

Mill contract talks sluggish

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Negotiations in the B.C. Interior sawmill sector are set to continue, but slowly, with another session next week between the United Steelworkers and an industry group representing companies like Dunkley Lumber and Lakeland Mills.

The three-day bargaining session is scheduled in Williams Lake.

It is the third session with the Council on Northern Interior Forest Employment Relations (CONIFER) -- which also represents Carrier Lumber, Tolko and Hampton Affiliates -- and will follow a negotiating session three weeks ago in Prince George.

United Steelworkers official Bob Matters, the union's wood council chair, said the discussions in Prince George went as well as can be expected.

The forest sector is in the midst of an unprecedented downturn that is entering its fourth year, and companies are pushing workers to take significant wage roll backs.

The downturn has been led by a collapse in U.S. housing where starts are one-quarter of their peak in 2005. The downturn has also been exacerbated by a 15-per-cent tariff on softwood lumber exports to the U.S. and a strong Canadian dollar which erodes income.

More than 3,500 forest workers have lost their jobs in northern B.C. in the past two years as companies have shut down mills indefinitely, cut shifts and reduced work weeks.

Matters said the positions are still "rather entrenched," but he's hoping for more progressive discussions. "It's still early bargaining," he said Tuesday. The United Steelworkers have chosen CONIFER to bargain with first -- before tackling negotiations with other employers like Canfor and West Fraser -- as they believe that's where the best opportunity to reach a deal lies. CONIFER officials were not available for comment Tuesday, however, the company group has said previously that negotiations are going "OK" given the difficult backdrop.

Cautioning that the bargaining process is in its very preliminary stages, CONIFER executive director Mike Bryce had said prior to the Prince George bargaining sessions that what has been established has been a mutual desire to put effort into reaching an agreement.

The existing six-year contract covering 10,000 unionized workers in the Interior ended June 30.

The union has already indicated it's looking for wage increases and a shorter contract, while forest companies are seeking concessions.

CONIFER hasn't revealed what, if any, concessions it is seeking.

Canfor is seeking significant labour cost reductions of \$50 million in negotiations with the Steelworkers, according to a proposal summary obtained earlier by The Citizen.

Canfor's \$50-million cost-reduction demand would equate to an approximately 20 per cent wage rollback, an estimate by The Citizen shows.

At Canfor's Clear Lake sawmill in Prince George -- a non-unionized plant -- employees voted recently to take a \$5 per hour roll back, according to sources familiar with the result. A similar 20 per cent reduction was taken at Canfor's Mackenzie sawmill, where workers are represented by the Pulp, Paper and Woodworkers of Canada union.

Matters said that labour cost reductions are not the answer to the downturn, arguing Canfor is operating a half capacity because it can't sell all of its product. Reducing costs by convincing employees to "take a bath" is not going to help sales, it just means a mill somewhere else will shut down, added Matters. "I simply call it opportunistic blackmail," he said.

Canfor continued Tuesday to decline to comment on negotiations.

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However, in a recent interview, Canfor president Jim Shepard, gave some indication of the company's position. While he stopped short of saying the company's hourly workers should take wage cuts, he applauded the decision by employees at the company's Mackenzie and Clear Lake sawmills for doing just that.

Noting that the executive and management ranks have taken pay cuts -- and Canfor has called on its contractors and suppliers to reduce costs -- the hourly workers were the last piece of the puzzle, said Shepard during a stop in Prince George last month.

Forest industry analyst Paul Quinn said because of the current economic environment there is a huge need for industry to reduce costs. He said it's hard to see how industry would take on any labour cost increase.

He noted that in particular the strength of the Canadian dollar is hurting forest companies. The loonie today, at 93 cents to the U.S. dollar, is 20 cents higher than it was in 2003, the last time the Interior sawmill sector negotiated a contract.

Quinn, an analyst with RBC Capital Markets, said one possible solution would be if a profit sharing mechanism for workers is coupled with a base wage, so that both companies and workers could share the ups and downs of the market.

There is no indication of a quick settlement, with negotiations likely to continue into the fall, observed Quinn.

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