

Life after contracting out



PHOTO: STEVE LOMMER

"I call Kent so often I know his cell phone number off by heart. We talk to each other almost every day."

— John Shearing, TimberWest contract manager, South Island

"John and I both work hard at what needs to be done to make things happen – we do what it takes to make it work."

— Kent Horsley, Ladysmith/Shoal Island Dryland Sort supervisor, Ted Leroy Trucking Ltd.

If there's one word that describes life inside TimberWest these days it's change. In January 2005 TW took the huge step of contracting out the remaining 50 percent of its harvesting and dryland sort operations that weren't already under a contractor model. That meant huge changes: new contract employers for 430 unionized employees; new roles and responsibilities for operations and engineering staff who remained with TimberWest; and organizational restructuring to ensure staffing levels were as efficient as possible under the new model.

But such a huge shift isn't as simple as changing desks or working for a new boss. Besides the human factors involved, for the past 10 months TW's people have been putting in long hours and enormous effort to ensure that contractors could operate as effectively as possible and meet all of TimberWest's standards and operating guidelines.

The bottom line: to make all outcomes, whether it's meeting certification standards, the way a log is manufactured, or noise levels in your neighbourhood, as good – or better than – they were before. So how's it going?

"Considering the magnitude of the change, I'm pleased at how smoothly it's gone," says Gerry Young, vice-president of Timberland Operations. "Production-wise, we're a little behind, but that's because we had a longer fire season than expected.

"Our contract managers deserve a lot of credit for staying on top of things and helping these guys get off to a reasonably good start. They've worked hard to make that happen."

TW's foresters and planners have ensured that the new contractors understand the operating plan, what is expected of them and how to achieve those goals.

"We've been burning the midnight oil around here ensuring contractors have the appropriate standard operating procedures," says forester Eric Jeklin.

Staff are also out on site a good deal, monitoring operations to ensure that all TW standards — safety, production and environmental — are met.

"We're actually out in the woods more to see that they're doing what they're supposed to do," says TW biologist Dave Lindsay. "We have to be as effective as we were before, because we still have the responsibility for certification." (See story below)

In terms of safety, while it's too early to have a complete picture, MIR numbers are comparable to those last year.

"I think the overall safety performance is good, given all the new systems people are coping with," says Richard Gerow, TW's former safety manager, who now works as an independent consultant. He predicts that with time, safety performance will improve since the safety culture has increased due to more on-the-ground involvement by supervisors.

As for the community's point of view, Young points out that there are really no perceptible differences to see.

"We still develop the plans and set out what's to be done and what's not. We just don't do it ourselves anymore," he says.

Ironically, one of the biggest perceptible changes, especially for working crews, is the new seven-day workweek. But that's the result of last fall's labour agreement, not the new contractor model.

However, all this is not to say there haven't been rough spots.

"We have had some issues to deal with in making this change," says Dave Whiteley, general manager of Timberland Operations. "But overall, it has been a successful transition, thanks to the hard work of everyone involved."

Facing change, changing faces

On the board: One of the most progressive and respected leaders in the forest industry and investment management has been appointed to TW's board of directors. Clark Binkley recently retired as managing director of Hancock Timber Resources Group, the world's largest timberland investment advisory organization, which holds assets worth in excess of US\$3 billion. Binkley was also a long-time dean of UBC's faculty of forestry and is a director of West Fraser Timber Co. Ltd.

In management: Gerry Young, who has 35 years of experience with TW and its predecessor companies, is now vice-president of Timberland Operations. Dave Whiteley, former manager of North Island operations, has been designated manager of Timberland Operations for all TW sites.

Elk Falls Lumbermill for sale

Timberwest's Elk Falls Lumbermill — one of the best performing whitewood mills on the BC coast — is now up for sale.

After doing a strategic review of its operations, the company determined that the mill, located in Campbell River, is an important component of its overall business, but likely has a more logical owner.

Elk Falls enjoys a strong management team and a skilled, highly motivated workforce. Recent capital additions by TW have been successful, but the mill requires another infusion of new capital for continued success.

"Given the cyclical nature of the sawmilling business and how capital-intensive it is, our capital structure is not the best in which to hold this type of asset," says CEO Paul McElligott. "Our corporate focus is the timberland business, and conversion assets are difficult for us to own and operate. Our future growth plans are focused on timberlands."

TW meets certification standards

TimberWest has again successfully passed the annual environmental certification audits for both ISO 14001 and Sustainable Forestry Initiative (SFI®) certification standards.

That accomplishment is especially noteworthy this year given the degree of change. Not only did the company move to the contractor model in January, but standards for both certification programs changed in late 2004 as well.

"Even with all of that, TimberWest maintained its performance and successfully demonstrated that we are committed to the environmental values of both these standards, and our contractors are committed to

them as well," says John Phillips, manager, Forestry Programs.

The audits are conducted by KPMG Performance Registrar Inc., one of the most respected independent auditors in the world. They began well after the contractor model was fully implemented for harvesting and dryland sort activities. Some minor non-compliances were noted, which the company is addressing. TimberWest has been certified to the SFI standard since 2000 and to ISO 14001 standard since 1999.



BLOWING THE WHISTLE LOUD AND CLEAR

New policy protects whistleblowers and guarantees action



These issues can be reported through the new policy

- Perceived or actual violations of the law
- Violations of company policies
- Accounting or auditing irregularities
- Risks to TimberWest's assets, property and resources
- Danger to an employee, public health, safety or security
- Concerns about TimberWest business practices

What happens if a TW employee sees a fellow worker or contractor dumping used engine oil on the ground? Or overhears a co-worker making racist or sexist remarks, or threatening someone? What can an employee do if she discovers irregularities in internal accounting controls or other financial matters? Under the company's new Whistleblower Policy, any cases like these of unethical, illegal or otherwise inappropriate behaviour at TimberWest can be easily and confidentially reported so that remedial action can be promptly taken.

The policy also ensures that whistleblowers are protected from any retaliatory action, including termination.

"This is all part of new Canadian securities legislation aimed at restoring confidence in public markets by enhancing the credibility of financial and other disclosures of public companies," says TW's corporate secretary, Brenda Blue.

"However, it's also an extremely important tool to have in place simply from a moral and ethical standpoint. It reinforces TimberWest's open door policy that encourages employees to share their suggestions or concerns with someone who can address them properly."

The new policy, which is available to employees through the company's intranet and external web site, also helps TimberWest to be the best possible corporate citizen.

"Since our people are able to report untoward behaviour or activities without any retaliation and they know the incident will be investigated, it contributes to a healthy, positive culture that ensures we can operate at the highest standards," adds Blue.

FAIR, HONEST AND ETHICAL Maintaining a positive culture

TW's new Whistleblower Policy isn't the only company policy that helps reinforce honest, fair-minded, ethical behaviour by its employees.

The new policy is actually an extension of TW's broader Code of Business Conduct and Ethics, which clearly defines the way all of TimberWest's people are expected to act.

"The code is based on the idea that providing a clear set of standards will help to ensure a more positive workplace for us all," says Debbie McPhalen, TW's manager of Human Resources.

"We want TimberWest to be a company where people do the right thing in those grey areas where someone might say, 'Oh, everybody does it,' or 'Maybe just this once.' The code makes it clear —

if you wouldn't tell your family about it, or you wouldn't want to read about it in the local paper, you shouldn't do it."

TimberWest also has a clearly defined Harassment Policy that reinforces the company's commitment to providing a workplace where all employees can work without fear of personal or sexual harassment. As well, its Discrimination Policy promotes understanding and mutual respect by forbidding any discrimination in employment practices, including recruiting, firing and promoting employees.

"We trust TimberWest employees to exercise their good judgment," adds McPhalen. "But if they're ever in doubt about a situation, these 'people policies' are there to provide guidance."

Walking on water

For years people have wanted more access to beautiful Cowichan Lake, and now they can have it in a most unusual way — by walking upon it. The Cowichan Lake Outdoor Education and Conference Centre along with the Town of Lake Cowichan have constructed a 220-metre floating walkway adjacent to Lakeview Park campsite. It's the longest such structure on a Vancouver Island lake. Naturally, all environmental safeguards were met to protect aquatic life, including using \$60,000 worth of western red cedar milled from logs donated by TimberWest. Cedar lasts a long time and contains a natural preservative, eliminating the need for treated lumber. "The response has been fantastic," says the centre's manager Dalton Smith, pictured here with TW's Steve Lorimer (right). "People love walking on the boardwalk, plus biologists say the walkway acts like a breakwater to protect the foreshore."

For more info visit www.town.lakecowichan.bc.ca and follow the links.

Cowichan Lake Outdoor Education and Conference Centre is a public facility owned and operated by the Town of Lake Cowichan. The centre can be rented by large groups, plus it offers educational programs for people of all ages to learn about everything from environmental sciences to canoeing and kayaking.

FIRST NATIONS Exploring new partnerships

Ken Price has a special role with TimberWest these days. As the company's First Nations liaison for fibre supply, he's been travelling all across Vancouver Island and to parts of the mainland coast.

His mission: contacting First Nations with some type of forest tenure who are seeking expertise from forest companies in marketing, engineering, planning and forestry — "the areas we are willing to offer our services," says Price.

Some have had access to timber supply for years, but most have only recently received forest tenure under the provincial Forest and Range Practices Act. It saw 20 percent of fibre supply taken from existing major licensees, some of which is being redistributed to First Nations and small community-based forestry enterprises.

The First Nations' timber volumes will come from forest licences and woodlots the government assigns.

"We're pursuing working relationships with about half a dozen groups where there's a mutual understanding that it makes sense to work with us because of our proximity and our infrastructure like roads and dryland sorts," says Price.

"It's still early, but I'm confident there will be opportunities that will be beneficial for both sides."



Ken Price, First Nations Liaison

IT'S A FACT...

The Forest and Range Practices Act and its regulations govern the activities of forest and range licensees in BC. The statute, implemented in January 2004, sets the requirements for planning, road building, logging, reforestation and grazing.

THE RIGHT STUFF

Elk's people make the difference

Elk Falls Lumbermill has seen its share of changes and challenges over the years. But no matter what the circumstances, one of the greatest challenges for any mill and its people is to stay focused on safety. Elk Falls is fortunate to have a huge number of employees who are leaders in so many ways, especially regarding safety. Here are a few of their stories:

Thinking things through

Sue Mudge breaks all sorts of stereotypes. First, she's the longest-serving woman at the mill. She's also one of the finest forklift drivers around, expertly manoeuvring her 20-tonne vehicle with loads of up to 13 tonnes as she loads and unloads barges and trucks amidst challenging circumstances.



PHOTO: ROD SAUNDERS

"We have all kinds of hazards, like overhead blowlines shooting sawdust and chips, and blind corners. And our lumberyard is a constantly changing maze because our products and volumes are changing all the time. We drivers even draw a map of it," says Mudge.

Since starting in the forest industry on the greenchain in 1977, she has never had an LTI (lost-time incident). How does she stay safe?

"Everybody has their own approach. For me, I'm ultimately a conservative person. I don't push it," she says. "If something doesn't feel comfortable, I have to really think about it — I don't do it until it does feel right."

On top on the water

When you're working out on the water, there's one thing you can't work without: teamwork. Boom utility worker Mike Manson and tugboat skipper Paul Rothwell are a perfect example.

"Everything is always moving and changing on the water," says Rothwell. "There's the wind and the weather, the tide and wave action. Sometimes you're dealing with limited visibility or ice and snow."

Rothwell operates the *Carole Lee*, a 32-foot tug that hauls barges and log booms from TimberWest's booming grounds to the mill. Whenever he works with a boom crew, he constantly watches out for people like Manson.

"I make sure nothing will pinch them, and I warn them when there will be a bump," says Rothwell. "When you're running a 10-tonne boat, sometimes it's pretty hard to be gentle, but basically you don't want your guys in the water."

Manson's been out on the water 24 years. If he's not pushing logs around with a dozer boat, then you'll find him in his caulk boots jumping from log to log as he maintains the booms.

"I have no stable ground to stand on, so I'm constantly shifting my weight," says Manson. "Even the wind can push you off balance. And if you ever fall in, hypothermia is a real danger, even in summer," he says.

So how has he stayed LTI-free?

"Agility is the key. I have decent eye-hand coordination and I'm quick on my feet. But seriously, 24 years of experience has taught me when risks are safe."

Careful approach to high risk

Many would say that Peter Dobinson and Stig Eriksson have the riskiest jobs in a lumbermill. Ironically, both men also have excellent safety records.

Dobinson has worked at just about every position on the sawline over the past 19 years, which qualifies him perfectly for his job as a floater. That means keeping the flow of the wood through the mill running smoothly and helping whenever there's a breakdown, doing things like cutting jammed logs out of large bandsaws with a chainsaw.

While he admits the responsibility to get things rolling again can be stressful, he says modern mills with good safety programs like Elk Falls are much safer than mills once were.

"Other mills I worked at years ago never even had a safety program or lock-out," says Dobinson. "That doesn't mean that mills today aren't dangerous. But if you stop, think things through, lock it out and do it properly, it shouldn't be a problem."

"It all comes down to knowledge and experience."

Those are definitely principles millwright Stig Eriksson also draws on to stay safe. Known for his professional, meticulous work habits and respectful attitude, Eriksson has been LTI-free for 44 years, despite working in tight spots and moving huge components that may weigh 100 pounds or more.

"You have to work smart," says Eriksson, "whether it's avoiding accidents that can happen in a flash, or preventing wear and tear on your body over time."

"It all goes back to the things I learned in trade school in Sweden — how to lift or move things the right way, how to keep out of the way to avoid being hurt."

"I do look out for the other guys, especially the new ones, and always try to show them what I've learned."

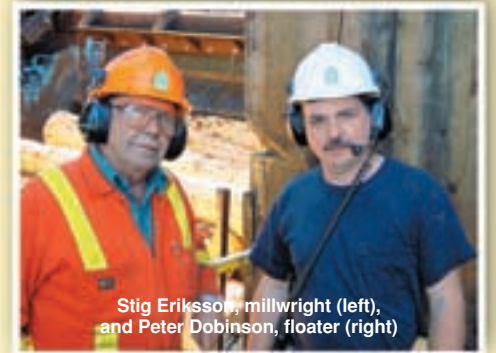


PHOTO: ROD SAUNDERS

Stig Eriksson, millwright (left), and Peter Dobinson, floater (right)

◀ Boom utility worker Mike Manson: "Agility is the key ... and ... 24 years of experience has taught me when risks are safe."



PHOTO: BOOMER JERRITT

BURNING ISSUE

Practical standards needed for getting rid of slash

Every year, BC foresters face a big challenge: getting rid of waste from harvesting sites to reduce the risk of wildfires and, more importantly, getting those sites ready for reforestation.

Whether it's a big forest company or a small landowner, once harvesting is done, leftover woody debris known as slash results — treetops, branches and wood that can't be used. If too much accumulates, it's piled up for controlled burning in late fall.

For a company like TimberWest that manages a large area, it can all add up to thousands of piles to burn each year. However, current venting standards for smoke management are severely limiting the ability to do controlled burns.

"We're getting behind the eight ball," says TW forester Eric Jeklin. "We have about 5,000 piles left over from last year, and thousands

more we've accumulated this year we can't get rid of because due to existing regulations there are so few days when conditions are acceptable for burning."

So a wide range of interests from across BC who burn slash are working with government agencies to make current venting standards more workable.

Jeklin notes that the Ministry of Forests and Range understands the problem and is advocating improvements. The next step is to continue to work with the Ministry of Environment, which sets the venting standards. These ensure that smoke and particulate rise into the upper atmosphere and don't impact neighbourhoods, especially where large populations live. Various conditions, including wind direction, humidity, soil moisture levels and temperatures, must be met before burns are permitted.

"We completely understand the need for an effective venting index so we don't impact air quality and people's health," says TimberWest forester Bill Grutzmacher.

"But the standards have to be practical. Quite often we have good burning conditions with prevailing winds moving away from populated areas, and yet we can't burn. We have to wait for this ideal venting index, which happens maybe one day a month.

"We only need about 15 days in the fall to do the job right. And if it gets too smoky, we can simply put the fires out or stop burning for a while."

Current venting standards for slash burning are not only creating problems for foresters across BC, they also aren't serving the best interests of local communities. If piles of slash can't be burned in the fall under controlled conditions, there is a much greater potential for forest fires caused by lightning or recreational users the following summer.

Critter watch



PHOTO: RORY HILL

The mighty goshawk mystery...

Considered a keystone species, northern goshawks are the largest accipiters or forest hawks. The Vancouver Island subspecies is red-listed. They require old growth or mature timber since they primarily hunt under the canopy. While goshawk numbers on TW's private timberlands are relatively abundant, they have been fluctuating — and no one quite understands why. This year only two active nests were discovered on TW land, compared to the usual 3-5 nests. "But several young goshawks successfully fledged, so we are pretty happy with that," says TW biologist Dave Lindsay.



Marmots up

It's been a good year for Vancouver Island marmots; in fact, a record number were introduced to the wild. Unfortunately, predators killed four, but 11 survived, leaving a total of 37, including two pups enjoying their natural homes. In captivity, numbers are way up: 48 marmots were born this year, bringing the number in zoos to 121. This means scientists will have to start releasing them in bigger numbers — great news for this endangered animal.



Murrelets down

TW's radar survey to establish the trend in marbled murrelet numbers continued this summer. "Data was similar to last year's, but the interesting thing was that our counts were significantly higher than other researchers on Vancouver Island — it's an anomaly that's bucking the trend," says biologist Dave Lindsay. "All the numbers from the rest of researchers on Vancouver Island were way down for 2005." This summer saw a huge rise in ocean temperature — a 3-degree increase — which has adversely affected all other colonial nesting seabirds along coastal BC.

Promising futures

Student stars shine brighter

If you want to be inspired about the future, look no further than the two winners of this year's TimberWest scholarships awarded to dependants of employees.

Besides his scholastic performance and community work, Brody Anderson is also an outstanding athlete with numerous titles to his name, including the 2005 BC Field Lacrosse Championship and top water skier in the BC Summer Games. The stepson of Lee-Anne Anderson, who works with TW's Real Estate Group in Nanaimo, Brody plans to become an electrician.

Graham McPhalen is the son of Debbie McPhalen, TW's manager, Human Resources, and Jim McPhalen, manager, Inventory. Graham's academic achievements include making the honour roll or honourable mention list 15 times. He's also received the highest award a Scout can earn, the Chief Scout award. Graham participates in Scouting and volunteer activities, and plans on becoming a marine engineer.

In addition to acknowledging these two student stars, TW is offering \$2,000 scholarships to two first-year students in forestry technology programs at Malaspina University College or BCIT who have graduated from a high school in a TW operating area.

Youbou water system improved

Water will be running for many years to come for about 120 water users in Youbou, thanks to a major upgrade by TimberWest of Youbou Water Utility's aging infrastructure.

The \$325,000 project, which includes the replacement of pipes and water mains, and the installation of water meters, is being done by local contractors hired by TW. The upgrade is part of the agreement to transfer the ownership of the water utility from TW to Cowichan Valley Regional District.

The utility was started some 60 years ago to service the local sawmill and what were then company houses and services for mill operations. After the closure of the Youbou sawmill, the water utility continued serving the 120 homes.

"But really, public agencies should be handling water — that's their specialty. There are strict standards for drinking water around things like disinfection and the certification of water administrators, so the logical successor was Cowichan Valley Regional District, which already operates several water utilities in the area," says TW corporate secretary and water utility president Brenda Blue.

Last year the water users voted to take that logical step and turn the utility over to the regional district once the upgrades are completed in January 2006.

Protection for the Englishman

In its continuing partnership with The Nature Trust of British Columbia, TimberWest is protecting an additional area along the banks of the beautiful Englishman River near Parksville. The company has gifted to The Nature Trust a protective covenant on 8 ha of riverfront property. The site, which lies on the south bank of the river across from the Englishman River Regional Park, includes about 1.3 km of riparian area. The new area enhances the protection of the river, which the Pacific Salmon Foundation has identified as one of two top-priority river systems in BC requiring fish habitat rehabilitation. It also complements land transfers TW made earlier to The Nature Trust of about 170 ha of riverfront property.

"On a major system like the Englishman, 30-metre leave strips aren't enough to maintain a functioning riparian ecosystem," says Tim Clermont, Vancouver Island conservation land manager for The Nature Trust. "This is at least three times wider than the standard leave strip, plus it runs along a significant length of the river." TW's contributions to the preservation of the Englishman have been recognized with a 2004-05 Wildlife Habitat Canada Forest Stewardship Recognition Award.

Kudos to... Kristin Storry, daughter of TW operations planner Bruce Storry and winner of the \$2,500 TimberWest fellowship offered to UBC forest sciences students. Kristin is a master's student in forest ecology.

► **TW gates closed** Due to public safety issues, fire risk and vandalism, TW is restricting access to many of its private timberlands. Organized groups with proper insurance may apply for access to specific areas by contacting Steve Lorimer at 250-729-3727. "We have a responsibility to protect our timberlands, and we also want to ensure public safety is not compromised for those wanting to use our lands," he notes.

Comments & contacts

Neighbours is produced by TimberWest's Corporate Affairs Department for community members and employees.

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FLAG PHOTO THIS ISSUE: RORY HILL

Design: MPA Communication Design Inc.

Printing: Rhino Print Solutions • Printed on recycled paper with 30% post-consumer content

PUBLICATIONS MAIL AGREEMENT NO. 40660543

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Thanks to your generosity my team of nine raised over \$40,000 in the Weekend to End Breast Cancer walk. It was a huge success. I'm so glad I could be a part of it for my mom.

Christie Jeklin, Nanaimo