, causing the hotel's heat to fail and showers to be cold. Yet, against these adversities the show went on and contractors adapted to the challenges and persevered. It helped that the TLA staff did a great job organizing the convention and made sure it came off as smooth as possible, for which I commend them.

It seems at every juncture we are facing adversity today. Just to name a few,

there are softwood lumber issues, the unintended consequences of the Coastal Forest Sector Revitalization initiative, the yet-to-unfold Interior Forest Sector Revitalization, the Interior fibre shortage, depressed world markets due to forests affected by bug kills and massive wind storms in Europe, the unknown around the BC provincial government's legislation to adopt the principles of UNDRIP, and the never-ending attack on the harvestable land base by anti-harvesting groups.

Add to that the finally-resolved labour dispute on Vancouver Island that lasted an unreasonable length of time, where over half of the striking workforce is employed by contractors who had no voice in bargaining and no meaningful way to work towards its resolution. And now, the COVID-19 outbreak.

There are also the issues we have not yet seen entirely or are just recently hearing about, such as the government's new "30/3" initiative to reduce delivered log costs by \$30 in three months. At time of writing, this initiative is in the early stages and is focused on process and procedure at the ministry level.

At this past convention, Minister Donaldson listed the many changes (see page 24) the forest sector has experienced in the past 13 years. These are hard numbers to understand and the TLA's position around hard numbers, and especially log exports, has always been to stick to the facts. The fact is, all of the numbers need to be taken in the proper context as the world does not consume pulp as it once did. New and evolving technology has lessened the need for manpower, especially in mills, and made the systems more efficient. Interior lumber mills have shut down due to lack of fibre caused by the pine beetle and wildfires. The fact is, a certain amount of exported lumber is required to make many of the stands we work in

viable. And, the fact is, forestry is not that simple, in fact it's very complicated.

Some other facts: BC forests offer some of the highest quality lumber found in the world; in a time when carbon sequestration is important on a global scale we have the benefit of a world-leading carbon sink that is harvestable and renewable; we have a hard time filling the demand for skilled labour and jobs are more technically demanding than ever before; manufactured products are becoming leading edge in worldwide building products; and governments around the world are recognizing wood products for their versatility for single- and multi-story buildings.

The fact is, we did not end up with the many issues we have today overnight. They developed over time and it will take time for us as an industry to work our way through them. Contractors will be a big part of that future. They harvest the vast majority in BC and run sophisticated businesses with long-term business plans that enable them to economically anchor the communities they work in and the province as a whole. Kudos to the hundreds of contractors who participated in the rally that was held in February on the lawn of the BC legislature. They were there to make a strong point to government and stand up to anti-logging organizations to protect our working forest. It's time that we all speak up to defend our livelihoods. It's going to take work and leadership, but if we don't, no one else will. It is my hope that during my time as president we can continue to be instrumental on the path to the future as we have been for the past 77 years.♣

Bill Nelson, President, TLA

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CHALLENGES WILL LEAD TO OPPORTUNITIES

It is both my pleasure and honour to be writing to you for the first time as your new executive director. First things first; I'd like to express my personal appreciation to the TLA membership and Board for allowing me the opportunity to serve the TLA in this capacity. The TLA has a decidedly proud history and a critical ongoing role to play in the current and future prosperity of our industry. I will do my best to live up to those standards and expectations.

One of the interesting side notes of this first editorial is that I'm doing it prior to officially even starting the job, as staff deals with the realities of press run deadlines. As I muse what to say and as a bit of an understatement, I have some homework and listening to do to more fully understand the current priorities, challenges, and opportunities in front of the TLA. From that perspective, I suppose I am permitted a few liberties in my first messaging.

The other harsh reality facing us is the ongoing emergence and challenges posed by the COVID-19 outbreak. The world has certainly changed over the last few weeks and your predictions are as good as anyone's as to what the next weeks or months will bring. Being an optimist, we will get through it but the consequences to our industry are yet to be clearly determined, although short-term impacts are unavoidable.

We are decidedly in a period of challenges for the forest industry. But perhaps such challenges will lead to opportunities. For myself, I look at the major categories of challenges to be our competitiveness, our ability to extract additional value/jobs from the resource, and our ability to work collaboratively with others (primarily the Province) on a future industry we can all be proud of.

In terms of our competitiveness, the global forest industry is and will remain one in which BC must compete aggressively in terms of our cost structures and revenues per whatever measure of products we produce. A person only needs to go to a distribution yard in the southern US or Asia to see the quality of products from all regions of the world to know we have to do a stellar job in production of quality products to compete.

Our cost structures remain an ongoing challenge also with many of the factors being related back to the current climate of policies and regulations in BC. In short, the simple ability for you to plan for your operations in a cost-effective manner is significantly hampered by the timelines and complexities associated with getting approved harvesting areas. Such approvals are simply taking too long, are very costly for those submitting the permits, and there is an overarching veil of uncertainty as to what is truly the working forest. All of these contribute to a higher cost structure than we can sustainably afford. Hopefully the work done by the TLA on the Contractor Sustainability Review will bear results soon.

The future will also see expectations from the Province for the creation of more value-added jobs and a reduction in log exports. We can probably all agree that these are admirable objectives. The trick is to create the climate for this to occur while not impacting current operations and businesses during this transition. As usual, that's a balancing game in which those involved play by different rules and expectations.

My personal conclusion, and I would guess is shared by many, is that the changes needed to bring our industry to increased prosperity will require

change to our current tenure system. There are certainly many ideas and thoughts on how to structure such changes, but the objective should be to create the business climate where those investing have increased certainties of their cost structures, wood supply, and overall profitability.

For all of these challenges, as I mentioned before, there will be opportunities. I am hopeful to be able to provide TLA members with some benefit in this regard. I've had my stints working in government, market logging, custom cutting, forest management, and working afresh as a new company in the First Nations climate. In all of these roles, there has been the requirement to balance many thoughts and ideas in conjunction with maintaining both profitability and jobs.

I will do my best to provide responsive support along with practical and pragmatic solutions. I am excited about the future of the TLA in the forest industry and appreciate the opportunity to be a part of it.▲

Bob Brash, Executive Director, TLA

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THE VOICE FOR OUR MEMBERS

At the Interior Logging Association, the health and safety of our members, exhibitors, participants and their families will always remain our highest priority, so we regret to inform our membership that as a result of the current COVID-19 pandemic, the ILA has made the difficult but necessary decision to cancel our 62nd Annual Convention and Trade Show in Kamloops from May 7-9.

We deeply appreciate your understanding of this difficult decision and look forward to seeing you in 2021. While it is disappointing to not see everyone in Kamloops this year, I will make sure that the ILA takes to the road again to visit you in the communities that you work, live in and support. Please continue to monitor our website for more information regarding ILA activities and events.

I also encourage you to visit our website to read the results our Labour Market Partnership Agreement—a project we entered into with the provincial government—that focused on collecting information to provide government with recommendations on how to assist our industry as we move through these challenging times.

There is a trend that has developed in the past year where grassroots movements are starting to become more commonplace and I believe if conducted properly, they can only assist our Associations in our advocacy efforts. It's important to

remind the government about how the decisions they make and the policies that they enact affect those who are most reliant on the resource. Policies cannot continue to be a “one size fits all” ideology. What works in Smithers, may not work in Cranbrook or Campbell River. Issues such as old-growth logging or Caribou recovery need to be resolved with the local stakeholders at the table. Let those who know how to help, find the solution that works in their areas. There are examples in this province where this approach has worked and is still working today. Sometimes we need to look to the past to plan for the future.

We find ourselves having to answer to well-financed anti-logging groups who believe they know what is right for our industry and our communities. It's uplifting to see how we as a community have rallied back and found our voice. It's no longer about the Coast or Interior forest industry, but all of British Columbia's forest industry and forest communities! I would like to extend an invitation to those other groups—if they really are concerned about saving our forests, pick up a shovel this planting season or if necessary, a pulaski on the fire line and join those who really know how important the working forest is.

On behalf of myself, the ILA's Board of Directors and Nancy Hesketh, I would like to thank the TLA for their hospital-

ity during their 77th Annual Convention + Trade Show in January. Conventions such as ours and the TLA's are a great opportunity for all of us to be able to share ideas that myself and others may be able to put forward when meeting with government.

I would like to congratulate Bill Nelson on his succession to become the 42nd president of the TLA, and to all the new and returning Board members. I also want to thank outgoing President Mike Richardson for all of his efforts during his tenure to ensure the needs of members were met. Thanks also to David Elstone for his dedication and hard work and we wish him well in his future endeavours. And finally, I would like to welcome the TLA's new Executive Director, Bob Brash.

The ILA is also pleased to welcome John Nester into his new role as the general manager of the NWLA. We look forward to working with him and his Board of Directors on issues that affect us all.

The ILA looks forward to continuing to strengthen our relationship with the TLA and NWLA, and working together on behalf of all members. The strength of this alliance between the associations can only help our collective memberships moving forward. 🌲

*Todd Chamberlain, RFT, General Manager, ILA
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IS GOVERNMENT FINALLY LISTENING?



Soup kitchens. That's where the City of Fort St. John directed \$75,000 in provincial support for the municipality's struggling forestry workers; a clear indication that the backbone of the provincial economy is in crisis. The Premier and his ministers speak of the importance of this industry as a foundation of the economy, yet the crisis has not been adequately addressed. The men and women that for so long have contributed to our collective wealth are now accessing soup kitchens; families are going without an income; and businesses are struggling to remain solvent. Where is the action?

Government is well aware of this crisis and has certainly been engaging and listening to stakeholders about possible long- and short-term solutions. They are listening to communities, the manufacturing and contractor sectors, those who are affected, and yes, even to their own bureaucrats. Government is listening, but are they hearing us? The support packages previously announced of \$69 million for the BC Interior and \$5 million in support to contractors affected by the USW/WFP strike in the form of loans is, at best, a token action provided to an industry on its knees. One that provides 32 per cent of the province's export products and generates \$1.4 billion in direct revenues (not including corporate, personal or excise taxes). The forest industry has provided the province and its residents with many of the programs and services that we have come to expect. An industry where government has taken the money out of the forests without reinvesting in the health and management of the forest for a sustainable future. BC has now become one of the highest cost producers in the country and we are being told that the government's vision for the industry's future is optimistic, that we will work together, and that change and transformation will be difficult.

There have been many industry proponents, communities and ministry people that have engaged with government about what can be done and what can be fixed. We look to government as the main controller of the regulations and policies that oversee our public resource, with significant influence over how, or if, the industry can remain sustainable. Ellis Ross, MLA for Skeena hosted a Rethinking Forestry workshop in Terrace, where civic leaders, politicians, loggers, manufacturers, forest professionals, First Nations forest companies, and others came together to provide tangible actions to support the industry and communities. The solutions that were discussed included old ones that remain undone, and some new ones that recognize the potential for innovation and emerging opportunities in forest products in the global economy. The following are a few of the many solutions that were put forward for the northwest:

- Invest in upgrades of resource road infrastructure from the Resource Road Infrastructure Fund as secondary provincial highways to employ out-of-work contractors and loggers and better position our road systems for the safe and efficient use of all road users.
- Invest in stand management beyond the free-growing age to increase value, merchantability, and piece size, and to modify fuels in the urban interface for community protection.
- Invest in bioenergy and co-generation projects to utilize sub-merchantable material produced from harvest blocks, land development projects and forest management activities.
- Implement a stumpage ledger system where negative stumpage blocks are offset by positive stumpage blocks or allow for complete flexibility around the blending of cutblocks within a tenure licence.

- Recognize cost structures in the appraisal system such as road allowances in the Kispiox that do not reflect actual costs.
- Return to simplified (e.g. ocular) residue and waste surveys where there is no revenue risk to the province.
- Implement recommendations from the Contractor Sustainability Review to support contractor and industry sustainability, including amendments to Bill 13, changes to the arbitration process and removal of the fair market rate test. It's been a year since Premier Horgan announced his commitment to do this.
- Implement complete LiDAR coverage for the province that will provide a valuable tool for all resource management activities.
- Engage the federal government in being part of the effort by considering forestry tax credits, a lower corporate tax rate and an infusion of infrastructure investment, and forest stand enhancement dollars.

The NWLA is here to be a positive contributor to the changes necessary to safeguard the sustainability of the forest industry in the northwest and the communities in which we live. We have talked about these solutions as well as many others for what seems like a long time. We have talked, and government has listened. It is time for government to be bold, hear what has been said and move forward quickly on real and tangible initiatives.▲

Trevor Jobb, RPF, President, NWLA

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INTENSIVE SILVICULTURE TO IMPROVE TIMBER QUALITY FOR THE FUTURE

An enduring topic of consideration by forest management specialists, which has been resurrected in recent months, is whether or not the BC forest industry has been managing Crown forest lands to maximize their future commercial value. BC is known worldwide for providing high-quality lumber and other forest products. As the BC forest industry transitions toward harvesting more second-growth timber, the question remains, is the quality of these second-growth stands going to achieve the high standards that our consumers expect?

With this question in mind, the issue of forest tenure and the argument supporting a transition from volume-based tenure to area-based tenure was discussed at length during the Interior Forest Sector Renewal meetings that occurred in the fall of 2019. One argument supporting a transition to area-based tenure would be to motivate an increase in intensive silviculture within forest plantations that are beyond the free-to-grow stage. Intensive activities that maximize economic value from managed stands would secure BC's reputation of providing high-quality forest products to the world. But will the legislation ever be passed to support this strategy?

With the recent downturn in the forest sector provincially caused by mill closures, curtailments, reduced allowable annual cut, low lumber prices, high stumpage, and the longest worker strike in coastal forest history, the resulting loss of employment among forestry workers in BC has been massive. When times are bad, opportunities can be created to provide alternate forms of work for those who are suffering most from the industry downturn. Provincial and federal worker assistance programs can be directed toward intensive silvicultural initiatives and related research projects to keep forestry

workers active in the industry, and to improve the quality of our second-growth stands for future benefits.

would join the one trillion tree initiative. These announcements are good news for the forest industry in BC. If managed

Intensive activities that maximize economic value from managed stands would secure BC's reputation of providing high-quality forest products to the world.

In January, during the TLA's Conference + Trade Show in Vancouver, Dominik Roeser from the UBC Faculty of Forestry discussed the benefits of commercial thinning during his session titled, "Making the Most of Timber Supply." Roeser iterated the need for "long-term thinking" by forestry leaders to increase the value of a stand by utilizing good silvicultural practices. Suggestions such as strategic stand selection, increased planting densities to as much as 2200 trees/hectare, commercial and pre-commercial thinning and pruning strategies would help ensure our timber quality remains at a high level. However, Roeser also noted that these activities come at a price. Planting at higher densities costs money, and in best case scenarios, licensees break even on the cost of commercial thinning. To alleviate these economic concerns, government initiatives, strategies and funding could be implemented to help licensees achieve these goals.

Funding should not only be provided provincially, but federally as well. With increasing global concerns directed toward climate change, politicians have begun to acknowledge how some forest management practices can be used to sequester carbon. Along this vein, in September 2019, Prime Minister Justin Trudeau made an election promise to plant two billion trees in the next 10 years; and in January 2020, President Donald Trump also jumped on board announcing at the World Economic Forum that the US

stands can capture carbon in wood products for centuries to come, then federal funding could be directed toward stand management as part of Canada's climate change obligations.

So, the potential exists to ensure the quality of BC's forests for future generations, the government just needs to make the changes in legislation, provide the programs and direct the funding to make it possible.

With the state of BC's forest industry still reeling from economic downturns, the opportunity exists for government to make significant changes to the way forestry is done in BC. With the support of the rest of Canada and the global community, revisions can be made to legislation and the *Forest and Range Practices Act*, stocking standards can be updated, and new jobs can be created to help contractors and mill workers that are now suffering the industry downturn. The time is ripe for change, but does our current government have the political will and vision to make that change?▲

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TIPS FOR DEALING WITH THE CRA

It is inevitable during the life of your business that at some point you will have to deal with the Canada Revenue Agency (CRA). Here, I offer some tips and insights for dealing with the CRA and recommendations for when you should get your accountant involved.

One of the main reasons the CRA comes calling is if you owe amounts and are behind in taxes, GST, or payroll. The second reason is when they are verifying information on returns you have filed. This can come at different levels, from expense reviews to a full-blown audit. This verification process may result in a notice of reassessment, where CRA will change the numbers from what you reported. Although this reassessment can go in either the taxpayer or CRA's favour, it's more often that the CRA adjusts in their favour.

The CRA is not always right

A notice of reassessment is not always an indication you or your accountant has done something wrong. The CRA may be interpreting the facts incorrectly; leading them to a different conclusion. It is then the responsibility of the taxpayer to prove the CRA's method is incorrect.

If you feel the CRA's reassessment is incorrect, you must file an objection within 90 days of the date in which the CRA issued the reassessment. Once you have filed the objection, you will need to

wait for the CRA to respond. This can take months depending on the situation, so while waiting for CRA to respond, you can continue to collect information to support your position.

A notice of reassessment is not always an indication you or your accountant has done something wrong.

Once the CRA reviews the information, they will decide on the grounds for your objection. They will either accept that their interpretation was incorrect due to some oversight and process as originally filed, or they will stick to their reassessment.

If CRA sticks to the reassessment and you still disagree, your next option is to take the issue to tax court. This involves hiring a tax lawyer and is a long and costly process.

CRA collections

The collections process can be one of the most stressful times for a business owner. If it is determined you owe the CRA money as a result of the notice of reassessment—and you cannot make this payment in full—it is recommended you contact them to arrange payment terms.

If you fail to contact them, the CRA's collection department will call you to arrange payment. If you fail to follow up with the collection's department, they can freeze your bank account and take

any deposits made to the account. This can be crippling to a business.

Notes on CRA scams

Be aware there are countless scam-

mers out there reporting to be the CRA. The CRA collections department will never threaten to arrest you and won't ask for your personal information. The CRA will also not ask for credit card information. Finally, the CRA will not take payment in other forms, such as Bitcoin or gift cards. If in doubt, call the CRA general inquiries line at 1-800-959-5525 to verify the caller's ID.

What types of reviews can CRA perform?

Each year, the CRA performs countless reviews across the country. These reviews vary in detail, from CRA letter campaigns to audit examinations or special examinations, including:

CRA letter campaigns

These are also known as information requests. Annually, the CRA will have an expense item they choose to review for most businesses. One year, it could be auto expenses and the next year, meals and entertainment. These are done to promote awareness and check for compliance from taxpayers. These requests can often be dealt with by the taxpayer without an accountant's assistance.

Audit examinations or special examinations

These reviews are a lot more involved and will require the assistance of a professional who has experience working with the CRA. In these cases, it is best to have your accountant assist in the review process. The CRA will send a list of information they wish to have reviewed before they come out for the fieldwork.



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The auditor will likely be at your workplace for two to three weeks for a full audit examination.

Audit review tips

If you are being audited, only provide the documentation for the time period the review has requested and the information you provide is only for the taxpayer being audited. If you accidentally give information for the wrong time period or taxpayer, the review may expand to those as well.

Tips to keep in mind:

1. Cooperate with the auditor, be respectful and expect the same in return. Once you've been selected for an audit, there's nothing you can do to change that but you and the auditors should expect professional courtesy as the auditors complete the audit. That said, your cooperation should always be informed by your knowledge about your rights, what is required, and what is not (see tips 2 to 5).
2. Understand your rights. The CRA has broad audit powers but that doesn't mean they're unlimited in what they can request and how they can complete their audit. Understanding your rights as well as CRA's rights and policies will help ensure you're treated fairly throughout the duration of the audit.
3. Understand the audit and key issues. Ensure you understand the information requested by CRA as well as any potential issues they identify. This will allow you to respond appropriately with concise information and the specific documents needed to satisfy their requests.

4. Know your appeal rights. There's a chance that you won't agree with the results of the audit. You have the right to appeal the audit result but any appeal must be made within 90 days of the date on your Notice of Reassessment.

5. Keep detailed records. It's important to keep detailed records of all correspondence with the CRA throughout the audit process. When possible, written communication is preferred as it limits the chance of miscommunication and ensures that there's an accurate record of information exchanged between you and the auditor. These records can be critical if you later need to appeal a reassessment.

Conclusion

When dealing with the CRA, be cautious and remember, they are not always right and do make mistakes. If you have concerns or questions, seek the advice of a professional who can alleviate your concerns and maybe even save you money. 🌲

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INSPECTIONS REVEAL CONTINUED COMPLIANCE ISSUES

Thorough inspections and maintenance of log trucks and trailers are essential for safe operations. Even the smallest malfunction can have the gravest of consequences.

In August 2018, this was demonstrated tragically when a loaded logging truck entered a corner on a forest service road in the Cranbrook area.

The log load spilled off the vehicle, pulling the truck over onto its left side. The driver was trapped in the cab of the truck and sustained fatal injuries. Damaged bolster bolts were found on the rear bunk, which may have affected their integrity and contributed to the spill.

Forestry High-risk Strategy

WorkSafeBC's High Risk Strategies identify and target industries and employers with a high risk of serious workplace injury

and a significant contribution to the serious injury rate, including the forestry sector.

As part of WorkSafeBC's forestry strategy, log transportation was identified as one of the five high-risk work activities (the others being manual tree falling, cable yarding, mechanized harvesting and silviculture).

With respect to log transportation, our main areas of focus are:

- Driving and road assessment
- Loading, offloading, and securing of load
- Best practices for maintenance work (lockout, access, and egress)
- Cab guards (bullboards) and seat belt use
- Three-point-contact procedures

Inspections

WorkSafeBC regularly carries out logging truck inspections across BC wherever there are forestry activities taking place, such as mill yards, chain-up areas, weigh-scale stations and at logging sites and roads.

In addition, at least annually we conduct a one-day inspection initiative in various parts of the province.

In October last year, we conducted one of these types of inspections in the southeastern part of BC. It included inspections of 26 log transporters. Of those, 10 had no compliance issues. However, of the remaining 16, non-compliance with occupational health and safety requirements resulted in WorkSafeBC issuing 26 compliance orders and seven stop-use orders.

That worked out to be just 38 per cent of the trucks in compliance, and



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an average of 1.6 orders per truck with compliance issues. That compares to the 2018 results, which recorded only 19 per cent of trucks in compliance and an average of 2.4 orders per truck with compliance issues.

The 2018 and 2019 orders found a number of compliance issues, including:

- Brake air line damage—this could result in loss of braking capability.
- Loose bunk bolts—if the bunk bolts were to shear off, it could result in the load spilling out.
- Tail frame cracks—this affects the integrity and could lead to failure.
- Improperly modified cinch handles—some cinch handles had hooks welded onto the handles, which could damage a handle's integrity and make it snap causing injury to the operator.
- Molly damage and wear and tear—frayed cables could lead to failure while a trailer is being unloaded or loaded onto the truck.
- Unsecured tools in the cabs—loose items, such as tools, thermoses, batteries, etc., could cause significant

injuries if they strike a driver in the event of an incident.

- Unmaintained or bent stakes—worn or damaged stakes could snap or collapse, which could result in the loss of a load.
- Recording of inspections—operators are required to carry out pre-trip inspections and record the results, including defaults. In some cases, no recording of inspections were found.

Over the course of 2019, as part of our province-wide log transporter inspections, WorkSafeBC inspected 534 vehicles, issued 529 orders and 14 stop-use orders. Most of the infractions mirrored what we found during that one-day inspection initiative in October.

Truck owners and operators have a responsibility to ensure their log transporters are maintained. While there was some improvement in the year-over-year results, we are still seeing far too many non-compliance issues that could result in catastrophic and deadly consequences.

In 2020, we will continue to look for these non-compliance issues, with an

additional focus on seat belt use and recording of inspections.

Seat belts must be worn in all vehicles on all roads, including resource roads, at all times.

The safety benefits far outweigh any perceived benefits of not wearing one, and evidence from log truck accident investigations clearly speaks against the argument for needing to jump from the truck or hit the deck if the load comes forward. We know of numerous tragic consequences that resulted from this line of thinking.

As for pre-trip inspections, they are required and must be documented before the operator can begin work. The inspection checklist can be found on worksafebc.com by typing “log transporter inspection checklist” in the search bar.

By ensuring compliance with the Occupational Health and Safety Regulation, log truck operators may save lives.▲

Scott Peet is an occupational safety officer in WorkSafeBC's Cranbrook office



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WILDFIRE FIGHTING INSURANCE COVERAGE

From the perspective of the insurance industry and stakeholders who undertook the negotiations, it was appropriate that the BC government resolved late last year to assume more responsibilities for insuring heavy equipment used to fight fires on Crown land—especially considering Victoria pays contractors to help fight the fires.

But along with this shift in policy comes potential confusion as to who is liable for what. And as with anything pertaining to insurance, an awareness of details is essential if contractors wish to avoid past incidents in which claims were not honoured and losses were incurred. “Contractors need to know what their insurance will and won’t cover if they decide to fight fires using their own equipment,” says Peter Pringle, a broker and managing director of Marsh JLT Specialty.

Under the revised rules, if someone is engaged in battling wildfires with the BC

Wildfire Service, then government is also responsible for equipment damage compensation (prior to 2019 negotiations, Victoria paid contractors a higher fire-fighting rate if they relied on their own insurers to cover damage, but since this strategy hadn’t been discussed with the insurance industry this led to a number of claims being turned down).

Pringle says, “A small group of industry reps and insurance professionals managed to inch things back to the way they were before, with the Province agreeing to accept responsibility for a contractor’s equipment from the time it leaves home base until it returns to home base.” The option of not accepting the government’s insurance was consequently eliminated.

But the transition between a fire that begins in the bush and grows to the point where it warrants government intervention is what contractors must pay special

attention to, according to Pringle. “Obviously those who are able to fight the fire in the early stages must do so immediately and are therefore covered by their insurers—and most policies don’t exclude this,” he says. “However, it’s important to make sure that these policies recognize the possibility of fires growing large enough to transition to government control, in which case—assuming the contractor registers his equipment under the BC Wildfire Service Equipment Rental Agreement—the insurer relinquishes his obligations to the province, and Victoria is now responsible for damages.

“Generally speaking, policies are worded accordingly. But in the event they are not, two sets of insurance policies could be in play during a big fire, leading to contention.”

Now comes some legalese that’s vital for contractors to understand: it’s called exceptions to the exclusion, and it should



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be a key part of any properly worded insurance policy. Essentially, such a policy will not insure the interests of the policyholder while being used to suppress fires under the supervision or direction of the Province (this is the exclusion).

But the transition between a fire that begins in the bush and grows to the point where it warrants government intervention is what contractors must pay special attention to, according to Pringle.

But the exceptions to the exclusion—which Pringle stresses must be clearly stated in the policy—are three-fold and show as follows:

- a) Such forest fire is a direct result of the insured's operations, or
- b) Such forest fire is an immediate threat to the property or operation of the insured.
- c) Such forest fire, as defined under applicable provincial statute, obliges the insured to attend the fire even

if a) and b) above do not apply and in the absence of an agreement [the provincial Wildfire Equipment Rental Agreement].

In other words, if the contractor is not working for the BC Wildfire Service and

encounters one of these three circumstances, he will still be protected by his insurer. "It should be noted that point C is a bit of a catch-all to protect the policyholder fighting a fire that doesn't fall into the A or B categories," says Pringle. "I can't think of any immediate examples of such a situation, but we want to leave a little leeway in case something unexpected does arise."

What if the contractor works for a forestry company that is asked by the

government to fight a fire not presided over by the BC Wildfire Service (i.e.: it's not an immediate threat)? "It's not the intent of the insurer to cover damages resulting from that scenario," says Pringle. "So in this case, it's the contractor and the company's responsibility to consult with the government, because it's the latter's bailiwick."

As a parting takeaway, Pringle urges policyholders to learn everything they can about the circumstances surrounding damage coverage. "The problem with insurance in general from a client's viewpoint is that insurers won't directly tell you what is insured. Risks are covered except for what's excluded, and that's why we worked our three exceptions as clearly as possible.

"The new guidelines ratified late last year are an improvement, but anything is open to ambiguity, so we would stress the importance of checking in with your equipment insurance policy, reading the appropriate section, and following up with your broker for final clarification."▲



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FORESTRY COMMUNITY: NANWAKOLAS

By Robin Brunet

The Campbell River-based Nanwakolas Council is described on its website as “the vehicle through which the member First Nations regionally pursue land and marine resource planning and management, and resource-based economic development activities.”

But as for its ultimate trajectory, President and CEO Dallas Smith describes the five-member council slightly differently. “As advocates of First Nations on northern Vancouver Island and the neighbouring southern Central Coast region, we are an emerging government,” he says.

Smith adds, “Governance has been our objective since being established 13 years ago, and in some ways it is already being achieved as many land use decisions now undergo an agreed upon consultation matrix that we jointly developed with the Province. Plus, we’ve just begun negotiations with Victoria for more joint decision making.”

But as an emerging government, and despite gaining prominence over the years, Smith and his colleagues find themselves sharing the same frustration as non-native contractors throughout BC: namely, the inability to control their own economic destiny in the logging sector with any degree of certainty.

The affable and engaging Smith, who tends to see the humorous side of things and frequently punctuates his discourse with hearty laughter, can’t disguise that frustration as he admits, “the only solution is to obtain tenure, and we all know how difficult that is in general. For us to purchase tenure, the costs would be astronomical. So until we come up with a strategy, we’re finding much more value as a council in resource protection. If nothing else, we’re not simply standing by as the land of BC continues to predominantly benefit the major licensees.”

Nanwakolas, which in Kwak’waka means ‘a place we go to find agreement’, advocates for the recognition, protection, and promotion of its member First Nations’ aboriginal rights and interests in land and marine resource planning via management discussions with the provincial and federal governments, as well as with industry and stakeholder groups.

The Council was created in 2007 to provide member Nations (the Mamalilikulla;

Tlowitsis; Da’naxda’xw Awaetlala; Wei Wai Kum; and the K’omoks) with the tools needed to implement their 2006 Land Use Plan agreement-in-principle. “Further back than that we basically got our start through the Great Bear Rainforest process,” says Smith. “We had endured the Commission on Resources and Environment [CORE] process, and most of the provincial parks on Vancouver Island had been designated with no input from us; so when Victoria came to us in the late 1990s to ask for our participation in spatial planning, our immediate reaction was to get together—15 band leaders in all—to discuss the pros and cons of engaging.”

Smith was 21 and getting ready to attend university when the bands agreed to engage and wanted him as one of their representatives. “Addressing what CORE had left out was supposed to be a two-year undertaking,” he says. “But as everyone knows, the *Great Bear Rainforest Land Use Order* and the *Great Bear Rainforest Forest Management Act* wasn’t ratified by the Liberal government until 2016.

“So I didn’t make it to university—but over the years I developed allegiances with government, industry, and environmentalists that proved beneficial when the Nanwakolas Council was formed.”

Initially funded by the provincial government and now supported by its own source revenue, the Province, and some US foundations, the Council has created a number of land use and marine plans as well as strategies for economic development. For example, in 2012 the Nanwakolas Regional Economic Development Strategic Plan was completed with the participation from seven First Nations; it was designed to inform and strengthen the business activities and potential of the individual member First Nations.

In 2014, the Council unveiled the Nanwakolas Community Wellbeing and Capacity Strengthening Plan, to fortify communications processes and leadership skills as well as database/information systems management. The plan has since led to resource management education and training, the support of cultural well-being projects, and increased youth engagement.

Two years later, the Nanwakolas Training and Employment Strategy was completed, based on the tenet that meaningful employment is a key foundation of community well-being. The strategy is now being implemented and supports training, education, and employment needs.

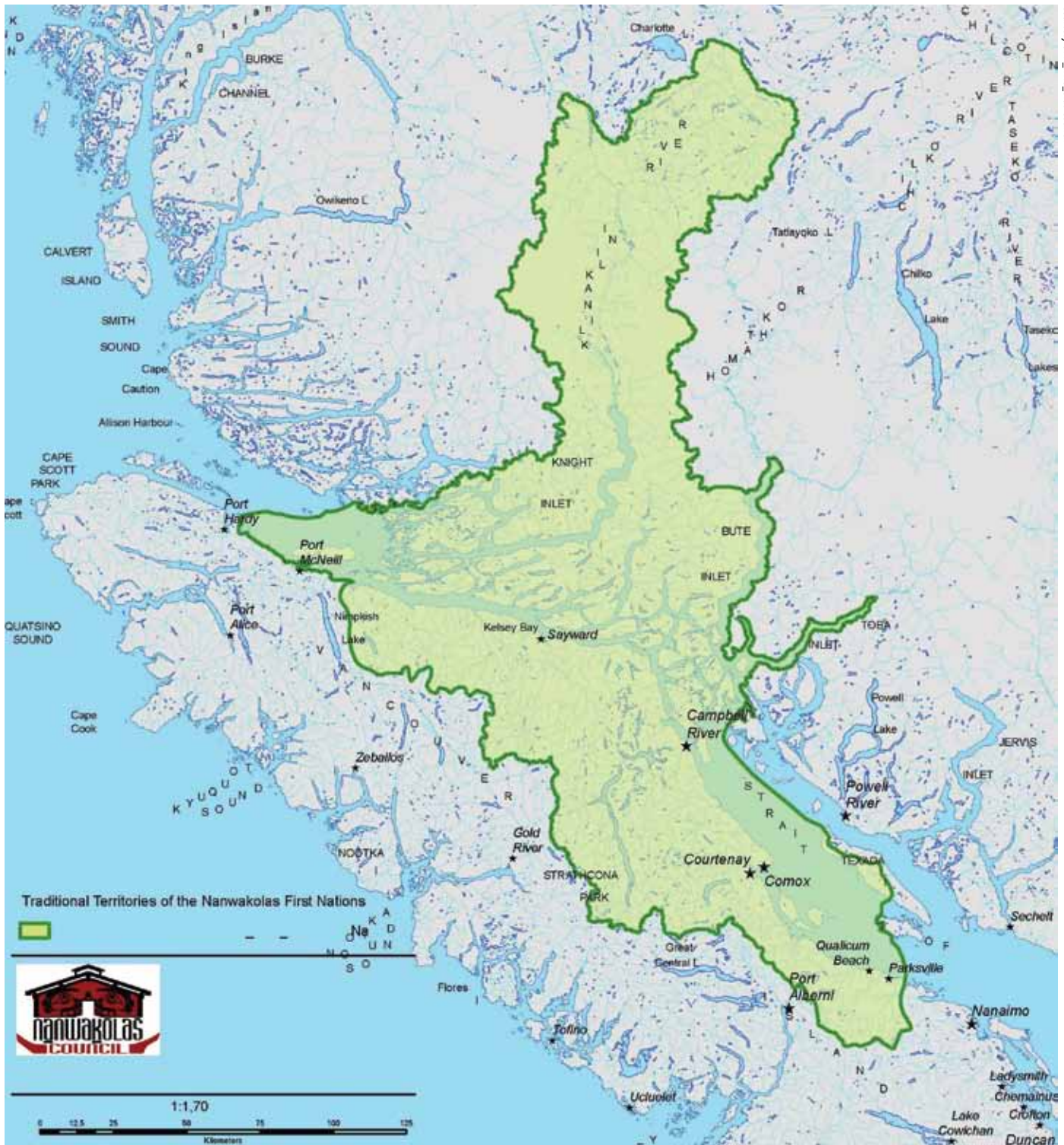
In the marine realm, the Nanwakolas has, since November 2011, been co-leading the Marine Planning Partnership (MaPP) under an agreement with the provincial government and First Nations partners for the North Pacific Coast. This has led to the Council signing a management and activities plan (including special zoning designations) for North Vancouver Island with the Province, which in turn will result in a regional action framework with the Province and First Nations partners in the Central Coast, North Coast, and Haida Gwaii.

Most importantly to the logging industry, Smith says, “We gained a great understanding of how the industry works due to our involvement in the Great Bear Rainforest process, which made us realize we had previously been a missing component in decision making. This realization underscores our desire to obtain tenure, which we would use to build working partnerships.” Smith adds that it was tacitly understood that when his colleagues supported the industry during the Great Bear process, it was partly “to get some skin in the game, so to speak.”

As such, the Council members are “getting impatient with the majors,” according to Smith. “They say they want to work with us, but so far there’s no tangible proof of that. Overall, we need something more than non-renewable licences. Granted, we make money from these five-year cut plans, but they don’t provide sustainability.

“As it stands, too much tenure is being held by too few entities, in an industry that needs serious re-tooling.”

Instead of being able to make headway as ‘sustainable’ participants in the logging business, the Council has enjoyed greater success acting as resource stewards. “We currently have 35 trained guardians who undertake wildlife and other monitoring, but this is not at the expense of our forestry goals,” says Smith. “It actually dovetails with our logging ambitions in that



as we obtain tenure down the road, our activities will be informed by what we've learned through stewardship."

Smith adds that the environmental lobby may be disappointed by the Council when it comes to the way it perceives old growth. "We're currently assessing stands in our jurisdiction with the view it is a harvestable resource as well as valuable for cultural practices. Yes, some of the arguments the environmentalists have made about the mismanagement of old growth are valid, but we're not interested

in shutting down business. And we don't have the luxury of trying to please everyone: our primary goal is looking after our people."

Currently, the Council is nearing completion of an Old Growth Management Strategy that is expected to be implemented by the beginning of this summer. "Our findings will be disseminated to the major licensees under an information sharing agreement, and we'll be consulting with them before cutblocks are engineered," says Smith.

Perhaps most promising, Smith envisions real change in the industry coming about via his Council, contractors, and organizations such as the TLA presenting a united front to government. He explains, "We have so many of the same hopes and goals that it only makes sense to build our relationship."

"It's coming slowly. We're all in the same boat of wanting long-term stability, and I think making that happen is within the realm of possibility."

VISION 2020: THE TLA'S ANNUAL CONVENTION + TRADE SHOW

By Adam Kveton



The Truck Loggers Association's 2020 convention in Vancouver from January 15-17 sought to provide attendees with a clearer vision of what's to come during a very difficult time for the lumber industry in BC.

But with fingers being pointed at high stumpage rates, a push for diversification of tenure, stalled projects due to razor-thin profit margins disappearing, waste penalties, and an overall acknowledgement that changes are needed at a time when government is loath to provide support during touchy negotiations with the United States, you very well might miss the forest for the trees.

Some good news did come to the conference in the form of Russ Taylor's forward look at the global market, along with an explanation for this past year. The managing director of Forest Economic Advisors (FEA Canada), Taylor said, "The question I've been getting a lot this year is 'Why was 2019 so bad?'"

He noted that average growth in global lumber demand over the past 20 years (factoring out the 2008 and 2009 recession) is about 2.2 per cent.

"In 2018 and 2019 it was only 0.9 per cent growth, so that's why it's bad. Because we never got going," he said.

However, Taylor said that he expects better things for 2020, saying "we're projecting somewhere around two to two-and-a-half per cent. Capacity curtailments in North America especially are not going to be able to meet demand, so we expect some price spikes coming up probably this quarter, but maybe early second quarter. So, it should be promising going forward."

But slow market growth wasn't why BC in particular had such a bad go of it in 2019.

"You can get into any market if you're competitive. If you're a high-cost supplier,



it doesn't matter about markets, it's all about your costs, and that's the problem BC faced in 2019," he said.

With Russia providing more and more exports to China, and spruce value in central Europe down due to wind and a rampant beetle problem, BC's costs were just too high to compete due to stumpage, said Taylor.

"My simple logic is, looking at other markets as well, the stumpage rates stayed too high, no adjustments came in early enough, a squeeze play was on, so the economics are negative for the industry," he explained.

On the other hand, BC Minister of Forests, Lands, Natural Resource Operations and Rural Development Doug Donaldson said during his Friday morning question-and-answer period that he wouldn't say the stumpage system is the problem.

He said as of October 1, 2019, the quarterly readjustment saw coastal stumpage decrease by 24 per cent, and that, after ensuring that lumber price data has more of an influence on stumpage rates, there's been an average stumpage decrease from around \$18 per cubic metre to \$9 per cubic metre as of January 1.

He added that changing to a monthly stumpage rate would introduce too much volatility, and that doing too much to change the existing system could hurt national trade agreement talks with the United States.

"We don't want to be seen as politically intervening in the stumpage system in any way whatsoever when we're in sensitive negotiations and trying to get a resolution on a softwood lumber deal because the US lawyers are looking for any kind of inkling of that," he said.

But US lawyers and an abysmal 2019 aren't stopping the provincial government

from making some changes with a view to long-term shifts in how the forest industry functions.

Minister Donaldson said the government is motivated by trends between 2003 and 2017, including a 45 per cent decrease in lumber production, a 40 per cent decrease in forestry employment, 30 per cent decrease in timber harvesting, 50 per cent decrease in pulp production and a 155 per cent increase in log exports.



The last government “was focused really on shipping as many raw logs out of BC as could be processed overseas,” he said.

Major changes included a new fee-in-lieu of manufacturing for coastal logs, and implementing waste penalties in coastal fibre recovery zones. Those reforms have seen adjustments and pauses being made by the end of 2019. But thanks to the Western Forest Products (WFP) strike and a general lack of forestry activity on the Coast, the provincial government doesn’t have enough data to be able to tell if the changes are having the intended effect, he said.

He noted, however, that the government does not want to pile on too many consequences that the industry can’t absorb, and also acknowledged the difficulty families are having.

Minister Donaldson also referred to the \$5 million trust the Province has created—announced by BC Premier John Horgan the day before—for eligible coastal logging contractors to receive loans for payments on logging equipment. But some attendees at the conference suggested the funds are not enough.

In a talk on January 16, Robert Schuetz of Industrial Forestry Service Ltd. described the fibre recovery zones and waste penalties as ways to bolster the pulp and paper industry. He said he feels the government has been focused on the residuals side of the forestry industry for the last few years, noting the ongoing decline of sawmills in BC from 2,500 in 1955 to 344 in 1976 and 90 in 2019.

The demand for pulp logs, on the other hand, “is significant and it’s going to increase,” he said.

“When you look at the supply across all of BC, the volume is there... There is enough volume. But is it economical? Probably not given the framework and lower cost traditionally of all of that volume,” he said.

With the residuals side of the industry at risk in a system focused on saw logs, the government’s changes are focused on recovering the considerable waste left in cutblocks to support pulp mills and others, he said.

Stew Gibson of Paper Excellence Canada suggested that penalties for leaving waste can work for the industry by eventually driving stumpage costs down and leaving profit margins. He noted that providing monetary benefits for taking costly waste out of forests could work too, but that the government is concerned that US lawyers will equate that to subsidizing the industry.

In a presentation entitled “Solutions for Making the Most of Timber Supply,” Rob Stewart of Stewart Systems Inc. gave attendees a breakdown of his grinding and chipping operations. The company goes into cutblocks to process wood chips for pulping and does grinding to produce hog fuel, pellets and more.

He noted the benefits of having a contractor like him come in on a harvest, including a reduction in slash burning and waste. But a key to keeping his business viable is being part of the harvest plan from the start, allowing for roads and turnabouts that can accommodate his equipment.

Larry Fedorkie with Capacity Forest Management shared the perspective of small First Nations forest tenure holders, saying that many projects have been curtailed or halted due to the small size of the tenures and increased costs.

“We need to be successful on every project. We don’t have a margin for error,” he said.

He noted a careful balance between log exports and local manufacturing is needed to keep stands economical and, without that balance, there will be fewer logs available for local mills overall.

“We all want to see the allowable annual cut harvested... Any costs or increased penalties and taxes at a time when margins are thin or nonexistent and few people are working will not revitalize the coast,” he said.

During a panel about forest tenure diversification, BC First Nations Forestry Council’s Charlene Higgins agreed with Fedorkie’s assessment that small tenure holders cannot bear the additional cost of waste penalties. However, she pointed to the consolidation of the majority of tenure within a handful of companies as a major problem, and suggested putting more land under the management of First Nations as a solution.



“First Nations want to play a bigger role in the management and stewardship of forest lands and resources, and industry wants fibre certainty,” she said. “This can definitely happen when we put more volume in the hands of First Nations. It’s going to create the certainty that everybody is looking for. Wood has to get to market, they do not have milling capacity.”

The challenge is that the forest land base is fully allocated. As such, Higgins believes the government’s most promising tool for providing First Nations and other communities with more tenure is apportionment.

“Apportionment really is defined as a discretionary decision by the minister

on how the annual allowable cut, determined by the chief forester, can be divided,” she explained.

Last November, this was used to increase the available First Nations forest tenure in Quesnel, BC, from 42,650 cubic metres to 162,500 cubic metres, as well as earmarking 77,000 cubic metres for new community forest agreements.

During the same panel, Jennifer Gunter with the BC Community Forests Association promoted the benefits of community forests.



“Now is the time to rebalance the tenure system so the local communities, both Indigenous and non-Indigenous, have more control over land management,” she said.

By doing this, foresters can have greater access to sensitive land areas because the community itself is making the decisions and forests are managed more responsibly because decisions are made for the long term by the people who live there. It can also create more jobs and even opportunities over the winter when larger companies aren't working, better collaboration on fire planning, and profits can and often are redistributed back into the community, Gunter said.

Community forests aren't just about the money, though, of course, economic benefit is still amongst the highest priorities, she said.

“It's about being able to link forest management decisions and styles with community development objectives.”

After a question from the audience, Gunter acknowledged that community forests have a lower stumpage rate, but said that's necessary for success and appropriate because the provincial government expects greater forest management.

These and many other presentations made for a dizzying array of possible ways forward for the BC forest industry and the province's timber harvesting contractors, but few, if any, immediate supports for a struggling industry.

While Premier Horgan and Minister Donaldson encouraged those in attendance to continue to use their voices to push for change as they did in September when over 400 truck loggers drove to Vancouver, and others envisioned major changes to the tenure system, some remain convinced that it's politicians like Premier Horgan and Minister Donaldson who need to get out of the way of the industry.

“It's a great industry,” said TLA Director Barry Simpson at the end of Taylor's presentation. “We have customers that want to buy our product and we have product to make and we've got a government that's stopping us from doing that, so we've got to keep the heat on.”▲



Each year, members and suppliers generously donate items to the live and silent auction. The funds raised through the auctions support student scholarships and forestry education programs. The silent auction raised \$15,500 and the live auction raised \$95,500 which will continue to provide funding for the forest industry's future.

The sold-out trade show continued to provide a central networking spot for delegates and suppliers. Each vendor joined in the fun at attempting to win the best booth contest, including interactive equipment simulators and sweet treats, with the winner going to Catalys Lubricants whose drum toss game kept delegates engaged and entertained.



Approximately 1,000 delegates attended this year's convention held at the Westin Bayshore, and we look forward to seeing you again next year in the same location from January 13-15, 2021.



Laughs were non-stop for delegates who were treated to the hilarious Loggers' Dinner and Comedy Theatre from Vancouver Theatre Sports League.

Back by popular demand, Rob Shaw from *The Vancouver Sun* and Richard Zussman from Global BC enlightened delegates with their views and fascinating discussion about the political landscape for BC.



Deborah Baker from the Squamish Nation Council welcomed delegates with a First Nations song and drumming.

The Spouse Event – Forest to Table, showcased the best of what BC has to offer in a creative pairing of food from the forest and local BC wine. Attendees were joined by a sommelier from Andrew Peller Ltd. for some wine tasting with flair, and all proceeds went to support the BC Children's Hospital Foundation.

The TLA would like to take this opportunity to thank all of our event sponsors, silent and live auction donors, and annual sponsors. Your generous contributions enable us to continue to advocate on behalf of timber harvesting contractors across the province.



TLA Board elected in January at the AGM:

(left to right, back row): Tyson Lambert, Tim Lloyd, Carl Sweet, Mark Ponting, Dave McNaught, Bob Marquis, Dorian Uzzell, Brian Mulvihill
(front row): Barry Simpson, Lawrence Van De Leur, Jacqui Beban (Immediate Past President), Bill Nelson (President), Aaron Service (Vice President), David Elstone (Executive Director), Jen Norie. Absent: Matt Wealick, Sig Kemmler



Bob Marquis is President and owner of Bob Marquis Contracting Ltd. in Powell River.

For 25 years he has been in the road building and bridge installation business on the Sunshine Coast, from Howe Sound to Knight Inlet. Born and raised in the coastal forest industry, Bob began working for his father's logging company when he was 14 years old, followed by an extensive career with Percy Logging. Bob is a



This year, the TLA awarded \$34,900 in scholarships from the Forestry Education Fund to 21 forestry students at VIU, UBC, BCIT, and UNBC. The students met with and were congratulated by Doug Donaldson, Minister of Forests, Lands, Natural Resource Operations and Rural Development.

third-generation logger, followed by his oldest son who is carrying on the family tradition.

Since 1983, Bob has continued to be an integral force in providing leadership and contagious energy to the much anticipated, world class, annual Powell River Loggers Sports event.

Bob's experience combined with his practical reasoning will help the TLA achieve their directive of growth and sustainability for the forest

industry in British Columbia. He is looking forward to and is thankful for the opportunity to work with the TLA Board of Directors.

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THE FUTURE OF FORESTRY IS BRIGHT

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



I don't need to tell the TLA, ILA or NWLA members about the importance of our forests and the forest industry in British Columbia. You already know that our sustainable, renewable industry supports 65,000 direct jobs—and many more indirect jobs—in 140 communities in every corner of this beautiful province. You know that healthy forests support climate change mitigation and that our forests are integral to a whole host of recreational, cultural and spiritual activities.

It's no secret that the industry has faced challenges, and our government is working with industry associations, First Nations, local governments, labour organizations and others to transform the sector, so that it will continue to support families and communities for generations to come. The discussions with your associations' executives have been incredibly informative and useful as we have embarked on this work.

Had this work been done years ago, when it was apparent that timber supplies would decline because of the end

of the beetle-killed stands, we believe the industry would be in a better position now. But our government is committed to making real long-term changes to support this foundational industry.

Last April, Premier John Horgan announced the launch of a regionally driven renewal of the province's Interior forest industry, aimed at developing a competitive, sustainable future for forest companies, workers and communities.

Through the summer and fall of 2019, Parliamentary Secretary Ravi Kahlon and I travelled to communities throughout the Interior, meeting with local government officials, mill owners/operators, workers and First Nations. We worked with them to come up with ways to put supports in place for forestry workers impacted by mill closures in the Interior. As a result, we announced a \$69 million support package to support workers, their families and communities while the industry goes through this transition.

A healthy forest sector needs healthy forests. With that in mind, we made a series of amendments to the *Forest and Range Practices Act* (FRPA) last spring in order to strengthen government oversight of the forest sector and help restore public trust in how our forests and rangelands are managed. These changes will help improve forest management across the landscape, given ongoing changes to land uses, needs and interests of Indigenous communities and climate change.

We also amended the *Forest Act* to add a public interest test to tenure transfers or change of control in forest licences. Our government brought in these changes so that the needs of Indigenous Nations, workers and communities would have to be considered before a transfer would be approved.

Many will remember the valley-by-valley battle over old growth in decades past. Those emotional arguments were

extremely disruptive to the sector and don't support our goal of striking a balance between protecting old-growth trees and protecting jobs and the economy. The two-person panel of Garry Merkel and Al Gorley have been engaging with local and Indigenous communities, the forest, tourism and recreation industries, experts, stakeholders and British Columbians on the future of old-growth management in BC.

Our government remains focused on this industry and on working with you to build a better future for it. That's why the ministry's budget will increase in 2020/21 by \$28.5 million to over \$843 million, an increase of 3.5 per cent over the previous fiscal year. This reflects just the latest investments this government is making in the forest industry. For example, there is now \$13 million available over the next three years to support a new forest economy based on a collaborative and innovative forest sector.

Budget 2020 also builds on our success at supporting forestry workers with funding for the Coast Forestry Revitalization increased from \$10 million to \$14 million over four years. This combined funding of \$27 million compliments the \$69 million we announced last year to make sure that workers and their families have the supports and services they need.

Despite the challenges, the future of forestry is bright. We have healthy forests which produce strong products, and the expertise deployed by people in our industry is world-leading. I want to thank the TLA, ILA and NWLA for their passionate leadership and commitment to building a strong, sustainable industry. I look forward too many more years of working together as we support the sector and the British Columbians who rely on it.▲

IS LOCAL DECISION MAKING A SOLUTION?

By Harry Nelson and Hugh Scolah

How, where and when should a forest stand be cut? Who pays to access and maintain the public resource? How should other values such as watersheds and old growth be balanced with timber harvesting? These are questions that ultimately get decided through a process determined by government. These days, there are a growing number of examples of British Columbians who are unhappy with the answers.

Every actively logged region in the province is different and home to different sets of forest activities that people care about. Some areas contain endangered species; others have active snowmobile groups, naturalist groups, backcountry

skiers and mountain bikers, hunters and anglers, plus many other cultural activities; or in many cases, a combination of these activities altogether.

The government has the impossible job of making trade-offs between these different interests and keeping as many people as possible at work across the whole province. How can a decision-maker collect enough information and put it all together to make a fair decision that finds the right balance between all of the interested parties?

The government is currently engaged in making changes to the *Forest and Range Practices Act* (FRPA) that are meant to address some of these ongoing

issues, including increased public notifications and a move towards landscape level planning—an ongoing and perennial issue in BC. While we wait for these changes, we can anticipate that they are not likely to lead to changes in the fundamental ways in which forestry is carried out in BC, especially the tendency to find either the one process or set of regulations that will provide the optimal solution (and which will be decided in Victoria). It begs the question, is there another way to answer these questions on public land? Is there an approach to resource governance that gives more input to the people on the ground whose lives are affected by these decisions?

The late Elinor Ostrom, an Economics Nobel Prize winner for her work on resource governance, demonstrated that there is a different way. The first principle of her work is that the people being affected by decisions should have a right to participate in making the decisions. Beyond this basic fact, for a government to make fair decisions that people can live with, even if they don't agree with the outcome, the decision-making process should answer the following questions:

- Who gets access to a resource and who does not?
- Who benefits from access and who has to pay the maintenance costs?
- Who monitors to make sure that the rights holders meet their obligations, get access to the resource, and that everyone is respecting their contracts?

To get a sense of how decision-makers would work through these questions, take the example of a local organization that builds and maintains recreational trails on public land and discovers that a cutting permit has been issued on a BC Timber Sales (BCTS) sale around some of their trails. This group has missed the comment period, so now they raise money to challenge the cutting permit in court. The delay is going to be costly to industry; BCTS will burn tax dollars in unnecessary legal costs; and the recreational users would certainly rather be outside recreating than spending their



time fighting the permit. Why do these situations arise again and again in British Columbia? If we consider the four questions above, we begin to see how these conflicts result in so many additional costs in managing our forest resources.

Currently, other than timber harvesting rights and hunting tags, many activities on the public land base are a free-for-all. There are few limitations on who can do what and where. As a consequence of this, many people benefit from the use of public land, but few contribute significantly to the cost of maintaining access. The imbalance between those paying the costs of maintenance and the beneficiaries of these expenditures is a perennial source of frustration for those who foot the bill.

There is also the question of monitoring a contract or permit after it is signed and the broader challenge of making sure that interested parties can monitor the ongoing decision-making process. Why is the recreational group surprised by the permit in the first place? Why are industry and government surprised by their legal action? If someone has a right to do something at no cost to themselves and a decision is made that changes that right, of course, they are going to fight it. No one wants to lose the subsidies to their preferred activity.

So, how can these failures be avoided? Ostrom's work found that what works best is a local decision-making body that allows all interested parties to sit down and decide the questions posed above. Users who get access to public land should contribute to its maintenance. Not everyone who wants to make use of the resource in their preferred manner will get what they want. There are too many people wanting to do too many different activities at the same time, in the same place. There has to be some limitations, and it is best decided face-to-face in the community. If locals don't have a role to play in monitoring the outcomes of this decision making, they lose trust in the process.

Ostrom highlighted these questions to summarize decades of work on historical and contemporary practices of resource management. An example from this work that stands out is the village of Törbel in Switzerland. The Törbel forests and pastures are ruled by village council according to laws that were first written in 1224. A village forester marks the

trees, and the harvest and processing is done within the village. At the landing, log sort value is allocated to village members according to a lottery each year. This ensures a fair outcome, as well as an enduring interest in the health of the forest by village members. As labour costs have risen (Switzerland has the highest labour costs in Europe) some changes have had to be made to the allocation of work and benefits from the forest, but the people of Törbel still make decisions about how the forest is managed. The ranges and forests are managed in an integrated way to benefit the community and minimize surprise conflict. In the nearly 800 years that these institutions have existed there has not been any instances where the entire village finds itself out of work because the cut allocation has dropped or a mill has gone out of business.

This is not an isolated example, many villages in Switzerland have similar institutions; there are roughly 3 million hectares in Japan that are managed by local village and regional authorities; and there are countless fisheries and irrigation systems around the world where users of the resource make and enforce the rules. Many of these institutions count

their age in centuries and some in millennia. Local governance works. It has stood the test of time.

In short, the people with skin-in-the-game are the ones who should make the decisions, live with the successes and failures, and make sure that everyone involved is living up to their word.

These local decision-making bodies may sound like a frustrating and inefficient process but consider the alternative. Will more data collection, surveys, paperwork and trips to the legislature result in better outcomes? Will rights and obligations be made clear? Will the quality and clarity of the monitoring process improve? Will the burden of costs and the distribution of benefits be made fairer?

Repeated interactions and negotiations between forest users through a formal process creates opportunities to find compromises that will never result from the old way of doing things. Maybe it is possible to get logs out of the bush and provide recreational opportunities for many different users, but we'll never find out if time and money are being spent on legal fights over unclear rights and obligations.▲

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PROACTIVE AND PROUD: BILL NELSON, NEW TLA PRESIDENT

By Robin Brunet

It's inevitable that any incoming TLA president is faced with a heap of responsibilities on his or her plate, and Bill Nelson is no exception. From contractor sustainability to creating a strategic plan, the 53-year old partner at Holbrook Dyson Logging Ltd. (HDL) in Campbell River expects 2020 to be an especially busy year.

And that suits him just fine. "I've always been the type of person who needs to work, and work hard," he says. "I'm not happy with leisure. In fact, if I take a vacation it typically takes me three days to relax, and then I start getting antsy."

While this work ethic will serve the TLA well as the association pursues its various mandates, it also benefits an award-winning logging company that is nearing 50 years of operation. "I became a partner of HDL in 1997 and have experienced a lot of industry ups and downs since then, and the downs have only strengthened my belief that contractors are viable entrepreneurs and should be treated as such," says Nelson. "They're the cornerstone of rural communities throughout BC, and I'm proud to advocate on their behalf."

Indeed, Nelson has never been shy about speaking out for the welfare of his colleagues, as media websites attest. For example, last October on CHEK News he weighed in on the impact of 3,000

forestry workers walking off the job on July 1 in the strike against Western Forest Products. "The long-term effects on contractors are pretty simple, there's going to be contractors going under," he said. "I mean, people should look around. How many businesses do you know that can completely shut down for three months, four months, six months, eight months? That's just not reasonable."

He was also candid about the strike's impact on HDL: "We haven't turned a wheel since July 1, 2019. We haven't been able to pay our guys obviously, we haven't had any income into the business, zero cash flow and all of our equipment is behind picket lines."

"Nobody's moved, nothing's happened and the people who are supposed to be negotiating aren't. They need to get back to the table and they need to find a solution to this."

Unsurprisingly, when *Truck LoggerBC* magazine interviewed Nelson for this profile in November, the labour dispute was foremost on his mind: "I hope it's over by the time the profile is published."

While Nelson's hope came true, his point in citing the dispute was "we really can't survive these ups and downs. At one point, trailers of food were dispatched to Port McNeill to feed people. A relatively simple labour dispute

turned into a community-wide crisis, and that should never have happened."

Nelson remembers a time not too long ago when the forest industry was widely regarded as a stalwart during economic downturns. Born and raised in Campbell River, Nelson was exposed to logging as a youth through his father Bill Sr., who worked as a manager for Norie Brothers Logging, and his Uncle who owned contract logging trucks. "I started working in the shop at Elk Bay when I was 13 and caught the bug, so to speak," he says. "My dad told me if I could work like a man I should be paid like one, and the money was great. In the 1980s when the recession hit, our industry treated me very well while lots of my friends who had gone into other sectors were struggling and had to take jobs like delivering pizzas to make ends meet."

But Nelson's parents preferred that their son attend university, and a 17-year-old Nelson dutifully enrolled at Simon Fraser University on a sports scholarship. "But after the first year of basic arts courses I returned to the bush, and soon after I decided to work towards a management position, because I liked the idea of presiding over logging operations and making them as efficient and productive as possible," he says.

In that regard, HDL has proven to be the ideal venue for Nelson. The company was incorporated in 1979 to provide log-harvesting services for Canadian Forest

Products' Englewood division on TFL 37. Since Western Forest Product's take-over of TFL 37 in 2006, HDL has become part of that company's Chain of Custody certification for sustainable forestry, striving for and achieving a competitive advantage and a high measure of profitability while maintaining high quality, efficient, and environmentally sound logging practices.

Nelson says, "I've had nine different partners since 1997; today there are three, plus myself. We preside over three different full-phase stump-to-dump operations, harvest on average about 400,000 cubic metres yearly, and do small business and timber sales."

Nelson's lifelong passion for work hasn't come at the expense of a fulfilling home life, however. He met his wife of 25 years, Wendy, at a wedding in which she was a bridesmaid and he was the best man. "After marrying we moved from Campbell River to Sayward to start a family, and today we have two teenage daughters, one of whom is outgoing and super independent, the other quiet and reserved," he says with unabashed pride.

Nelson laughs when asked if either of them might follow in their father's footsteps. "They've been fully exposed to forestry, but they don't like the idea of doing what I do, which is leave home at 4:30 in the morning and come back at seven at night," he says. "However, they're still hard workers, just like their parents."

As a father, Nelson is concerned about fostering the next generation of loggers, and he intends to promote this goal in his role as TLA president. "The lack of fresh skilled labour is a huge issue that must be addressed," he says. The average age of the employees in the industry is over 50 and there are going to be huge gaps in the workforce.

It should be noted that attracting youth to forestry is another thing that has earned Nelson media coverage: in 2017, as president of the Campbell River Forestry Education Association, he was credited for helping out with a then three-year-old forestry high school program at Campbell River's Carihi Secondary School, which had grown in popularity and is attracting as many females as males.

Nelson says, "The program, which is run by Jason Kerluck, is now five years old and has radically changed the mindset of the kids who have attended it. Now they understand that forestry is a good career and how important it is to our economy, and if they desire there is a place for them in it."

He adds, "It's huge when you can open a teenager's mind. It's inspiring. I want to see real education about our industry right across the board, so we can have conversations based on fact, not sentiment."

When asked to describe the philosophy he will bring to the TLA as president, Nelson, who is soft-spoken and chooses his words carefully, takes a few moments to gather his thoughts. "I want to be proactive, hence the work being undertaken to create a new strategic plan. I want to avoid overreacting to things, because quite frankly we do what we do very well and should be proud of our achievements."▲



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GOT TIMBER SUPPLY?

By Ian MacNeill

Before delivering his presentation at this year's TLA convention in Vancouver, Stew Gibson, VP operations West for the Paper Excellence Group, made a joke about being in a room full of angry loggers.

It didn't get a lot of laughs, indicating that when it comes to the policy provisions in last year's Coast Forest Sector Revitalization Initiative that Gibson had come to discuss, it's easier to be lighthearted when it isn't your ox that's getting gored.

Make no mistake, the policies and provisions in the initiative favour the wood-waste industry. "The pulp guys are delighted," observed Barry Simpson, a TLA board member and president of Oceanview Forest Products.

To recap, citing concerns about excessive fibre waste being left behind in the forest, the provincial government moved to reduce the slash piles and create fibre flow for the pulp and paper industry (as well as the bioproducts and bioenergy sectors) by implementing new "waste

benchmarks" for mature stands that vary depending on the method of harvest. Cable operations will be permitted to leave 25 cubic metres of residual fibre per hectare, while the ceiling for conventional ground harvesting operations is capped at 10. Anything over that and your stumpage bill goes up by as much as 300 per cent.

Wood waste in the forest can be a problem, depending on the location, and there are good environmental reasons for reducing it—including fire and



smoke abatement—but the measures seem more designed to address fibre-access problems by the pulp and paper industry and other end users.

Historically, fibre access for pulp mills at the prices that have been offered for it are, and have been, a problem. And with the allowable annual cut going down, sawmills closing, and the wood-bug harvest fading into the rear-view mirror, the problem is only going to get worse, said convention presenter Robert Schuetz of Industrial Forestry Service.

In recent years, the industry has even been forced in some cases to barge in chips from the United States to make up for shortfalls. Seeing that spectre looming in the not-too-distant future the pulp and paper industry went proactive, forming a lobbying coalition and knocking on doors in Victoria. The “waste in the woods” policies contained within the initiative are the fruit of their labours.

The harvesting community and the sawmillers do not begrudge the pulp and

paper (P&P) industry fibre supply. In fact, the different sectors have a symbiotic relationship. The sawmills need the pulp sector to dispose of its waste material, and of course the P&P industry needs fibre for its voracious hoppers. “We’re constantly saying [to the pulp and paper industry], you come and get it, you can have it for free, but they say they cannot afford it,” said Simpson.

And that’s a big part of the problem; the pulp and paper industry want it delivered to their doors at no extra

cost, but without any extra pay, which explains why there are so many angry loggers in the room.

The simplest solution for a government interested in getting the waste out and keeping the pulp mills active would be to lower the stumpage rate on the waste portion of the harvest. But it can't do that because that would create trade issues with the United States.

Another option would be for the waste users who want it to pay more. Various arguments have been put forward by the industry to justify the low price it pays for fibre—currently run-

ning at about \$50 per cubic metre. One is that the price is inelastic, meaning that raising it does not positively influence supply, so why bother doing so? But the counter argument is that it hasn't increased supply because the raise wasn't enough to make the supply chain economically viable. "If they doubled the price they're paying they'd be buried in fibre," quipped one delegate at the convention. As well, thanks to "perpetual" pricing agreements, it's not subject to domestic market forces, says Gibson.

The provincial government has its own interests to consider. With a razor-slim majority in the legislature, they don't want pulp mills shutting down and throwing people out of work, especially when most of those mills are in NDP ridings.

So, the problem is simple. You've got fibre left on the ground after harvesting that the pulp mills desperately want but will not or cannot afford to pay more for, and a government that wants to keep the mills open but cannot afford to "subsidize" prices by lowering stumpage, which would result in handing the bill to the taxpayers and inviting more trouble with the Americans.

The Coast Forest Sector Revitalization Initiative neatly solves the problem by making the harvesting community pay the freight for removal and delivery. No wonder the "the pulp guys are delighted."

But will the new policies even achieve the stated goals of reducing waste and saving the pulp in industry? Maybe not. Barry Simpson points out that the added disincentives to profit in the logging sector will lead to less logging overall, and eventually, less fibre for everyone. It may take a while for this potential 'unintended consequence' to make itself felt. Fortunately for government, that probably won't be until after the next provincial election, and perhaps even the one after that. But by then the damage may be irreparable.

The negative impact of the new rules on First Nations could be even worse, says Larry Fedorkie of Capacity Forest Management. Many First Nations tenure holders are particularly challenged by small AACs, remote terrain, and difficult contractor availability. "First Nations licensees have to be successful on every project," he said. "There is no margin for loss." He adds that his clients are still working under permits put in place before the implementation of the new policies, but said that with the higher costs of complying with them—an estimated \$3-\$5 per cubic metre in the proposed Fibre Recovery Zones—future projects could be curtailed.

Trying to put a positive spin on the waste recovery process was convention presenter Rob Stewart of Stewart Systems, whose company specializes in whole-log chipping and waste recovery. He explained that waste recovery could be facilitated by carving out cutblocks

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to ensure they can accommodate log trucks and trailers measuring 65-70 feet and chipping on-site. However, in addition to adding obvious costs, this kind of solution is only practical within a short range of receiving facilities, ideally 30-50 km on a three-hour cycle, provided of course that the roads will even accommodate log trucks with their longer lengths and lower clearances. That's a pretty narrow window, says Barry Simpson. "It's only viable if you're logging next door to a pulp mill," he says.

Getting out waste fibre left behind after operations has value for various players and communities, but these policies don't seem to be the best way to go about it, he adds.

"They seem to be under some delusion that if they bring in this draconian legislation that some people will magically deliver all this waste wood into the marketplace at a massive loss," he says. "The reality is that we'll just stop logging hemlock, and we already are."

Worryingly, the new provisions haven't, at least so far, meant job protection for BC's pulp and paper workers. In February, Paper Excellence announced that it was shuttering its Crofton mill for 30 days because, according to remarks attributed to Stew Gibson, "developments in both the coastal and Interior forest regions of the province have cut off the mill's long-term contractual supplies of wood that are the basis of its operations."

The closure will affect 450 workers. Of interest is that Gibson went on to say that "several critical areas of the Crofton mill, including its fibre-receiving facility, will remain open during the one-month shutdown," with the hope of building a viable fibre inventory during the shutdown. Will post-harvest waste fibre fill the current void? Time will tell.▲

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According to a spokesperson from the provincial forest ministry, the potential impact on the bottom line for harvesters when it comes to getting the waste out has been greatly exaggerated.

"The Coast fibre recovery zone boundary is aligned with the market price for pulp fibre, so the penalties should only apply when the fibre is economic to ship," the spokesperson said. "Timber was being wasted when there was a willing buyer paying a reasonable price."

The spokesperson did not elaborate on what is meant by "economic to ship" or what constitutes a "reasonable price" from buyers, but did say that "government will continue to

work with the forest industry to ensure the Coast fibre recovery zone boundary is appropriate based on changes to both industry costs and fibre markets."

The government also disagrees with the contention that the new policies will result in less logging overall, and ultimately less fibre for all users. "Since the fibre within the Coast fibre recovery zone should be economic to ship, the zone should not be disincentive to harvest," they said. However, they added, "we are committed to monitoring for unintended consequences with respect to overall fibre supply, but the recent strike on the Coast has limited our ability to get a full understanding of the impact of the changes we adopted

in 2019. We continue to monitor the situation."

As for stumpage relief, don't count on it. Arguing that BC's market-based pricing system is designed to be market-driven" but acknowledging that the "forest sector is facing serious market challenges," the spokesperson went on to underline the fact that tinkering with stumpage will be interpreted as subsidization by the Americans and result in greater duties being levied on lumber-producing forest companies.

In other words, at least for now, with respect to waste-removal policies, what you see is what you get.

TENURE REFORM FOR RURAL COMMUNITY STABILITY

By Jim Girvan, RPF, MBA

Tenure reform has been topical since the day Forest Management Licences (FML now TFL) were introduced by government in 1945. However, there has never been a situation so obvious as the recently-ended Western Forest Products (WFP) and United Steel Workers (USW) strike to demonstrate the folly in having so much timber under the corporate control of one entity.

The issue of tenure consolidation and the impacts on rural resource communities was the primary reason the TLA began advocating on behalf of independent timber harvesting contractors for fair forest policy in 1948.

For 77 years, it has been the TLA's position that consolidation is not good for the financial sustainability of all stakeholders in the forest industry. In 1948, the TLA submitted its first formal objection to the new tenure scheme to government against the imminent allocation of yet another FML. It contained several far-sighted predictions and warned of the dangers inherent in allowing the allocation of the

working forest land base into corporately controlled tenures. It argued that FMLs would become corporate monopolies and predicted that the owners of these licences would then move more of their operations into the public timber land base.

For 77 years, it has been the TLA's position that consolidation is not good for the financial sustainability of all stakeholders in the forest industry.

As we look towards the new millenia and despite the allocation of 50 per cent of the working forest land base to TFLs, government states "BC is a world leader in sustainable forest management with leading-edge environmental practices. Owning 94 per cent of the land and forest resources lets us determine where, when and how forest resources can be used. The forest sector is a critical economic generator for BC. It supports healthy, stable communities, and provides jobs for tens of thousands of British Columbians."

What is important in this over-arching statement is that we "own" the forests and by government's own declaration, they are meant to provide jobs and promote stable communities. However, as we endured through the eight-month

labour dispute between WFP, who by virtue of the provincial tenure system have the right to harvest one-third of the provincially owned coastal timber supply, and the USW, who represent those who work for WFP, nothing could be further from the truth.

It appears that it is not government who has the right, but it was WFP and USW who were calling the shots to the detriment of thousands of workers across the BC coast.

As people dependent on the shared use of WFP's Crown tenures for their



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livelihood lost their houses and cars, suffered through family break-ups, and turned to food banks and the generosity of their communities to feed their families, one has to consider the legitimacy of having WFP control so much public timber when the dispute with the USW halted all operations on their tenures.

What is equally absurd is that all of those independent contractors who work for WFP and employ union labour were forced by the USW to sit on the sidelines while only direct WFP employees decided on what conditions constituted an appropriate collective agreement. Contractors couldn't access their equipment to potentially work other jobs and had no say in the outcome of the strike. They were simply collateral damage.

There are also all of the community businesses that support the forest industry that were hit hard by the strike to the point where many north island communities became virtual ghost towns as they waited for WFP and USW to come to terms. Clearly this is not what the government had in mind when they

suggested that BC's forests are a critical economic generator. If there was ever a time to realistically think about a new system of allocation of provincial harvesting rights, the strike has solidified this notion.

Speaking at the TLA convention, Minister Donaldson acknowledged that, "the concentration of tenure as a result of 2003 policy and legislative changes have exacerbated the impacts of the current strike," and that the NDP goal is to reverse some of these impacts. Using an analogy from his biology training, he noted, "diversity is the essence of survival" and we are seeing this with the impacts of the strike with tenure being "all in one pocket".

Does this suggest an NDP plan to diversify tenure at some point? Many hope so but this gives little consolation to those suffering today.

The long-term fix would be to separate timber harvesting rights from the manufacturing of timber products through a systematic transfer of cutting rights away from major tenure holders to community-based entities such as BC Timber

Sales, First Nations Woodland Licences and Woodlots.

If done, WFP and USW would still be free to negotiate employment terms while those who are dependent on the forest for their livelihoods would not suffer since they could continue to harvest and sell timber to other buyers, and in doing so prevent the appalling situation that took place in coastal communities.

Tenure diversification, increased community and First Nations involvement in the industry, a broader more robust market for logs, security of rural community employment and economic activity while preserving labour rights, sounds like a recipe for continued economic prosperity for BC's coast. All it would take is a government that is willing to see the injustice, not ignore it, speak out about it, and make a choice to make a difference. It is time for the next chapter. Now that the strike has ended, the people of BC's coast are willing to write it together with you.▲



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WHAT GOVERNMENT HEARD AND SAID

By Jim Girvan, RPF MBA

In September 2019, a massive convoy of logging trucks from the BC Interior to the Union of BC Municipalities (UBCM) started a series of grassroots efforts by timber harvesting contractors to bring awareness about the importance of forestry in BC. Through the fall, packed public meetings continued across northern Vancouver Island and with local MLAs across the province. In December, the first of two contractor-organized rallies converged with hundreds of supporters on the legislature steps in Victoria. In February, the second rally saw thousands of forestry workers, families and community representatives along with another convoy of dozens of logging trucks converge again in Victoria, this time delivering a petition of 8,000 signatures to government with a plea to save our working forests.

Why? Frustrated forestry workers from across the province want government to take action as the industry and its jobs slide into oblivion across BC.

Did government hear the pleas?

In January, at the TLA's 77th Annual Convention + Trade Show, Premier John Horgan acknowledged that challenges in the forest industry have intensified over the past 12 months. However, he noted the "elephant in the room" was the continuation of the then still-looming, seven-month coastal strike. "There are structural challenges due to consolidation on the coast which will continue even after strike ends," Premier Horgan said, "but I do not have much to say to those who have not made a dollar since July 1 other than that we are in this together."

While Premier Horgan acknowledged he has heard the issues forest workers have been bringing to government, there was little motivation to help other than a \$5-million dollar Coastal Logging Equipment Support Trust that would be available to contractors who need to bridge their equipment loans; any money drawn from the trust must be paid back with interest.

The remainder of Premier Horgan's speech was focused on his ongoing revitalization initiatives including reductions in log exports, increased waste wood utilization, Asian market development and

a general move towards increased forest products value from the dwindling interior resource. Not surprisingly, the general crowd response was weak as little immediate support was given.

Minister Doug Donaldson spoke the next day and, like Premier Horgan, reiterated that "government was doing everything it can to support you and work with you to build a better future for forestry in BC," but he too had few tangible action plans to present.

However, Minister Donaldson had clearly heard the TLA values when he reiterated his belief that the "working forests will generate long-term prosperity for British Columbians and that those working in the forest must share in that prosperity."

He confirmed that they want contractors' input to forest policy and thanked those who have participated in the sustainability review and continue to work with government "as we work to facilitate full implementation of recommendations...The goal is to achieve a fair timber harvesting services market so that pay cheques reflect the work contractors do and their cost of doing business," noted Minister Donaldson.

On the tenure front, he said that "the concentration of tenure across the province was as a result of 2003 policy and legislative changes that have exacerbated the impacts of the current strike." Beyond the increase in tenure consolidation, Minister Donaldson further suggested that current NDP policy was meant to reverse coastal industry trends seen between 2003 and 2017 (see page 24).

However, he did not note that during the same period, the coastal allowable annual cut (AAC) was reduced by almost 25 per cent as increased areas of working forest were protected. At the same time, the industry undertook efficiency measures that reduced the cost of both logging and manufacturing.

One really has to question if the proposed NDP policy changes can restore jobs fundamentally lost to reductions in the AAC and improved efficiency of coastal logging and manufacturing processes. Despite these contrary perspectives, Minister

Donaldson ended by saying, "our government is optimistic about the future of the forest industry."

During the Q&A with the newly elected TLA Executive, Minister Donaldson echoed Premier Horgan's comments that government is well aware of the coastal strike situation, as well as the anger and strong emotion seen from struggling forest workers, but noted that it reflects their passion and pride in industry and their work. He acknowledged a need for change, but that the pace of change is slow.

When asked about the expected measures of success as the new government policy is implemented, Minister Donaldson commented that the goal is to create more employment and bring more fibre out of the forest with an expected 15 per cent reduction in log exports and utilization of two-million more cubic metres of post-harvest waste wood.

For the BC Interior, Minister Donaldson noted that they are waiting for the formal "What We Heard Report" after receiving a lot of input, but that initial indications show a big focus on waste fibre utilization and like on the Coast, the need for increased tenure diversity.

Minister Donaldson was asked if stumpage was the fundamental contributor to BC's high cost structure. His response was an emphatic, "no" noting that the October quarterly adjustment dropped stumpage 24 per cent on the Coast and that the market-based pricing system (MPS) is now more responsive given lumber price is now part of the formulas. This perspective was contrary to that of Russ Taylor of FEA Canada (Woodmarkets) who spoke later in the day and pointed to data demonstrating stumpage was the single largest contributor to industry curtailment in BC when compared to Alberta.

When questioned about the Old Growth Strategic Review and its potential to impact virtually every worker in the industry (the effects of which would pale by comparison to the WFP/USW strike), Minister Donaldson was hesitant to speculate on the outcome until the report is presented but went on record to

say that “logging of old-growth forests will continue in a sustainable manner.”

On the other side of the floor, John Rustad, Liberal Forestry Critic tried not to be political with his comments but shared his thoughts on what he has heard from around the province.

To provide context, Rustad noted that on that day, lumber prices were near \$400/MFBM (thousand board feet), the US was looking at 1.3 million in housing starts this year and that BC would generate stumpage revenue of \$1 billion.

Despite the indicators, he questioned “how do we make money at forestry? All other jurisdictions are making money, but BC is struggling. We have a cost structure problem and 60 per cent of the problem is stumpage and the rest are regulation and red tape costs. Unless our cost structure changes, we are stuck!”

In response to audience questions, Rustad admitted that it is also hard to do business in BC because of the layers of bureaucracy and legislation, he stated “operators can’t get permits. This is driving investment out of BC to other jurisdictions.”

Beyond the decline of Interior AAC, land claims uncertainty and the longest forest industry strike in history, Rustad focused on the ongoing pressure from ENGOs on the timber harvest land base as the big and long-term issue. Clearly, he has also heard what the TLA is saying.

“The industry needs a secure working forest to ensure a vibrant forest industry.” The *Great Bear Rainforest Act* ended the War in the Woods, but we are under assault again by ENGOs to end old-growth logging. By Rustad’s account, 50-70 per cent of the coastal forest industry would collapse if a ban on old-growth logging was implemented.

Rustad drew a comparison to Sweden which has the same timber harvesting land base as BC, but a harvest of 90 million cubic metres, compared to 60 in BC. “What is it we are doing wrong? We have to start thinking long term when it comes to forestry. BC has an opportunity to follow Sweden’s policy examples.”

Perhaps eluding to an eventual Liberal policy platform, Rustad suggested the mechanics of this could include: modernizing legislation, creating certainty on land base, moving to a long-term (one-rotation) tenure model, planting at higher densities, a fibre-based cut—not just a

sawlog cut, a carbon value that will support forestry investments and a complete rework of the stumpage model. “It is not working and is broke,” noted Rustad.

The key was to have “a (long-term) policy vision that is laid out and imple-

mented over time through successive governments” and not one that is tied to the electoral cycle. Despite these challenges, Rustad ended by saying, “I am optimistic about the future, but maybe not for 2020.”▲



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A PUBLIC PERSPECTIVE OF THE FOREST INDUSTRY

By Paul Schuetz

Many who work in BC's forest industry are knowledgeable about the intricacies of forest economics, the impact the industry has on communities, and the relationship between forestry and the environment. But how is the forest industry perceived in the minds of other Canadians? Greg Lyle, president and founder of Innovative Research Group Inc. provided answers in vivid detail at the TLA's 77th Annual Convention + Trade Show. Since 1991, Lyle's national public research and engagement firm has been polling across Canada's business and political sectors on forestry and land management issues in BC and has done work for the TLA, major licensees, government agencies and community forests.

Lyle's presentation, entitled "A View from the Outside Looking In-What People Think," consisted of a plethora of graphs and data based on the recent polling results of over 2500 adult Canadians focused on the BC forest industry's reputation and image, and how it is perceived in the public eye. "In my world of politics, how people perceive things is more important than what's really true," says Lyle as he displays his first graph showing that BC Forestry has a favourable impression in the province with a +22 per cent rating, sitting in the middle of the pack among other industries.

When it came to the BC economy, forestry led the way with 31 per cent

of those polled agreeing that it is the most important industry in BC. While forestry beat out technology and tourism (both at 27 per cent), the fact that in 2018 forestry directly employed over 54,000 people who generated \$14.9 billion in commodity exports, this 31 per cent indicates some naivety among respondents about the impact this industry has in this province.

The most surprising statistic regarding forestry attitudes was that 58 per cent of people polled responded that 'whatever happens to the forest industry is not really relevant to the economic well-being of my family.' Meanwhile, 71 per cent of people agreed that 'developing our natural resources is key to BC's economic growth.' This disparity in attitude towards the relevance of forestry to the people of BC implies a lack of understanding towards the importance of the industry to the province and the revenues it generates for government.

Only 39 per cent of people polled believe that BC forests are managed sustainably (22 per cent disagree), 42 per cent agree with the claim that forestry harms the environment (33 per cent disagree), and 20 per cent of people polled would ban forestry altogether (55 per cent disagree).

The forestry questions demonstrated that residents of BC do not seem to understand or realize its importance in BC with respect to the revenues it generates

that support the social programs, which many in southern BC rely on. While 72 per cent of respondents agreed that areas being managed for forestry could also be used for recreation, only 28 per cent would recommend forestry as a profession to a family or friend.

Needless to say, Lyle concludes that "as an industry, forestry is more positive than negative." However, we can do more by helping to educate the public. Whether by teaching it in schools, sponsoring school trips, or addressing and correcting the negative propaganda and misinformation that shows up in social media, it is a "long-term effort that has to happen across the sector."

Lyle showed that 61 per cent of the residents of BC believe that sustainable logging can be utilized to capture carbon in wood products to slow down the effects of climate change. He continues, "climate change provides an opportunity to reframe the environmental benefits of forestry. So, you have an opportunity by tying in both the federal and provincial agendas on climate change to get funding for initiatives or to get policy changes that would be seen as increasing Canada's contribution to climate change." This is a very bright light for the forest industry's image as a whole, and perhaps a precursor of how our industry will be perceived in the future.▲



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