



Forestry Service Providers Compensation Fund

Report of the Authority as of December 31, 2025

General

The Forestry Service Providers Compensation Fund (FSPCF) was created on March 30, 2012 by the *Forestry Service Providers Compensation Fund Regulation* (BC Reg. 64/2012) and was seeded with a contribution of \$5,000,000 provided by the provincial government. Its purpose is to provide relief to Contractors that provided Forestry Services and were not paid for those services because the recipient of the Forestry Services became Insolvent. Insolvency for the purposes of the FSPCF is defined in the FSPCF Administrative Agreement.

Forestry Services are limited to those defined in the *Forestry Service Providers Protection Act (FSPPA)* and must have been provided to a tenure holder under the *Forest Act*. On March 7, 2016 BC Reg. 64/2012 was amended by BC Reg. 286/2016 to allow the inclusion of Silviculture Contractors' work as a prescribed activity included in the definition of eligible providers of Forestry Services under the FSPCF.

The FSPCF is administered by Eric van Soeren, the Authority appointed by the Minister of Forests under the *FSPPA*. Mr. van Soeren operates pursuant to an Administrative Agreement between the Authority and the provincial government. The Authority is not an agent of the government for the purposes of the *FSPPA* or the regulations under it. More details on the FSPCF are available on the FSPCF website at www.fspcf.com.

Sources of Funds for the FSPCF

In addition to the \$5,000,000 seed money provided by the provincial government, the *FSPPA* contemplates other sources of funding. Part 2 of the *FSPPA* refers to “contributors” who will be identified by regulation and who will make contributions to the fund in accordance with the regulations. Additionally, the provincial cabinet may, by regulation, impose a levy on stumpage bearing timber that must be paid into the FSPCF. Finally, any amounts recoverable from an Insolvent Licensee relating to a financial loss for which a Forestry Service Provider has applied and received monies from the FSPCF, must be repaid to the FSPCF. This is to prevent double dipping.

To date no stumpage levy has been created. However, between January 1, 2015 and December 31, 2025 the provincial government made additional contributions to the FSPCF totaling \$4,100,000, of which \$3,225,000 was allocated to the General Fund, and \$875,000 was allocated to the Silviculture Fund.

In addition, in the fourth quarter of 2020 the Trustee of the BC Forestry Revitalization Trust, on the advice of its Advisory Board, wound up the BCFRT because it had fulfilled its mandate. A Surplus of \$24,237 remained, and it was transferred to the General Fund of the FSPCF.

Therefore, the total contributed to the FSPCF by the province, plus the transfer of the BCFRT surplus of \$24,237, is \$9,124,237.

Activities of the FSPCF to date

An Advisory Board has been established, a website has been created (www.fspcf.com), a claim form template has been developed, and templates for the assorted documents that will need to be generated to allow claims to be made and processed are ready to go.

No meetings of the Advisory Board have been held because no situations that required decisions or recommendations with respect to policy have arisen.

In the second quarter of 2024 Teal Jones Holdings Ltd. (Teal Jones) filed for Companies' Creditors Arrangement Act (CCAA) protection. While Teal Jones hopes to file a proposal that will see all the creditors made whole over time, this still must be dealt with as an insolvency, and the FSPCF has provided compensation to logging and silviculture contractors that have outstanding invoices to Teal Jones.

As of December 31, 2025, nine forestry service providers, as defined in the Administrative Agreement for the FSPCF had outstanding accounts receivable from Teal Jones. Eight of them have received full or partial compensation from the FSPCF for their outstanding invoices. One applicant has not received FSPCF compensation because they have failed to sign an Assignment of Debt agreement. That applicant is now ineligible because the monitor for Teal Jones received a court ordered Claims Bar date of July 15, 2025, so the FSPCF cannot now pay that creditor and assume their claim.

If Teal Jones is successful in restructuring using the CCAA, some or all of the compensation provided to its creditors might be recovered by the FSPCF, but it is too soon to estimate what that recovery might be, if any, and the CCAA process is continuing.

The FSPCF has received queries during the year from contractors that are concerned about the licensees for whom they work, but there are no known new insolvencies with which the FSPCF will have to deal. However, ongoing uncertainty with softwood lumber tariffs could cause a future licensee insolvency.

Account Balances as of December 31, 2025

As of December 31, 2025, the book value of the FSPCF accounts reconciled for outstanding cheques and accruals for interest on term deposits, were as follows:

Forestry Service Providers (FSP)

Account Balances

FSP General Compensation Fund	\$7,871,267
FSP Silviculture Compensation Fund	<u>\$524,110</u>
Total available funds	<u>\$8,395,377</u>

Distributions to beneficiaries to date

Related to the insolvency of

Errington Cedar Products Ltd	\$67,289
Greedy Forest Products Ltd.	\$343,929
International Aircraft Management Inc.	\$37,902
Murch Timber Ltd.	\$109,443
Skeena Sawmills Ltd.	\$1,884,998
Teal Jones	\$317,086
Yaorun Wood Products Ltd.	<u>\$155,867</u>
Total Distributions to beneficiaries	<u>\$2,916,514</u>
Less recoveries from insolvent companies	<u>\$10,896</u>
Net Distributions to beneficiaries	<u>\$2,905,618</u>
Total available funds plus net distributions	<u>\$11,300,995</u>

Looking ahead

During the first quarter of 2026, the following activity is expected in the FSPCF:

- The Authority will respond to any proposals that may be presented by the CCAA monitor of the Teal Jones Group of companies in hopes of receiving full or partial payment of the Teal Jones debts that were assigned to the FSPCF.
- The Authority will continue to monitor potential licensee insolvencies in the province and work proactively with Forestry Service Providers to determine whether they may be eligible for FSPCF assistance.
- The Authority will continue to work with the province and the forest industry to develop a mechanism to build the FSPCF to a level where it will be able to react to a significant insolvency should another one occur.

Eric van Soeren
Authority