

WOODWORKS

News from Tolko Manitoba Woodlands

Summer 2006

Tolko Remains Committed to Manitoba Operations

Despite ongoing challenges such as a high Canadian dollar and still significant tariffs on lumber going to U.S. markets, Tolko has made a strong commitment to continue operating in Manitoba.

A financial stabilization agreement reached in January 2006 between Tolko, its unions, the Town of The Pas and the provincial government provides a framework for continued operations at the sawmill, paper mill and woodlands into the future.

The agreement includes wage and salary rollbacks for both union and salaried employees, together with a package of initiatives from the Town of The Pas and the Province of Manitoba intended to help shore up the fundamentals of the business.

Canadian Lumber Producers Continue to Seek Better Deal

When an agreement to end the most punishing tariffs on Canadian lumber entering the U.S. was negotiated between the two countries in the spring of 2006, it appeared to Canadian producers that the worst was behind them and that business could begin to return to normal.

While duties have dropped since the agreement was signed (around 11% as of late June 2006), they still exert a significant negative effect on Canadian producers' bottom lines.

Also, certain details of the deal have emerged in recent weeks that have Canadian producers concerned. Together with other producers, Tolko continues to work with the Canadian government to reach a fair and equitable deal on Canadian lumber shipments to the United States.

Tolko exports about 80% of its lumber production into the U.S. each year.

Sawmill Roof Repair Almost Done

Repairs and structural strengthening of the sawmill roof in The Pas are nearing completion, following a partial cave-in of the roof on February 16 of this year.

No one was injured in the incident and the definitive cause has yet to be determined.

Production resumed on May 15, 2006.

“Rollagon” Boosts Productivity on 2006 Tree Plant

A unique off-road vehicle that gets tree planters into challenging areas quickly has proven to be a welcome addition to this year’s tree plant.

The “Rollagon” is a hybrid vehicle with very wide high flotation tires that move easily over and through cutover areas. Its top speed is about 50 kph, giving it a distinct advantage over tracked vehicles used in the past. About 20 tree planters, plus gear, can travel comfortably at one time.

Forest renewal in 2006 is concentrating on areas around Moose Lake and the Sherridon Road in the southern portion of the licence area, and the North Jonas, Jenpeg and Radar roads (at the end of the South Jonas Road) in the Nelson River Forest District. By the third week in July, about 7 million seedlings will have been planted.

Using the “Rollagon” instead of helicopter to transport planters to some areas has helped Tolko to reduce its reforestation costs.

“Barenaked Lady” Joins Tree Plant

Ed Robertson, known more famously as a member of Canada’s pop group the Barenaked Ladies, joined the rest of the tree planting crew working in the Naosap area for a day in early June.

Robertson’s stopover was part of a tour of rough-and-tough job sites across Canada for a reality TV show being produced for Outdoor Life Net. The tour is raising money for Camp Oochigeas, a summer camp for

kids living with cancer. The show is expected to air this fall.

After wrapping up the tree plant for the day, Robertson treated his fellow tree planters and local fishermen to an impromptu concert.

Tolko Working to Address Wanless Concerns

Tolko continues to work with Wanless residents to address their concerns about proposed harvest operations around Pickerel Point (also known as Pelican Point) on Rocky Lake. These include cutover visibility from the lake, increased erosion into the lake, harvest timing and haul route, shortage of mature virgin timber left in the area, and other concerns.

Tolko held public meetings in January and October of 2005, and April 2006. A committee with representation from various user groups in the area was formed, and Tolko met with this committee in December 2005 and April 2006.

Tolko has made several modifications to its initial harvest proposal in response to concerns that have been expressed. These include expanding buffers around heavily used areas of Rocky Lake, reducing the amount proposed for harvest by almost 45%, no harvest until after the September long weekend and an alternative hauling route that will go around, rather than through, Wanless. Harvesting is not expected to start until September 2006.

Tolko Scores Well on Sustainable Forest Management 'Report Card'

The annual audit of Tolko Woodlands' Sustainable Forest Management (SFM) Plan last November showed that the company has met or exceeded its targets for improved environmental management in several areas.

And like a report card, the audit by an independent third party also pointed out areas for the company to work on in the coming year.

The audit was conducted by QMI, a company that specializes in this work. It found, for example, that Tolko has been proactive about getting staff and contractors to follow guidelines relating to soil disturbance. This is resulting in less rutting of the landscape when taking logs out of the bush.

The auditors also found that Tolko is meeting or exceeding targets it has set to leave certain numbers of standing trees on cutovers. These provide habitat for various birds and animals.

The audit identified only one action item that Tolko must follow-up on: ensuring that all fuel tanks used by the company and contractors across the licence area meet federal dangerous goods transportation specifications. Since the audit, Tolko has been active in ensuring compliance on this issue. The audit also recommends several non-mandatory areas for improvement for Tolko to follow-up on.

The positive audit means that Tolko's certification to the Canadian Standards Association (CSA) standard for forest management remains in good standing.

2006 Annual Harvest and Renewal Plan Meetings

Tolko's area planners and other staff members visited 12 communities across the license area from late March through late April 2006 to present the company's proposed annual harvest and renewal plan.

The meeting circuit also included a public open house in Winnipeg on April 24th.

The meetings were advertised in local media. They provided an opportunity for people to learn about where the company was proposing to operate in their area in the coming year, and also about proposed road development and road closures.

Those attending were encouraged to air concerns and to ask questions. They were also asked to share local plant or wildlife knowledge, and information about local community issues such as wild rice lakes, registered traplines and cross-country skiing and snowmobiling trails.

The meetings also offered a way for local people to share traditional knowledge relating to burial and ceremonial sites, and plant gathering areas.

Based on the feedback it received, Tolko revised parts of its 2006-07 harvest and renewal plan. The plan was submitted to Manitoba Conservation for review and approved on July 1, 2006. The plan can be viewed at www.tolkomanitoba.com.

Want to find out more about what you've read in this newsletter? Contact Doug Hunt, Divisional Forester and Acting Woodlands Manager, at (204) 623-8542.

New Software Tool Improves Planning and Management of Woodlands Operations

Tolko's woodlands staff at its offices in The Pas and Thompson are finding that a new computer software system is helping them to make better informed decisions, and to make them more quickly.

Woodlands – The System[®] (WTS) allows the company to efficiently track and maintain harvest and forest renewal records in both tabular and spatial formats. WTS is helping with the development of annual operating plans, harvest block mitigation, tracking silviculture obligations and maintaining records for forest certification.

Linnet, a Winnipeg company specializing in computerized land management systems for industry and government, has developed the software.

New FRAC Members Welcome

The most recent meeting of Tolko's regional Forest Resource Advisory Committee (FRAC) was held in The Pas on June 28, 2006. Brian Kotak with the Manitoba Model Forest gave a comprehensive overview of changes in the works to Canada's Model Forest program.

FRACs provide an opportunity for individuals or organizations to learn about, and provide input into, the company's planned forestry operations. In addition to the regional FRAC, there are also smaller FRACs in Sherridon and Snow Lake. Contact Doug Hunt, Acting Woodlands Manager, at (204) 623-8542 if you would like to find out more, or to sit as a FRAC member.

Truck Haul Safety Program Addresses Both Contractor and Public Safety Issues

A guideline developed jointly with log haul contractors to improve the safety of both contractors and the general public is working well.

All operators, for example, are now required to have reviewed the guideline which covers load security, as well as having emergency spill kits on board at all times.

The guideline also responds to community concerns such as use of engine retarder brakes ("jake brakes") and posting signs at the beginning of roads advising the public when the log haul is on.

The guideline now forms part of all contractual agreements signed between Tolko and log and chip haul operators. Tolko has also formally requested the provincial highways department to establish designated load check areas along highways. This is also intended as a way to improve public safety.

Tolko Staff Changes

The following staff members have left the company in recent months: Andrew Forward (Area Planner, Highrock Forest Section); Dan O'Brien (Tolko Fire Program); Lorne Saskowski (Area Supervisor – South); Don Sauvé (Area Supervisor – South). We wish them the best in their retirements or new career opportunities. The following staff members changed job duties with the company: Dave Neufeld is the Plant Manager and Doug Hunt is the Acting Woodlands Manager.