

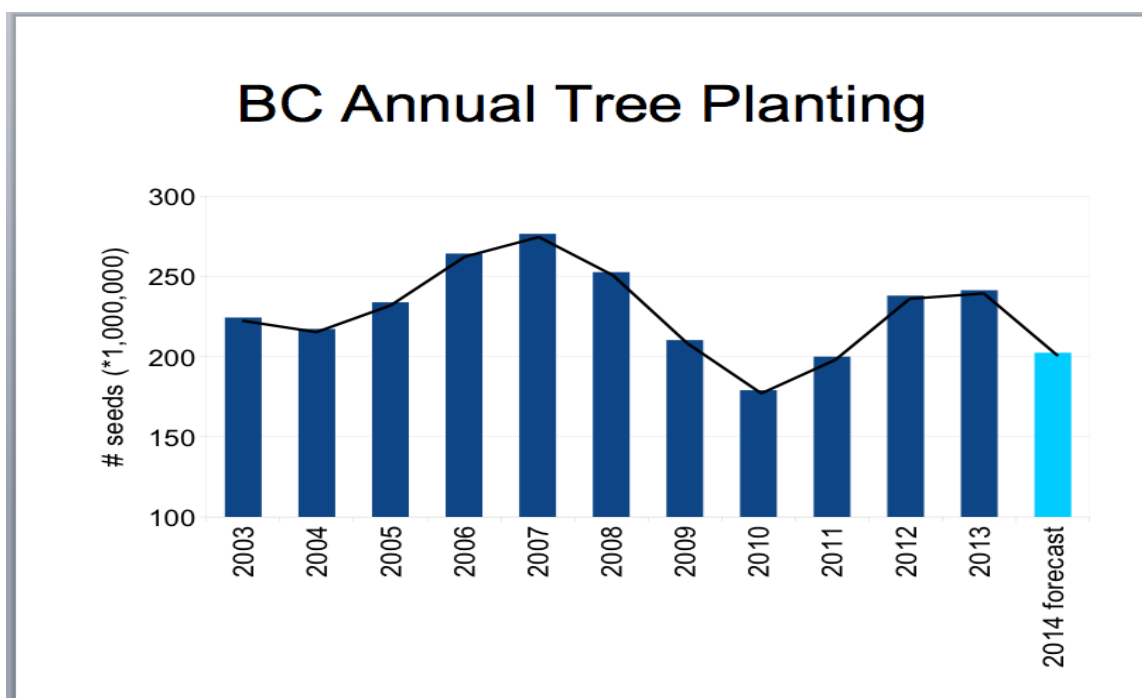


**Western Silvicultural Contractors' Association
B.C. Silviculture Sector 2013 Pricing and Market Summit
Presented at Kamloops B.C. 5 September 2013**

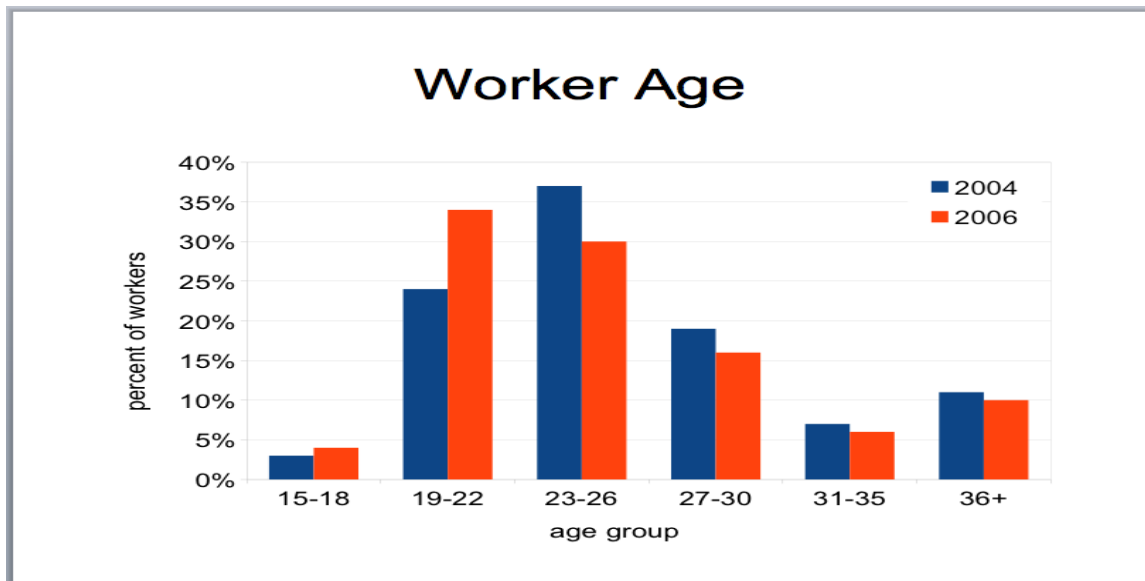
Summary: Key Trends Affecting BC Silviculture Market

Based on sowing request data for planting in 2014 the WSCA is forecasting that next year will see approximately 240-million seedlings planted. This will match the number of trees planted this year including those currently being planted on the West Coast. The numbers appear to be on track for a similar distribution between the three main areas of the province and the four planting seasons.

The graph below shows sowing request for 2014 planting received to date. The planting estimate for the whole of 2014 assumes that provincial summer and fall planting (approx. 35 million) sowing requests, now coming in, will follow historical patterns. This would bring the total to around 240 million.



Recruitment and retention of reliable seasonal workers and key management staff is increasing as a problem for the industry. Studies conducted during the last decade show a marked trend towards a workforce comprising younger and less experienced workers. Anecdotal evidence suggests this trend has continued. A study planned for 2014 will update this demographic and related research.

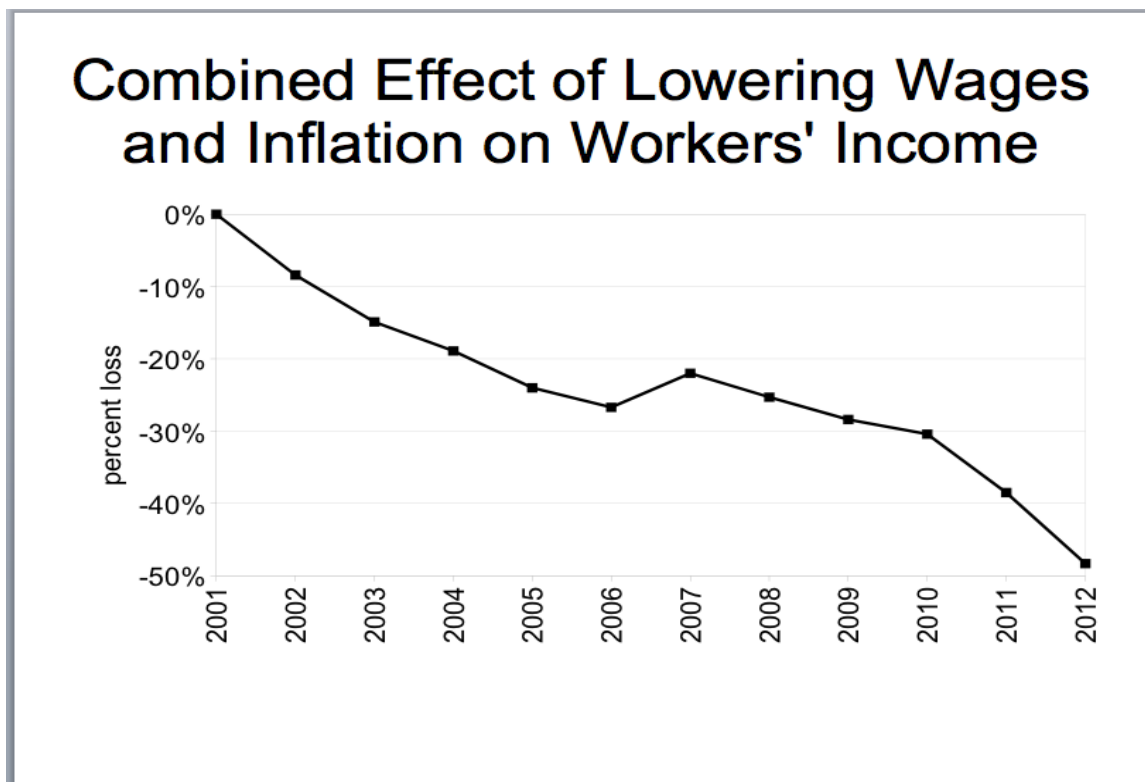


These trends reflect the loss of experienced, older workers and staff to other opportunities in the Canadian labour market. **This new emerging composition of the workforce lowers crew productivity and overall industry capacity.** With that it raises costs in meeting minimum wage for trainees, increases operational overhead, such as camp and transportation, while demanding more expense for training and supervision.



The loss of key project managers and supervisors to more attractive opportunities in other resource sectors is being keenly felt. Losing these essential staff reduces the industry's ability to properly mentor, train and supervise the increasing numbers of trainees to work safely and productively. This is reducing the industry's ability to reliably meet the expectations of its customers for timely and quality work.

Piecework rates paid for planting are now worth half what they were in 2000. This reflects the effects of inflation and the actual declining prices offered to workers almost every year for well over a decade.

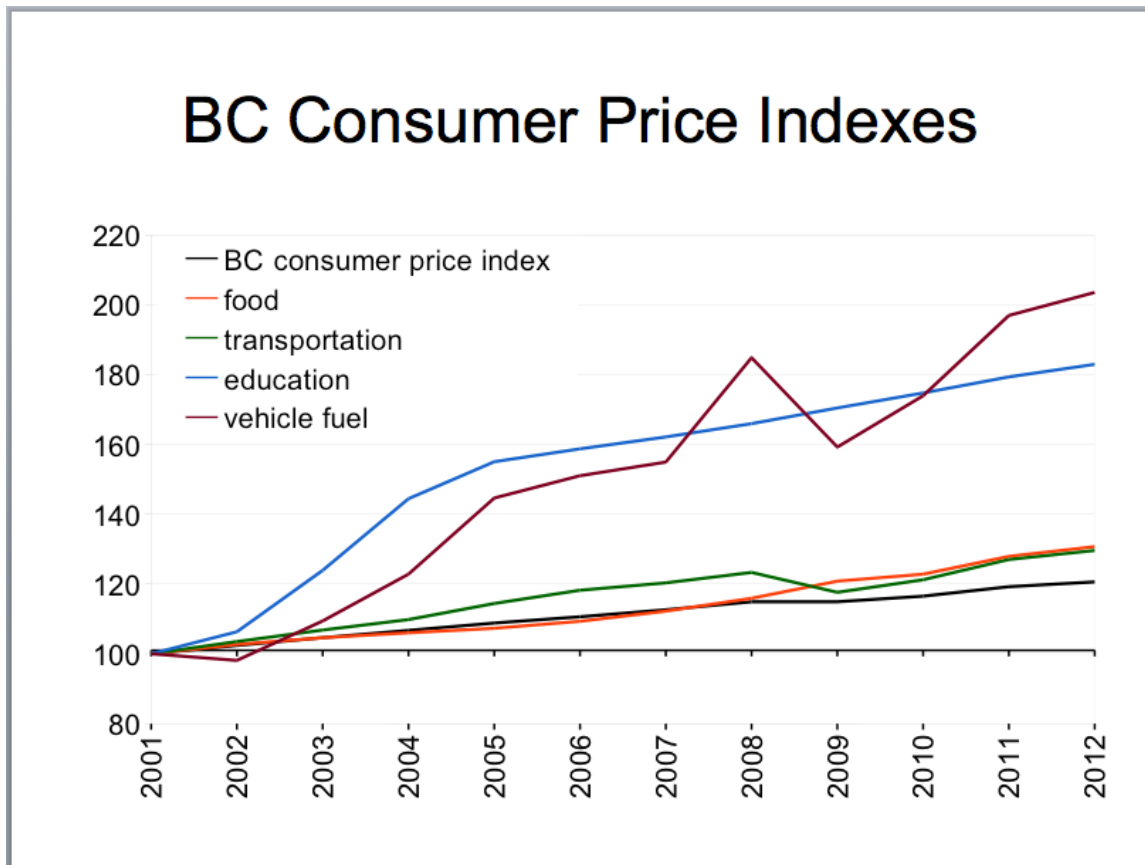


Respondents to the WSCA voluntary worker and contractor exit polls taken over the last two years report daily average earnings when calculated as an hourly rate place them among the lowest paid resources workers including mining, oil and gas and forestry. At the same time the silviculture industry is the only remaining resource sector that charges workers up to \$25 to stay in camp or motels further reducing their earnings.

In the same poll respondents said on average that a fair wage for their work would be 20% higher. More than two thirds said they would have worked longer if work was available. One third of the respondents reported they did not receive regular bi-monthly pay cheques. Employers who shirk and violate the

Employment Standard Regulation remains a problem for workers and the industry's reputation as a whole.

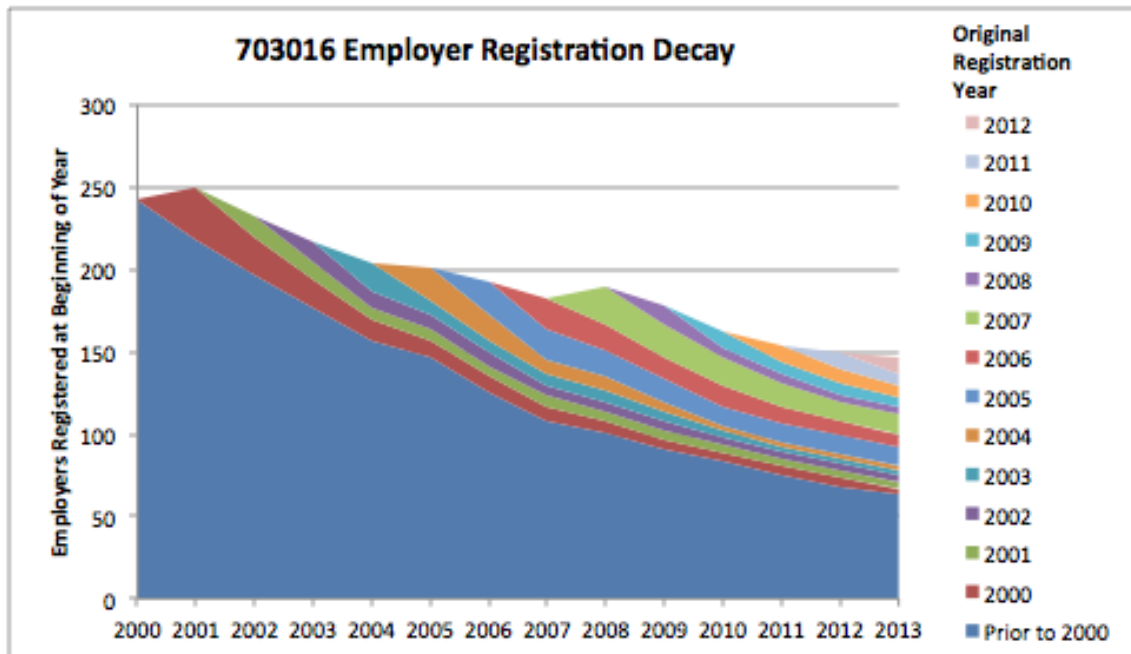
Although there is no demonstrable statistical relationship between silviculture injury rates and wages paid to workers the silviculture industry has disproportionately high claims costs for musculoskeletal injuries: among the highest in the forest sector.



Some contractors have reported that the average number of applications received annually has dropped significantly. Contributing to that decline along with wages, and the short work season is the sharp rise in education costs in recent year. With one third of the workforce reporting they are in college or university tree planting with its limited season and lower wage rates is not as attractive to this large segment of young workers.

Inflation and rising costs have had a major effect on profits and earnings among owners as well. The depressing direction in wage rates is mirrored in the returns and earnings for silviculture contractors as well. The effects of those trends are dealt with in the **Summary Report of the WSCA 2013 Annual Silviculture Sector Pricing and Market Summit.**

Since 2000 the number of tree planting firms registered with WorkSafeBC has shrunk by 40 percent to less than 150 firms.



At the same time the BC Forest Safety Council reports that there are only 70 planting firms registered under their SAFE Certified Company program. It is a requirement of both government and most lumber companies that silviculture firms be certified to be eligible for work in the province. The BCFSC number is likely representative of the firms currently active planting trees in B.C.

A further breakdown of the WKSFBBC figures shows that the distribution of work, induced from assessable earnings, is shared proportionally between the age classes of firms. For instance the oldest registered firms that make up just under half the industry account roughly for that much of the total industry payroll.

For more information related to the WSCA's ongoing analyses and data-gathering on the B.C. silviculture sector visit www.wsca.ca for updates and new reports.

For questions and comments on this synopsis contact:

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