



Forest Products Sector Council  
Conseil sectoriel des produits forestiers

## **CHALLENGES AND IMPACTS: LABOUR MARKET TRANSITION FOR LAID-OFF FOREST PRODUCTS WORKERS IN CANADA**



**MARCH 2010**

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A detailed version of this report entitled **Analysis and Assessment of Labour Market Transition Programs for Laid-Off Forest Products Workers** is available by contacting the offices of the Forest Products Sector Council.

*The opinions and interpretations in this publication are those of the authors and do not necessarily reflect those of the Government of Canada.*

### About the Forest Products Sector Council

The Forest Products Sector Council (FPSC-CSPF) is an independent, not-for-profit organization, funded by the Government of Canada's Sector Council Program. FPSC-CSPF provides national leadership and coordination in the development of strategic responses and interventions that address current and emerging human resource and labour market issues in the Canadian forest products sector. At the heart of FPSC's mandate is the necessity to address these human resource issues through partnerships and collaborative efforts. Established in 2008, FPSC-CSPF is governed by a Board of Directors who represent business, labour, Aboriginal and educational stakeholders.

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# INTRODUCTION

**This report highlights the key findings of research completed by the Forest Products Sector Council under the *Labour Market Transition Programs for Laid-Off Forest Products Workers Project*.**

The Canadian forest products sector has seen significant upheaval and uncertainty in recent years. Global competition, permanent declining demand for some products and severe cyclical decline for others have forced the permanent closure and temporary shutdown of hundreds of mills across Canada. Some companies have been forced into bankruptcy protection or liquidation.

It is not an understatement to say this is a crisis of historical proportions for the forest products sector in Canada. Even more critically, the impact on the Canadian forest products workers and the communities they live in has been devastating.

This study clearly shows:

- of the approximately 100,000 workers who have been laid off since 2004, nearly 40,000 remain unemployed today;
- a significant portion of the most recent layoffs are likely permanent – as the industry continues to restructure;
- while programming has been put in place to assist workers – and their communities – the impact and effect has not always been sufficient in size, scale and coordination; and,
- many laid-off forest workers face significant barriers to securing re-employment in the industry or elsewhere.

How we deal with this situation now will affect the health of the forest products industry in the future.

This study is an important first step in recognizing the severity of the current economic situation its impact on Canada’s forest products sector and challenges for the future.

It is tempered with an understanding that recovery will occur and, when it does, the Canadian forest products industry needs to be well positioned to take advantage of new and re-emerging opportunities. Part of that recovery is ensuring the sector has the workers it requires – including laid-off workers who are able to return to their jobs.

The solutions are not “one size fits all” nor do they fall to one stakeholder group to implement. All stakeholders need to be involved in proactive, flexible and innovative ways. Our list of recommendations can be found at the end of this document.

Since research was completed for this study, the Government of Canada has implemented a number of new and expanded labour market initiatives that are targeted to workers and industries hardest hit by the economic downturn, including the forest products sector, forest dependent communities and forest products workers. Further information on these efforts has been provided by the Government of Canada and can be found in the Addendum to this report.



## WHAT IS THE FOREST PRODUCTS SECTOR?

**THE FOREST PRODUCTS SECTOR CONSISTS OF THREE PRIMARY SUB-SECTORS: PRIMARY FOREST ACTIVITIES (LOGGING AND ASSOCIATED ACTIVITIES), WOOD MANUFACTURING (SAWMILLS), AND PULP AND PAPER MANUFACTURING. WORKERS ENGAGED IN SECONDARY WOOD AND CONVERTED PAPER MANUFACTURING ARE NOT INCLUDED IN THIS ANALYSIS.**

## SHORT TERM PROSPECTS

**IN THE SHORT TERM, INDUSTRY INSIDERS AND WORKERS EXPECT THE CURRENT LABOUR FORCE CONTRACTION TO CONTINUE. THOSE INTERVIEWED FOR THIS STUDY ESTIMATED AS MUCH AS 30 PERCENT OF RECENT LAYOFFS WILL BECOME PERMANENT.**

## KEY FINDINGS



**Canada's forest products sector has experienced an historical economic contraction and a significant number of workers still remain unemployed**

Canada's forest products sector has undergone major changes since 2007. These changes can be linked to a number of factors including a general downturn in demand for structural lumber, the persistent increase in the value of the Canadian dollar compared to the US dollar, a continuing decline in demand for newsprint and other paper products and a dramatic collapse in US housing starts. Furthermore, the sector continues to face access restrictions to key US markets, as well as competitive pressures which have affected sales in other international markets.

The combination of these sustained pressures has led to a significant downsizing of Canada's forest

products sector's workforce. During the past five years, the sector has lost in excess of 100,000 jobs. More recently, employment numbers from July 2009 are nearly 25 percent lower than in the same period in 2007, decreasing from 201,500 workers to 151,900 workers.

Based on the analysis of available data – using a variety of possible approaches including employer estimates as to the duration of recent layoffs – it is estimated, as of July 2009, approximately 40,000 of laid off forestry workers remain unemployed.

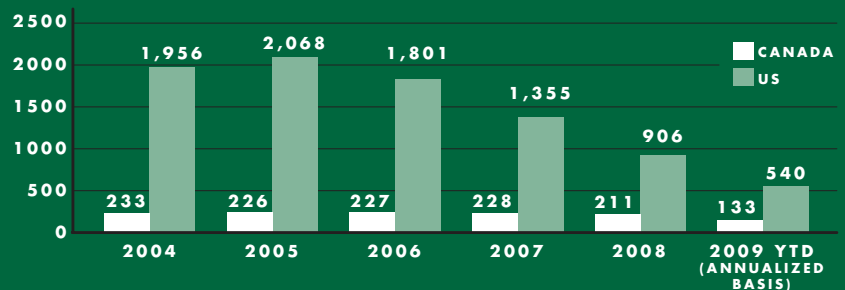
Transitioning displaced workers, from an aging workforce, introduces considerable challenges. Long-tenured workers are unlikely to accept severance or seek work outside of the industry, due to the potential impact on pensions. Additionally, the older workforce has challenges in terms of accessing

### MILL CLOSURES AND CURTAILMENTS BY PROVINCE AND YEAR

PROVINCE	TOTAL 03-09	2008	2009
QUEBEC	126	13	7
BRITISH COLUMBIA	120	31	27
ONTARIO	91	10	6
ALBERTA	21	0	4
NEW BRUNSWICK	17	2	1
SASKATCHEWAN	12	4	1
NEWFOUNDLAND AND LABRADOR	7	1	2
NOVA SCOTIA	5	1	2
MANITOBA	2	0	1
PEI	1	1	0
<b>CANADA</b>	<b>402</b>	<b>63</b>	<b>51</b>

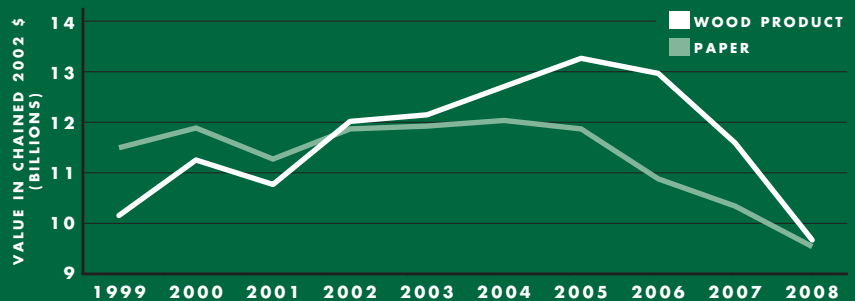
SOURCE: NRCAN-CFS

### CANADA AND US HOUSING STARTS, 2004 TO JULY 2009 (000S OF STARTS)



SOURCES: U.S. CENSUS DATA, STATISTICS CANADA

### GDP 1999-2008 WOOD PRODUCT AND PAPER MANUFACTURING



SOURCE: STATISTICS CANADA

training; either through traditional delivery modes or through online or distance education models which were identified as particularly problematic. Furthermore, due to attachment to local communities, older workers also expressed resistance to re-locating for training and seeking out alternative employment.

***The accepted cyclical nature of the industry has dissuaded some workers from looking for employment outside of the forest sector***

Our research suggests the message being communicated to workers is most layoffs are temporary (less than six months) in nature. However, this runs counter to the actual employment statistics for the sector, which indicate the sector's workforce has contracted by nearly 25 percent since 2007 and more than 40 percent since 2004.

**THE HUMAN COST OF A MILL CLOSURE**

**IN NOVEMBER 2009, NEWFOUNDLAND AND LABRADOR'S MINISTRY OF HUMAN RESOURCES, LABOUR AND EMPLOYMENT RELEASED RESEARCH ON THE LABOUR SITUATION IN GRAND FALLS-WINDSOR SINCE THE CLOSURE OF THE COMMUNITY'S PULP AND PAPER MILL:**

- 888 DIRECT AND INDIRECT JOBS WERE IMPACTED
- 628 UNIONIZED WORKERS WERE SURVEYED:
  - 120 HAVE SINCE RETIRED
  - 10 MORE WILL RETIRE IN THE NEXT FEW WEEKS
  - 163 HAVE FOUND WORK
  - 100 HAVE REGISTERED FOR SKILLS TRAINING
  - 235 ARE ACTIVELY LOOKING FOR WORK





GenCo



Calculator and clipboard with papers.

Computer keyboard.

Computer mouse on a mousepad.

CONDIAL Avaya telephone.

Printer and other peripheral equipment.

Many workers cite the anticipation of a work recall as a reason for not actively pursuing employment or training outside of the forest products sector. While companies may have an expectation of recalling workers, the experiences recounted by laid off workers suggest recalls have rarely occurred.

***Canada’s unemployed forest workers need clear and focused information with respect to accessing appropriate programs and services***

The particular nature of the Canadian forest products sector often complicates and interferes with workers’ ability to access appropriate programs and services. Many individuals who have been laid off possess considerable tenure with their employer and acceptance of severance packages can have significant implications for their pensions. Similarly, acceptance of a severance package can also affect Employment Insurance (EI) eligibility and, by extension, access to federal and provincial assistance programs.

Throughout the course of the study, it was noted the sector would benefit from a consistent, reliable “information portal” providing comprehensive information regarding options and implications of decisions with respect to pensions, benefits, recall to work, EI and training opportunities. This information portal could be a “one-stop shop” for workers, unions, community organizations, and employers to access pertinent and timely information.

***While there are some promising practices with respect to available support programs, they are inconsistent at a national level***

This study found, in many instances, workers have been directed to standard or generic programs or services being offered by service providers which

are not necessarily feasible or appropriate to forest sector employees. However, the research did uncover several promising practices in which specific programs and services were developed for displaced forest workers.

**HOW DID WE DO THE STUDY?**

THIS RESEARCH WAS PREPARED BY R. A. MALATEST AND ASSOCIATES LTD. UNDER THE DIRECTION OF A STEERING COMMITTEE COMPOSED OF INDUSTRY AND LABOUR MEMBERS OF THE FOREST PRODUCTS SECTOR COUNCIL BOARD OF DIRECTORS. A NUMBER OF APPROACHES WERE UTILIZED: AN EXTENSIVE SCAN OF AVAILABLE LITERATURE AND PROGRAMS WITH RESPECT TO DISPLACED FOREST WORKERS, DATA REQUESTS TO VARIOUS GOVERNMENT INFORMATION AGENCIES, INTERVIEWS WITH INDUSTRY REPRESENTATIVES, A SURVEY OF ALMOST 200 FORESTRY EMPLOYERS, AND FOCUS GROUPS IN FOUR CANADIAN LOCATIONS WITH LAID-OFF FORESTRY WORKERS WHO HAVE EXPERIENCED PERMANENT OR TEMPORARY LAYOFF. MORE THAN 250 INDIVIDUALS PARTICIPATED IN THIS RESEARCH.

**DATA SOURCES:**

- THE LABOUR FORCE SURVEY (LFS) FROM STATISTICS CANADA WHICH PROVIDES A CUSTOMIZED EMPLOYMENT AND UNEMPLOYMENT DATA WHICH MAKES IT POSSIBLE TO DEVELOP AN ESTIMATE OF FORESTRY-RELATED EMPLOYMENT IN CANADA, BY REGION AND SUB-SECTOR FOR THE PAST FIVE YEARS;
- MAJOR MILL CLOSURES AND LAYOFF DATA FROM NATURAL RESOURCES CANADA;
- SURVEYS OF ALMOST 200 SECTOR EMPLOYERS WITH DATA PROVIDING INSIGHT INTO EMPLOYER PERCEPTIONS OF THE “PERMANENCY” OF THE LAYOFFS AND FUTURE TRENDS.

## CANADA'S FOREST PRODUCTS WORKERS IN TRANSITION



**It is a new experience for Canada's forestry workers to be in a permanent or extended layoff situation.** Most have been working in the industry and often with the same company for more than 20 years. And while they're use to the seasonal layoffs and occasional downtimes the industry's present economic difficulties mean, for many, "temporary" has become "permanent." These workers face serious challenges and choices.

### **An older workforce**

The forest products industry is generally characterized by an older workforce. According to the 2006 Census, almost 46 percent of forest products workers were 45 years of age or older as compared to 39 percent of the overall Canadian labour force.

In past downsizing situations, more older workers tended to be retained due to seniority. Now, given the unprecedented nature of the current economic situation older workers also find themselves laid off.

These workers generally have no incentive to leave the industry before reaching full retirement age and maximum pension opportunities. In a layoff situation, older workers close to retirement, but not close enough to receive full pension, are in a difficult position. Taking early retirement means losing a full pension and, in many cases, losing a severance package.

Many laid-off forestry workers feel employers are reluctant to hire them. Older workers are also more likely to maintain stronger attachments to the industry presence in their communities and are

more reluctant to "start from scratch" in terms of new jobs, career, or relocation.

Older workers consider training to be a last resort due to their lower employability and the length of time it would take to complete training.

Younger workers make up a substantial portion of recent layoffs. Employers reported close to two thirds of the layoffs in the past 12 months involved workers under 45 years of age. The situation is different for younger workers, as they may be more open to retraining and relocating for employment.

### **Industry attachment**

Workers are strongly attached to the forest products sector, want to remain in it and would return to it given the relatively high wages the sector offers compared to other local opportunities. Riding out a "temporary" layoff is often seen as better in the long term than leaving and accepting lower wages elsewhere.

### **Temporary or permanent**

There is a tendency for forest products companies to refer to layoffs as "temporary." In survey research for this study, employers classified more than three quarters of the layoffs they had experienced in the past year and just over half of the layoffs they anticipated during the next two years as "temporary." These layoffs leave workers hoping they will be called back to work. A common scenario playing out is workers expecting to be laid off for six months now into their second year of separation.

Laid-off workers who suspect the layoff is permanent are still hesitant to break their ties with the industry. In order to qualify for a severance package, which may be offered several months after the layoff, they must still be attached to the industry. In situations where the curtailment or shut down was presented as “indefinite” or “temporary” and workers had limited or no information as to when or if operations might begin again, their general inclination was to wait.

### **Location and local opportunities**

Much of the Canadian forest products industry and its labour force are situated in small- to medium-sized communities, many of which are reliant on forestry as a primary source of economic activity. In these communities, finding employment is difficult and finding alternative employment with comparable pay and benefits can be next to impossible.

Available jobs may not offer enough hours or high enough wages for a worker to support his or her family. There may be few options for alternative employment in other communities as they may be too far away to commute. Access to training and education, often located in larger urban centers, is also subject to the same distance issues.

Relocation to a larger community is not always an attractive, practical option. Most workers and their families have typically lived in the same community for most of their lives and the spouse may be the sole source of income for the family. As well, property values in these communities have dropped as the availability of work decreased. In some

cases, values have dropped below the amount remaining in the mortgage. This, coupled with the higher cost of living in urban centers, limits the ability of a worker to sell and relocate.

While older workers are less willing to relocate, younger workers appear to be more inclined to consider relocation as an option.

### **Transferability of skills and credentials**

Many forest workers have spent their entire working lives with one forest products company and many have never been required to obtain credentials or certification. As a result, employers outside the forest products sector have difficulty recognizing these workers’ skills.

The widespread lack of formal credentials for forestry workers, when combined with the trend towards greater credentialism in other industries, creates significant disadvantages for transitioning forest workers in finding new employment.

Those who possess transferable skills and credentials which can be applied to jobs in manufacturing, transportation, mining, oil and gas, and construction have found these industries face similar challenges associated with the current economic downturn – fewer jobs and a surplus of unemployed skilled workers.

As well, many employers also require new employees to have on-the-job experience specific to their industry. While some training programs provide hands-on experience, they are difficult for laid-off forestry workers to access.

**“IF YOU  
DON’T HAVE  
YOUR PAPERS,  
YOU GOT  
NOTHING.”**

– Laid off forestry worker,  
Dalhousie,  
New Brunswick

### ***Education, up-grading and retraining***

For some laid-off forest workers low educational attainment is a barrier to training and many workers have limited experience using computers. Workers who are most affected by challenges in education and skills deficits are those in unskilled and semi-skilled occupations.

The unfortunate coincidence is the occupational groups most affected by layoffs are the same groups who may also experience the largest challenges in terms of education and literacy. This needs to be taken into account in designing programs to address their needs.

Often, the training offered these workers was not always meaningful or relevant. In fact, forest workers

have been referred to training in fields where there is little or no local opportunities for employment.

Forest products sector professionals do not appear to face the same difficulties in transitioning. Those with professional credentials tend to transition easily into sectors such as oil and gas, electricity, environmental management, and conservation.

### ***Job search experience***

Laid-off forest products workers often have limited job search experience, given their long attachment and exclusivity to the industry. They feel they lack the connections to successfully network in other industries. They have found job search training options offered is, at times, uncoordinated and poorly communicated.



## ASSISTING THE TRANSITIONING WORKER

### **Federal government programming**

Human Resources and Skills Development Canada (HRSDC) offers income support, through its Employment Insurance (EI) program to eligible individuals who experience layoff. EI programming also provides funding for training and skills development.

The specific nature of forest products sector may preclude or limit workers from accessing funding and deriving benefit from these programs. The situation for many forestry workers is complicated by severance packages which may make them ineligible to receive EI for many weeks.

The types of re-employment and training programs offered through EI are not always well-suited to the individual needs or situations of transitioning forestry workers. Programming is often limited or non-existent and not particularly well-suited to forest workers residing in smaller, more remote communities.

As well, owner-operators and individuals undertaking contracted harvesting operations are not able to claim and receive any EI assistance during downtimes.

Programming targeted to specific groups is available. Transition programming focused on keeping older workers attached to the labour force through retraining and upgrading has been implemented. Special EI programming targeting unemployed, long-tenured workers who have made only limited use of EI is also available. HRSDC also supports work-sharing programs in an effort to maintain workforce attachment.

The Government of Canada has entered into Labour Market Development Agreements (LMDAs) with provinces and territories; which are supplemented by Labour Market Agreements (LMAs). Both offer support to unemployed individuals, who may be eligible or not eligible for EI. The types of programs offered through LMDAs/LMAs range from

employment centers providing labour market information to others providing intensive skills development training. Eligibility criteria may limit or preclude the accessibility and usefulness of these programs to forest products workers depending on how each province targets federal funding.

### **Programs targeting forestry workers**

#### **COMMUNITY DEVELOPMENT**

##### **TRUST INITIATIVE**

The Community Development Trust (CDT), a Canada-wide federal funding initiative, is aimed at assisting communities and regions facing major downturns, chronic high unemployment, or layoffs. Generally funds are used to support job training, community economic development plans and infrastructure development. Not all provinces have fully developed their plans but some examples are:

#### **CDT funds in British Columbia**

The province has implemented three initiatives targeting laid-off forestry workers: a transition assistance program for displaced workers 60 years and older; a tuition assistance program; and a job opportunities program.

#### **Nova Scotia's Forestry Joint Task Force**

Nova Scotia is investing more than \$2.5 million of CDT monies to create initiatives around transportation, product market development, and renewable energy sources, such as bio-fuels.

#### **Manitoba's Forestry, Mining Training and Workforce Initiative**

Manitoba is creating programs to retain workers within primary industries, specifically targeting training and workforce retention initiatives to help bridge periods of downtime. Funding will also be used to work with Aboriginal communities to improve employment readiness in their communities.



### **LOCAL ACTION CENTRES AT WORK IN ONTARIO AND NEW BRUNSWICK**

In Ontario, local actions centres have been put in place to assist forestry workers in transition. These centres are typically collaboratively sponsored by government, unions and companies. The local action centres provide information and access to general retraining and skills training programs.

In New Brunswick, transition centres provide displaced workers with job search services such as resume writing and computer literacy training to help in their job search.

### **THE QUEBEC EXPERIENCE**

The Income Support Program for Workers Affected by Collective Dismissals in the Resources Regions is a program provided by Emploi et Solidarité Sociale Québec and targets workers who were part of a collective dismissal of 50 or more employees and have ceased working or have been laid off for at least six months after the dismissal. The program provides assistance to workers so they can remain in the region without having to apply for last-resort assistance.

The Programme de création d'emplois en forêt creates jobs in the field of forest management and contributes to the economic development of regions where unemployment is high. In 2008-2009, this program created more than 730 jobs in all forest regions within Quebec.

### **COMPANIES AT WORK TO HELP WORKERS**

A small number of companies surveyed for this study have initiatives in place to actively try and avoid permanent layoff situations or assist laid-off forestry workers. Retention practices included: formal, credentialed training; internal training; and internal transfer, rotation or work-sharing. A few firms had outplacement programs or provided laid-off workers assistance in their job search.

Nobody is happy when layoffs occur and companies do not wish to lay off workers if they can avoid it. Work-share may reduce the necessity of layoffs due to economic pressures and help maintain labour attachment. Work-share arrangements were appreciated by workers and generally cited as effective and positive; however, they wished they could be of longer duration.



## CHARACTERISTICS OF SUCCESSFUL INITIATIVES

### ***Implement a local, demand-driven approach to education and training***

Industry representatives interviewed and best practices literature suggest a local focus to education and training is more successful than large-scale, top-down solutions. These types of programs can better match the needs of the workers in the community and reflect current and local labour market demand.

### ***Create accessibility in the community***

Targeted programming needs to be accessible to workers where they live, particularly in smaller, more remote communities. Laid off workers may not have the ability to commute or relocate to major centers. Low levels of computer literacy among forest workers means remote-learning and technology-assisted learning options for adult and work-related education and training are limited. Tuition assistance programs have been found to be successful, provided they offer sufficient coverage, to help workers at a financial disadvantage.

### ***Focus on the individual***

Retraining programs should be aligned with the situation, goals and needs of the individual worker. Workers also need to be engaged in developing their retraining plan. When workers are engaged as individuals, they are more likely to stay attached to a company or industry rather than seeking employment elsewhere.

### ***Staying flexible***

Design flexible programs taking into account the unique training needs of the sector's workforce and the individual worker. This includes cross-training and possibly finding other work for the worker, rather than categorizing workers by occupational type or the type of machine operated. In some cases, basic skills upgrading may be necessary.

### ***An opportunity for practical, hands-on training***

Training needs to provide the opportunity for practical, hands-on training. Traditional classroom approaches to training are not viable for laid-off forestry workers. Any attempt to retrain workers will have to take into account the need for upgrading basic learning and technology skills.

### ***An accelerated training option***

Some individuals can undertake accelerated education programs aimed at training workers for fields experiencing shortages. Establishing partnerships between companies, trainers and education institutions would be one way to improve the availability of accelerated hands-on and on-the-job training.

### ***Partnerships succeed***

Many successful initiatives have multiple streams of funding and support from established broad-based partnerships. One approach has been to form community-based and regional labour management committees, composed of workers, community representatives and employers.



## GAPS IN SERVICES



**A number of service gaps exist hindering the ability of laid-off forestry workers to transition out of unemployment and find new work.** In fact, two-thirds of employers surveyed did not feel current initiatives were sufficient to meet the needs of the forest products sector's transitioning workforce.

### ***Lack of information***

Workers speak of frustration and confusion when attempting to obtain assistance through government sources. They are unsure about where to go to find answers and felt a personalized approach was lacking. They believe most service providers were typically unfamiliar with the unique situation facing laid off forestry workers such as how severance payments affect EI benefits.

Many workers spoke of a lack of personalized services. Some reported being simply directed to a computer and left on their own to conduct a job search. Given that computer literacy is generally low among this group; this form of employment aid is particularly unhelpful. Filling out forms is also a confusing process for some laid-off workers.

### ***Eligibility for programming and assistance***

Laid-off forestry workers expressed frustration with the lack of understanding about how the eligibility criteria of programs (generic and targeted programs) interfere with or supplement each other. Requirements can be highly targeted and restrictive, which lowers the number of workers who qualify for programs or benefits. In some cases, the standard criteria does

not fit the situation of the laid-off forest worker. In other cases, eligibility criteria can interfere with the person getting timely or adequate assistance, or they are penalized for accessing additional or targeted programming, thereby negating the benefit.

### ***Early retirement and bridging options***

Some older workers need assistance in transitioning to retirement. While there are programs in place intended to help bridge the period from partial to full employment, these initiatives often target workers who are closer to retirement (60+) leaving out those in their mid to late 50s who wish or may have to consider retirement.

### ***Relocation assistance***

While older workers are unlikely to want to re-locate; laid-off workers, under 50 years of age; are more likely to relocate for employment opportunities. Workers and industry representatives noted the cost of relocation can act as a barrier to some. Relocation is an option to be explored with willing workers, with some of the relocation costs supplemented by government programs.

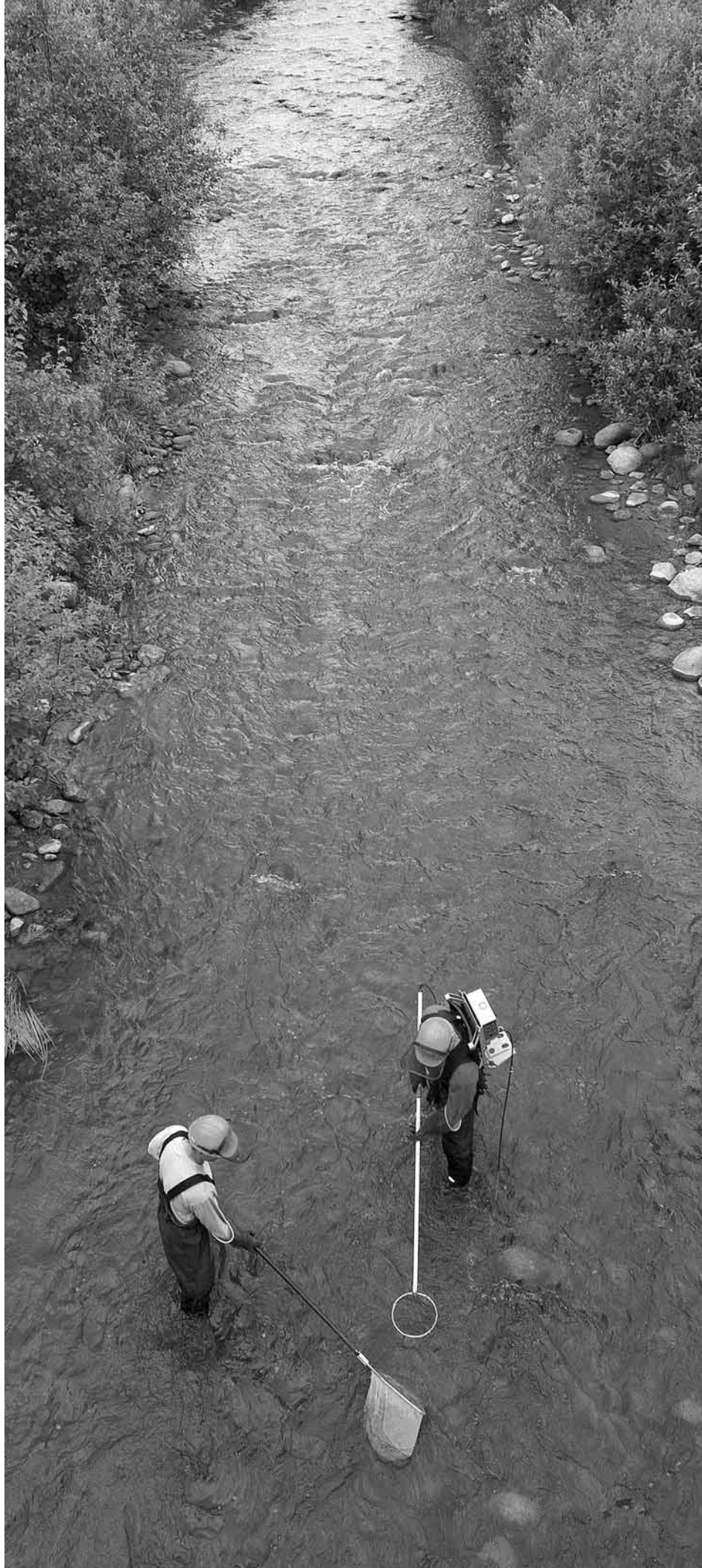
### ***Retraining and skills upgrading***

The ability to obtain training is a challenge for laid-off forest workers. Extended periods of training and education require resources, in direct training costs (books, tuition, etc.) and maintenance (food, mortgage, transportation, other living costs, etc.). Funding may be available for some of these, but it is rarely available for all.

Some training programs require sponsorship from a potential employer for a worker to qualify. As well, employers are not willing to wait two to four years for programs to produce a worker. As additional training is not a guarantee of being able to find work, some study participants expressed concern their lack of relevant experience in the fields they might train into would not be overcome by obtaining certifications or credentials. Industry representatives and workers felt retraining efforts too divergent from the forest industry would be ineffective and unsuccessful. Training then becomes an expensive, time-consuming gamble that might never pay off.

### ***Obtaining credentials***

Many forestry workers have years of experience but no credentials. These individuals need to be directed to and provided with fast-track options for obtaining official recognition of their skills to make them competitive in the general workforce.



## RECOMMENDATIONS



**For decades, Canada's forest products sector traditionally employed nearly 300,000 direct workers and has supported 600,000 indirect jobs.** Structural changes in the sector and recent economic contractions suggest a substantive and long-lasting sectoral realignment has taken place that will affect many regions of Canada for years to come. During the last five years the industry has shed 100,000 workers and our research indicates nearly 40,000 laid-off workers remain unemployed today. The forest products industry is the primary employer and economic driver in a large number of remote and smaller communities. Given the importance of the sector and its workforce to Canada and the gaps and challenges identified in this research; it is clear more could be done to help.

Recognizing this extraordinary situation and how today's decisions will affect the future health of this industry, the Forest Products Sector Council makes the following recommendations:

### ***Program and support eligibility***

The issue of eligibility for EI benefits has been identified as an important concern. While laid-off workers are typically eligible to receive EI, the situation for forestry workers can be complicated by severance packages and the duration of recent layoffs. Laid-off workers are not necessarily able to access the full range of programs, particularly if they have either exhausted their EI benefits or accepted a severance package, thereby limiting their EI eligibility and access to assistance and programs.

Under current programming, unemployed individuals may be eligible for training and income support for up to three years after they have exhausted their EI benefits. Individuals in receipt of a severance package and that have applied and been approved for EI benefits are also eligible for training support even though they are not eligible for immediate EI benefit payments.

**RECOMMENDATION: INFORMATION ON AND ACCESS TO ALL GOVERNMENT (AT ALL LEVELS) TRAINING PROGRAMS SHOULD BE ENHANCED AND ELIGIBILITY EXTENDED TO ALL DISPLACED FOREST PRODUCTS WORKERS REGARDLESS OF THEIR INDIVIDUAL EI STATUS.**

### ***Adequacy and availability of funding***

Funding for program participation may be insufficient. For example, funding may not (or may not be substantial enough to) provide income support for the full duration of appropriate training programs. Will the amount of available funding cover the length of the program and the expenses associated with its completion? Those workers who do not have access to training within their locality are furthered hindered by having to travel to find relevant programming.

**RECOMMENDATION: ALL FOREST WORKERS IN TRANSITION SHOULD BE PROVIDED WITH EXTENDED EI BENEFITS FOR THE DURATION OF ANY NECESSARY TRANSITION/TRAINING PROGRAMMING.**

### ***Coordination of programming***

Although programs and services are available to displaced forest workers, there is currently a lack of coordination between programs offered through the various levels of government. Taken as a whole, the array of programs (provincial and federal) provide broad-based support and intervention. However, forest products workers may find themselves in an "in-between" state where one program offers one attribute and another offers a second, but there is no known or existing way to combine or coordinate the programs.

**Relevance, timeliness and availability of information**

Our research indicates workers do not typically receive comprehensive or timely information as to options and alternatives available to them, and information provided was often contradictory.

Because long tenured workers may not have needed to pursue job searches for much of their working life, their familiarity and comfort with Web-based labour market information or programming may be limited. As a result, clear and concise information on the full range of programs is not easily accessible.

Research has shown a timely response to layoffs provides the greatest possibility for success. Laid-off workers should receive information on the full range of options – including the potential impacts of severance payments on their EI eligibility, or how EI status may impact their choices of training program.

**RECOMMENDATION: PROVINCIAL AND REGIONAL CRISIS COMMITTEES INCLUDING REPRESENTATIVES OF BUSINESS, LABOUR, GOVERNMENTS, LOCAL COMMUNITIES, AND OTHERS SHOULD BE ESTABLISHED IN SITUATIONS WHERE SIGNIFICANT NUMBERS OF WORKERS HAVE BEEN OR WILL BE LAID OFF.**

**RECOMMENDATION: “LOCAL ACTION CENTERS” FUNDED BY GOVERNMENTS, BUSINESS AND LABOUR SHOULD BE ESTABLISHED AND EMPOWERED TO PROVIDE LAID-OFF FORESTRY WORKERS WITH A ONE-STOP LOCATION FOR INFORMATION RESOURCES THAT REFLECT LOCAL NEEDS AND SOLUTIONS.**

**RECOMMENDATION: GOVERNMENTS, WITH THE ENGAGEMENT OF BUSINESS AND LABOUR SHOULD JOINTLY DEVELOP CLEAR AND CONCISE, ACCURATE AND UP-TO-DATE INFORMATION RESOURCES WHICH OUTLINE ASSISTANCE AND SUPPORTS AVAILABLE TO LAID-OFF FOREST WORKERS AND TO ASSIST THEM IN BETTER UNDERSTANDING THEIR OPTIONS.**





### **Worker readiness**

Laid-off forest products workers may not be seen as “work ready.” Research suggests the forest products sector’s workforce may be lacking essential skills and formal education prerequisites. Workers with job-related skills, who lack formal certification, are not necessarily able to access meaningful employment in other sectors as new employers often cite the need for “industry specific” skills. Forest products workers often have extensive experience in occupations which could lead to trade certification but, up until the time of the layoff, they have had been no reason to obtain the certification.

In order to assist workers in securing employment in other sectors (or with other forestry employers), it would be of considerable benefit to support displaced workers in achieving appropriate credentials (i.e., certification and Red Seal). Ideally, employers would support such certification while the employee is still actively employed, but displaced workers could benefit from coaching and other supports to assist them in obtaining required credentials.

**RECOMMENDATION: LITERACY, NUMERACY, ESSENTIAL SKILLS AND JOB SEARCH TRAINING SHOULD BE PROVIDED AND FINANCIALLY SUPPORTED FOR LAID-OFF FORESTRY WORKERS WHO REQUIRE THIS TYPE OF TRAINING AND ASSISTANCE.**

**RECOMMENDATION: LAID-OFF FORESTRY WORKERS SHOULD BE PROVIDED WITH STREAMLINED CREDENTIAL AND PRIOR LEARNING RECOGNITION PROGRAMMING — INCLUDING, BUT NOT LIMITED TO, ADVANCED PLACEMENT IN APPRENTICESHIP PROGRAMS.**

### **The older workforce**

Transitioning older workers introduces considerable challenges. Long-tenured workers are less likely to seek work outside the industry, due to the potential impact on pensions. Additionally, the older workforce may face challenges in terms of accessing training. Finally, for those older workers with significant training needs, the value of enrolling in a training program — and the likelihood that such training will allow them to secure appropriate employment — may be reduced as they near retirement age.

**RECOMMENDATION: FOR SOME OLDER WORKERS TRANSITIONING TO NEW EMPLOYMENT OR RETRAINING IS NOT PRACTICAL. WHEN THIS IS THE CASE, CONSIDERATION SHOULD BE GIVEN TO EXPANDING BRIDGING PROGRAMS TO ALLOW THESE WORKERS TO ACCESS EARLY RETIREMENT OPTIONS, LEAVING SEVERANCE PACKAGES AND PENSIONS INTACT.**

### **Workers in remote communities face additional barriers**

Laid-off workers, especially ones who reside in forest-dependent communities, often find suitable, alternate employment is not available. Furthermore, relocation efforts are thwarted by housing differentials between their home communities and other regions which leave workers unable to access the finances required to move.

**RECOMMENDATION: IN SITUATIONS WHERE RELOCATION MAY NOT BE VIABLE, FURTHER EFFORTS — INCLUDING COMMUNITY DEVELOPMENT PROGRAMS AND TARGETED TRAINING PROGRAMS — TO HELP LAID-OFF WORKERS REMAIN IN THEIR COMMUNITIES SHOULD BE ENCOURAGED.**

### **Using economic downturns for training**

The research suggests periods of economic slow-down should be used to provide training to help workers and business meet future industry needs. Unions and management working collaboratively could use a downturn to foster creative and proactive training approaches focused on the longer term needs of the industry. Such programming would, at the same time, keep employees attached to the workforce, their community and the industry. Support for training might be integrated with existing job sharing programs, but would not require employees to be laid off and EI eligible.

**RECOMMENDATION: GOVERNMENTS SHOULD PROVIDE SUPPORTIVE PROGRAMMING, INCENTIVES AND FUNDING TO EMPLOYERS AND EMPLOYEES IN THE INDUSTRY FOR WORKPLACE TRAINING AND RETENTION IN SITUATIONS WHERE RECOVERY IS LIKELY.**

### **THE KIND OF HELP THE SECTOR NEEDS ...**

IT IS CLEAR THE CANADIAN FOREST PRODUCTS SECTOR HAS SEEN AN HISTORICAL DROP IN PRODUCTION AND NUMBERS OF WORKERS DUE TO STRUCTURAL AND RECENT ECONOMIC CHANGES. THIS HAS RESULTED IN THE SHEDDING OF 100,000 WORKERS IN THE LAST FIVE YEARS, TENS OF THOUSANDS WHO REMAIN UNEMPLOYED.

THIS REPORT ADVOCATES A NUMBER OF CRITICAL IMPROVEMENTS WHICH WILL ASSIST UNEMPLOYED WORKERS AND STRENGTHEN THE INDUSTRY TRANSITION. MANY OF THE PROGRAMS AND SERVICES ARE FOCUSED AROUND TRAINING AND RE-TRAINING. ALIGNING TRAINING EFFORTS WITH CURRENT AND FUTURE LABOUR FORCE NEEDS IN THE SECTOR AND AT THE LOCAL LEVEL IS CRITICAL TO THEIR POTENTIAL FOR SUCCESS.

HOWEVER, IN THE CASE OF CANADA'S FOREST INDUSTRY, TRAINING ALONE MAY NOT BE ENOUGH. CREATIVE THINKING AND SIGNIFICANT PUBLIC FUNDING, MUST ALSO BE APPLIED DIRECTLY TO JOB CREATION. CONSIDERATION OF THESE KINDS OF INITIATIVES WAS BEYOND THE SCOPE OF THIS STUDY, NEVERTHELESS THERE ARE STARTING POINTS WHICH COULD BE PURSUED.

GOVERNMENTS, AT ALL LEVELS, CAN EASE THE IMPACT OF THESE CHANGES IN THE INDUSTRY THROUGH COORDINATED STIMULUS PROGRAMS WHICH MIGHT INCLUDE INVESTMENT IN:

- INTENSIVE SILVICULTURE AND ENVIRONMENTAL PROGRAMS AND INFRASTRUCTURE;
- COMMUNITY TRANSITION PROGRAMMING; AND
- PROGRAMS ENCOURAGING A GREATER USE OF CANADIAN FOREST PRODUCTS.

IMPLEMENTATION OF THESE KINDS OF INITIATIVES WILL NOT ONLY ASSIST UNEMPLOYED WORKERS AND COMMUNITIES DEVASTATED BY LAY-OFF, THEY WILL PROVIDE THE BASIS FOR A HEALTHY INDUSTRY INTO THE FUTURE.

## PRESENT CHALLENGES – FUTURE OPPORTUNITIES



**While the current crisis is real and continuing; demand for Canadian lumber will increase again.** It is also predicted demand for other paper products will remain consistent and possibly increase. Mills may continue to remain shut and others may still shut down. Workers will remain out of work and others may find themselves in a layoff situation in the future.

When demand improves forest companies will require increased numbers of workers – drawing on those who have been laid off and recruiting new workers. However, based on current predictions, the industry will not have adequate numbers of skilled workers to meet future labour force requirements. Already certain skilled trades, like millwrights, are becoming difficult to fill.

As well, forestry related education programs are declining at the post-secondary level meaning fewer trained trades people and professionals to replace retirees. Younger workers, influenced by the environmental campaigns of the 1980s and 1990s are viewing the forest sector as a dying, sunset industry and as a less viable career choice. All these factors combine to create challenges produce new skilled workers and professionals to replace the loss of older, more experienced workers.

A lack of replacement employees will create a huge opportunity for those with the skills, knowledge and desire to work in Canada’s forest sector.

While traditional wood and paper products producers will continue to play an important role, new products, methods and processes are transforming the sector. Climate change concerns and the “green transformation” are leading to forestry innovation in renewable fuels, new products such as antibiotics and plant-based pharmaceuticals, biochemicals and bioplastics, glues and enzymes, artificial flavours, and fertilizers.

The Canadian forest products sector employs machinists, mechanics, electricians, carpenters, steam engineers, millwrights, forest technicians and technologists and many other professionals such as foresters, chemists, engineers, biologists, economists, scientists, administrators and marketers.

These kinds of jobs continue to support traditional processing and manufacturing in lumber, panels, pulp and paper. The growth in new wood products and processes will offer even more new highly-skilled employment opportunities.



## **ADDENDUM – HUMAN RESOURCES AND SKILLS DEVELOPMENT CANADA SUPPORT TO THE CANADIAN FORESTRY INDUSTRY**

In January 2009, the Government of Canada introduced Canada's Economic Action Plan. The \$62-billion spending package was part of a coordinated response to the deep economic downturn of late 2008 and 2009 and to stimulate the Canadian economy during recovery. A number of measures including tax relief, infrastructure funding, investments in Employment Insurance benefits, and support for industry and communities have a direct bearing on the forest products industry, forest products workers and forestry dependent communities.

### ***Employment Insurance Benefits***

Under the Economic Action Plan, an extra five weeks of EI regular income benefits was made available to all EI clients in Canada.

Since October 2009, the unemployment rate in many forest-dependent regions in Canada has increased. As a result, laid-off workers in these regions may require less hours of employment to access EI regular benefits and be entitled to longer benefits. In many of these regions, laid-off forestry workers have access to up to 50 weeks of EI regular benefits.

Eligible unemployed long-tenured workers who have paid EI premiums for an extended period of time and have made limited use of EI regular benefits in the past may be entitled to additional benefits, ranging from five to 20 weeks, bringing the total number of weeks of regular benefits up to 70 for these clients.

### ***Career Transition Assistance Initiative***

The Career Transition Assistance (CTA) initiative provides support to allow long-tenured workers to gain new skills needed to adapt to the changing

economy and help re-secure employment. CTA provides support through two distinct initiatives:

- The Extended Employment Insurance and Training Incentive pilot project extends EI regular benefits to a maximum of 104 weeks (including the two-week waiting period) for long-tenured workers participating in longer-term training. This includes up to 12 weeks of benefits following the completion of training to facilitate job search and re-employment.
- The Severance Investment for Training Initiative allows earlier access to EI regular income benefits for long-tenured workers investing in their own training using all or part of their severance package. Participants in this initiative who meet the eligibility requirements of the first component will be able to participate in both.

The CTA initiative is particularly relevant to unemployed long-tenured forestry workers due to the circumstances facing the industry.

### ***Work-Sharing***

Work-Sharing is designed to help employers and workers avoid temporary layoffs when normal level of business activity is reduced. It provides income support to workers who work a temporarily reduced work-week.

As of February 1, 2010, there were almost 6,000 active work-sharing agreements across Canada benefiting more than 160,000 participants and averting an estimated 71,000 layoffs.

At the same time, there were 427 agreements across Canada in the forestry sector with nearly 13,000 participants averting an estimated 7,400 layoffs.



### **Targeted Initiative for Older Workers (TIOW)**

This \$220-million initiative provides support to unemployed older (generally aged 55-64) workers in vulnerable communities affected by significant downsizing or closures, or high unemployment, through programming aimed at reintegrating them into the workforce. Agreements have been signed with 12 provinces and territories.

Since its inception there have been 172 projects approved in participating provinces and territories, assisting more than 8,400 unemployed workers.

Of the approved TIOW projects, 97 projects targeted displaced workers from the forestry sector. Some of these projects targeted more than one sector. It is anticipated that these projects will assist over 5,300 unemployed older workers.

### **Labour Market Development Agreements and Labour Market Agreements**

The Government of Canada allocates federal funding to all provinces and territories to support skills and employment programming for Canadians through Labour Market Development Agreements (LMDA) and Labour Market Agreements (LMA).

Before the 2009 fiscal budget the government annually invested around \$2.45 billion in skills and labour market programming. The Economic Action Plan provides an additional \$1.5 billion – for a total of \$6.4 billion – to the provinces and territories over two years.

These investments are used by the individual provinces and territories to develop and implement labour market and adjustment programming within their region – including training and income support programs.

These investments are beneficial for workers in industries hardest hit by the global economic downturn, such as forestry.

### **Joint Rapid Response Action Plan**

As a way of reaching out to support employers and workers, Human Resources Skills Development Canada (HRSDC) has implemented a Joint Rapid Response Action Plan (JRRAP) to provide a quick response to employers within 24 hours of known or publicly announced mass lay-off.

JRRAP consists of Client Information Sessions (CIS) for long-tenured workers who have lost their jobs and Mobile Outreach Services (MOS) to employers and workers facing imminent layoffs.

- CIS has been implemented in 52 sites across the country. In October 2009, 31 client information sessions were scheduled.
- Regional teams have delivered more than 900 mobile outreach services to employers and 500 sessions for workers related to work-sharing and mass layoffs in the automotive, forestry, mining and manufacturing sectors. Some 4,200 employers and 13,500 workers have participated in these initiatives. These outreach activities continue to grow.

### **How to Find Out More**

More information on these measures is available from the Government of Canada through the:

- toll-free information line at 1 800 O-Canada (1-800-622-6232) or teletypewriter: 1-800-926-9105;
- Service Canada website at <http://www.servicecanada.gc.ca/eng/home.shtml> ; and
- local Service Canada Centres.