



THE TIME TO ACT IS Now

United Steelworkers
Campaign to Restore the
BC Forest Sector

March 2007

Introduction

The evidence is mounting to show that current forest policy in British Columbia is not working. Steelworkers say there is an ongoing and continuing crisis in the BC forest sector.

Since 2001, the BC government and industry have embarked on a failed experiment in forest policy in the province. The fundamental changes in legislation came in 2003, when the *Forest Revitalization Act*, which eliminated and/or reversed the “social contract” that had existed for years. According to the BC Liberals we no longer need to manage or lead BC’s forest sector with regard to any values other than corporate profits. Gone, according to then-forest minister Mike de Jong, were the days of “social engineering”, to be replaced by a “market-based” industry.

But as Steelworkers well-know, markets make good servants but poor masters. The BC government, industry, forest workers and communities are now experiencing first-hand how misguided de Jong and company’s policies have been.

For instance:

- ▷ Since 2000, 39 major wood and paper manufacturing facilities have closed. BC Stats reports direct employment at just under 80,000, a far-cry from the level of 95,000 – 100,000 that we have seen in the very recent past.
- ▷ There has been a 1,000% increase in the export of unprocessed logs over the past decade, deepening the disconnect between the harvesting of BC timber and social and economic benefits for British Columbians.
- ▷ We have a Softwood Lumber Agreement that will erode our U.S. market-share by punishing efficiency, promoting raw-log exports, destroying the value-added sector and creating continued uncertainty in the sector.
- ▷ There has been a trend toward contracting out, deregulation and de-unionization that has generated a horrific record of serious injury, fatalities and general lack of attention to safety, both in the woods and on our public highways. In 2005, 43 forest workers were killed on the job. Another 100 or more suffered injuries so severe they will likely never work in the industry again.

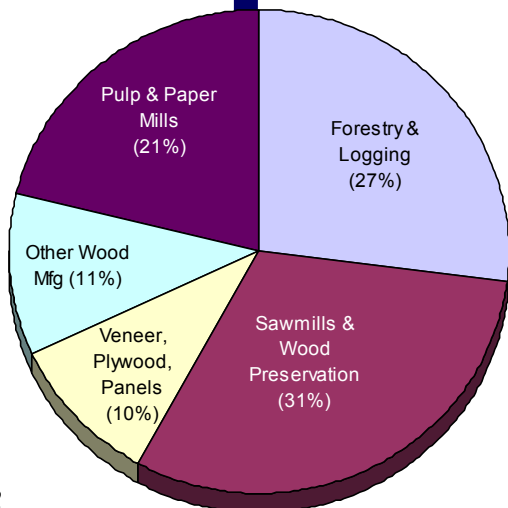
- ▷ The industry has seen a steady disinvestment in many sub-sectors and an overall underinvestment in capital assets, manufacturing facilities, research & development, reforestation and industry infrastructure, undermining our ability to compete globally.
- ▷ Unsustainable practices, particularly in the harvesting of private lands on the coast and over the mid-to-long-term, in the beetle-ravaged Interior regions.

This paper seeks to highlight the issues that are currently facing Steelworkers, their families and their communities in BC's number one industry.

And that must be remembered... the forest sector is still our province's number one industry. It generated \$17.7 billion in revenue in 2005/06, including \$14.1 billion in export earnings. That's a full 39% of the province's total export earnings or in other words, a sizeable portion of the income that BC earns to pay our way in the world. This is the money our province is able to generate from outside to pay for schools, health care, roads, and the like.

All of that is in addition to the clear employment and community benefits of the industry. Forestry, wood and paper manufacturing generate some 250,000 or more direct and indirect jobs in the province. The vast majority of these are in manufacturing. Over 100 communities generate the majority of their basic-factor income from forestry. As with revenue, manufacturing of wood and paper products generates 3-3.5 times the jobs as logging and forestry.

Steelworkers and our families know how important our industry is and we know the pain that is felt in the dozens of communities and regions throughout BC when the industry suffers. We want a strong, vibrant future for our industry. And we have some ideas on how to get there.



While logging generates jobs, solid wood, pulp and paper manufacturing generates three times as many jobs (68,100 vs. 21,600).

We Face a Crisis

There is a crisis in the B.C. forest industry. It's a crisis of:

- **Impotence** – we are led to believe that our hands are tied, that the economic and market conditions are so dire that we have no choice but to accept things as they are. We are incorrectly told that we have no options and we have to abandon all hope of pro-active policies that demand more of our resource sector than simply lower costs and higher payouts to shareholders.
- **Health & Safety** – there is an unacceptable level of death and serious injury in the forest sector in B.C., much of which can be traced to systemic problems in legislation, regulation and the structure of the industry.
- **Communities & Stability** – the rampant contracting out in the industry and the resulting “race to the bottom” have not only led to a “culture of desperation” in terms of workplace safety and health. It also threatens the heartland of our province which was built and depends on good-paying, family-supporting jobs in the logging, wood products and pulp and paper sectors.
- **Skills** – the forest sector is not immune to the skills shortage facing the economy as a whole and we are even less prepared to deal with it.
- **Log Exports** – British Columbians know that something is broken in the structure of our number one industry when more and more raw logs are being exported while domestic manufacturing and employment declines.
- **Foreign Protectionism** – despite the claim that we are in a global market and we have to compete with suppliers from around the world, we are not on a level-playing-field. Foreign countries subsidize their domestic industries, directly and indirectly, and too often place unfair tariffs and duties on our exports.
- **Investment** – even with capital investments in mills in the Interior to deal with the short-term lift in harvesting related to the mountain pine beetle, investment is on the decline in the BC forest sector. Even in the Interior firms are disinvesting and buying U.S. assets.

Coast Industry Economics

Everyone says the BC Coastal forest industry is facing tough times. But is it as bad as government and industry want you to believe?

Western: only one part of Brookfield's Coastal Empire

Everyone knows that Western Forest Products has financial problems, for example. But not everyone knows that Western is part of a larger corporate conglomerate that is making *lots* of money on the Coast.

Western is owned by a wholly-owned subsidiary of Brookfield Asset Management, the holding company that manages the assets of the former Brascan Corp, the fortune the Bronfman family generated in distilling. Brookfield also owns Island Timberlands, the private-lands portion of the former MacMillan Bloedel, purchased by Weyerhaeuser in 1999. Weyerhaeuser sold its coastal holdings to Brookfield subsidiary Tricap in 2005; the lands were split between Cascadia Forest Products and Island Timberlands.

At the same time, Brascan/Brookfield also brokered the restructuring of then-bankrupt Western Forest Products. When the dust cleared, Brookfield controlled Western, which immediately purchased Cascadia. Suddenly Brookfield owned both Island Timberlands, which operates on private lands and mainly exports raw logs, as well as 49% of Western, which operates mainly on publicly-owned Crown lands, runs several manufacturing facilities and carries a heavy debt load. In 2006, Western also purchased Canfor's valuable Englewood timberlands near Woss.

In the first nine months of 2006, Western reported losses of over \$12 million. But IT *netted* \$43 million for Brookfield and earned a 22 percent rate of profit. In other words, Brookfield's total Coastal operations *made* \$31 million. And in addition, in the fourth quarter of 2006, Western received a \$109 million rebate of the tariffs and duties it paid to the US government during the 2002-2006 softwood lumber dispute. Having just been given the BC government's blessing to take 29,000 hectares out of its Tree Farm Licence, how long before Western sells that land to Island Timberlands to export or develop as real estate?

Interfor: Taking its BC Profits to the US

International Forest Products made profits of \$22 million in the first nine months of 2006. Interfor began as a BC-based company. In May 2005 it used profits generated in BC to buy four sawmills in Washington and Oregon, one of which it has now closed. Meanwhile, Interfor received about \$98 million in lumber-tariff rebates.

Interfor gives every indication of getting out of Coastal BC where it made its initial profits. In spite of the lavish promises made by CEO Duncan Davies and other chief executives of Coastal forest companies (the so-called “Three Amigos”) in 2003, Interfor has recently closed or sold its Mackenzie Sawmill, Field Sawmill, Saltair Sawmill and Squamish logging divisions. In addition to its purchase of US mills, in May 2006 it sold its BC helicopter logging operations to an Oregon-based company. Nonetheless, IFP’s Coastal, Interior and US mills operate as an integrated company and together they are comfortably profitable.

TimberWest: BC’s Log-export Poster Boy

Like Island Timberlands, TimberWest operates mainly on private lands on Southern Vancouver Island. These lands were originally granted in fee simple to Robert Dunsmuir as an inducement to build the E&N Railroad in the 19th Century. Since then they were long owned by Canadian Pacific and other corporations. They include some of the best timberlands in British Columbia.

TW has transformed itself into a profitable market logger, BC’s poster-boy for log exports. Although CEO Paul McElligot was also one of the “Three Amigos”, the company has since divested itself of nearly *all* its employees; sold off its logging assets to contractors; contracted out its logging operations and closed or sold all but one of its manufacturing facilities – the Elk Falls sawmill, which is for sale. TimberWest is an income trust; it generated “distributable cash” of \$76.3 million in the first nine months of 2006, largely on the strength of log sales (\$241 million, including \$145 million from the sale of over 1.2 million cubic meters of exports, about half of total sales) and increasingly, real estate (\$19 million compared to \$4.2 million in the first nine months of 2005). TW reported operating earnings of \$69.2 million on sales of \$369.2 million through September 2006, an 18.7% rate of return. Because TimberWest did hardly any manufacturing between 2002 and 2006 it will get back only about \$3.2 million in rebates from the US.

Is it Failure by Design?

Brookfield's two operations, along with TimberWest and Interfor are the four largest corporate entities in the Coastal solid wood sector. In total, they made profits of \$55.3 million in the first nine months of 2006. In addition, they expect some \$207 million in softwood lumber duty rebates, most of which should be entered on their books during the fourth quarter of 2006. The industry faces challenges, in other words -- but *it is making money*. The most challenged firm, Western Forest Products, is that way largely because of conscious corporate design, not economics. While Island Timberlands produces better financial returns than Western, we must remember that they are owned by the same parent firm: they operate the way they do because Brookfields wants them to. Together they turn a handsome profit. Two of the four major firms, meanwhile, are profitable log exporters; these firms can essentially cream off the easy profits, leaving the heavy lifting to companies that run sawmills.

In other words, most of the difficulties faced by the Coastal industry are due to corporate and government policy. Companies *chose* to take apart the integrated firms that ruled the Coast in the 1990s, replacing them with the current configuration. Corporations also *chose* to starve the Coast of investment capital. In spite of a series of warnings from observers, analysts and government officials, companies *chose* a series of strategies that ensure that the industry cannot even realize enough investment to keep up with depreciation. These strategies include:

- Creation of investment trusts where shareholders' interests trump the long-term health of the business;
- Contracting out and liquidation of their own fixed capital;
- Investment outside the Coast or British Columbia;
- Log exports to our competitors' mills, which undermine BC manufacturing; and
- Closing profitable BC manufacturing facilities, often claiming at the same time that there are insufficient logs to run them -- all the while exporting millions of cubic meters of raw logs.

In this, the industry has been aided and abetted by government policy that seems aimed at undermining communities and eliminating jobs. Claiming that it was trying to solve the Canada-US lumber dispute, the BC government created a market-based timber sales program.

The province sacrificed many of its former policy levers, for instance the BC Jobs Commissioner; the mill-closure review process; rules that tied timber harvesting to local sawmills and ensured minimum levels of manufacturing; controls on the rate and pace of timber harvesting and ministerial review of tenure transfers. At the same time, the government clawed back 20% of firms' annual allowable cut; much of this timber now remains unharvested, even though many BC sawmills lack timber. Since 2001, employment in the industry has fallen at the same time that raw log exports have skyrocketed.

The federal government added the Harper-Bush softwood deal, which required no domestic investment of the millions in lumber-duty rebates firms received – as a result, many have already distributed that cash to shareholders and bankers or invested them outside of Canada. The new border tax is even higher than the former US duties, so the deal will continue to encourage companies to export even more raw logs rather than process them in BC, even when profitable BC sawmills are closing.

Steelworkers say enough is enough. It's clear that the current corporate and government strategy is a failure. The industry is producing profits and could produce more. But we need policies that will create jobs and sustain communities by investing in BC and by doing more with each log we harvest.

Raw-Log Exports

British Columbians know something is wrong with our forest industry when millions of cubic meters of logs are being loaded on ships, while at the same time profitable sawmills are closing because their owners say they can't get enough logs.

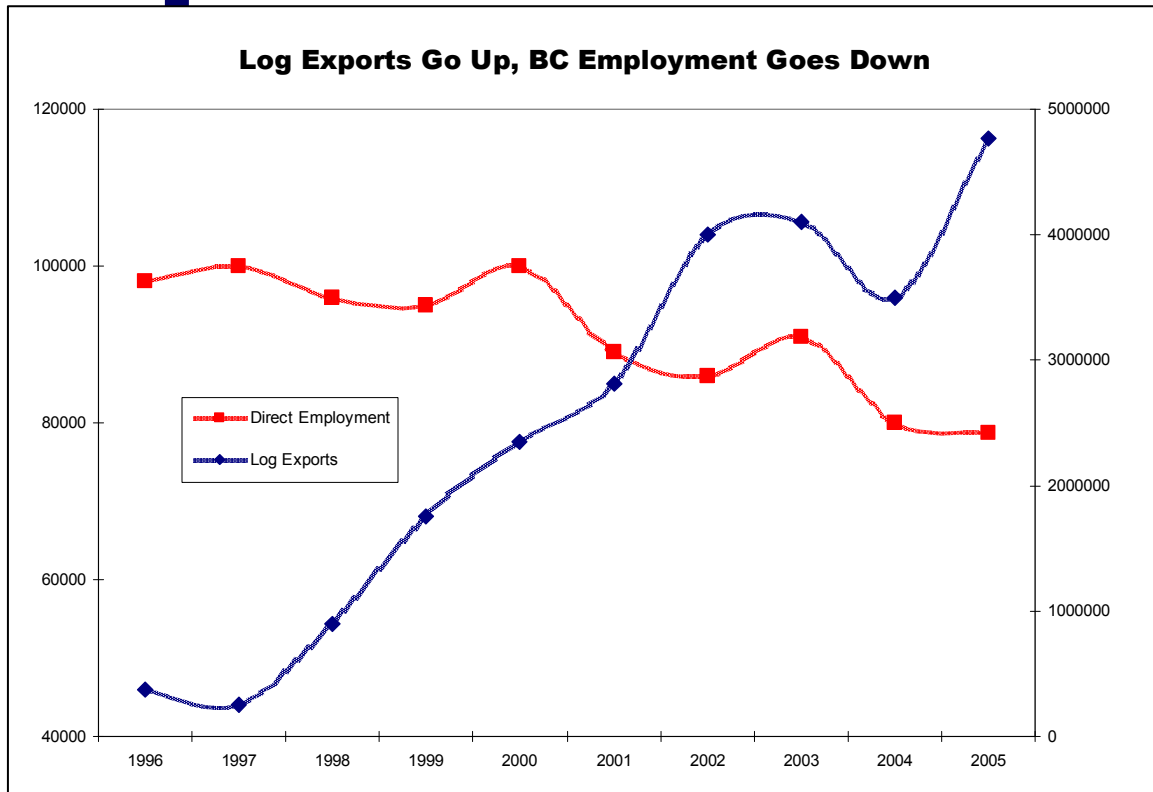
In BC today, we face a log-export crisis. From a fraction of the total harvest as recently as 1997, log exports skyrocketed to nearly 7% of the harvest in BC in 2005, including fully 21% of the total Coastal harvest.

Log exports mean lost jobs. Economists point out that many more jobs are created when a resource is processed domestically rather than being exported in raw form. Econometric modeling by BC Stats shows that while the logging sector contributed some \$5.2 billion in 2001 to GDP in 2001, the solid wood sector added an additional \$11.2 billion, while the pulp sector added \$6.5 billion.



Value-added processing imparts even more value to our wood before we use or export it, of course. So even if log exports were to triple, we would still lose out by not manufacturing. We should also recall that while log exports ramped up from about 2 million to nearly 5 million cubic meters between 2001 and 2005, forest industry employment *fell* by 12.5%; even in the logging sector employment fell by 12.8%. At the same time, 25 major Coastal manufacturers closed permanently.

Log exports not only eliminate jobs and reduce our gross domestic product. They also foreclose future opportunities. For years, we have regarded our abundant second-growth timber as a means to create future jobs. But today forest companies are liquidating and exporting that timber long before it attains its full value.



The province's two largest log exporters, TimberWest and Island Timberlands, are liquidating valuable second-growth Douglas fir stands at age 35. TimberWest exported 2.4 million cubic meters of logs from January through September 2006; Douglas fir provides 65% of its total harvest.

Log exports actually help our competitors -- at our expense. Firms in Washington and Oregon buy BC sawlogs as “incremental wood”, the 10-15% of their total wood-basket they use to reach peak efficiency, especially when lumber prices are high. They used to buy that wood from US federal lands. But now those lands are off limits due to environmental restrictions, so US firms need BC logs. Not surprisingly, their interest in countervailing duties and tariffs on Canadian lumber coincided with their loss of access to federal lands timber. And because the Americans only buy a relatively-small fraction of their total log supply from BC, they can afford to buy them at a premium. BC mills buy their entire wood-basket domestically, so they can't pay as much. And while the US put duties on our lumber, they ensured that raw logs cross the border duty free. Log exports increase the price BC mills pay, often enough to put them out of business and help US mills compete against them -- using our logs.

Recently, with pressure from Steelworkers and community groups, the BC government appointed two experts to review log export policy. Even forest minister Rich Coleman's hand-picked reviewers Don Wright and Bill Dumont said there are too many logs being exported. They recommended a 37.5% tax-in-lieu of manufacturing on exported logs. But even though that would help, in many respects their report is a disappointment. They don't support applying the tax-in-lieu to private-lands logs, for instance, even though fully 62% of log exports were off private lands in 2005. Without a deterrent to private-lands exports, their tax would be ineffective in reducing the price domestic sawmills pay for logs or providing BC manufacturers with enough logs.

In fact, Wright and Dumont open as many doors to log exports as they close. They would let companies export half the logs they harvest on private lands in exchange for a promise to sell the other half domestically. But that's simply status quo: TimberWest for example already says it exported 1.2 million cubic meters of logs from January to September 2006, while it sold the same amount domestically! Meanwhile, Wright and Dumont would allow more exports of valuable red and yellow cedar and hardwoods, as well as more exports by First Nations and small tenure holders. Clearly they offer no solution to the log-export crisis.

The recently-signed Harper-Bush lumber deal is also a recipe for more log exports. By agreeing to a 15% border tax that actually exceeds the US combined duty rate of 10.8% and continuing to allow logs to cross the border duty free, the federal government is ensuring that more raw logs will be exported and that even more profitable BC sawmills will likely close. Western Forest Products recently closed its profitable New

Westminster sawmill, for instance, claiming it has insufficient timber to run it. Meanwhile, Island Timberlands made profits of \$86 million in the first nine months of 2006, mainly from log exports. And as we have seen, Brookfield Assets Management, the former Brascan holding company, is involved in the ownership and management of both firms.

Indeed, neither the BC log-export review nor the lumber deal offer any real solutions to the problem on the BC coast: at the same time companies can profit handsomely from log exports they are starving their operations of investment capital. In spite of the hefty promises made by CEOs of the three major Coastal forest companies in 2003, investment on the coast remains below depreciation levels. TimberWest and Island Timberlands have actually liquidated most of their capital by selling logging equipment to contractors and closing sawmills. Weyerhaeuser sold its assets and moved on, while Interfor is investing south of the border.

As long as government policy allows firms to profitably export logs and let our manufacturing operations languish, nothing will improve. TimberWest, for example, averaged about \$135 per cubic meter in logs exported to Asia and about \$95 on US-bound logs, compared to a domestic price of about \$75. To discourage exports, Steelworkers propose an equivalency tax on all log exports, equal to the difference between a log's domestic price and the export price for logs of similar grade and species. Without such specific measures aimed at giving BC mills access to BC logs, companies will continue to export as many logs as they can. Ironically, US states like Washington and Oregon restrict firms' ability to get timber from state lands if they export logs.

We also desperately need specific provincial forest policy measures to encourage investment. Companies need to build and operate mills like Western's New Westminster mill that are designed to process the current forest profile. We need more mills that can process second-growth Douglas fir and have facilities for drying and processing hemlock-balsam for the Asian market. In addition, we need more value-added mills designed to produce a wider range of high-quality products from the timber we harvest.

Recognizing the potential benefits to the province's employment picture, industry and government made sustained efforts to build up the value-added sector during the 1990s. BC Stats noted in a 2004 report on BC's manufacturing sector that while logging creates 1.1 indirect jobs for every direct job and three person-years of direct employment per \$1 million of output, manufacturing adds another 0.9 jobs per direct jobs and four more person-years of employment per \$1 million invested.

A May 2003 report by Hans Schuetze for the Innovation Systems Research Network points out that remanufacturers add 0.5 jobs per cubic meter of wood they process, while panel producers add 0.75; shake and shingles 0.96; engineered wood products 1.84; millwork 1.75; furniture 7.67 and cabinetry 10.33.

Obviously, the more value we add, the more jobs we create. Conversely, however, when we export logs without processing them, we throw away that additional investment and those additional jobs: for instance, jobs in sawmilling, pulp and paper and secondary manufacturing employment – as well as the associated indirect job creation.

This seems to be happening today. As we have noted, BC Stats records a 12.8% decline in overall employment between 2001 and 2005, including a fall of 12.5% in timber harvesting. In same period, some 900 secondary manufacturing plants closed their doors in BC. Meanwhile, the government's contributions to BC Wood, the group that promotes wood manufacturing in the province, has fallen steadily from over \$5.5 million in 2001 to only \$1.3 million in 2004.

Steelworkers have urged the government to direct the money it receives from the new border-tax on lumber, estimated at some \$209 million in 2007, into much-needed investment in the industry. So far the BC government refuses, saying it plans to put those dollars into general revenue. But they're killing the forest-sector goose that lays the general-revenue eggs.

We won't solve the log-export crisis without policies that encourage investment and put jobs and future opportunities first. As long as that political vision and will are lacking, Steelworkers will fight for a better deal for forest workers, their families and their communities.

Health & Safety

Through 2005, there was mounting horror at the steady pace and rising number of fatal accidents in the BC forest industry. Still, it was difficult to get companies, regulators, government, the media or the public to give the safety crisis the full attention it deserved. While Steelworkers began trying to set up a meeting with the forest minister in June, for instance, the minister resisted until October.

Steelworkers “Led the Charge” for Improvements...

That’s why Steelworkers convened the Forest Fatalities Summit in December 2005, followed by the Forest Fatalities Lobby in Victoria during March 2006. Largely as a result of our efforts and the public attention they generated, there has been a reduction in the number of forest industry fatalities in BC. In spite of our differences with his organization, even BC Forest Safety Council CEO Tanner Elton told reporter Robin Brunet recently that: “We owe (Steelworkers) a big debt because they led the charge in demanding audits and inquests.”

Companies are responding to closer scrutiny from USW, worker advocacy groups like the Vancouver Island Logger Support Group, the media and the public. Vancouver Sun reporter Gordon Hamilton recently won a national newspaper award for his ongoing coverage of the forest-sector safety crisis. The reduction in fatalities also likely results from implementation of at least some of the measures Steelworkers proposed during and since the Summit. These include:

- Restoration of some of the WorkSafe BC inspectors cut by the Campbell government in 2002;
- Increased workplace inspections by WorkSafe;
- The appointment of a dedicated forest sector coroner, as well as the testimony and recommendations that resulted from the Ted Gramlich inquest of September, 2006, at which Steelworkers sought and were granted standing;
- Issuance of a communiqué from WorkSafe to industry CEOs pointing out their continued responsibility for safety even though they might have contracted work out;
- Increasing company awareness of Bill C-45, the Westray Bill that Steelworkers fought for and lobbied through Parliament, under which managers are open to Criminal Code sanctions in the event of workplace death or injury to their employees; and
- The WorkSafe BC compliance audit of 2006, a full-scale review of practices and standards.

... but the Situation is Still Pretty Grim

Fatalities in the BC forest-industry were reduced from 43 in 2005 to twelve in 2006. According to the BC Forest Safety Council, however, serious injuries in 2006 totalled 94, compared to 93 the year before. Obviously we still have a long way to go. This can be seen, for instance, in the following:

- The snap-shot of dismal industry practices and inattention to safety in a contracted-out operation provided by the Gramlich inquest.
- The whitewash prepared for TimberWest following the inquest, a move indicating that some companies still appear not to get it and are still in denial or damage-control mode rather than taking the steps needed to deal with safety issues.
- WorkSafe’s compliance audit indicated that companies are still failing to deal adequately with supervision or training and too many workers work alone on BC worksites, while barely over half of employees reviewed contractors’ health and safety program and fully a quarter of contractors have no written health and safety program.
- Companies’ and government’s strenuous objection to a health and safety objective in the new *Forest and Range Practices Act*, in spite of continual efforts by USW and a 2003 recommendation by the forest minister’s Public Advisory Committee on forest practices.
- The BC Forest Safety Council’s support for long hours for logging-truck drivers and the BC government’s subsequent delay in implementing reduced (but still onerous) driving hours.
- The industry’s chronic lack of training standards and opportunities, identified most recently in a report by Safety Council ombudsman Roger Harris.

In our report to the Forest Fatalities Summit, *Stop the Killing*, Steelworkers showed that many of the current problems in forest-worker safety are *systemic*, including the recent deregulation, privatization, de-unionization and contracting out of work. These changes began with the Liberal government’s 2003 amendments to the *Forest Act* and were followed by the *Forest Revitalization Act* and the government-imposed Coastal collective agreement mediator-arbitrator Don Munroe wrote in 2004. The impacts have been worsened by the mountain pine beetle infestation in the Interior, which has caused companies to “highball” in order to get beetle-damaged wood out before it becomes un-merchantable.

Together, these developments create what we call a “culture of desperation”: workers are increasingly forced to take risks and cut corners to fulfill their contractual obligations and maintain employment. The right to refuse unsafe or dangerous work has been undermined because more workers lack union protection.

Longer hours & non-standard shifts are part of the problem

Among the causes of this “culture of desperation”, USW has pointed out the role of the “flexible” shifts within the parameters of a 40-hour week that Munroe mandated in the Coast Master Agreement in May 2004. In addition, longer and non-standard shifts are generally becoming more prevalent in the sector as companies strive to reduce costs to overcome foreign protectionism and in the race against the mountain pine beetle. There are reports in the industry of truck drivers, for instance, putting in fifteen and sixteen hour days, up to seven days a week.

Even in less extreme situations, there is overwhelming evidence in the occupational health and safety literature that fatigue is a major cause of workplace injuries and deaths. But there is no evidence that forest companies and government have considered any of this evidence. Yet long hours not only cause stress and raise the threat of injury; they undermine workers’ productivity, as well.

Safety is still a major issue

On the whole, then, the safety crisis has not gone away. Behind the dangers workers face daily lie significant systemic forces that increase the likelihood of serious accidents. Steelworkers have proposed a number of measures that would reduce these effects, including:

- *Mandatory* coroner’s investigations into *every* fatality in the industry;
- Establishment of a process to ensure that coroners’ recommendations are implemented;
- Aggressive enforcement of Bill C-45;
- A “Day of Mourning” every time a forest-sector worker is killed on the job;
- Inclusion of a health and safety objective in the Forest and Range Practices Act, requiring safety to be considered when companies draw up and government approves operational and site plans.



Contracting Out



Failure: the result of an imposed settlement...

Ever since mediator-arbitrator Don Monroe's government-imposed contract settlement of 2004, forest companies in Coastal BC have been allowed to contract out thousands of jobs formerly done by company crews. Munroe's so-called "woodlands letter" allows companies to contract out work to IWA (now Steelworkers) contractors.

Those contractors had to be "stump-to-dump" contractors, that is, contractors whose operations included all the phases of logging from timber harvesting to delivery at sawmills. But those contractors simply hired sub-contractors to carry out various parts of their overall operation. The result was a huge increase in the number of small contractors working in the woods. Many of them were inexperienced; either inexperienced working on the Coast with its difficult terrain and huge trees; inexperienced as loggers or inexperienced as independent business people. Nonetheless, by the end of 2005, of 7000 companies in the BC forest sector, 6500 were owner-operators or independent contractors.

... reinforced by government policy...

At the same time, through its creation of BC Timber Sales the BC government encouraged the spread of contract loggers by shifting to a so-called "market-based" regime for timber rights on what were formerly the Small Business Forest Enterprise Program lands, as well as by ceding lands and harvesting rights to First Nations in the treaty settlement process. Now low-bid contracting is the primary means of gaining access to BC's Crown lands.

With the creation of a highly-competitive market for logging services, many of these operators face an extremely challenging economic situation. In negotiations with IWA Canada during 2003, companies frequently stated their intention to "take out \$10 per cubic metre" from their logging costs. Companies apparently couldn't achieve this either through working with the government or the union -- even though in the course of negotiations, we offered some constructive ways that costs might be reduced. They turned instead to contracting out, in the apparent belief that it might be easier to squeeze contractors than unionized workers. The Western Fallers Association noted this bluntly in their report on Coastal logging safety: "One of the main reasons for industry creating (contractors) was to save money on WCB costs..."

The situation of small, independent logging contractors in an industry where a handful of large companies control the majority of timber-harvesting rights was outlined clearly years ago by Walter J. Mead of the University of California at Santa Barbara. Small operators he studied in the US Pacific Northwest either paid more for timber than did large operators or they were recruited by the companies to serve as covert buying agents for them. In auction sales for rights to harvest US federal lands, big firms paid an average premium of 28% over appraised price; small firms, 51%. Companies without their own harvesting rights and thus depending on auction sales or large companies therefore “may frequently have to decide whether to purchase a given timber stand regardless of cost or to cease operations.” These firms were therefore extremely hard-pressed, Dr. Mead suggested, forced as they were to operate very close to the economic margins to survive. Again, this was noted as well by the WFA: “The fallers working under the situation created by absolute low-ball bidding,” they reason, “will be forced to push it to the limit.”

... have created a ‘Culture of Desperation’

All this has created what Steelworkers call a “culture of desperation”. Contractors face strict deadlines and quality-control standards and saddled with mortgages, bank payments and equipment costs – equipment that they were often forced to buy by their employers. Both TimberWest and Island Timberlands, for example, have recently sold off their logging equipment to their contractors.

Bearing heavy costs, small contractors are often forced to take risks and cut corners.

Steelworkers believe this is at the root of the Coastal industry’s terrible safety record in the past few years. In a recent report to Steelworkers in Hamilton, Dr. Michael Quinlan of the University of New South Wales pointed out that 21 of 22 available studies of outsourcing or sub-contracting of work indicate a resulting deterioration of occupational health and safety performance. Of the 43 fatalities in BC during the terrible year of 2005, for instance, only six involved unionized workers on unionized worksites; the rest were non-union, including many contract employees.

A shocking look into the world of contract logging came during the September 2006 coroner’s inquest into the death of logger Ted Gramlich near Nanaimo in 2005.

Testimony led during the inquest showed how lightly safety was taken by both the contractor who hired Gramlich and TimberWest, the company that hired the contractor. The contractor indicated that TimberWest took quality control more seriously than safety standards, while his agreement to look after safety was regarded as mere “paperwork”.

This disturbing picture was brought even more clearly into focus after 300 inspections were conducted under WorkSafe BC’s forest-sector compliance audit in 2006. An alarming 24% of workers reported they had not received adequate safety training, while fully 17% worked without supervision. Only half of all owners reviewed the health and safety program of prime contractors; only 30% of prime contractors reviewed the health and safety programs of sub-contractors; in only 37% of the cases was a contractor’s previous compliance history considered prior to awarding the contract; only one-third of worksites had a record of supervisor training applicable to the work being supervised ; one-quarter of worksites did not even have designated supervisors; only half of the worksites conducted a review of current safe work procedures on a regular basis before start-up of work and only half were instructed in emergency response and participated in safety drills.

And it’s not as though industry, governments and unions in Coastal BC have not been warned about contracting out’s potential downsides. The International Labour Organization’s authoritative *Encyclopaedia of Occupational Health and Safety* notes, for example that: “ While the move to contracting has in many cases helped to cut costs, to advance mechanization and specialization as well as to adjust the workforce to changing demands, some traditional ailments of the profession have been aggravated through the increased reliance on contract labour. These include accident rates and health complaints, both of which tend to be more frequent among contract labour.” That has now been realized fully on the BC Coast.

Time for a change

Steelworkers and our predecessors have long fought contracting out of work. We know there is plenty of evidence that shows that contracting out doesn’t benefit workers, their communities – or, over the long-term, even their employers. Studies show that costs are generally even higher after contracting out; that far too many contracts wind up being let without proper tenders and that contracting leads to higher health care and compensation costs. The lives of contract employees tend to be insecure and unstable. That’s why IWA Canada fought a long and

successful strike against contracting out in 1986. *We know our members want something better:* secure and safe jobs that allow a worker to put down roots in a stable community. Long ago, our members fought to quit being “timber-gypsies” and “bindlestiffs”, pushed from one short-term, dangerous job to another and roaming from town-to-town, job-to-job. Contracting out creates that kind of instability. Forest workers and their families deserve better.

The Skills Shortage

BC’s forest industry currently faces a serious shortage of skilled workers.

Employment levels in the sector have fallen sharply since 2001. But forest-sector employers still have to compete determinedly for workers, largely because of the burgeoning demand for labour in other resource sectors, especially oil and gas.

A changing economy

In June 2006, for instance, the BC Competition Council warned that we are “currently facing a critical shortage in the supply of skilled workers and professionals. The skills shortage being faced by certain trades, industry occupations and science engineering professionals has the potential to limit the growth of specific industries and ultimately the provincial economy.” The problem is that “these skills have become highly leveraged,” notes Kit Tam of Woodbridge and Associates: “Being knowledge-based and qualified, these workers are also very mobile. They are courted aggressively and with success by recruiters from Alberta’s oil sands and other very high-paying manufacturing sectors.”

The Competition Council says industry should immediately sponsor 7000 new apprenticeships supported by college programs and set aside \$15 million for new trade programs and immigrant worker training by 2010. And the Council also urged employers to “release employees for skills training to increase completion rates of apprenticeship programs.” Skills shortage was one of the key concerns of business people surveyed in 2006 by the BC Small Business Round Table.

Forestry is not immune

And lest we think the problem doesn't affect the forest sector, consider the report Fulford Harbour Consulting Ltd. prepared for the Solid Woods Trade Development Committee in April 2006. By 2015 through retirements alone, BC "will need to replace 1100 skilled trades workers..." in five key skills areas, while: "Competition from other industries who have even greater skills deficits... makes it unlikely that the industry will be able to meet this need by hiring already-certified workers."

The committee says that even without the impact of the oil patch, by 2015 the solid wood sector would be short 594 millwrights; 144 heavy-duty mechanics; 135 workers in the saw trades and 240 electricians. In 2001, 35% of millwrights were already over 50 years of age, as were 42% of heavy-duty mechanics, 31% of saw trade workers and 42% of electricians, the study note. In the saw trades alone,



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says Woodbridge and Associates' Tam in a 2005 *Logging and Sawmilling Journal* article, many forest-sector companies "face a common challenge – a severe shortage of skilled labour in the saw trades," because so many current saw-filers are hitting retirement age.

Skilled workers can be the difference between profit and loss in the forest sector. The Central Interior Loggers Association (CILA) noted in April 2005 that: "The log-harvest sector is caught in a squeeze between supply and demand for not only experienced logging truck drivers, but for heavy equipment operators and support staff such as mechanics. Every logging contractor out there is busy," adds CILA "but the

difference between a profitable logging show and one that's losing efficiency can be as thin as seeing a couple of your best machine operators move on to other jobs (often in the oil patch) where wages are higher."

Lack of training is also *dangerous*. In the already-scary timber-harvesting sector, Don Dahr of WorkSafeBC said in February 2004 that: "Examining years of accident and injury reports, we found that inadequate training is a leading contributor to the excessive injury and fatality rates experienced by fallers in BC."

We've known it's coming...

The skills shortage is in fact not a recent development; there have been years of warning. A federal government labour-market survey from 2001, for example, points out that "90% of B.C. employers agree skills training is critical for the economy," while: "Two-thirds felt economic growth is hindered by shortages." In a 2002 report on forest-sector competitiveness, the Forest Products Association of Canada sought more apprenticeships and training, as well as more school and college-based programs on forestry, especially in resource-based communities.

The 2003 report *Trades Labour Market Partnership For Trades in Northern British Columbia* by the College of New Caledonia identified several key priorities for action: more apprenticeship and job placement opportunities; better supports for trades students; promotion of trades training and careers and more options for apprenticeship and journey-person advancement and retention. The report identified for several northern communities and industry sectors specific trades-related employment opportunities over the upcoming years. For the North Central region of BC, the report projects increases in skilled trades requirements including fully 86% of forest-sector jobs due to net birth rate, retirements, migration and immigration.

...but industry has been slow to respond

A big part of the problem is the current lack of forest-industry training opportunities. In January BC Forest Safety Council ombudsman Roger Harris said "training is nearly non-existent in the forest sector..." so that: "With no clear path to enter the forest industry for new workers and more experienced workers with transferable skills finding work in other industries, BC's forest workers with skills and logging experience are at a premium." Harris urges the Ministry of Advanced Education to financially support forestry programs in the same way it does other trades certification and pre-apprentice programs.

Steelworkers have long urged industry to raise the number of apprentices and increase the availability of skills training for industry workers. As co-sponsors of the Solid Wood Trades Development Committee report we urged companies to hire more apprentices, increase training spending and improve training programs, for instance to make them more modular. As well, we want companies to ask the Industry Training Authority to take the lead in upgrading skills standards for millwrights.

In Manitoba, recently-negotiated collective bargaining settlements call for significant wage increases in the early stages of the agreement as a defense against oil-patch “poaching”. As well, we have urged employers to coordinate training initiatives and retirements: as older workers age, younger workers should train to replace them. Certainly more needs to be done to provide training, skills upgrading and apprenticeships. As the Solid Wood Trades Development Committee says, if we are to meet the coming skills crunch “the time to act to meet industry skills needs is now.”

Fighting the Pine Beetle

British Columbia currently faces one of the most daunting social, economic and ecological crises in its recorded history.

The mountain pine beetle infestation in the BC Interior will kill millions of hectares of pine forest. By the end of 2005, the beetles had already destroyed the pine trees on about 8.7 million hectares, totalling about 411 million cubic meters of timber.

Many scientists believe that the infestation is a result of climate change. Historically cold winter weather killed most of the beetle larvae before they could develop. But recent milder winters have not generated sufficiently-long cold snaps to prevent a major infestation. In addition, the success of twentieth-century fire suppression allowed many more stands of pine to reach maturity. There is currently more than three times as much older lodgepole pine in BC as there was in 1910, for instance.

As a result, the beetles have invaded pine trees across a huge portion of the province. Initially the affected timber remains useful for making lumber and other wood products. But as months and years go by after

the beetles have killed the trees, they become more brittle, eventually losing most of their conventional commercial value.

As a result, the economics of the Interior forest industry and the communities that depend on it have been thrown into doubt. Right now, companies are harvesting furiously in an attempt to get in as much of the beetle-damaged pine as possible before it becomes unmerchantable. Spurred on initially by low provincial government stumpage rates, firms have built huge new mills to process the beetle wood and they are urging their contractors and workers to harvest and process it as fast as possible. The rush to get that wood to market has contributed to the recent spike in forest-sector injuries and fatalities, especially among log-haulers. Canfor now runs two of the world's largest sawmills in Houston and Vanderhoof and West Fraser has a new mill in Quesnel with nearly the same capacity. BC's chief forester has raised permissible harvest levels in the beetle-infested region by more than 15 million cubic meters annually.

But soon, that same timber will be worthless for making lumber and many other traditional end-uses. As a result, those same sawmills and the communities they support will be hit hard. In the 12 most beetle-damaged forest-management areas, about 50% of stands will be affected. Some will be destroyed fully, others only partially. After the 2006 flight of the insects, the Ministry of Forests and Range expected that about 50% of pine stands would be killed. Although earlier estimates indicated that timber from attacked and dead trees would become unmerchantable in about 15 years, more recent estimates indicate a shorter timeline.

By some estimates, the AAC in the impacted area is expected to fall to 28.5 million cubic meters by 2025 then rise gradually to a long-term level of 34.4 million cubic meters. Assuming "normal" destruction of regenerated stocks, stands will take about 20 years to regenerate if they are replanted within one to three years. However, we now see the beetle affecting younger trees, calling into question predictions that the long-term, harvest levels will likely regain 34.4 million cubic meters, close to their pre-beetle levels.

In the meantime, workers and communities will likely be hit hard. Steelworkers estimate that 2600 direct jobs in the forest industry will be lost as a result of the falldown in available timber. That would likely eliminate another 5300 indirect jobs in forest-based communities, bringing total job loss to 7900. Based on Statistics Canada's estimate of \$41,942.60 per direct job, the total direct employment income loss would be \$109 million.

All this depends on a number of variables, of course. Are we correct in all our assumptions about beetle biology? They have confounded us before. It also depends on the nature and rate of harvesting and regeneration. It depends on possible new end uses and manufacturing processes using beetle-damaged timber and on the impact of the infestation and beetle-related timber harvesting on the future forest. Most crucially, it depends on corporate investment decisions and government policy.

The crisis is serious and it has severe potential implications for many BC Interior communities, especially those highly-dependent on forestry. According to BC Stats and Natural Resources Canada information, for instance, Kamloops derives 10 % of its total basic income from the forest industry, while Williams Lake and Prince George are both 30% forest dependent, Smithers and Houston 33%, Quesnel 40% and Vanderhoof 42%. There is obviously a lot at stake for these communities and the working people who make their homes and earn a living there.

It is essential, therefore, that governments and corporations cooperate with local governments and citizens to ensure a long-term future for those people and the cities, towns, villages, settlements or reserves in which they live. The beetle crisis can be managed but it will take planning, commitment and resources.

So far, however, companies' and governments' record has not been not very good. Corporations that have made millions in the region are voting with their feet. Although Canfor initially built some large sawmills on the strength of cheap beetle-wood, for instance, recently it spent \$205 million US to buy sawmills in South Carolina, a right-to-work state where wages and benefits are far lower than in BC. Canfor is also looking into manufacturing in China. West Fraser spent all the money it got back as a result of the Harper-Bush lumber deal to buy 13 Southern US sawmills from International Paper at a cost of \$325 million US.

Governments meanwhile have failed to provide sufficient funds for the job of preparing people in the so-called "heartland" for the post-beetle future. The BC government plans to spend only about 1.1% of its own total forest revenues to deal with the impact of the pine beetle over the next five years, according to Peter Ewart of the Stand Up For the North Committee; that comes to about \$300 per person in the most severely-impacted regions. While the federal government says it will spend \$100 million, its plans are shrouded in mystery and confusion. A promised training program for workers, for instance, is contingent on

federal-provincial negotiations that have never taken place, according to federal government officials.

Obviously much more must be done. As already noted, Steelworkers have called for a dedicated forest-sector investment fund based on BC's revenues from the Harper-Bush lumber deal. So far forest minister Rich Coleman has refused, saying Victoria will dump those dollars into general revenue. British Columbians need to push him to change his mind. We believe there should be a coordinated planning process involving communities, workers and their unions to develop an effective, open and transparent action plan. The main aim of such a process should be to ensure that as many jobs as possible are maintained or replaced in the region and to help workers, their families and communities affected by the beetle plague to land whole.

In addition, we need a concerted research and development program to find new uses for beetle damaged timber; expand markets for currently-produced products; develop an effective regeneration strategy for beetle-affected forests and look into the possibilities for energy production and other new uses for beetle-killed timber. The situation is not hopeless. But we certainly cannot afford to simply do nothing or run away as governments and corporations currently seem content to do.

Where's the Investment?

In 2003, then BC forest minister Mike de Jong promised:

"... this industry is going to revitalize itself and there are going to be additional job opportunities ... we think through a diversified fibre flow and an expansion of the opportunities available for participants to get involved in forestry, those employment levels are going to return to where they once were. That's the objective. That's why one embarks upon an exercise like this."

As already noted, the results have been less than desirable. Consider that despite investments in the BC Interior to cope with the beetle uplift in harvesting activity, there has been a steady decline in investment this provinces forest industry since 2001.

In fact, investment capital has steadily exited British Columbia.

Recently, for instance:

- Weyerhaeuser sold its Coastal assets and sold most of its Canadian assets to Domtar;
- Ainsworth Lumber purchased a number of OSB mills in Minnesota;
- Interfor closed or sold several BC mills and bought several Washington and Oregon mills;
- Canfor purchased sawmills in South Carolina;
- West Fraser bought 13 Southern US sawmills from International Paper.

Declining Investment in the BC Forest Industry



All these investments were based on profits made in the BC forest industry. They therefore represent an outflow to the US of wealth created by workers in this province, often to regions that compete with BC wood-products producers.

In addition, many firms are actively liquidating their fixed capital, either by selling off logging equipment (for example TimberWest and Island Timberlands), closing sawmills (Interfor, Western Forest Products, Island Timberlands, Canfor), selling or planning to sell

timberlands as real estate (TimberWest, Island Timberlands, Western) or rapidly harvesting timber and selling the logs before they reach their highest value (TW, IT, Western). This might be good for companies' bottom line today but for the BC economy these corporate efforts close off future options for job creation, industrial diversification, export development and new manufacturing facilities for the province.

Similarly, an over-reliance on raw-log exports mean that we are exchanging short-term profits and a handful of timber-harvesting jobs for future loss of jobs and economic opportunities, especially in the wood-manufacturing, pulp-and-paper and value-added sectors. Log exports, as we have noted, are an especially poor "investment" because they not only reduce employment in BC solid wood and pulp and paper facilities but actually help our competitors enhance their access to the US and Asian lumber and wood-products markets.

The truth of the matter is that companies are currently fleeing BC in droves, whether because they see no future in the beetle-ravaged Interior; have taken nearly all the easy profits on the BC Coast and are now moving on or are content to export logs and cash in on the few easy profits that remain. And the saddest thing is that they are being encouraged and supported by the BC government. As economics writer Linda McQuaig suggested in a 1999 address to the Halton Social Planning Council:

"Increasingly, we are becoming a society built around the principles of the market place, and the notion that people are out for themselves. I believe that people are very unhappy about the direction that we are taking. Interestingly, I think the common response is to lament what has happened and to say, 'Well, you know there's nothing we can do about it, there's no alternative - this is the nineties, this is the reality of the global economy. Governments don't have the power and resources anymore to do much more, to do the kinds of things they used to do. Governments are pretty much powerless in the global economy.' You hear this all the time! Let me state very clearly that I don't buy those arguments at all, in fact, I think that this whole notion of government powerlessness is fundamentally wrong, it's what I will call a cult of impotence..."

By taking a hands-off approach to the management and regulation of the forest industry, the current government has indeed fallen into the "cult of impotence" that Ms. McQuaig describes. The government is allowing companies to do more or less as they please by:

- reducing the corporate income-tax they pay;
- helping them reduce their local tax payments;
- charging very low fees for Crown timber;

- allowing them to come and go as they please by shutting down operations whenever and wherever they want and taking capital out of BC at will;
- eliminating the BC Jobs Protection Commissioner and mill-closure review process;
- eliminating or relaxing regulations designed to generate jobs and increase community benefits;
- reducing standards governing health and safety, environmental protection and worker rights;
- demanding very little in the way of investment or job creation.

In fact, the BC Liberal government has effectively scrapped the “social contract”, the long-standing agreement between companies, workers, governments and communities in BC. For half a century successive governments gave companies favourable access to Crown timber and built industrial infrastructure in return for a commitment to create jobs and pay sufficient local and provincial taxes to support healthy, vibrant, modern resource-based communities. This was the arrangement by which both Social Credit and New Democratic Party governments helped develop our province and provide quality services to people, such as Medicare and our K-12 and post-secondary education systems.

Now the Liberals have abandoned that in favour of a market-driven approach. In addition, the government sacrificed many of the legislative powers and ministerial prerogatives that allowed previous governments to manage our forest in accordance with the public good. And in spite of minister de Jong’s promises, *this is a policy that is now revealed as a failure*. Since the Liberals shifted from the “regulatory” approach they hated to the “market-driven” approach they favour, employment and investment have fallen while log exports and mill closures skyrocketed. Value added employment has plummeted. More unprocessed timber and capital are leaving BC than ever before.

Although many BC firms *have* invested, those investments have been in Washington, Oregon, Minnesota, South Carolina and all over the US South. Others are looking seriously at investment in China. The industry association Coast Forest, for instance, claimed in 2004 that it would be “expanding on” the vision of the “Three Amigos”, those Coastal CEO’s who in 2003 promised \$1 billion in investment over 10 years. By 2005, however, Coast Forest was instead touting investment and manufacturing opportunities in *China*.

Meanwhile, the problems in the forest industry have deepened. While the government *studied* the log export problem and set up Premier Gordon Campbell's close associate Ken Dobell to *study* the Coastal industry, investment steadily failed to equal even capital depreciation, just as when economist Peter Pearse *studied* the industry in 2001—even though some companies are making millions on log exports and real estate plays. In the Interior, in the face of the beetle crisis companies are walking away from a region where they have millions of dollars in profits, using those millions to invest elsewhere.

Something is seriously wrong, in other words. And it's about time we saw some action from industry and some leadership from government on the jobs and investment front.

The time to act... is NOW

Steelworkers have solutions to offer to our industry. Workers and their families are part of the industry; we have a stake in its future. But, unfortunately, sometimes we don't feel like anyone is listening.

Steelworkers' Solutions – Action is needed Now!

It seems that there has seldom been a government and industry so gripped in the “cult of impotence” as the BC government and the BC forest industry. Both seem to believe that we are simply captive to the whim of global market forces, the Harper-Bush lumber deal, demands of the US industry or the biological force of the beetle infestation. Coastal companies have said for a decade now that they won't invest until they make more profits. But we all know they won't make more profits until they invest.

Steelworkers do not agree with their doomsday scenario. We do not believe that it is impossible to act. We have solutions to offer to the policy makers. Workers and their families are, after all, an instrumental part of the forest sector; we have a stake in its future. That's why we prepared this paper – it's an effort to not only raise British Columbians' awareness of the problems we face and which threaten our economic and social future but also to offer solutions that might move our No. 1 industry toward a healthy and viable future.

Some of the strategies and policies we recommend include:

- Measures to “Stop the Killing”
 - Continue to increase WorkSafeBC inspections and enforcement in the forest sector, with dedicated forest industry officers.
 - Establish “implementation committees”, both at the regulatory and workplace level, to ensure that the recommendations from investigations, inquiries and inquests are implemented.
 - Legislate a “day of mourning” for all forest industry companies and workers when a forest worker is killed on the job.

- Measures to halt the flood of log exports:
 - Immediately place an equivalency tax on all exports of raw logs regardless of whether they come from Crown or private lands. The tax would amount to the difference between the average export and domestic price for logs of similar quality or species;
 - Improve the existing surplus test to ensure that logs advertised must be sold if claimed and purchased if their export is blocked;
 - Encourage the federal government to maintain or strengthen the current restrictions on log-exports from federally-regulated lands in BC and to encourage companies operating on those lands to increase domestic manufacturing;
 - Demand that our governments immediately suspend any programs and end any agreements that facilitate or encourage companies that want to shift manufacturing to China or other external location.

- Measures to encourage, increase and upgrade domestic manufacturing:
 - Create a forest-sector investment fund using the revenue generated by the Harper-Bush border tax. The fund would review investment proposals and provide funding according to projects that involve job creation; capital upgrading; research and development; industry diversification; workforce training; infrastructure creation and support for communities;
 - Add to this fund any revenues from the equivalency tax or other taxes on log exports;
 - Examine alternative ways to collect the province’s resource rents with an eye to encouraging advanced manufacturing, for instance the possible substitution for stumpage of a “back door” tax whereby a relatively-flat tax is paid at the dock or back door of a sawmill or manufacturing plant. Manufacturers would pay less for sawlogs and by adding value, they would also pay a smaller percentage of their total revenue in tax, even though the province’s tax take would remain relatively stable or even increase, depending on the volume of timber processed.

- Measures to restore the “Social Contract”:
 - Restore to forest licences the so-called “appurtenancy clauses” that required commitments to domestic manufacturing and local job creation in return for Crown timber rights;
 - Apply these provisions to BC Timber Sales and First Nations timber sales;
 - Enact an “accountability clause” which requires companies wishing to shut down an operation to discuss with communities, workers and government a full range of options to closure, such as transfer of ownership or reconfiguration of the operation and to allow those impacted by the planned closure to negotiate a settlement.

- Measures to secure a skilled, trained and safe workforce for the future:
 - Include in the forest-sector investment fund a mandate to provide both upside and downside training to forest workers, as well as initiatives to attract new entrants to the industry.
 - Encourage forest companies to cooperate amongst themselves and with government and labour to sponsor additional apprenticeships in the industry and provide new training and trade programs.
 - Dramatically increase company training of forest workers in safe work practices and re-double our collective efforts to educate workers on their rights, including the right to refuse unsafe work.

- Measures to fight the beetle crisis:
 - Convene a “Citizen’s Assembly” with a mandate to seek consensus on a strategic course for the regions most affected by the beetle epidemic;
 - Dedicate the “uplift” stumpage to a community economic transition fund;
 - Similarly, assess companies an “extraordinary profits” tax on the millions they have made on the strength of cheap beetle-damaged timber and use it to fund future investment in those regions.

Steelworkers know it won’t be easy to dig our way out of the current mess. We know that many of the problems are extremely complex and have been decades in the making. But we also know that the time to act is now if we are to turn the situation around in our industry. We must start by breaking free of the “cult of impotence”. There are alternatives to the status quo and we *must* adopt them.

For Steelworkers who work in the forest sector and their families who share our province's resource-based communities, there is after all no real choice. Our parents and grandparents built these communities. For generations we have worked hard to make them the uniquely-Canadian places they are today. We love our way of life; we love the good living our work brings to us and our neighbours. We are proud of the useful products we can produce for people all over the world. And we offer those proposals because we are determined to stay.

For more information on the United Steelworkers and our Union's positions on the BC forest industry, please contact:

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