

# MADISON'S LUMBER REPORTER

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## News & Updates

### BC Forest Products Exports: March 2016

**Highlight of Exports YTD 2016 (March), compared to YTD 2015 (March):**

- British Columbia forest product exports totalled \$3.46 billion, up 8.7% from \$3.18 billion.
- Share of export value by market: US (52%, up from 47%), China + Hong Kong (25%, down from 30%), Japan (8.5%, down from 9%).
- Share of export value by product: Softwood Lumber (49%, up from 46%), Pulp (23%, down from 25%), and Logs (4.7%, down from 6.3%). *Data Source: BC Stats tabulation from Statistics Canada. Prepared by Competitiveness and Innovation Branch, Ministry of Forests, Lands, and Natural Resource Operations.*

### Canada and US Lumber Production: Feb 2016

US softwood lumber production Jan – Feb 2016 up 1.3 per cent, to 5,207 million board feet, from 5,138 million board feet in the first two months of 2015, according to **Western Wood Products Association's** monthly *Lumber Track*, released Friday. Canada softwood lumber production Jan – Feb 2016 up 13.5 per cent, to 4,611 million board feet, from 4,063 million board feet in the first two months of 2015.

### Logging Contractor Sustainability Funding, BC

British Columbia Minister of Forests, Lands and Natural Resource Operations, Steve Thomson, announced May 6 more funding to the Forestry Service Providers Compensation Fund—bringing government's total contributions to \$7 million. **CONT'D PAGE 6**

### Housing Starts, Canada: April 2016

Canada Mortgage and Housing Corp said Monday that the seasonally adjusted rate for Canadian housing starts last month was 191,512 units – down from 202,375 in March, and from 212,594 units in February. **CONT'D PAGE 7**

### Japan Housing Starts: March 2016

Total housing starts in Japan for March were 75,744 units, up 8.4 per cent over March one year ago, said the *Japan Lumber Journal* Friday. **CONT'D PAGE 7**

### Canada Wildland Fire Strategy

The Canadian Wildland Fire Strategy, which was which to receive \$230-million annually for up to 10 years, has largely languished since 2005. **CONT'D PAGE 8 & 9**

### Japan Wood Demand, Forestry Output 2015

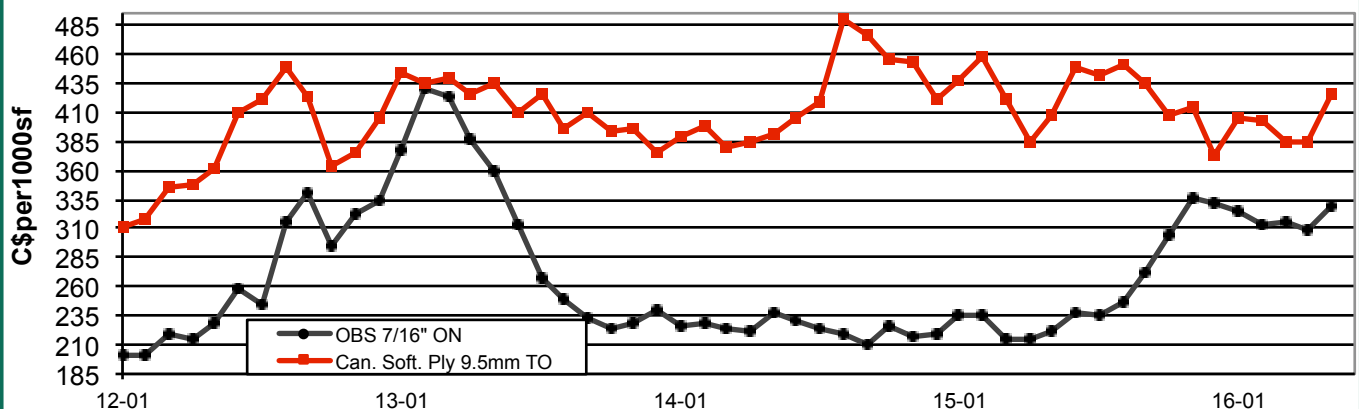
The latest data from Japan's Ministry of Agriculture, Forestry and Fisheries shows total wood material demand in 2015 was down 1.9 per cent, to 25.1 million cubic metres, compared to 2014, says *Japan Lumber Reports* Friday. **CONT'D PAGE 9**

### Forest Enhancement Society of BC

Somehow a BC Ministry of Forests, Lands and Natural Resource Operations announcement back in February escaped *Madison's* attention.

The new Forest Enhancement Society of BC, formed in February 2016, supported by \$85 million in government funding, will focus its efforts on wildfire risk reduction to complement the ministry's existing forest stewardship programs and world-class wildfire suppression capabilities. **CONT'D PAGE 10**

OSB Ontario 7/16" vs Can. Softwood Plywood 9.5mm Toronto 2012 - MAY 2016



## British Columbia Logging Contractor Sustainability Funding

CONT'D FROM PAGE 2

Minister Steve Thomson announced last week an additional \$1 million contribution to the Forestry Service Providers Compensation Fund—bringing government's total fund contributions to \$7 million—in a move that supports contractor sustainability and the independent harvesting contractors at the heart of BC's forest industry.

The one-time grant was announced today by Minister of Forests, Lands and Natural Resource Operations Steve Thomson at the Interior Logging Association's 58th annual conference and trade show in Vernon, BC. The grant will enhance the \$5-million provincial seed money that established the fund in summer 2012, along with the additional \$1-million provincial grant that was already made in 2015.

by Kéta Kosman

Thomson made the announcement at the **Interior Logging Association's** 58th Annual Conference and Trade Show in Vernon, BC.

"Since it came online in 2013, almost \$500,000 has been paid from the Fund to contractors who were working for licensees that became insolvent," said David Elstone, **Truck Logger Association** Executive Director. "This shows the fund is needed to support contractors left high and dry."

Forest contractors run locally owned businesses that create jobs throughout BC's rural communities. When these companies are left in the lurch by a tenure holder that becomes insolvent, the whole community suffers. "We've seen this happen more than once," said Elstone. "And we know that the ripples are felt throughout our communities."

For the first time, silviculture contractors are also able to access the Forestry Service Providers Compensation Fund. "This is recognition of the important role silviculture plays within the forest sector," said John Betts, Executive Director of the **Western Silvicultural Contractors' Association**. "We remain optimistic about the forest sector in BC. Nevertheless, this will provide some business certainty for our member as they contribute to the future forests of BC."

"Also, if they are going to do this, they need to factor in the historic contribution of Canada's forest industry."

Half of the new funding will be allocated to the general fund, while the other \$500,000 will be allocated to a new sub-account that will be available to the silviculture contracting sector whose activities make a permanent and non-reversible improvement to Crown land. Further work is required to define the specific silviculture services eligible for compensation, along with amendments to the Forestry Service Providers Compensation Regulation and Forestry Service Providers Compensation Fund Administrative Agreement. The Province will work with the Western Silvicultural Contractors Association to determine silviculture service eligibility, with anticipated regulation recommendations to be completed in fall 2016.

Said Reid Hedlund, Chair of the **Interior Logging Association**, "Logging contractors are an integral piece in the supply chain that provides timber and fibre to the mills and manufacturing facilities that many BC com-

munities depend on for jobs and as cornerstones of their economy. The fund boosts contractor confidence in sustainability, allowing for greater investment in business resources and more stability in this portion of the supply chain. We welcome this contribution."

The Forestry Service Providers Compensation Fund was established to give relief to eligible forestry contractors that were not paid for forestry service that they provided because the licensee that received the services became insolvent. It is administered by an arm's length authority, who is guided by a five-member advisory board, consisting of representatives from:

- Coastal logging contractors
- Interior logging contractors
- Major coastal licensees
- Major Interior licensees
- The Ministry of Forests, Lands and Natural Resource Operations

### Quick Facts:

- The Forestry Service Providers Protection Act was passed in spring 2010 to protect the financial interests of timber harvesting contractors who have provided logging and related services to licensees. It includes two components: a lien and a compensation fund.
- The compensation fund was established in summer 2012, with the provincial government contributing \$5 million and appointing a fund manager.
- In March 2015, the Province of British Columbia made a grant of \$1 million to the compensation fund.
- As of March 31, 2016, the fund has provided \$484,742 in distributions related to three small insolvencies since inception and, with the 2016 grant, approximately \$7 million remains available.
- Examples of silviculture contractors who make permanent and non-reversible improvements to Crown land include contractors that plant trees, space, brush and perform site preparation.

**SOURCES: BC Ministry of Forests, Lands and Natural Resource Operations, Truck Loggers Association**



	This Week	Last Week	Change	Month Ago	Change	Year Ago	Change
<small>Prices are in U.S. dollars per 1,000 fbm (net FOB mill)</small>							
WSPF KD R/L 2x4	318	302	+16	310	+8	258	+60
WSPF KD R/L 2x6	300	288	+12	288	+12	258	+42
SYP KD R/L East Side 2x4	445	450	-5	435	+10	370	+75
SYP KD R/L East Side 2x6	325	330	-5	325	0	290	+35
ESPF KD R/L 2x4	410	395	+15	390	+20	345	+65
WSPF KD PET 2x4 Stud	250	240	+10	235	+15	235	+15
WSPF KD PET 2x6 Stud	225	220	+5	195	+30	245	-20
Douglas Fir Green R/L 2x4	337	330	+7	335	+2	290	+47
Douglas Fir Green R/L 2x10	400	390	+10	415	-15	340	+60
ESPF KD 2x4 8ft Stud	340	330	+10	320	+20	320	+20
OSB Ontario 7/16" (CDN\$/msf)	345	315	+30	304	+41	215	+130
CSplywood Toronto 3/8" (CDN\$/msf)	436	415	+21	376	+60	407	+29

## Madison's Weekly Softwood Lumber News

### Canada Housing Starts

CONT'D FROM PG 2 The pace of Canadian housing starts slowed in April to the lowest level in three months, with Ontario and Quebec responsible for most of the pullback, said CMHC Monday.

Ontario's seasonally adjusted rate for urban starts fell to 62,672 in April from 85,518 in March, while Quebec also saw a decline, with urban starts falling to 27,423 from 29,696.

In terms of types of housing, urban multiple-dwelling starts fell by 4,945 to 117,851 and single-detached housing starts fell by 3,522 to 56,959.

The CMHC's six-month trend in April was 195,064 units – down from 196,103 in March.

### Housing Starts, Japan

CONT'D FROM PG 2 Japan housing starts of built-for-sale houses for March increased by 26 per cent year-on-year, and those of owner-occupied and rental houses also increased, said the *Japan Lumber Journal* Friday. The seasonally-adjusted annual rate was 993,000 units, up 2 per cent from the previous month.

Housing starts of owner-occupied houses were 22,274 units (up 4.3 per cent from the same month of the previous year). Of the 22,274 units, 19,555 units were by private sector (up 2.2 per cent), and 3,039 units were by public sector (up 22.9 per cent).

Housing starts of built-for-sale houses increased significantly to 22,125 units (up 26 per cent) because

the previous year's results were at a low level. In particular, condominiums considerably increased to 11,290 units (up 49 per cent). Housing starts of single family houses were 10,678 units (up 8 per cent), increasing for five months in a row and remaining stable.

Starts of rental houses were 30,572 units (up 1.1 per cent), increasing for five months in a row. This sector has been in good shape owing to such factors as gift tax reduction.

By construction methods, Japan housing starts of prefabricated houses were 10,941 units (down 5.6 per cent), while those of two-by-four houses were 9,553 units (up 6.9 per cent). Two-by-four houses increased for two consecutive months owing to rental houses which have been in good shape. By structure, housing starts of wooden houses were 41,154 units (up 7.6 per cent).

The ratio of wooden houses by the number of units was 54.3 per cent, increasing by 1.3 points from the previous month. By region housing starts increased in all areas because the previous year's results were at a low level.

### BCWLA Roasts...

The British Columbia Wholesale Lumber Association will be holding its 36TH Annual Lumberman Of The Year Award Roast at the Terminal City Club in downtown Vancouver, June 16.

"A patriarch of the BCWLA will receive his due reward: to be roasted to a fine turn by his peers at an award ceremony to be held in his honour. A whole-

saler's wholesaler, and with its initial history going all the way back to 1946, Chris Beveridge is a charter founding member of the BCWLA of the modern era. Twice BCWLA president no one has been a more true supporter of the Association. President and CEO of Skana F.P., the wholesale lumber industry is his life. Former Chairman of NAWLA, former Chairman of the WRCLA, Chris was even a founding member of the very first BCWLA Roast Committee back in 1980. Now the founder of the feast is to receive his due reward, the BCWLA's highest honour."

#### For details and tickets contact:

BC Wholesale Lumber Association  
4375 Underwood Ave,  
North Vancouver, BC, V7K 2R8  
Attention: Maureen Zavislak  
Fax 604-986-1941  
e-mail zavislak@artemisforest.com

### Sawmill Fire

More than 20 firefighters worked in shifts throughout the night to extinguish a fire at Canfor's sawmill in Houston, BC, which started at the mill's kilns about 4:50 pm Tuesday afternoon.

Nobody was injured and all mill staff were safely evacuated to a muster point, where the RCMP conducted a head-count.

To reach the wood that was burning inside the kilns, the crew had to use loaders to pull the doors off, and then push the "kiln cars" carrying lumber outside.

# Canada Wildland Fire Strategy

CONT'D FROM PAGE 2

In 2004, in Haines Junction, Yukon, the Canadian Council of Forest Ministers (CCFM) identified the need for a new, strategic approach to wildland fire management, based on a risk-management framework. The council created an assistant deputy minister-level task group and charged it with the development of the Canadian Wildland Fire Strategy.

In 2005, at the CCFM meeting in Saskatoon, the ministers signed the CWFS Declaration, expressing their unanimous commitment to a new common vision, shared principles and a proposed path of action to enhance wildland fire management across the country. It was then that the ministers agreed to a 50-50 split of the costs to implement the strategy, which was to receive \$230-million annually for up to 10 years.

by Kéta Kosman

## Canadian Council of Forest Ministers

Severe forest fires in Canada (e.g., 2003 in western Canada, 2004 in the Yukon, and 2005 in Quebec and Ontario) have highlighted the potential threat that unwanted wildfires can pose to public safety, property, and vital natural resources. At the 2004 Canadian Council of Forest Ministers (CCFM) meeting, the federal, provincial, and territorial Forest Ministers identified the need for a new, strategic approach to wildland fire management in Canada that is based on a risk management framework (i.e., mitigation, preparedness, response, and recovery). They also created an ADM-level Task Group (co-led by Natural Resources Canada and British Columbia) and charged them with the development of the Canadian Wildland Fire Strategy (CWFS).

In October 2005 at the CCFM meeting in Saskatoon, Saskatchewan, the Ministers signed the CWFS Declaration, expressing their unanimous commitment to a new common vision, shared principles, and a proposed path of action to enhance wildland fire management. The ADM Task Group has also completed the CWFS Vision, which reviews the current state of fire management in Canada, identifies critical issues and trends, and describes the de-

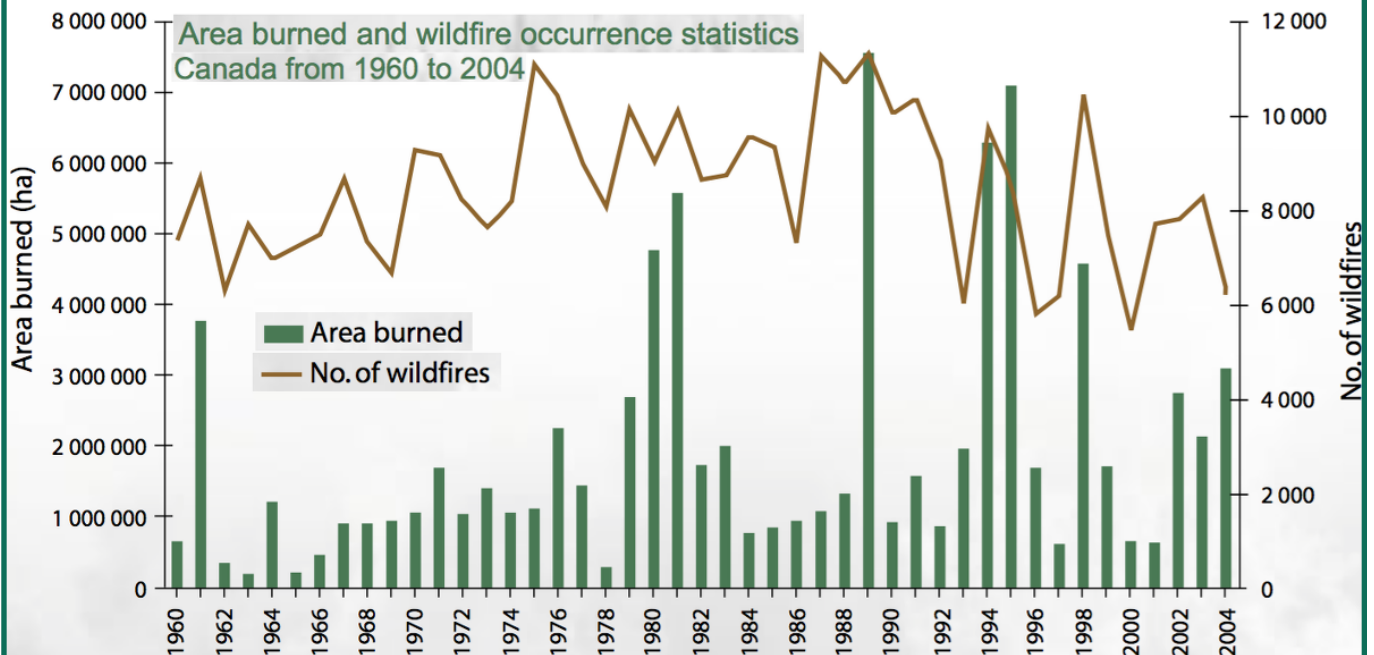
sired future state that all agencies will strive to achieve over the next decade.

The ADM Task Group is continuing its development of the CWFS by completing an implementation framework and is providing information to political officials and other senior decision-makers, who are approaching their respective colleagues to obtain the significant amounts of funding needed to implement the CWFS.

In 2009 the Wildland Fire Management Working Group undertook a status update for the Canadian Wildland Fire Strategy and developed a further implementation strategy for the CWFS. These reports are now guiding the continuing development and implementation of the CWFS.

## Strategy Focus

- Public education and policy/risk analysis related to wildland fires;
- Support for FireSmart programs designed to reduce risks associated with the interface between wildland and urban areas;
- Emergency preparedness and response capability;
- Multidisciplinary innovation intended to bolster decision support systems.



## WSCA Rumour Mill RoundUpdate Volume 16, Issue 7

Western Silvicultural Contractors' Association, April 22, 2016,

"This being, so far, the warmest year on record for the planet, a situation which has contributed to the well above normal activity early in the North's grass and forest fire seasons. The real issue, particularly for wildfire across the province, will be the June cold low weather pattern.

For silviculture, meanwhile, the below table shows spring, summer, fall, and winter sowing requests for planting in 2016 by region and funding source. The 2016 sowing season is drawing to a close now. It is showing sowing requests for spring planting in 2017 at 199 million seedlings. That's equal to what was requested for this year's spring planting. Assuming sowing for the 2017 summer to be comparable to this year, next year will continue the current run of historically large planting seasons. But that seems put off for at least another year, and maybe longer."

### 2016 Will See 259 Million Seedlings Planted: Outlook for 2017 Promising

funding	PLANTING	PLANTING	Cariboo	Kootenay	North	Omerica	South	Skeena	Thompson	West	TOTAL	subtotal
YEAR	SEASON	REGION	REGION	Boundary	East	REGION	Coast	REGION	Okangan	Coast		
				REGION	REGION		REGION		REGION			
BCT	2016 SP		6,622.5	4,992.3	0.0	6,177.2	154.0	4,714.0	6,230.8	1,370.0	30,260.8	
FTL	2016 SP		0.0	99.0	0.0	0.0	0.0	0.0	149.9	0.0	248.9	
FTM	2016 SP		6,827.2	0.0	0.0	3,380.2	0.0	2,191.1	2,814.8	0.0	15,213.3	
GA	2016 SP		0.0	0.0	0.0	1,196.6	0.0	0.0	0.0	3.9	1,200.5	
GFS	2016 SP		30.0	95.9	0.0	225.8	0.0	75.0	721.0	0.0	1,147.7	
LFP	2016 SP		16,342.4	19,557.1	3,179.8	44,029.6	3,960.4	16,202.5	36,001.2	13,516.9	152,789.9	200,861.1
BCT	2016 SU		629.9	366.0	5,484.2	4,160.2	0.0	1,162.1	383.5	0.0	12,185.9	
FTM	2016 SU		104.2	0.0	1,073.0	0.0	0.0	0.0	0.0	0.0	1,177.2	
LFP	2016 SU		3,514.7	488.0	9,169.6	14,267.4	278.2	4,170.0	4,605.5	3,369.4	39,862.8	53,225.9
BCT	2016 FA		0.0	0.0	0.0	0.0	78.0	147.4	0.0	603.3	828.7	
LFP	2016 FA		0.0	304.6	0.0	0.0	477.9	1,223.2	15.0	1,310.9	3,331.6	4,160.3
BCT	2016 WI		0.0	0.0	0.0	0.0	248.9	0.0	0.0	595.0	843.9	843.9
											259,091.2	

### Wood Demand, Forestry Output Japan: 2015

CONT'D FROM PAGE 2

Total wood material demand in Japan for 2015 has dropped for two consecutive years, despite new housing starts up 1.9 per cent compared to 2014, according to the latest data from **Japan's Ministry of Agriculture, Forestry and Fisheries**, said the *Japan Lumber Reports* Friday.

Log demand for lumber in 2015 was 16,182 million cubic metres, a 2.9 per cent decrease from the previous year. Shipments of lumber fell by 3.8 per cent, to 9,231 million cubic metres.

Domestic consumption of materials increased by 0.7 per cent compared to 2014, to 20,049 million cubic metres. Consumption of imported materials dropped by 11 per cent, to 5,045 million cubic metres, there-

fore the share of domestic wood consumption was almost 80 per cent, 2.1 points more than in 2014.

Imports of softwood lumber from North America fell by 0.6 per cent in 2015 compared to the previous year. Imported logs from North America for lumber manufacturing was down 3.2 per cent, to 3,259 million cubic metres.

These North America log imports accounted for 78 per cent of all Japan's log imports in 2015.

#### Log demand in 2015 by species and by products

	For lumber	For plywood	For wood chip0	Total
Domestic	12,004 (98.3)	3,356 (105.2)	4,689 (103.9)	20,049 (100.7)
(Softwood)	11,900 (98.2)	3,340 (105.1)	2,575 (105.1)	17,815 (100.4)
(Hardwood)	105 (110.5)	16 (114.3)	2,115 (102.5)	2,236 (102.9)
Total imports	4,178 (93.9)	864 (71.2)	3 (60.0)	5,045 (89.0)
North America	3,259 (96.8)	544 (62.6)	0	3,803 (89.7)
New Zealand	450 (92.0)	20 (57.1)	0	473 (90.3)
Russia	243 (70.0)	100 (113.6)	0	343 (78.7)
South Sea	79 (89.8)	193 (89.4)	0	272 (89.5)
Others	148 (90.4)	5 (83.3)	0	151 (90.4)
Total	16,182 (97.1)	4,218 (95.8)	5,692 (103.8)	25,092 (98.1)

Unit : 1,000 cbms Comparison to 2014 : %

SOURCE: Japan Lumber Reports

## British Columbia Forest Enhancement Society

CONT'D FROM PAGE 2

by Kéta Kosman

British Columbia Minister of Forests, Lands and Natural Resource Operation, Steve Thomson, announced February 26 the creation of the **Forest Enhancement Society**. The new society will be backed by a hefty investment from the provincial government.

“Eighty-five million dollars has been provided by the provincial government to focus efforts on wildfire risk reduction, which will compliment our existing forest stewardship programs and our world class wildfire suppression capabilities,” Thomson said.

The society will focus on key areas of forest management in an effort to improve stewardship.

“The new society is going to concentrate its activities in four areas: wildfire risk reduction, forest rehabilitation, which is clearing stands damaged by wildfire or at high risk from wildfire and reforesting them, wildlife habitat restoration, and education work.”

Thomson said that educational work will include raising awareness with local governments, forest stakeholders and rural property owners about the role they can play in supporting the ministry’s wildfire prevention efforts.

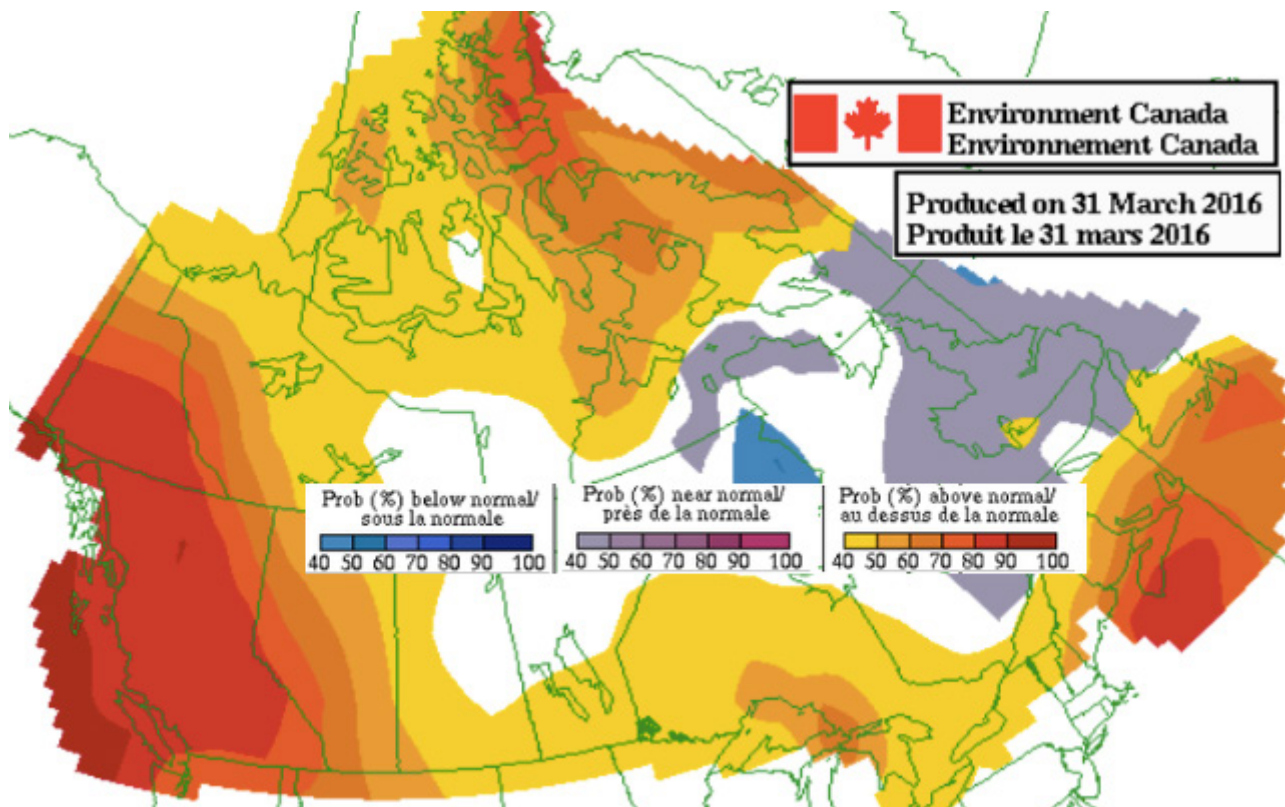
“We’re very excited to get things underway. We’re looking forward to the work of the society. I’ve asked

them to get to work right away, engage with stakeholders and organizations across the province – communities and forests interests,” Thomson says. “I know they’ve got a lot of work ahead of them. I’m very pleased with the five individuals that we’ve appointed.”

The hope is that the society’s efforts will result in a decrease in wildfires in BC. The province’s last wildfire season was one of the most expensive in recent memory with \$287 spent fighting fires and more than 300,000 hectares of forest burned.

### The society will concentrate its activities on:

- Wildfire risk reduction: fuel management activities such as thinning, pruning and removing woody debris from forests, especially those impacted by the mountain pine beetle infestation, to reduce wildfire risks in key areas. The recently updated Provincial Strategic Threat Analysis will provide guidance for priority treatment areas;
- Forest rehabilitation: clearing stands damaged by wildfire, or at high risk from wildfire, and reforesting them;
- Wildlife habitat restoration: designing fuel management and forest rehabilitation activities to promote desired wildfire habitat characteristics; and
- FireSmart program: raising awareness among local governments and rural property owners about steps they can take to protect their homes from wildfire.



SOURCE: Western Silvicultural Contractors' Association