

MINISTRY OF LABOUR

MEETING NOTE

Cliff #: 65200

Date: May 30, 2023

PREPARED FOR: Honourable David Eby, Premier

DATE AND TIME OF MEETING: July 6, 2023, 4:00pm-4:30pm

ATTENDEES: The Honourable David Eby, Premier; the Honourable Harry Bains, Minister of Labour; the Honourable Bruce Ralston, Minister of Forests; Jeff Bromley, Wood Council President; Others, TBD

ISSUE(S): Economic challenges in the BC forestry sector, sectoral bargaining, and forest sector successorship.

BACKGROUND: The USW Wood Council was formed when the International Woodworkers of America (IWA) and the United Steelworkers (USW) merged, effective September 1, 2004. The Wood Council represents and coordinates the interests of the former IWA local unions in the areas of safety and health, collective bargaining, organizing, and political action.

DISCUSSION: The Wood Council has indicated that they wish to discuss economic challenges in the BC forestry sector that are impacting their members, including two issues under the responsibility of the Ministry of Labour:

- The need for "sectoral bargaining" in the forest sector; and
- Amendments to the *Labour Relations Code* (the Code) to provide "successorship" protections in the forestry industry.

The Ministry also expects issues related to the Bridging to Retirement Program may come up particularly linked to concerns related to forestry policy and the impacts on workers.

1. Upcoming review of the Code and Sectoral Bargaining.

The Code does not currently mandate any sectoral bargaining in BC's private sector.
s.13

Currently, there are only collective agreements in the coastal forestry sector, however, they may include the interior sector as well.

While there are variations in specific sectoral bargaining models, s.13
s.13

s.13

As of 2019, the Code requires the Minister of Labour to appoint a committee of special advisors to review the *Code* every five years and make recommendations. This is to ensure that there are regular and transparent public reviews that include consultation.

The first mandatory review of the Code by the special advisors must be appointed by May 30, 2024.

s.13

Suggested Response:

- *Thank you for your input. I know that labour relations stability, particularly in the coastal forest sector, has been a long-standing concern.*
- *The Labour Relations Code mandates that the Minister of Labour appoint a committee of special advisors to review the Code at least every five years to make recommendations. Ministry of Labour staff are currently working on initiating the next review, which is required by 2024.*
- *The input from the Wood Council will be considered as government prepares for this review.*

If pressed to include sectoral bargaining in the Code review:

- *The Terms of Reference for the review have yet to be determined. I appreciate the input from the Wood Council on this issue.*

2. Successorship in Coastal Forest Industry

In November 2021, Government appointed Vince Ready and Amanda Rodgers as an Industrial Inquiry Commission (IIC) to recommend ways to protect workers when contract tendering and the transfer of cutting and timber-harvesting rights fall outside of the Code's successorship provisions (i.e., the provisions that ensure collective bargaining rights of employees are protected upon the sale, transfer, or disposition of a business).

The report and recommendations were publicly released in July 2022. Notably, the IIC recommended expanding the Code's successorship protections to apply to Government-initiated transfers of harvesting rights to First Nations.

s.16

s.13

s.13

s.12; s.13; s.16

Suggested Response:

- *Thank you for your input.*
- *Please be assured the Ministry of Labour is engaging with the Ministry of Forests, the Ministry of Indigenous Relations and Reconciliation, and others to develop policy to address the issue of forestry successorship and the labour impacts of forest tenure transfers.*
- *We encourage you to reach out to the coastal First Nations as well given the interest many Nations have expressed in continuing to expand further into the forestry sector and would benefit from understanding the opportunities for their workers and their communities.*
- *We welcome your input on how to better address the impacts on collective bargaining rights in the context of forest tenure transfers.*

3. Bridging to Retirement (BTR) Program and the Forestry Worker Support Programs

The BTR Program supports forestry workers, including contractors, who are 55 years or older to transition to retirement and open positions for junior workers at risk of job loss.

Since the BTR Program launched, as of May 23, 2023, 452 forest workers have received funding approval and has preserved 382 junior worker jobs in mills.

s.12; s.13

Suggested Response:

- *Thank you for your input.*
- *The BTR Program staff are aware of the requested changes on the employment criteria and voluntary application process.*
- *Staff are currently working through the policy and will reach out to you once a decision is confirmed.*

ATTACHMENTS:

ADM Contact: Lorie Hrycuik, 778 974 3766

Prepared by: Lydia Zucconi, Senior Policy Advisor, Labour Policy and Legislation



Steelworkers – Wood Council

Jeff Bromley
Council Chair

May 8, 2023

Honourable David Eby
Premier of British Columbia
PO Box 9041 STN Prov Govt
Victoria, BC V8W 9E1

Via e-mail: premier@gov.bc.ca
david.eby.MLA@leg.bc.ca

Dear Premier Eby,

I write today to request a meeting with yourself and your staff with myself and the six Presidents of the USW Locals in British Columbia.

To be frank, the situation in BC's forest industry is dire. Workers are being laid-off; families are being severely impacted and communities are left wondering what the future holds for one of their primary industries and tax base, BC's Forest Industry.

Just last week the Sinclair group in Prince George announced intermittent layoffs and downtime that will impact workers at three operations – including the USW Lakeland operation in Prince George – for the better part of the next three months.

The week prior Tolko Industries announced a permanent layoff of one shift at Tolko Soda Creek in Williams Lake, impacting 65 permanent USW jobs, along with temporary layoffs at Armstrong Lumber, in Armstrong BC, that will further impact another 65 jobs.

Following on the heels of that announcement was the filing for bankruptcy of Structurelam, with plants in the South Okanagan that support over 170 USW jobs, putting into jeopardy the future of those community-supporting jobs and a key operation that produces value-added Cross-Laminated Timber (CLT) products that are a key item in the BC government's future for our forest industry.

Also included in the impacted workers is Galloway Lumber – a small lumber processing facility in the East Kootenay that employs 25 USW members in a location that has had a sawmill there for over 100 years – that has been idled since January. All the while the tenure holder continues to harvest and sell that fiber to the highest bidder.

And certainly, last but not least the recent permanent closures of USW mills in Chetwynd and Houston, impacting over 400 USW members were front and center at end of April as the last logs and lumber went through those operations into an uncertain future.

Couple those issues with our Coastal operations, where our members face many manufacturing curtailments including the possible permanent closure of our Alberni Pacific Division of Western Forest Product in Port Alberni and the indefinite shutdown of the Skeena Sawmill in Terrace.

Coast members on the harvesting side continue to have significant layoffs due to delays in permitting and are frustrated with the progress on outstanding issues including tenure successorship legislation, sectoral bargaining concerns and the need for a Jobs Protection Commissioner.

While our organization did not agree with the process that created the Old Growth Deferrals, there is no denying the negative province-wide impacts those deferrals are having on the industry and for our members. The need for a stronger vision for our forest industry I believe has never been more evident. While BC's forest industry and the roller coaster ride in the markets for lumber – both dimension and value-added products – have seen dizzying highs throughout the pandemic due to a number of factors, the reality of market prices from a cooling economy and rising inflation has hit our industry hard.

And workers are paying the price, struggling to meet mortgage payments and feed their families.

While the economic forces of inflation, housing starts and lumber prices are largely beyond our control, what is within our control is the stumpage pricing system, the Market Based Stumpage (MBS) system in place in BC for the better part of the last 15 years that is not responsive enough to market forces for mills to operate without losing money. Yes, those same operations made a large amount of profits during the last two years, but now that the market has come off substantially, workers and their families are the only ones that experience the pain.

We can't control market forces; we can't make the harvestable timber increase overnight; those are both forces we have little control over. But we can make our province a better environment for investment in our industry. The BC Government's vision for more value-added products from the forest industry can happen but it needs a strong, vibrant primary industry to augment a growing and successful value-added industry.

Tens of thousands of USW workers and their families across the province depend on it.

We humbly request a meeting with yourself and ministerial staff on the urgency of this issue to discuss solutions for workers and their families in these BC communities.

The need is acute, the timing is urgent, and the consequences of failing to act would be dire to thousands of British Columbians and the provincial economy.

Thank you in advance for your attention to this matter. We are ready to meet with you and your officials to discuss this vital concern at any time.

Yours truly,



Jeff Bromley
United Steelworkers (USW) Wood Council Chair

Copy: BC Minister of Forests Bruce Ralston;
BC Wood Council Locals;
Susan Skidmore – BC Federation of Labour President;
Hermender Singh Kailley – BC Federation of Labour Secretary-Treasurer.

Scott Lunny – USW District 3 Director;
Marty Warren – USW Canadian Director;

MEETING BULLETS

DATE: June 13, 2023

PREPARED FOR: Honourable Bruce Ralston, Minister of Forests

REGARDING: Meeting with United Steelworkers Wood Council, regarding BC forest industry and impacts on workers and communities

INTRODUCTIONS: Rick Manwaring, Deputy Minister, Ministry of Forests
Melissa Sanderson, Assistant Deputy Minister, Timber, Range, and Economics Division

STRATEGIC CONSIDERATION AND KEY MESSAGES:

- Our hearts go out to the affected workers and their families dealing with curtailments and closures.
- Our government's vision is a diverse, competitive and sustainable forest sector, grounded in reconciliation with First Nations and one that supports communities and workers in all parts of the province. We will continue to support and grow the forest sector by prioritizing innovation and made-in-BC manufacturing, including a healthy primary lumber sector.
- We are working with First Nations, forest companies and sector associations to support and grow a more resilient forestry sector.
- Our government is making significant investment in supporting the forest sector, communities, workers and their families.
- We have established a \$185 million fund to support workers through skills training, short-term employment opportunities, employment assistance and retirement transition support for workers who are 55 years old or older.
- We have dedicated \$180 million to support projects to update and innovate existing manufacturing facilities and build new facilities.
- We are providing \$50 million to support residual fibre users – for example pulp mills – to access the fibre they need through the Forest Enhancement Society of BC.
- The recently announced Value-Added Accelerators will bring together licensees, value-added wood manufacturers and First Nations to increase the flow of fibre to secondary and tertiary

wood manufacturers in BC, to create more jobs and value for BC from trees we harvest.

- We have heard yours and industry's concerns with the impacts the existing stumpage lags have had on harvesting, and your requests that we make the stumpage system more responsive. Starting July 1, 2023, the stumpage lag will be reduced by half to be more responsive to North American lumber prices.
- The province will continue to engage with industry leaders – including the USW – to explore challenges and work together to develop strategies and solutions for a stronger, more sustainable forest industry for communities and workers across the province.
- We appreciate the USW's contribution to the Forestry Worker Support and Community Resiliency Council. This Council will play an important role in shaping programs to support communities, workers, and their families as we work to transition and strengthen BC's forest sector.

BACKGROUND:

- **The United Steelworkers (USW) Wood Council** was formed when the International Woodworkers of America (IWA) and the United Steelworkers (USW) merged, effective September 1, 2004. The Wood Council represents and coordinates the interests of the former IWA local unions in the areas of safety and health, collective bargaining, organizing and political action.
- **Value-Added Wood Sector**
 - Growing BC's value-added wood sector and transitioning the forest industry to high-value manufacturing is a key government commitment and priority.
 - One significant barrier facing the value-added wood manufacturing sector is lack of access to an adequate and secure supply of fibre (logs and/or lumber). This challenge has resulted in a lack of investment in and growth of the sector, despite investment programs such as the Manufacturing Jobs Fund (MJF).
 - BC Timber Sales – part of the Ministry of Forests and a partner in the Accelerators – supports both primary and secondary wood manufacturers through the auction of standing timber. BCTS's new Value-Added Manufacturing Program will provide a dedicated supply of fibre for that portion of the value-added sector that produces specific manufactured products, which is one part of a broader value-added strategy.
 - Government has strengthened log and lumber export restrictions to keep more fibre in BC for further manufacturing by the value-added sector.
 - The new Value-Added Accelerators are a partnership between the BC Value Added Wood Coalition (VAWC), Council of Forest Industries (COFI), the BC First Nations Forestry Council (FNFC) and the Ministry of Forests, including BC Timber Sales. The Accelerators will bring together licensees, value-added wood manufacturers and First Nations at three regional 'tables' in the North, South and Coast, guided by a provincial steering committee. Collectively, these tables will develop joint solutions for the sector.

As a first step, the Accelerators will host a series of regional workshops to engage sector participants.

- The Ministry is establishing a new Value-Added Sector Strategies branch to ensure dedicated focus on growing BC's value-added wood sector.
- **Factors influencing mill closures and curtailments:**
 - High transportation costs to access and remove fibre from remote areas and access to harvest residuals beyond a certain radius currently limits total fibre availability. Shortages in trucking and rail transportation challenges have been cited by several mills as an increasing contributor to their decision to curtail operations.
 - Evolving land use objectives and conservation strategies, such as Old Growth,^{s.16} and caribou habitat management,^{s.16}
 - Increased interest rates have directly affected housing and construction demand, lowering lumber commodity prices in the last year.
 - Declines in both the national and international fibre markets following Covid-19 restrictions and supply chain recovery are having lasting effects on the global demand for fibre, wood-based, and value-added products.
- **Stumpage and Market Based Pricing (MPS) System**
 - The stumpage system is designed to allow government to collect the full market value of a selling harvesting rights (trees).
 - BCTS auctions provide the data to enable government to establish market prices for the remaining volume.
 - Lags in the stumpage system have pros and cons and that focus on predictability vs. responsiveness.
 - The Ministry reviewed existing stumpage lags, and made changes to the June 1, 2023, Interior Appraisal Manual, which come into effect on July 1st. With these changes, the average stumpage lag will be reduced by half, from an average six-month lag to an average three-month lag. This will make stumpage more responsive to North American lumber markets and will result in stumpage rising faster during good markets and falling faster during bad markets.
- **Successorship**
 - In November 2021, Government appointed Vince Ready and Amanda Rodgers as an Industrial Inquiry Commission (IIC) to recommend ways to protect workers when contract tendering and the transfer of cutting and timber-harvesting rights fall outside of the Code's successorship provisions.
 - Their report and recommendations were publicly released in July 2022. A key recommendation was to expand the Code's successorship protections to apply to Government-initiated transfers of harvesting rights to First Nations.
 - s.13; s.16
- **Permitting**
 - Investments in new Forest Landscape Planning projects will increase landbase predictability and address current permitting challenges.
 - s.16
- **Investment**
 - Last year, government announced a \$185M fund for a suite of Forestry Worker Community Support (FWCS) programs to support workers and communities during this

- time of transition in the industry. Programs include Bridging to Retirement, Forest Employment Program for contractors, community economic diversification programs and skills retraining programs.
- Many facilities face challenges with technology as the timber profile of available fibre shifts (species/size/quality). Many milling facilities require updates to equipment and infrastructure or complete site redevelopment to efficiently manufacture the available fibre or shift to value-added production.
 - Government announced the \$180M Manufacturing Jobs Fund, to support innovation in manufacturing. This program has a dedicated forestry stream and prioritizes projects in forest-dependant communities and those with Indigenous proponents and partners.
 - Government is providing \$50M in new funding to the Forest Enhancement Society of BC (FESBC), to support wildfire risk reduction projects and projects that access and use low-value fibre left on-site after timber harvesting. This will support residual fibre users – for example pulp mills – to access the fibre they need to maintain operations.
 - **Forest Worker Support and Community Resiliency Council (the Council):**
 - The Council is Chaired by Parliamentary Secretary Doug Routley.
 - The Council's key role is to provide feedback and advice to ensure current FWCS support programs are effective and successful, and also to provide input on gaps and potential new support programs.
 - The Council will produce a report of recommendations to Government on how best to support communities and workers along the path through transition and towards forest sector transformation.
 - Jeff Bromley, USW Wood Council Chair, is a member of the Council.

PREPARED BY:

Rachael Pollard
Executive Director
Timber, Range, and Economics Division
(250) 318-3744

REVIEWED BY:

	Initials	Date
DM	RM	June 16, 2023
Associate DM		
ADM	MS	June 15, 2023
Exec Dir	RP	June 14, 2023

BRIEFING NOTE

Meeting with United Steelworkers

July 6th, 4:30 – 5:00, VCO

Briefing Note

What:

Meeting with the United Steelworkers (USW) Wood Council, regarding layoffs in the forest sector. This meeting is in response to the attached letter received on May 8th 2023 from Jeff Bromley, USW Wood Council Chair.

Who:

The Honourable David Eby, Premier; Honourable Harry Bains, Minister of Labour; Acting Deputy Minister Lori Hryciuk, Labour, Deputy Minister Rick Manwaring, Ministry of Forests; Executive Director Allan Powelson, Ministry of Forests; Jeff Bromley, USW Wood Council Chair; 5 other USW Local Presidents (TBC)

Executive Summary:

The USW Wood Council is concerned about the negative impacts on its members from changes in the forest sector, particularly layoffs from several BC operations. Minister Bruce Ralston met with USW on June 26th in response to the same incoming letter.

Background:

Specific initiatives the USW want to discuss include:

Value-Added Wood Sector:

- Growing BC's value-added wood sector and transitioning the forest industry to high-value manufacturing is a key government commitment and priority.
- One significant barrier facing the value-added wood manufacturing sector is lack of access to an adequate and secure supply of fibre (logs and/or lumber). This challenge has resulted in a lack of investment in and growth of the sector, despite investment programs such as the Manufacturing Jobs Fund (MJF).

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- Government has strengthened log and lumber export restrictions to keep more fibre in BC for further manufacturing by the value-added sector.
- The new Value-Added Accelerators are a partnership between the BC Value Added Wood Coalition (VAWC), Council of Forest Industries (COFI), the BC First Nations Forestry Council (FNFC) and the Ministry of Forests, including BC Timber Sales. The Accelerators will bring together licensees, value-added wood manufacturers and First Nations at three regional 'tables' in the North, South and Coast, guided by a provincial steering committee. Collectively, these tables will develop joint solutions for the sector. As a first step, the Accelerators will host a series of regional workshops to engage sector participants.
- The Ministry is establishing a new Value-Added Sector Strategies branch to ensure dedicated focus on growing BC's value-added wood sector.

Factors influencing mill closures and curtailments:

- High transportation costs to access and remove fibre from remote areas and access to harvest residuals beyond a certain radius currently limits total fibre availability. Shortages in trucking and rail transportation challenges have been cited by several mills as an increasing contributor to their decision to curtail operations.
- Evolving land use objectives and conservation strategies, such as Old Growth, ^{s.16} and caribou habitat management, ^{s.16}
^{s.16}
- Increased interest rates have directly affected housing and construction demand, lowering lumber commodity prices in the last year.
- Declines in both the national and international fibre markets following Covid-19 restrictions and supply chain recovery are having lasting effects on the global demand for fibre, wood-based, and value-added products.

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Stumpage and Market Based Pricing (MPS) System

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Successorship

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- Their report and recommendations were publicly released in July 2022. A key recommendation was to expand the Code's successorship protections to apply to Government-initiated transfers of harvesting rights to First Nations.
- s.13; s.16

Permitting

- Investments in new Forest Landscape Planning projects will increase landbase predictability and address current permitting challenges.

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- BCTS is actively pursuing partnerships with First Nations and re-engineering Timber Sale Licences impacted by the Old Growth decision and has recently seen an increase in auctions.

Investment

- Last year, government announced a \$185M fund for a suite of Forestry Worker Community Support (FWCS) programs to support workers and communities during this time of transition in the industry. Programs include Bridging to Retirement, Forest Employment Program for contractors, community economic diversification programs and skills retraining programs.
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Forest Worker Support and Community Resiliency Council (the Council):

- The Council is Chaired by Parliamentary Secretary Doug Routley.
- The Council's key role is to provide feedback and advice to ensure current FWCS support programs are effective and successful, and also to provide input on gaps and potential new support programs.
- The Council will produce a report of recommendations to Government on how best to support communities and workers along the path through transition and towards forest sector transformation.
- Scott Lunny, USW District 3 Director, is a member of the Council.

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Recommended Response:

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- The province will continue to engage with industry leaders – including the USW – to explore challenges and work together to develop strategies and solutions for a stronger, more sustainable forest industry for communities and workers across the province.
- We appreciate the USW's contribution to the Forestry Worker Support and Community Resiliency Council. This Council will play an important role in shaping programs to support communities, workers, and their families as we work to transition and strengthen BC's forest sector.