
NEWS RELEASE

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Ministry of Forests, Lands and Natural Resource
Operations

Forestry compensation fund receives boost, silviculture sector now included

VICTORIA – The Province is providing a \$1-million lift to the Forestry Service Providers Compensation Fund to protect eligible forestry contractors and service providers in the event of licensee insolvency.

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. 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.

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.

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

Quotes:

Steve Thomson, Minister of Forests, Lands and Natural Resource Operations –

“This additional grant to the Forestry Service Providers Compensation Fund will give our eligible silvicultural and logging contractors, and other forestry service providers, greater peace of mind knowing that they will get paid for their services if they incur a loss from licensee insolvency. These contributions demonstrate government’s commitment to making the fund sustainable.”

John Betts, executive director, Western Silvicultural Contractors' Association –

“We’ve been advocating for our members to be covered by the fund, due to the adverse effects they can experience when a licensee goes insolvent. We’re encouraged that the Province has listened and is acting on our concerns.”

Reid Hedlund, chairman, 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 B.C. communities 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.”

David Elstone, executive director, Truck Loggers' Association –

“We appreciate the Province’s added grant contribution to the Forestry Service Providers Compensation Fund. Knowing the fund is in place gives logging contractors, and other forestry service providers, added assurance that they will be paid for the time and resources they invest – even if the licensees they are working with go insolvent.”

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.

Learn More:

For more on the Forestry Service Providers Compensation Fund, including frequently asked questions, go to: <http://fspcf.com/>

The Forestry Service Providers Protection Act can be viewed at:
http://www.bclaws.ca/civix/document/id/consol24/consol24/00_10016_01

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