



CHANGING THE BIG PICTURE FOR CONTRACTORS

Two surveys recently confirmed the TLA's main advocacy message. The 2016 Canadian Forest Industries Contractor Survey which provided a national perspective on contractor sustainability and the TLA's own membership survey.

The value of the 2016 Canadian Forest Industries Contractor Survey (details on page 48 of this issue) was its third-party confirmation of the challenges faced by BC's contractors. As for the TLA membership survey, every two years we ask our members what their top issues are and what they want the TLA to focus on. The survey results shows the TLA is doing what its members want, fighting for contractor sustainability.

With this in mind, as I look back over the past year, the number of contractors who closed down or significantly reduced the size of their operations—both on the coast and in the Interior—weighs heavily on me. The reduction in the contractor base continues to surpass additions. With well over 90 per cent of harvesting conducted by contractors in BC, our rural communities are asking why contractor attrition continues.

I have spoken with many contractors over the last couple of years and can answer the question with some authority. Many contractors' relationships with their major tenure holder customers have failed due to steady erosion of three key components: knowledge, fairness and trust. As I address each component, it is important to note that I hold the mirror up to contractors as well.

Knowledge

To make proper business decisions today, contractors need productivity and financial performance data for their businesses. Then, during rate negotiations, they can demonstrate their costs rather than just saying, "I need more." Likewise, contract managers should not claim (or deny) what the work costs based solely on comparisons to the industry rate. Frankly, just because the industry rate is \$X per cubic metres in one place, doesn't mean that rate applies to where you are logging.

Fairness

Fairness really comes into play around contract compensation for agreed upon

work. If parameters change, then compensation should change. For example, it's unfair to be asked to bring all the logs to roadside and then only be compensated for the non-pulp grades. In the last issue of *Truck LoggerBC*, we presented the concept of market logging as one way to address fairness. In this issue, we offer construction industry contracts as a way to address changing goal posts. There are practical and readily available solutions to address fairness.

Trust

Is trust synonymous with respect? In this instance, yes. Having the data to demonstrate costs is critical to eliminating emotional arguments. However, if there is no trust between you and your counterparty, it will be difficult to engage, even with data. Trust comes with both sides demonstrating they will deliver. Contractors need to provide more than the logs; they need to be on spec and on time and the work needs to follow regulations for protecting the environment as well as the workers. And likewise, contractors need their risks and costs of training, investing, protecting and delivering to be rewarded accordingly.

Contractor Sustainability Advocacy Achievement

All this makes me even more excited to report that the TLA's advocacy quest around contractor sustainability has met with success. As you can read in Minister Thomson's report on page 24 of this issue, he has added action to his commitment to address the contractor sustainability concerns collectively conveyed by the logging associations in the province. As part of Premier Clark's Competitiveness Agenda, the Minister will be taking a structured approach to help our industry examine the relationships between contractors and their major employers and, in doing so, arrive at solutions. I applaud Premier Clark and Minister Thomson on moving forward to address contractor sustainability. The TLA will be very active

in supporting this initiative that's so vital to the future of contractors and to BC's forest industry as a whole.

Other TLA Advocacy Efforts

While we've been beating the contractor sustainability drum loudly to help level the playing field for contractors, the TLA is carrying the voice of contractors on a number of fronts. As we start a new year, I want to take a moment to outline just some of the issues we plan to tackle:

- Protection of the working forest on Vancouver Island and throughout the province
- Raising awareness that log exports benefit our communities by creating jobs
- Asking for PST exemptions on heavy equipment as was recommended in the recent Commission on Tax Competitiveness
- Addressing our looming labour recruitment and training problem (a tax credit may work here)
- Growing the Forestry Service Provider Compensation Fund to \$25 million
- Enhancing the level of emergency response in remote areas of the province
- Addressing why we are not exempt from the carbon tax given that we are the greenest industry

While these advocacy issues affect contractors on the coast, they also affect contractors across this province.

So indeed the TLA has lots of work ahead. I hope we will see you at the 74th TLA Convention & Trade Show later this month to hear your thoughts on the above and the issues that concern you. And finally, contact me if you have any questions regarding the Minister's contractor review.▲

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