

RISKS



SHARING THE RISK OF INNOVATION IN FORESTRY

By Robin Brunet

Mediation, common goal sharing and many other strategies have historically been used to unite disparate parties, whether they be warring married couples or business rivals.

But in embracing what the TLA has defined as 'sharing the risk of innovation,' several coastal players have determined a strategy that not only enhances operational efficiency but has the potential to help ease the tensions between the most disparate parties of them all: contractors and licensees.

The strategy consists of deploying innovative technology under shared risk arrangements, and as unlikely as it may seem that new equipment could foster improved relations, some contractors as well as licensees are convinced it's an avenue worth exploring.

Mark Leitao, Director of Operations at Island Timberlands, is a strong believer in sharing the risk of innovation. "The term describes what has defined the evolution of the logging industry overall, with technology playing a key role," he

says. "Take any system that is standard today, whether it's grapple yarding or feller bunching: initially, these innovative systems were untried and therefore risky, and only after they were incorporated into a few logging operations and performed to expectations did their use become more commonplace."

One new system is what is commonly referred to as a 'prodar': a cross between a processor and loader made possible by the Southstar QS605 Grapple Processor head, an innovation that allows a single



machine to do the job normally done by two machines. “This particular head, which is designed for medium to large sized wood, came on the market late last year, and we’ve used a prototype with our company crew,” says Leitao.

He adds, “Like all multi-purpose tools, we worried it wouldn’t do any single job well. But as it turned out, there was little loss in processing or loading, and as a result many of our contractors also purchased the new technology.”

Tethered falling equipment is another

innovation Island Timberlands is focusing on, having been developed in New Zealand as a response to the dangers of steep-slope logging. Now commonplace in that country, these machines in BC coastal applications “have the potential to significantly reduce hand falling duties, which is the single most dangerous job in our industry and incurs the most serious incidents,” says Leitao.

Even though the cost of the machines is expensive (\$1.2 million for a purpose-built unit, although operators with feller

bunchers can purchase the anchor and winch portions for \$500,000), two Island Timberlands contractors and TLA members—Lyle Newton, owner of Island Pacific, and Craig Frederickson, director of Sicker Lumber Co.—have invested in the units. “Both have been using their machines on Island Timberlands land and on TimberWest and Hancock lands,” says Leitao. “Both are learning how to best utilize them on coastal terrain and how to use the tethered buncher to set up the block

for grapple yarding. We're assisting by learning how to engineer blocks."

Leitao adds, "Working collaboratively, we expect to improve safety by taking more hand fallers off the hill, minimize environmental impacts, and reduce the overall cost of harvesting on steep ground."

Leitao is excited about the future potential of risk sharing. "With contractors using the equipment and licensees designing the harvesting blocks to suit the technology, along with the sharing of information, we develop a true collaborative process," he says. "It doesn't solve all the problems between contractors and licensees, but the closer the two parties can get, the better."

David Elstone, Executive Director of the TLA, notes, "It's interesting that the early adopters of the new innovations in this province appear to be coming from either private timberland owners or privately owned companies. It'll be interesting to chart the evolution of sharing the risk of innovation as time goes on."

Brian Baarda, Chief Operating Officer

of TimberWest, agrees, adding that another bonus of sharing the risk of new technology is the potential to attract much-needed new blood to the industry. "For example, we worked closely with T-Mar Industries [a TLA member] to develop a new camera-based system for grapple yarders that attach to the block. It doesn't eliminate the job of spotting, but it may eliminate the need for spotters to be in the bite."

about our contractors in the field. Safety resonates with contractors, and it's also attractive for anyone planning on entering the industry."

TimberWest offers a range of solutions for some of the new tethered falling equipment, along with risk sharing arrangements among contractors prepared to invest in innovation that include longer-term visibility and increased cut levels. "Our support allows contractors

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Baarda goes on to note that, "This new camera will have a tremendous impact on reducing safety risks, and it will also increase job performance. A focus on safety is nothing new to us, but by using technology such as our camera, or tethered falling equipment, or the pro-dars, we send a clear signal that we care

to trial some of the new equipment and get the opportunity to benefit from the technology, all the while sharing the risk associated with making that change," says Baarda.

As for the grapple cameras, the company has ordered several more units "to support the commercialization of this



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innovative product,” according to Baarda. The cameras were trialed and are now used by TLA member, Fall River Logging Ltd.

Fall River’s president Adam Wunderlich says, “Sharing the risk of innovation worked out very well for us. TimberWest footed the capital costs, and we spent about six months making the system work in the field—in this case, in the Comox Lake region. Today, our grapple yarder operator says he doubts he could work without the camera, plus it allows us to work in lower light and fog.”

When asked to contemplate the future viability of sharing the risk of innovation in an industry that is faced with numerous key challenges, Baarda unhesitatingly replies, “I expect risk sharing will become standard practice in our sector. We see the best, brightest, and biggest game changers of our times using this shared approach. Our forest industry deserves to be at the cutting edge of innovation, and the only way to get there is for us to work together in col-

laboration, to see change take effect on the ground.

“For me personally, it’s gratifying to sponsor and promote change that will not only help ensure every person working with us goes home safely every night, but also to see TimberWest and its contractors becoming more competitive relative to our competitors in New Zealand and other countries.”

To which Wunderlich adds, “I absolutely believe that risk sharing will bring contractors and licensees closer together. What we’ve needed for some time now is a different dialogue, and technology is providing us with that.”

For his part, Elstone hopes sharing the risk of innovation won’t be misinterpreted as the term becomes more commonly known in industry circles: “While some might think it refers to financial assistance for larger ticket items, that misses the structural problems that inhibit taking on the risk of innovating in this industry. Working block-by-block and being subject to the short-term decisions by customers is

not conducive for risk taking.”

He is betting that, if properly applied, sharing the risk of innovation may change the belief of many TLA members that the logging contractor base and their own businesses over the next five years are not sustainable (expressed most recently in a poll taken at the TLA Convention). “I believe that improved contractor-licensee relationships, with new thinking on longer term contracts and greater independence in how to implement them, will certainly improve the industry and lead to greater innovation.”▲

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