

# Forestry in Transition

Fall 2010



Prepared by:

**NIEFS**

**Doug Preston,  
Executive Director**

&

**Shannon Baikie,  
Labour Market  
Information Specialist**

**Supporting a Coordinated Approach to Workforce Development  
for Campbell River and the North Island**

**NORTH ISLAND EMPLOYMENT**

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## Executive Summary

The forestry industry is in transition. Rapid and permanent structural change in the industry is occurring across the country in response to major changes at home and in the global marketplace. While the recession is a major factor behind recent job losses, it is not the whole story. The recession is a temporary interruption currently masking the deeper influences of an aging population, effects of climate change, shrinking workforce, changing market demand, productivity issues, globalization, greening economies, forest tenure policy and more.

As the forestry industry works to catch up the sector still remains hard hit. In the future, forest-based industries will continue to be an important part of the North Island economy. However the forestry sector of the future will be different. It will employ fewer people who will be younger than the current workforce. The new workforce will be well trained and highly skilled in the use of new technologies, new production methods and the changing occupational skill sets that will support increased productivity.

Between the current reality and a positive future, more and more displaced forestry workers are looking elsewhere for their next job. NIEFS is successfully assisting these workers to move on to training and new work. Those with higher skill levels have transferred their skills to jobs in other sectors. Others have chosen to upgrade their skills to be able to enter the growing job sectors of trades, transport and equipment operators; health occupations; and natural and applied sciences. They know it pays to learn.

The local forestry industry will reinvent itself as greener, more productive and making more use of technology. When it requires an influx of workers once again, there will be tremendous opportunities for those currently under-represented in our workforce: youth, aboriginals and immigrants. Training will again be crucial so these individuals will have the skills needed for a re-visioned North Island forestry industry that will require a highly skilled and productive workforce.

The future of forestry will not look like the past. It pays for us all to learn!

*“As early as 2014, a perfect storm of a resurgent forest industry, workforce demographics, and advances in technology will combine to create huge challenges for this sector. The industry could very well be facing a paradigm shift from battling market forces to facing a disabling shortage of skilled labour.”*

Rick Roberts,  
Chair of the Vancouver Island Economic Alliance  
Retired Adjustment Consultant, Service Canada  
October 2010



## Introduction

In British Columbia, the forest industry historically has been one of the main drivers of economic activity and resource exports. It will continue this role in the future. However, the future of forestry will be significantly different than the forestry industry we have been used to. Forest-based industries in BC and here on the North Island are undergoing rapid and permanent structural change. It is becoming increasingly clear that how we adjust to the restructuring of forestry this time around will need to be different from our responses in the past.

As a workforce development organization, North Island Employment Foundations Society (NIEFS) has witnessed first-hand the effect of this transition on our industries, communities and local forestry workers. We have worked extensively to assist affected forest-based companies and workers with downsizing, closures, retraining and relocation. We are working with those within the industry to prepare for the future and to ensure the North Island remains a vibrant, economically diverse and sustainable region.

Displaced workers find new work using their existing skills, move to where their skills are in demand or develop new skills for occupations that are in demand. For the forest sector the challenge will become how to attract and retain a new workforce as skills and occupational requirements change and workers become increasingly attracted to other sectors. A second challenge facing all sectors is how to replace aging workers who retire as youth entrants into the labour market decline as a result of falling birthrates.

Specific local labour market information, collected and tracked by NIEFS, is provided in this report to describe the impact of change on our Campbell River forestry workforce. The information documents a three year period (2007 – 2010) and describes who and how many workers have been affected. The report describes these workers' use of employment and training services and the outcomes of these activities. We track and describe the employment goals and occupational outcomes that have been achieved by workers displaced from their traditional places of employment in forest-based occupations, using National Occupation Classification (NOC) Codes.

Because we are able to track two-thirds of the nearly 1500 local displaced forestry workers through to their employment outcomes, this data paints a significant picture of who has been affected and the paths that displaced workers have taken to develop new skills for occupations that are needed in our restructuring economy. This information also shows the significant positive impact that skill development plays for displaced workers future labour market attachment and employment outcomes when they train for occupations that are in demand. Two reoccurring themes throughout successful worker labour market transitions are skill development that prepares workers for occupations in demand and labour market information that is current and accurate.

## What we know...

The Canadian forestry industry has seen tremendous challenges and uncertainty in the last few years, which has resulted in significant downsizing, curtailments and closures. In BC alone, we have experienced 120 mill closures and/or curtailments between 2003 and 2009. (Forest Products Sector Council, March 2010) Not included in these statistics is the recent closure here in Campbell River of the Catalyst Elk Falls Pulp and Paper Mill. It is estimated that of the approximately 100,000 laid off workers in the Canadian forestry industry since 2004, almost 40,000 remain unemployed today and, due to continued industry restructuring, a significant number of the most recent layoffs are likely permanent. (Forest Products Sector Council, March 2010)

As in other communities in Canada and BC, our North Island economy is experiencing rapid and inescapable change that negatively impacts our goods-producing sectors, particularly the forestry industry and related occupations. These changes are the outcome of a long-term trend that was set in motion long before the devastating impacts of the 2008 global recession.

Over the past twenty years, the economy in Campbell River and on the North Island has steadily shifted away from a goods-producing economy driven by forestry, fishing, mining and construction toward a more diversified economy with an ever-increasing service sector focus. (NIEFS, Summer 2009) In the Vancouver Island/Central Coast development region, statistics show that in the years between 1996 and 2006 total employment in the goods-producing industries was static – there was no growth. (BC Stats)

Some significant changes in the resource industries have been hidden by other short term trends. Prior to the 2008 global recession, job losses in the forestry industry were offset by a boom in the construction industry. Then, almost overnight, the recession pushed us from a demand side labour market (not enough people with the right skills) to a supply side labour market (too many people with the needed skills chasing too few jobs) as a result of accelerated job losses, operation closures and an economic slowdown.

Recovery in the forestry industry requires structural change. Innovations already underway will fundamentally and permanently change business operations. Outdated ideas, processes, systems, technology and infrastructure will be replaced and improved in order to increase overall productivity, which is essential to ensure profitability and standard of living in the accelerating competition of the global marketplace. Ultimately, labour force productivity will increase through capital investment, research and development, and improving quality of labour through education and/or skills training.



(Ministry of Advanced Education and Labour Market Development, November 2009)

We are lagging behind in these changes. When it comes to providing workers with the tools and infrastructure to be globally competitive, Canada's investment in machinery and equipment is about 20% lower than the G7 average and BC's investment is 15%

lower than the Canadian average, with the Vancouver Island and Central Coast development region trailing well behind. This makes us less and less competitive in the global marketplace. This has a direct impact on our local economies and forestry workforce, which we continue to experience here on the North Island. (Vannstruth and VIEA, Feb. 2009)

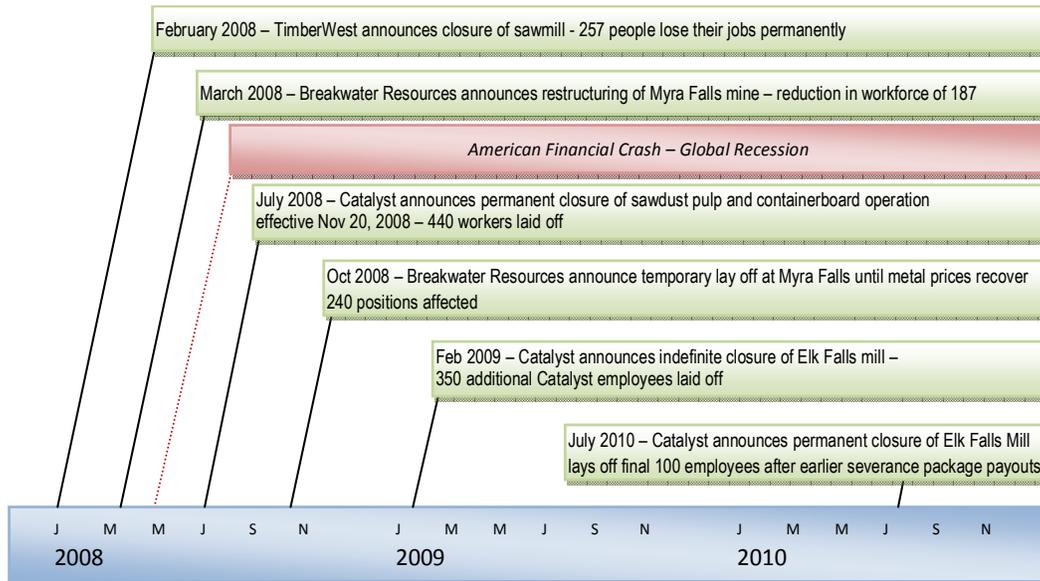
*“As a Director and General Manager of the Strategic Group it has become increasingly more challenging to recruit and retain employees with the needed skills and experience necessary to operate our business. As the forest industry transitions, so do the occupations and skills required within the industry. For Strategic, many of our positions are technical in nature and require some form of post-secondary education. Finding people with the right skills can be a challenge but for those with the skills and education, there will continue to be opportunities in the forest industry for a rewarding career.”*

Jonathan Lok, RFT  
 Director and General Manager  
 Strategic Forest Management Inc.  
 October 2010



### A Community in Transition – A Timeline of Events since 2008

With an industry as widespread and far-reaching as forestry on the North Island, the effects of closures and curtailments within the local Campbell River economy has a cascading effect on other services and tertiary industries which support the forestry industry. A timeline of large scale closures and curtailments is noted below.



By the last quarter of 2008, Campbell River began to experience the secondary effects of the restructuring and closures. Supply and service industries experienced slowdowns and layoffs. For

example, Wajax announced the permanent closure of their Campbell River shop resulting in 10-15 people being laid off.

Following this second wave of downsizing, a third layer of impact was inevitable. Core community infrastructure (municipal government, school districts) was negatively impacted by declining industry-based municipal tax revenues and declining school populations. Small and medium sized businesses (e.g. grocery and retail stores, car dealerships, restaurants) were negatively impacted when the wages of displaced workers were no longer circulating in the community. (NIEFS, Summer 2009)

Throughout these phases of economic downsizing and job loss, more people used federal employment insurance (EI) benefits and provincial employment assistance programs. For example, between April 2008 and April 2009, the number of EI beneficiaries tripled in Campbell River, Kelowna and Cranbrook. EI claims in Campbell River saw an increase of 202%. (Statistics Canada, June 2009) As a result, NIEFS assisted a record 750 people on the North Island through the Skills Development Employment Benefit (SDEB). Associated with this increase was a corresponding jump in the need for and use of volunteers and social service agencies to support increased usage of food banks, housing support, employee assistance programs and addiction and counselling services. At the same time, many of those volunteer-based organizations saw investment revenues and grants decline as a result of falling return on investments that occurred with the onset of the 2008 recession. (NIEFS, Summer 2009)

### How has NIEFS helped?

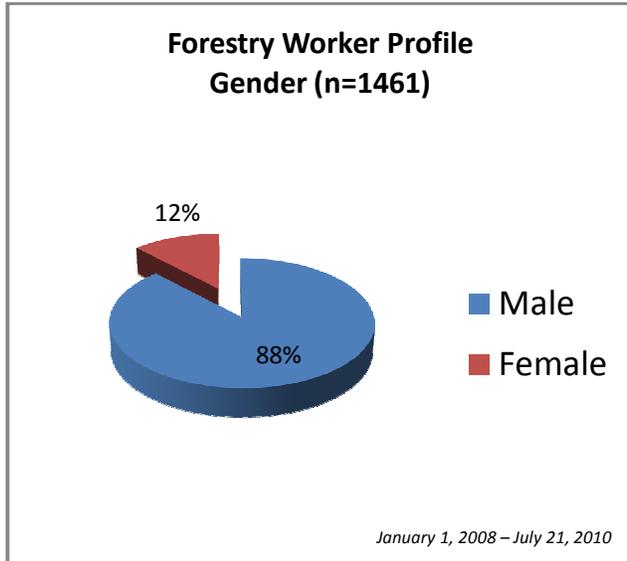
#### *Displaced Forestry Worker Profile: 2007 - 2010*

NIEFS has a key role in assisting displaced forestry workers on the North Island with employment assistance and career transitions. Table 1 below tracks the movement of forestry workers into NIEFS employment services. The data below shows the significant impact of forestry restructuring on forestry-based employment. Between 2007 and 2010 NIEFS has seen an 85% increase in the number of forestry workers accessing employment services in Campbell River.

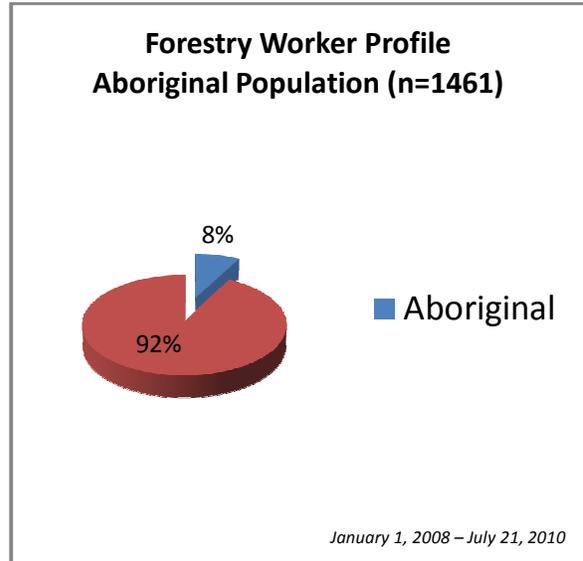
Clients	2007 – 2008			2008 - 2009			2009 – 2010		
	Forestry Clients	% of Total Clients	All Clients	Forestry	% of Total Clients	All Clients	Forestry	% of Total Clients	All Clients
Insured Participants	404	27%	1507	689	36%	1921	896	39%	2324
		66%	53%		69%	55%		79%	60%
Un-Insured Participants	207	15%	1341	307	20%	1555	236	15%	1559
		34%	47%		31%	45%		21%	40%
<b>CLIENT TOTALS</b>	<b>611</b>	<b>21%</b>	<b>2848</b>	<b>996</b>	<b>29%</b>	<b>3476</b>	<b>1132</b>	<b>29%</b>	<b>3883</b>

Another way of looking at recently affected forestry workers is to examine characteristics of the 1461 forestry workers who accessed NIEFS services between January 1, 2008 and July 21, 2010. From these statistics the following client profiles can be observed:

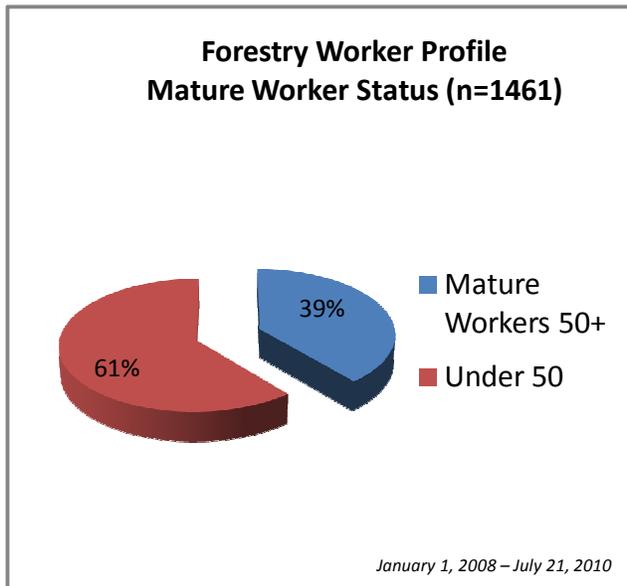
**Gender Breakdown**



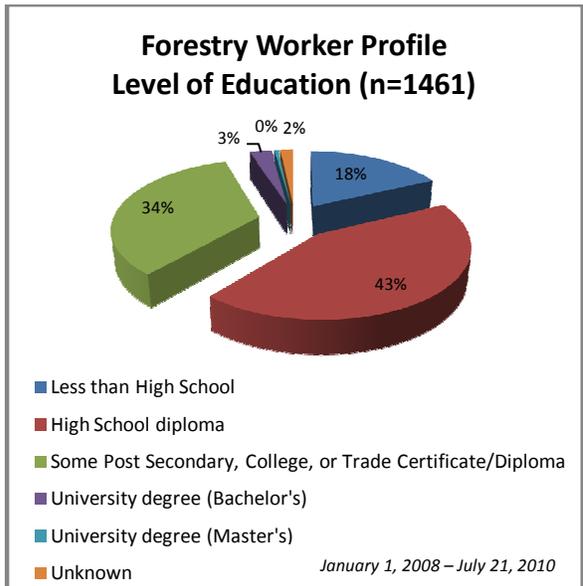
**Aboriginal Population**



**Mature Worker Status**

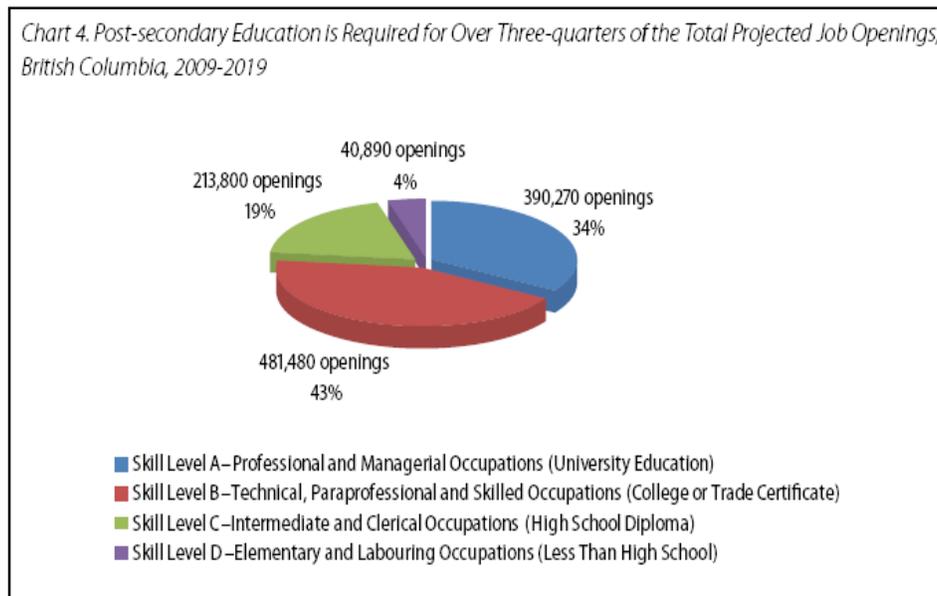


**Level of Education**



In terms of the level of education, NIEFS' statistics for displaced forestry workers show that only 37% have some form of post-secondary education. A majority of our displaced forestry workers have a high school diploma or less at 61%.

In comparison, according to the recently released *BC Labour Market Outlook: 2009-2019* (Ministry of Advanced Education and Labour Market Development, BC Stats, Ministry of Finance, May 2010) over three-quarters of job openings between now and 2019 will require some form of post-secondary education (i.e. vocational, apprenticeship, college/university). As shown in the chart below, the greatest number of job openings is expected to be at this level - the NOC Skill Level B.

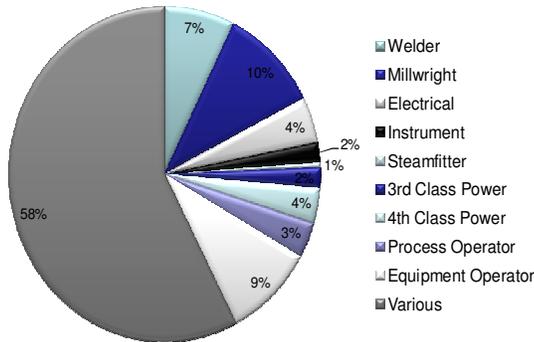


### **Catalyst Pulp and Paper Workers**

It should be noted that the Catalyst Pulp and Paper workforce has a significantly different education and skill profile than workers from other forest-based occupations. Through a recent project with the Petroleum Human Resource Sector Council of Canada, NIEFS was able to profile occupations within the Pulp and Paper Sector, and to support workers displaced from the Pulp and Paper sector occupations into parallel occupations in the oil and gas sector. Almost all workers within the Catalyst workforce had trades or skills training that were at the NOC Skill Level B or higher (Technical, Paraprofessional and Skilled Occupations requiring trade certification and post-secondary education). Many of these workers had worked with steam-driven technologies and had specific skill sets needed in the plants that process oil and gas. Given the skill and educational attainment of this workforce, they are a workforce that remains in demand and are, and will continue to be, targeted by other industries and sectors.

**CATALYST CLIENTS**  
**All Trades: 205 workers**  
**Phase 1: Sept. 2008 – June 24/09**

**118 workers  
 related  
 occupations  
 & trades**



**87 workers  
 in -demand  
 Trades in  
 Oil & Gas**

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*“To say that the impacts on Campbell River and north Vancouver Island of an evolving forest industry are dramatic would be an understatement. These changes are fundamental to our economy and to the fabric of our diverse communities. I’ve seen these impacts on my friends, neighbours and colleagues; I’ve lived these impacts as a person who spent over twenty-five years working as a human resources professional at sawmills and pulp and paper operations.*

*The future of the BC forest industry will be different from its past. We have the resources and our workforce is both able and determined. We must embrace the global economy and the technologies that drive it; we must have a workforce that is highly skilled and adaptable. Along with sufficient capital investment, it is workforce training that drives productivity and competitiveness.*

*With a highly skilled and adaptable workforce the BC forest industry has bright future.”*

Brian G. Cruise, CHRP  
 Cruise HR Solutions  
 October 2010

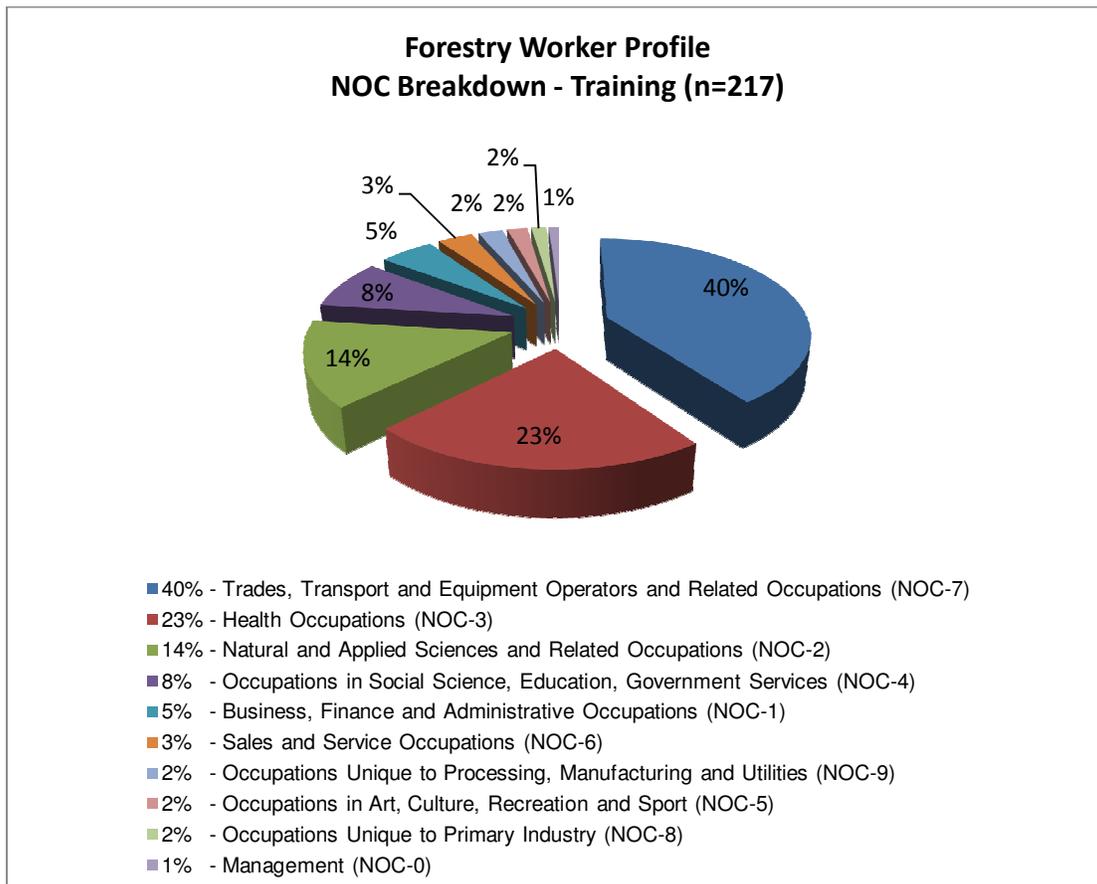


## Re-training

NIEFS assisted a record number of clients in 2009 through the Skills Development Employment Benefit (SDEB). SDEB is funded through the BC - Canada Labour Market Development agreement and assisted eligible workers with occupational skill development. Within the North Island/Central Coast area, NIEFS assisted 750 clients through the SDEB process, with 217 of those being displaced forestry workers.

Of the 217 forestry workers accessing skill development through the Skill Development Employment Benefit, 61% had a grade 12 or lower level of educational attainment. These workers completed training for occupations that in some case required academic upgrading and then completed training that was at the NOC Skill Level B (Technical; Paraprofessional and Skilled Occupations; College or Trade Certificate). As of July 2010, 97% of these workers were either attending training or had completed training. Of those completing training, 73% were employed within 12 weeks of completing their training. Of those employed, 81% were employed in their home community while 19% relocated.

Clearly there is a strong correlation between educational attainment and successful transition from forest-based occupations to occupations in growing sectors. The following chart highlights occupational groupings that displaced forestry workers were trained in.



The *BC Labour Market Outlook: 2009-2019* (Ministry of Advanced Education and Labour Market Development, BC Stats, Ministry of Finance, May 2010) highlights the following occupational outlooks:

Across BC, the largest number of job openings is expected in:

- Sales and Service Occupations
- Trades, Transport and Equipment Operators and Related Occupations
- Business, Finance and Administration Occupations

At the provincial level, the three occupation groups expected to have the highest growth rates are:

- Health Occupations
- Trades, Transport and Equipment Operators and Related Occupations
- Natural and Applied Sciences and Related Occupations

When we compare the above occupational groups to the training taken by displaced forestry workers in the region, we see strong employment outcomes when displaced workers trained for these occupations. Of the forest workers who completed training by July 2010 and who were employed (77%) the following employment outcomes were achieved.

1. 40% - Trades, Transport and Equipment Operators and Related Occupations
2. 23% - Health Occupations
3. 14% - Natural and Applied Sciences and Related Occupations

*“Our coastal forest industry, a renewable resource sector, is vital to creating local jobs and stimulating economic activity throughout our community and region. This current economic downturn has taken its toll, forcing many forest based companies and their suppliers, to curtail production and reduce staff to stay in business. The resulting impacts have caused ripple effects throughout the community but also a renewed commitment to create a supportive business environment for the industry to prosper in, when markets recover. We recognize that retaining our local businesses will be critical to future job creation and attracting investment to our community and as important will be meeting our local employers’ needs with a highly skilled and adaptable workforce.”*

Colleen Evans,  
Executive Director,  
Campbell River Chamber of Commerce  
Vice-Chair, Future of Forestry Task Force  
October 2010



## The Future of Forestry – “It Pays To Learn”

Forestry faces a new future, a future that will reward those who continue to learn and those who see opportunity in change. At NIEFS, we are more aware than ever that **it pays to learn**. It pays to learn how to restructure and transition forest-based communities and the economies that support them. For forestry workers, it pays to learn skills for new opportunities in forestry or new occupations in growing economic sectors. Our challenge is to make the connections among new economic growth opportunities, the skills required by these new and/or changing industries, and the workforces they require.

More factors are at play than simply the global recession of recent years. In order to meet the challenges of the future of forestry, we must seriously consider global changes that are impacting our economies, industries and occupations.

*“To the extent that we focus on the current economic recession, reluctant as it is to lift quickly, we miss an underlying trend that will come to dwarf it completely. That trend predicts the demographic shift that has the boomer generation ageing out of the labour market. Nowhere will it be more eventful than in the skilled trades sector. As with all changes in our history, this will create benefit for some and significant challenge for others. For career seekers and career changers with aptitude and interest in the trades, there will be a bonanza of opportunity. The Canadian Apprenticeship Forum projects opportunity for 650,000 to 1,000,000 new skilled trades people as they look ten years out.*

*For companies and communities that require skilled people, the outlook is mixed. Those that focus on attracting and developing their skilled workers will prosper whereas those whose business model treats workers like expendable machine parts will clearly not do as well. We are entering a world where we will have to compete for the attention and commitment of workers with skills. There are many sectors and communities acting on this now. Individual companies are reengaging with the apprenticeship system knowing that skilled workers actively engaged in their own learning are both more productive and better prepared to provide needed skills for the future. Some communities are working to ensure that they will be attractive to immigrants with skills, operating on the assumption that they will be unable to meet their skill needs with locals.*

*For individuals, organizations and communities, the future can be a bare knuckle fight for economic survival or a rich landscape of engagement, inclusion and contribution. It just depends on the decisions we make today. Do we read the writing on the demographic wall or do we not.”*

Lee Rome,  
Skilled Trades Employment Program,  
BC Construction Association  
October 2010



Canada's work force is shrinking and labour shortages are inevitable. In June 2007, Statistics Canada released a feature article entitled, "Labour Force Projections in Canada, 2006 – 2031," which contained some sobering predictions about the combined impact of a low birth rate and aging population.

Since October 2008, a recession interrupted what were and will again be significant skill and labour shortages across most sectors of the BC, Canadian and global economies. As we move out past 2011, a shrinking working-age population and the attrition of an aging workforce will create skill and labour shortages that will challenge the ability of BC's communities, businesses and industries to fully participate in the economic prosperity that will result from a growing economy.

When we focus on the future of forestry specifically, there are a number of other factors to consider that will greatly impact the transition of this industry and future growth.

1. Competition for skilled workers from other industries (i.e. oil and gas).
2. An older workforce – According to the 2006 Census, almost 46% of forest products workers were 45 years of age or older.
3. Forestry-related education programs are in decline at the post-secondary level, meaning fewer trained trades people and professionals are available to replace retirees.
4. Potential job-seekers view the forestry industry as a dying industry, not a viable career choice.

(Forest Products Sector Council, March 2010)

The demographic challenges that lie ahead for the forestry industry will provide great opportunities for a diverse range of people. This will include youth, aboriginals and immigrants who have the desire to work within the forestry industry and have the education, skills and knowledge that are becoming necessary in an increasingly innovative, technical and knowledge-based economy.

The structural change that is occurring in forest-based industries will undoubtedly bring innovation and new products that are cost-effective, green, and globally competitive. Our forestry sector will recover, but this recovery will not mean a return to mills that have closed or a return to pre-recession employment levels in forest-based harvesting, transportation and manufacturing. It will mean an intensive re-visioning of how forests will be used and how this renewable resource will be stewarded and developed. (NIEFS, Summer 2009)

From "*Moving Toward a High Value, Globally Competitive, Sustainable Forest Industry, The Report On the Working Roundtable on Forestry, March 2009,*" the areas of priority for BC and the Island in terms of forestry are noted below:

1. A commitment to using wood first
2. Growing trees, sequestering carbon, and ensuring that land is available from which to derive a range of forest products
3. Creating a globally competitive, market-based operating climate
4. Embracing innovation and diversification
5. Supporting prosperous rural forest economies
6. First Nations becoming full partners in forestry

The document, 'A Coordinated Approach to Workforce Development: Linking Job Seekers, Employers, Service Providers and Training Supply on the North Island' (NIEFS, November 2009), proposes that collaboration and partnerships between business, industry, unions, community organizations, educational institutions, and local governments are essential to our future economic success.

A Community Consultation on Workforce Development was held in Campbell River on January 30th 2010 and brought together major employers, educational organizations, aboriginal training organizations, municipal government, and employment services. An outcome of this consultation was to move ahead with the development of a Community Accord in Support of Workforce Development. The purpose of the Community Accord is to "build community capacity to sustain and continuously improve workforce development services that will assist people to become employed or self-employed and that will result in employers human resource needs being met." (NIEFS, Aug 2010)

Through collaborative and coordinated actions that link economic, business, education and skill development, we all must work to assist our community, our businesses, our workers and our families with difficult transitions. There is much left to be done. We have however, taken the first steps towards a new future that will reward those who continue to learn and those who see opportunity in change. It pays to learn how to restructure and transition forest-based communities and the economies that supported them.

***It pays to learn.***

*"The forest industry is experiencing a structural change that will impact industries across Canada. As industries advance technologically, by far the majority of jobs will require people with some form of post-secondary education, whether that be apprenticeships, certificates, diplomas or degrees. This is of particular concern in our region as traditionally we have not had to rely on higher levels of education to access high-paying jobs.*

*While there will be numerous job openings as the baby boomers retire, it is expected that we will experience increasing high unemployment for those without higher-level skills, but at the same time jobs that will go unfilled. Our collective challenge must be to effectively communicate this forthcoming reality and encourage our citizens to engage in continuous learning throughout their lives, so that they can fill and retain those jobs."*

Don Gillingham  
Dean, Trades & Technologies  
North Island College  
November 2010



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