



POSITIVE SPIN IMPOSSIBLE: SIX MORE CONTRACTORS GIVE UP IN BC

I am dismayed to report that erosion of the contractor base continues despite our forewarnings about the ongoing threat to BC forest industry's supply chain. This past fall, we saw two large contractors disperse much, if not all, of their equipment at auction. Just recently, yet another finally succumbed to insolvency. It is fair to say all were driven to take such action, in part, because of difficult negotiations and challenging business relationships with the major licensees that contracted them.

That brings us to a total of six contractors this year that have significantly reduced capacity by going to auction or entered into CCAA (*Companies' Creditors Arrangement Act*) protection. More than half of these were businesses based on the BC coast. To put on a positive front to promote our industry when these things are occurring behind the scenes is just not possible. The toll taken this year comes on top of the 25 contractors who exited over the last ten years. The impact on the employees and the devastation in the communities—more often than not—goes untold. And yet, logs somehow, someway, continue to be delivered.

While the attrition of the contracting community continues, each individual contractor must seek ways to survive, by making decisions that affect them personally, as well as their employees and their communities. To succeed is no easy task, with many making a go of it by always looking to the future. How else can you explain the ability of contractors to raise their hands at auctions and invest hundreds of thousands of dollars on used iron in a split second decision?

In fact, last October at the Ritchie Brothers auction in Nanaimo, I was not alone watching in amazement at a bidding war for a 124 Madill yarder that ended with the winning bid at a snick over a million dollars. To succeed in this business, risk is part of the game. It is my hope that such investments which are necessary to keep contractors' businesses

moving forward are not misconstrued as extravagance by their contract managers. Our industry is on the cusp of change with regards to new innovations (largely imported from elsewhere), but undermining contractors' confidence will be harmful to our industry.

A subtle yet clear example of this undermining of confidence happened recently. Some BC contractors who joined me in attending the Pacific Logging Congress' (PLC) convention in Hawaii this past November were treated with disdain by some contract managers for major licence holders in BC because the event took place in Hawaii. These contractors spent their own money to attend this event in an effort to stay ahead of global trends and in many cases took their families so that while they were on a working holiday, families could be together.

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Founded in 1909, the PLC's mission is to provide sound technical education about the forest industry and promote the need for responsible forestry to supply global wood fibre needs. The PLC membership consists of contractors, licensees and timberland owners alike from around the Pacific Rim.

The annual conference seeks to provide opportunities for members to learn, network, collaborate and ensure they are on the forefront of emerging logging technology, best operating practices and recruitment strategies. This year was no exception. I listened to some excellent presentations on innovative steep slope harvesting, workforce planning, industry recruitment and retention programs.

It is pretty sad commentary that it is not acceptable for a contractor to go abroad to learn and bring cost reduction and safety improvement ideas back to their operations—even when they do it

on a working holiday in Hawaii. And we wonder why collaboration and a positive supply chain environment have been missing on the BC coast and in the province.

I am an advocate for logging contractors, but also for the industry as a whole. The messaging from the various *David and Goliath* articles over the last year or so has described a path of short sighted, destructive behaviour and, unfortunately, it appears we still remain on that path. There is a need to change course, for whatever comes our way, be it a downturn or upturn, this industry is not going to have the capacity to adjust in its current condition.

I am learning some industry leaders see the path we are on as well and want to change it. My message for action is this, increase the communication between senior executives and on-the-

ground management to ensure clear understanding of expectations with regards to the health of the company's supply chain. Seek to continue the dialogue that has begun between licensees and contractors through the recent work of the CFPA and TLA and facilitated by FPInnovations with our Innovations Initiative. And of course, attend our 73rd TLA Convention & Trade Show to hear directly from contractors and licensees alike in order to become aware of the challenges and help our industry leave its current path. ▲

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