

SENT TO LSU AGCENTER/LOUISIANA FOREST PRODUCTS DEVELOPMENT CENTER - FOREST SECTOR / FORESTY PRODUCTS INTEREST GROUP

(Unfortunately, I suspect this is an ongoing trend in the North American logging industry. It tracks with the data from the U.S. South logging sector study I did last year.) Regards, Rich

Vancouver Island logger latest to depart an industry feeling squeeze from trying conditions



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More from Derrick Penner

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W.D. Moore Logging has been a mainstay of the tiny hamlet of Winter Harbour at the northern tip of Vancouver Island for 90 years, but is getting out of the business this year citing razor-thin profits in a business where they feel the playing field is tilted against them.

“We can make a go of it,” said W.D. Moore owner Graham Lasure, “it’s more that for the capital required, the profit margins aren’t there.”

“We can maybe make two, three, five per cent (per year),” Lasure said, but with multi-millions of dollars invested, and the risks involved in the business, he should be able to make more and used to be able to.

“We’ll make as much money if we put it in Royal Bank (stocks) at four per cent dividends, with no risk,” Lasure said.

Concentration in the forest industry, which has left too few companies holding the tenures for too much of B.C.’s coastal forests, has left big companies with the upper hand in establishing contract rates for logging, Lasure said, which is one of the key problems contractors face.

Contractors are also being squeezed out of bidding for public timber auctions by big licensees, Lasure argues, and trapped by contracting rules that allow companies to undercut logging rates and become industry standards.

So Lasure has sold off his company’s logging contracts and will dispose of W.D. Moore’s logging camp and about 95 pieces of equipment, which will displace some 25 employees who will have to go elsewhere to work.

It will also deliver a substantial blow to tiny Winter Harbour, a village with a permanent population of 20 where Lasure’s company was the main employer and whose spending helps keep the community going year round.

“The logger related business was enough to justify keeping the lights and heat on and keep limited store hours in the winter,” said Greg Vance, owner of Winter Harbour’s general store.

And it will make W.D. Moore one of some 40 logging contractors that have departed the industry, either by choice or by bankruptcy, in the last decade, said David Elstone, executive director of the Truck Loggers Association, the trade group that represents 450 contractors, brokers and small sawmillers.



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“Far too many contractors are leaving the business, even today when we have major forest-products producers in the province announcing quarter after quarter of record earnings,” Elstone said.

Western Forest Products, for instance, on Aug. 2, reported a record gross profit of \$47 million for its second quarter of operations (\$25.6 million net profit after taxes and depreciation.)

The Truck Loggers Association refers to the issue as “contractor sustainability,” and Elstone said the contracting sector is looking for the province to address the oligopoly of two few major licensees controlling too much of the harvest, which “creates an un-level playing field.”

In January, then forest minister Steve Thomson launched a review of contractor sustainability, which is aimed at identifying problems in the sector and charged with offering recommendations to solve them.

The effort is being led by former cabinet minister George Abbott, and Elstone hopes he “will recognize the problem we know exists out there because we need action before another community goes under.”

A representative of the major forest licensees, however, wants to see the financial data that Abbott has been collecting on contractor rates and their cost structures before taking any position on the issue.

“Let’s wait for the data to see if (it’s) true,” that logging contractors aren’t sharing in the industry’s wealth, said Rick Jeffery, CEO of the Coast Forest Products Association, which represents the interests of major licensees.

Jeffery said the licensees are willing participants in the discussion to improve conditions for all levels in its supply chain, but they don’t want it to become a “he said, we said” exercise of laying blame. And they want whatever recommendations come out of it to help improve the industry’s overall competitiveness.

“We can’t have an industry if nobody’s cutting the trees down,” Jeffery said.

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