

Needs Assessment for the Forest Industry September 26, 2003

Background

Approximately 45 people from the forest industry (sawmill owners/ operators, mill procurement foresters, truckers, loggers, and representatives of NH conservation agencies and organizations) met to discuss the future challenges facing them.

The meeting was organized by the NH Timberland Owners Association, NH Department of Resources and Economic Development, and UNH Cooperative Extension. Sarah Smith, Forest Industry Associate Extension Professor and Specialist and Tim Fleury, Merrimack County Extension Forester facilitated small group discussions. Karen Bennett, Forestry Extension Professor and Specialist synthesized discussion notes to correlate with the needs assessment questions used in the county gap sessions. (The discussion was specific to the forest industry interests and less general than the county gap questions. The discussion related to solutions likewise included more than just Extension's role in addressing the problems).

What are the needs of NH residents, businesses and organizations and how important are they?

The following issues are listed in order of priority:

Log supply
Insurance
Logging Capacity and Logger Compensation (\$\$\$ for loggers' work)
Regulation
Community support
Energy Costs
Labor
Landowner attitudes toward timber harvests
Developing markets
Landbase "terminal harvests"

What should Extension do over the next two years and beyond to address these issues? Only the top three issues (log supply, insurance, and logging capacity/ logger compensation) were discussed further for suggested solutions. Suggestions included more than "Extension's role". *UNHCE* appears next to items where Extension has a role.

Log Supply

Group recognized many issues impact log supply

- Exports to Canada,

- Volumes cut on private and public lands (cut too much without regard for the future or not cutting at all)
- Logging capacity.

Many of these issues we can't impact (e.g. monetary exchange rates) and we need to separate the symptom from the problem (e.g. logs to Canada is a symptom not the problem – the problem that needs to be solved is the why can Canadian sawmills afford to pay more for logs than US mills)

We focused on three areas

1. Barriers to wood harvesting on private lands
2. Barriers to wood harvesting on public lands
3. Several other miscellaneous issues

Suggestions to enhance log supply off private lands

Use tax code to entice active forest management on private lands

- Better incentives for long-term quality log production
- Exercise timber taxation on timber landowners (public and private) allowing their timber to "go-by"

Educate landowners on the benefits of active forest management, *UNHCE*

- Towns provide landowners lists of licensed foresters and other educational outlets in tax bills, *UNHCE*
- Focus some resources in educating the general public, *UNHCE*
- Use public lands as an educational tool to private landowners on the benefits of active forest management *UNHCE*
- Provide additional support to the governmental and educational entities who educate private landowners
- Show landowners that by everyone allowing some degree of timber management on their property the impacts are spread across more land and are less intense *UNHCE*
- DRED to develop video and promote it through all media outlets and the school system showing the benefits of active forest management. *UNHCE*

Provide other economic incentives to encourage landowners to actively manage their forest,

- Landowner Cooperative example where a group of landowners collectively shared management costs and were more inclined to actively manage their forests
- Pursue more FLEP money for landowners *UNHCE*

Suggestions to enhance log supply off public lands

Continue to encourage more timber harvesting on all public lands (state and federal) and use public lands management as an example to entice private landowners into actively managing their forests. *UNHCE*

Timber grown on public lands should be directed towards domestic use

- Explore US Forest Service timber sale policy in Western US and its applicability to Eastern US

Lands acquired with public moneys through lands trust or in other agencies of the government (e.g. US Fish and Game) must require some active forest management

Several other issues that were discussed by this and the other groups include.

- Lack of logging capacity and where is the next generation of loggers
 - Re-establish logger education type programs in target high schools *UNHCE*
 - Use DRED forestry video to also demonstrate there are career opportunities in the forest products industry *UNHCE*
- Need for strong low-grade wood markets
 - Continue to promote the need for strong and diverse low-grade wood markets *UNHCE*
- The forest products industry should have a strong and recognizable spokesperson to get the word out on active forest management.
- State and Federal wood with public investment (i.e., TSI and other practices) being exported. Restrict this.
- Log export laws should apply nationally (not just west of Mississippi).
- Promote and support public support for manufacturing. *UNHCE*
- Innovative in logging industry. *UNHCE*
- Increased demand and public awareness for locally grown forest products. *UNHCE*
- Continue preservation and protection of forest land to insure log supply. *UNHCE*
- Add toll booth at Canadian border.
- Changing landowner attitudes. “Timber” management is not high on the list for new landowners. *UNHCE*
- Past land management practices. Intensive harvesting has resulted in many areas of young forests that are not ready for harvesting.
- Industry can be blamed for overproduction as “terminal harvests” provided incentive to increase efficiency and production.
- The general public has a poor perception of the forest industry. *UNHCE*

Insurance

- Competition- increase the number of insurance companies working with manufacturers.
- Reduce NH requirements for members to join self-insured groups.
- Lessen liability for individual members.
- Join forces with other segments of manufacturing (alliances).
- Rewrite Worker’s Comp laws in NH to align with rest of US
- Tougher stance on frivolous or false Workmen’s Comp claims.
- Manufacturing alliances for health insurance.
- Representation on NH Board of Insurance from Forest Products Industry.
- Lobby Farm Family Insurance or similar organizations to include Forest Products Industry.
- Form Insurance Committee or Task Force from Forest Products Industry
 - Revisit previous Task Force.
- Create liaison to Insurance Industry to reopen doors to Forest Product Industry.
- Board of Insurance representative.
- Check with or medical malpractice board to see how they are coping.

- Work to form alliances with other manufacturers.
- Lobbying to rewrite Workmen's Comp laws.

Logging Capacity and Compensation

Logging Capacity and Compensation were topics that brought a strong response as one of the most critical issues facing the forest products industry. Initial discussion ranged around a definition of logging capacity. It was noted that it was directly related to the logging workforce. Why the reduction in the workforce?

- Aging workforce
- Lack of entry-level workers

Logging Capacity

1. It was noted that the high school forestry program in Berlin has been discontinued. Furthermore, public school systems base their success on higher level college enrollment and it appears there is little effort to address vocational needs for those students who could be directed to the logging industry. An effort should be made to connect with guidance counselors to address this need. *UNHCE*
2. There is a need for more technology innovation. Woodlots are getting smaller and landowner expectations (aesthetics, BMPs, etc.) are growing. Thus, equipment which would use less manpower and increased efficiency needs to be improved to access these needs. Connect with equipment manufacturers- R&D. Landowners and foresters also need to be educated about the increasing costs put upon loggers. *UNHCE*
3. There is a need for improved forester/logger relationships (particularly consulting). Foresters need to have more respect for the risks and high costs of the logging industry. Invite foresters to future workshops seminars, such as Business Management, Logging Costs, etc. Develop future workshops to improve landowner/forester/logger understanding and relationships. *UNHCE*
4. Support and connect with NH Project Learning Tree as this organization is a vital, direct link to K-12 schools. *UNHCE*

Compensation

What does "the problems of adequate compensation for loggers" mean? Loggers struggle with increasing (unstable) variable costs. The following were listed as hurdles to maintaining a profitable business and entry-level loggers:

- High capital investment. It takes a minimum of \$100,000 for a single skidder operation up to \$1,000,000 investment for a small, mechanized crew.
- Labor. Very difficult to compete with the construction industry during real estate booms. Workers enjoy higher salaries and greater benefits.
- Insurance. Workers Comp., Inland Marine and General Liability have all skyrocketed since 9/11.
- Other variable costs. Fuel and stumpage. It was noted that BMPs are an additional cost to logging companies to the tune of \$1 per ton.

What Can Be Done/Resources?

- Improved logger recognition through outreach, workshops and the media.
Resources: *UNHCE*
- Market recognition for logger training (a few mills have initiated this)
- More workshops on logging costs for all parties Develop marketing strategy to interest participation. *UNHCE*