

# TOUGH DECISIONS FACING THE LOGGING SECTOR

TLA Editorial



All photos: Stacie Woodall



With growing demand for BC's forest products, combined with a labour and contractor shortage that has been the focus of recent industry recruitment efforts, it would suggest growing opportunity for the well capitalized logging contractors of BC. Unfortunately, this doesn't seem to be the case, as two prominent BC contractors recently decided to throw in the towel, selling their equipment at the Ritchie Bros. auction in Chilliwack this past fall.

Ritchie Bros. Auctioneers is the world's largest industrial auctioneer. From humble beginnings in the BC Interior in 1958, they have grown to serve equipment buyers and sellers all over the world, holding 356 auctions in 2013 with transactions topping more than \$3.8 billion. How do they do it? By staying focused on great customer service and a commitment to unreserved public auctions.

And the Chilliwack auction held on October 15 was no exception. More than 3,100 bidders participated online and in person at this multi-million dollar, unreserved

public equipment auction.

There were 50+ forestry equipment items in the October 15 auction. Bidders came from 36 countries, including nine Canadian provinces and two territories and 42 US states. By the end of the day, more than 70 per cent of the forestry items were purchased by buyers from within BC with the rest being purchased by buyers from Alberta, Manitoba, the United States and from as far away as France. Online bidders purchased 57 per cent of all the equipment sold in the auction.

"Forestry equipment prices in our October Chilliwack auction were strong. Not only did we achieve high values for the late-model equipment, but the older, well-maintained gear also received good results," says Adam Pruss, Regional Sales Manager, Ritchie Bros. Auctioneers. "We recently sold a similar number of forestry equipment items in Prince George this past April; however, in terms of gross auction proceeds, this was one of our largest forestry auctions in BC. The last time we had an auction with this much high-dollar forestry equipment was back in 2008."

“The current market for used forestry equipment is very strong,” says Pruss. “The market is being driven by an overall shortage of both new and used forestry equipment and manufacturers continue to push back delivery dates for new equipment, which is resulting in contractors holding on to their used equipment longer.”

company, Gregson and sons Dave and John provide a variety of services to the logging and civil construction sectors.

On the civil side they do road and bridge work across BC and the Yukon, have been awarded four times for the quality of their work and have recently been nominated as the Deputy Minister’s Contractor of the Year for 2014 in

the union conditions they work under combined with growing costs for equipment, supplies and maintenance, all in the face of stagnate rates for logging services led to the decision to simply sell most of the equipment. They have now positioned the company to reinvest the capital in higher return work as it presents itself.

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The majority of the logging equipment sold at the auction came from two prominent long-time contractors, one on the coast and one from the Interior.

Bryan Gregson has always been involved in the forest industry. Prior to contracting, Gregson worked at Madill for over 12 years in mechanical production and new machine set up. From his start with Bryan Gregson Bulldozing in 1978 to Copcan Contracting, his current

bridge construction.

But logging has been a lifetime passion for Gregson and reducing exposure in the sector with the sale of his equipment at Ritchie Bros. Chilliwack auction was a particularity difficult decision.

“We were constantly told our rates were too high but at the same time, the return on the capital we had invested in equipment was simply not there anymore,” notes Gregson. Recent changes in

“Logging is a high capital, high risk, low return business,” notes Dave Gregson. “If we were making money at it, why would we have sold so much equipment,” he responds to those who questioned their decision. “The inconsistency of the work, frequent shut downs, low rates and ongoing cost increases for employees and benefits just made no sense to us anymore.”

At 63, Bruce Jackson had no intentions of leaving the logging business, but exited the industry by selling his equipment at Ritchie Bros., and for many of the same reasons. Having been a contract logger for 45 years in the southern Interior, Bruce Jackson Contracting provided local employment for 10 to

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15 people. But they finally threw in the towel, struggling to stay ahead for most of the last five years.

dictating that we hoechuck on grades above 35%.”

“And when you try to discuss these

left logging and gone north to find work in other industries. “It is a shame,” notes Jackson. “We had a succession plan in place. We are trying to attract people to a business that simply cannot afford to hire them anymore.”

High capital investment, low rates, risks of shutdown, rising costs and ongoing uncertainty are not new issues to contract loggers in BC since the recession, and in many cases, even before. More disheartening is that almost a third of their equipment was sold to bidders outside BC, not likely to come back.

At a time when employee retirement and a growing demand for workers and contractors face the industry, it is unfortunate that both of these successful operators have left. Maybe they made the right decision while they could?

Are they gone for good? Time will tell. But from Dave Gregson’s perspective, something will have to change to make the risk of being a logging contractor more tolerable before they re-invest.

Let’s hope it happens soon. 🌲

## Jackson’s 19-year-old grandson, who had recently entered the business as a skilled equipment operator, has left logging and gone north to find work in other industries.

“There is work available,” says Jackson. “But if you agree to the work, the contracts show up in the mail three weeks after you have started and the industry standard rate is all that is provided. There are no negotiations, no discussion of site conditions, nothing! Is there recognition for fuel costs, rising wages, parts or repairs? The answer is no. The industry standard rate is what you get. Take it or leave it.”

In their last two months in business, costs were simply more than they were paid. “The mill supervisor even suggested we could be more efficient by parking the hoechucker, despite WorkSafeBC

types of concerns, you can expect to be laid off when your contract is complete and in an effort to keep your crew, we end up chasing other work that doesn’t pay much better. You can’t keep doing that and ever expect to have something to pass along to the next generation,” adds Jackson. “I did not want to leave, but there was simply not enough money to justify me continuing.”

And while Gregson’s sons continue to provide top-quality civil construction services and some logging related work at Copcan, Jackson’s 19-year-old grandson, who had recently entered the business as a skilled equipment operator, has

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