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Union, forest firms back at table

Written by Gordon Hoekstra Citizen staff

Monday, 20 July 2009

The United Steelworkers and a group representing companies that include Dunkley, Carrier, Lakeland and Tolko have scheduled two days of negotiations in Prince George to hammer out a new contract for sawmill workers, considered a positive sign by the union.

The talks this week with the Council on Northern Interior Forest Employment Relations follows on a three-day session last week.

"The fact it's on again this week is a good sign," observed United Steelworkers official Bob Matters, who was on his way to Prince George on Monday.

"Hopefully, we'll get through this mess we're in," said Matters.

The "mess" is an unprecedented downturn in the forest sector in British Columbia, including in the Northern Interior, the leading lumber producing region in Canada. 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.

Mike Bryce, executive director of the Council on Northern Interior Forest Employment Relations (CONIFER), said discussions are going "OK," given the difficult backdrop.

Cautioning that the bargaining process is in its very preliminary stages, Bryce said what has been established has been a mutual desire to put effort into reaching an agreement.

Bryce said he wasn't able to say at this time what demands CONIFER was laying on the table, simply because they are hoping the unions will contribute to finding ways to improve the economic picture of the mills

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

The Steelworkers say they will focus on negotiations with CONIFER, before moving on to talks with other major employers like West Fraser and Canfor.

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

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. At Canfor's Clear Lake sawmill in Prince George -- a non-unionized plant -- employees were voting Monday on a cost-reduction package that included wage rollbacks. (see sidebar).

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

Matters, who would not specifically discuss CONIFER's demands, said all employers are seeking similar cost savings.

Forest companies have been bleeding red ink and are expected to continue to do so this year.

Forest industry analyst Paul Quinn said in a recent report that while second-quarter losses are expected to be lower than those in the first quarter, the losses will continue.

Quinn is projecting that very few companies will have positive second-quarter earnings. The projected list of profit makers, which includes Canfor Pulp, does not include any lumber producers.

West Fraser is scheduled to release its second-quarter financial results this week, while Canfor will do so next week.

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SIDEBAR

Clear Lake employees voted Monday on a number of cost-reduction packages that include wage rollbacks of up to 19 per cent, according to sources familiar with the vote.

Canfor spokesperson Dave Lefebvre confirmed the vote is taking place, but declined to reveal details of the package. Lefebvre said the cost-reduction proposals were largely driven by the employees.

The employees are not unionized.

Sources familiar with the vote told The Citizen that the proposals include returning to a 40-hour work week and reducing wages by 14 or 19 per cent. If cost reductions are not made at the Prince George sawmill, workers were told the plant would close in six months, sources said.

The sawmill, just southwest of Prince George, has been on a reduced three-day work week. The mill has been taking advantage of a federal employment insurance wage top-up program.

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