

# Council of Forest Industries



## 2008 Annual Report





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\* Cover photo of Lakeland Mills in Prince George courtesy of Chris Lear, COFI  
Northern Operations



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## Report from the Chair



In last year's message I observed that "it does not appear that the challenges have diminished. Mountain pine beetle impacts, the rapid increase in the Canadian dollar, a 15 percent export tax on US shipments, low lumber prices and a collapse of the US housing market have conspired to push the Interior lumber sector to its very limits."

When I wrote those words, the global financial crisis that now has all of us in its grip had yet to descend. With the drop of this "other shoe", what was already a very difficult time for the forest sector has been intensified by the larger downturn in the global economy in 2008.

Our member companies, and the people and communities that are dependent on us, are facing great challenges. However, as we work through these challenges, we continue to show the resilience, innovation and tenacity that made the Interior of BC one of the best softwood lumber producers in the world.

While it is easy for the pessimists to surface at this point in time, I believe we have a great opportunity ahead of us because:

- We employ world class sustainable forest management practices
- We make the world's greenest building products
- Our pulp and paper industry has reduced its greenhouse gas emissions by over 60% since 1990 and is one of the largest bioenergy producers in North America with the opportunity for more.
- Our market promotion efforts in China, the world's largest lumber growth opportunity, are leading to more and more utilization of our products.

During 2008 we worked with government through many regulatory reviews to ensure that policy changes were evaluated from a cost and need perspective. We also worked to position our industry to benefit from the opportunities that are possible from climate change, bioenergy and market diversification.

In 2009 it will be "more of the same." We must continue our focus to reduce costs for our member companies, to expand markets offshore, improve safety in our operations and work closely with the provincial government in the very important areas of the New Relationships with First Nations, climate change, costs to our industry, bioenergy and the Forestry Roundtable recommendations.

On behalf of the COFI Board and its member companies, I would like to thank the COFI staff for their hard work and the outstanding job they do in support of our member companies. As I turn the Chair over to Ken Higginbotham, I would also like



to thank all my fellow Board members for their patience, energies and guidance throughout my term. I look forward to continuing to work with such a great group of individuals.

A handwritten signature in black ink, appearing to read 'Blair Mayes', with a large, sweeping initial 'B'.

Blair Mayes

## President's Report



Economic conditions in the forest industry in 2008 deteriorated through the year as U.S. housing starts virtually collapsed along with derived lumber demand.

As the year started the British Columbia government launched two initiatives in response to the crisis in the industry: a 90 day regulatory review to eliminate costs; and, a Working Roundtable with a focus on longer term issues.

The former was moderately successful and has carried on as an ongoing initiative. The Roundtable had not finished its work at year end. COFI participated actively in both initiatives.

Through the year we accelerated our work on climate change and adopted the catch phrase – “Tackle Climate Change: Use Wood” as part of our position that wood by any comprehensive analysis is the building material of choice.

We also focussed our efforts on timber pricing, log grades, environmental issues, forest sector safety and Asian market development.

COFI held another highly successful convention in Kelowna in the spring and the Board hosted a well attended community dinner in Prince George in the fall.

In closing I would like to thank the Board for its strong support and the staff for their tremendous dedication and work.



John Allan

**COUNCIL OF FOREST INDUSTRIES**  
**MISSION: *To be a Strong Advocate for the Forest Sector***

**ADVOCACY**

*To advance the competitiveness and sustainability of British Columbia's forest industry as the primary contributor to the economic growth and stability of the province, now and into the future.*

- Enhance COFI's position as the advocate for BC's interior forest industry and the respected voice of the industry
- Encourage government to develop and implement public policy that contributes to the long-term strength, safety and stability of BC's forest sector
- Enhance public awareness and appreciation of the importance of the forest sector as a highly desirable and sustainable economic engine that benefits all British Columbians

|   |  |  |
|---|--|--|
| <p><b>Relative Competitiveness</b><br/> <i>Ensure that public policy enhances our relative competitiveness</i></p> <p><b>Objectives :</b></p> <ul style="list-style-type: none"> <li>• Constructive policy engagement with government</li> <li>• Competitively priced timber</li> <li>• Improved investment climate</li> <li>• Market driven costs and outputs</li> </ul>   | <p><b>Fibre Supply</b><br/> <i>Ensure access to sustainably managed fibre</i></p> <p><b>Objectives :</b></p> <ul style="list-style-type: none"> <li>• Stability of interior fibre supply over appropriate timeframes</li> <li>• Environmentally and socially responsible forest practices</li> </ul> | <p><b>Market Access</b><br/> <i>Ensure unfettered access to markets</i></p> <p><b>Objectives :</b></p> <ul style="list-style-type: none"> <li>• Maintain and expand domestic and international markets</li> <li>• Lever member marketing dollars through coalitions with government and industry</li> <li>• Recognition of excellence in forest practices</li> </ul> |
| <p align="center"><b>Association Excellence</b></p> <p><i>Ensure COFI is a leading and highly effective organization</i></p> <p><b>Objectives:</b></p> <ul style="list-style-type: none"> <li>• Responsive organization that identifies and meets the needs of its members</li> <li>• Recognized as the organization that works effectively with external parties</li> <li>• Influential with target audiences</li> <li>• Respected source of information for stakeholders</li> </ul> |  |  |

## Northern Operations

### Community Relations & Communications

Highlights of COFI-Northern Operations Community Relations, Forestry and Forest Education activities that strengthen community, local government and member relations during 2008 are:

### Community Relations, Communications & Regional Activities

- Hosted CWC/WoodWORKS! Peter Moonen as keynote speaker for several northern Chambers of Commerce on the topic of environmental benefits of using wood as a building material.
- Staff presented “*From Cooperation to Collaboration – A Forest Industry Perspective*” at COTA Tourism Conference in February in Vancouver.
- Staff and members presented wooden Community Recognition Plaques to the District of Taylor and City of Dawson Creek in commemoration of their 50 years of incorporation.
- Staff presented at the Forest Resources Expo held in Prince George in June focusing on the role the forest sector can play in reducing carbon emissions and in sequestering carbon.
- Co-hosted with the PG Construction Association a member reception for the Premier, MLAs and local government leaders at the BC Liberal Fundraiser in February.
- Staff and members presented at the Prince George session of the Provincial Forestry Roundtable community meetings.
- Assisted COFI Markets and Trade staff in organizing a JAS 2x4 Prince George tour in May.
- Speaker and sponsor at North Central Municipal Association (NCMA’s) AGM in May. Presentation was titled “*Tackle Climate Change – Use Wood*”.
- Hosted annual community dinners:
  - February 7<sup>th</sup> in Fort Nelson and October 2<sup>nd</sup> in Dawson Creek both with guest speaker Peter Moonen of WoodWorks! BC presenting on “*Wood Solutions to Sustainability Questions*”.
  - September 19<sup>th</sup> in Prince George with keynote speaker Hon. Pat Bell, Minister of Forests and Range;
  - October 23<sup>rd</sup> in Smithers with Chris Lear, Forest Education Manager, COFI North as speaker on the topic of “*Tackle Climate Change – Use Wood*”.
- Actively participated at UBCM Annual Convention September 23 – 25 in Penticton. Sponsored NCMA luncheon and extensively networked with northern municipal leaders and presented on behalf of WoodWORKS! BC a Recognition

Award to the District of Fort St. James for their use of wood in the new Library and Town hall.

- With Forestry Innovation Investment and Foreign Affairs and International Trade Canada, hosted Canadian Consulate Trade officers from Europe on a BC Forest Practices and Products tour.
- Hosted board members of SODRA, an economic association of 52,000 forest estate owners and forest product manufacturers, on a Mountain Pine Beetle focused tour that included active small scale MPB sanitation harvesting, a Canfor pulp mill and a tree nursery.
- Updated the COFI display at the Coast Inn of the North to a theme of “*Tackle Climate Change – Use Wood*”.
- Joined Western Silviculture Contractors’ Association in their Prince George celebration of the planting of BC’s 6 billionth seedling.
- Conducted various Mill Manager and Woods Managers member meetings throughout the year.
- Staff presented “*Use of Wood to Tackle Climate Change*” to the Fort St John Chamber of Commerce and Prince George Yellowhead Rotary Club.

### **Northern Forestry**

- Presented and moderated at the FORREX MPB Conference in Prince George June 10<sup>th</sup> and 11<sup>th</sup>. Staff spoke on “*Lessons Learned from Mountain Pine Beetle*”.
- Presented to the Lakes Economic Development Association on how forests can and will continue to be an economic engine for interior communities into the future despite the Beetle epidemic and current economic downturn.
- Hosted first annual “MoFR Directors/Industry” tour in the Prince George and Vanderhoof areas September 2<sup>nd</sup>. Tour set up to be an operational learning and relationship building opportunity. Topic area of the tour was Bio-energy from roadside and standing debris.
- Presentation to CNC and UNBC forestry students as to why they should consider industrial careers in the forest sector.
- Participated on the Omineca Beetle Action Committee (OBAC) “*Fibre Use Working Group*” to ensure that COFI member perspectives were considered in the course of developing OBAC’s “*Future Forest Products and Fibre Use Strategy*” released on November 28<sup>th</sup>.
- Designed and hosted Timber Pricing Training sessions for members in Kelowna and Prince George in September.

### **Northern Forest Education**

- Provided input to CNC/ASTT Roundtable on Technologies January 16 in Prince George.



- Presented on the topic of COFI's Career Awareness Programs at the ForestEdWest Conference January in Kelowna.
- Updated the COFI Northern Operations Forest Education Website [www.forest-education.info](http://www.forest-education.info).
- Gave over 100 high school presentations on "*Climate Change and our Forests*" and "*Careers in Forest Industry*" to over 5,000 high school students across all northern education districts.
- Hosted 5 COFI "*Trades and Technologies in the Forest Industry*" Career Awareness Programs for 150 high school students in Prince George, Peace Region, Bulkley Valley and Nechako Valley districts.
- Hosted 5 "*Natural Resource Management Career Awareness Camps*" for 200 high schools students Prince George, Quesnel, Peace Region, Bulkley Valley and Nechako Valley districts.
- Engaged with staff and administration at the College of New Caledonia to help lead a forest sector coalition effort to maintain and restructure the Forest Resource Technologist Program at CNC and included the award of an Applied Research Forest to the college.
- In Partnership with FII, developed and distributed to every high school in BC the new "*BC Wood Products for the World*" teaching resource kit.
- With the Southern Interior Forest Education zones secured \$350,000 of Forest Investment Council supplemental funding for interior forest education 2008/09 programs.
- Awarded ten \$1,000 COFI Convention Legacy Scholarships to students in the interior of BC enrolling in a professional, technical or trades program in one of BC's Interior Post-Secondary colleges or universities leading to a career in the forest industry.
- Awarded \$5,000 in scholarships to students enrolling in forestry and related programs at the College of New Caledonia, the University of Northern British Columbia and Northern Lights College.
- Presented at the Pacific Logging Congress Conference "*Kids Today – what are they thinking?*" and how the answers can help direct efforts to recruit future professionals to the forest sector.
- Participated in the FII hosted K-12 province-wide Forest Education visioning work intended to achieve the establishment of Forest Education programs throughout the province.
- In partnership with FII, began developing a new elementary and secondary teaching kit "*Climate Change and our Forests*".
- Upon request distributed some 150 assorted forestry related teaching resources to educators and other interested groups throughout western Canada.

## Southern Operations

### Community Relations:

- COFI south played host to the highly successful 2008 annual convention. The theme, “Climate for Change: A Future of Opportunity” provided the stimulus for many distinguished speakers and panelists to focus on topics related to climate change. The convention was well attended by representatives from all sectors of the forest industry as well as government employees and elected officials from municipal, provincial and federal governments.
- Continued the tradition of the COFI Annual Convention Legacy Scholarships
- Participated in the UBCM annual convention in Penticton and sponsored the luncheons of the Association of Kootenay Boundary Local Government and the Southern Interior Local Government.
- Participated, and was a sponsor at the Association of Kootenay Boundary Local Government annual convention in Nelson.
- Participated, and was a sponsor at the Southern Interior Local Government Association annual convention in Vernon.
- Participated and was a sponsor at the Interior Loggers Association annual convention in Kamloops.

### Forest Education:

- Fulfilling the position of Venue Committee co-chair, the COFI South Forest Educator actively participated in the planning and preparation of the ForestEdWest III conference held in Kelowna. This conference attracted over 100 forest education delegates from across Western Canada.
- Provided ongoing support and resources including promotional items, books, post secondary career brochures, new publications, handouts, posters, etc. to the Southern Interior Forest Educators throughout the year.
- Continued to produce the “Learn Forestry News” forest education newsletter. This publication informs educators, government and industry supporters about forest education activities and events taking place in BC.
- COFI prepared the forestry packages and questions and sponsored the Southern Interior Environmental Mind Grind regional school competition.
- The Forestry Week 2008 lesson presentation, “The Fire Story-An Unpredictable Truth” was produced with COFI preparing the teacher resources and visuals. It was presented to elementary students across the southern interior.
- Commissioned the development of the 6 Billionth Seedling planted poster to commemorate BC’s reforestation milestone.



- Provided support, both resource materials and assistance, for the ILA forest education van.
- “Introduction to Forestry” camps were hosted by Okanagan/Columbia forest educators and supported by COFI. Secondary students were provided with hands-on experiences as they explored the various challenges of forest management.
- In conjunction with the COFI North forest educator, pursued government funding to bridge finance forest education programs during the troubling economic times faced by the forest industry.

**Staff:**

- After along distinguished career, Gary Crooks, Vice President of COFI’s southern operations, retired.

**Other activities:**

- Late in the year, the COFI south operations moved to a new smaller office.

## Forestry



The Forestry Committee addressed an ambitious list of public policy and operational issues on behalf of the membership this year. The work can be summarized as follows:

- Achieved improvements to provisions in the Secondary Stand Structure Regulation. Provided for greater exemptions and alternative approaches to retaining secondary stand structure in beetle killed stands.
- Successfully deferred the premature implementation of a CP Directing Regulation. Work continues on shaping the regulation to help prioritize the salvage harvest of MP Beetle killed stands but without unnecessary harm to existing operations.
- Fostered the joint industry/MoFR Northern Interior Region investigation of timber supply management options in MPB areas to further advance mitigation of mid-term timber supply falldowns.
- Achieved a commitment from government to apply a cost lense or test to all pending and future policy change intended to help achieve cost effective public policy change.
- Successfully convinced MoFR to abandon a proposed Waste Manual amendment which would have compromised licensees' ability to comply with requirements to leave standing and down timber volumes for other resource value purposes and to comply with roadside waste hazard abatement obligations (burning).
- Successfully advocated for central Forest investment Account (FIA) funding for MoFR to maintain Vegetative Resource Inventory programs and for remediation of MoFR responsibilities for pre-Code culverts on fish streams without eroding TSA level funding for discretionary projects.
- Participation on the Chief Forester's Vegetation Inventory Advisory Council to develop improved processes for forest inventory updates.
- Jointly with MoE and MoFR arranged a series of joint training workshops on the appropriate use of Government Actions Regulation provisions relative to provisions of FRPA.
- Opened up lines of communication with First Nations Forestry Council.
- Successfully convinced MoFR to suspend penalty billings for late scale data submissions due to "administrative" causes while retaining the use of the penalty for flagrant and chronic late reporting.
- Successful with other resource users in deferring the implementation of a flawed Resource Roads Act. Helped to set the stage for a collaborative multi stakeholder process to work toward development of new legislation that would

both meet the public policy and safety needs and accommodate Resource Road user concerns.

- Successful at eliminating s35 of Bill 43 (no compensation) which prevented a potential erosion of tenure rights and the potential imposition of additional administrative burden.
- Actively engaged in the 90 Day Regulatory Review process with significant positive impact both on the items included in the series of regulatory and administrative changes intended to reduce unnecessary cost burdens to industry and on the timely implementation of those measures.
- Helped develop new policy to clarify and amend compensation components of the Wildfire Regulation resulting in provision for immediate reimbursement of eligible fire suppression costs, limits to a licensee's initial fire cost liability to the first 48 hours, rock drilling and roadside loading removed from definition of high risk activities and a fire season restored to firm dates; all contributing to greater business certainty and elimination of unnecessary administrative burden.
- Successful in having the Cutting Permit Postponement Regulation amended to increase the range of permits eligible for extensions to their terms.
- Successful in having deferred those sections of Bill 8 that unnecessarily eroded "gating" and "planned and periodic change" provisions.
- Participation in joint work with MoFR on a new MPB Economic Timber Supply Modeling tool and a tentative plan to share the tool with industry and communities.
- Assisted MoFR to host a USTR/DOC delegation to BC examining MPB damaged Grade 4 wood and the practice of kiln warming.
- With Revenue Branch amended the Cruising Manual to remove the requirement to age pine by increment borer thus reducing cruising costs.
- Worked with Species at Risk coordination office on the Mountain Caribou implementation plan including measures to reduce the impact of land-based withdrawals necessary to help protect and recover Mountain Caribou herds.
- Continue to actively participate on the Provincial FRPA Implementation Team (PFIT) to help develop and provide guidance on FRPA issues.
- Continued involvement in the MoFR/Industry/ABCFP Joint Task team efforts to advance the role of professional reliance in BC's forest policy regime.



Nick Arkle  
Chair, COFI Forestry Committee

## Market Access and Trade

2008 was a successful and very active year for COFI in terms of its work in the overseas markets:

- ❑ COFI successfully leveraged approximately \$6.3 million in federal/provincial dollars which, combined with industry funds, was used to finance activities in Japan, China, South Korea, Europe and Taiwan.
- ❑ COFI continued to provide strategy and management oversight for the SPF Group promotional program. This direct COFI involvement ensures close linkage and integration with the market access initiatives delivered by COFI.
- ❑ COFI provided detailed plant health advice and intervention for its members.

### Japan Highlights:

- ❑ The number of fireproof projects for 2x4 3 and 4 storey multi-family structures in quasi-fireproof and fireproof protected areas continued to grow in 2008. Previously these projects could not have been built in wood.
- ❑ COFI initiated an applied research project with the National Research Council's Indoor Environment group related to improving the acoustics performance of wood floors. Currently wood-frame construction (WFC) has a negative image amongst consumers in Japan and Korea due to its relatively poor acoustical performance. Coupled with the fire approvals, new acoustical performance solutions should lead to greater penetration in multi-family, multi-unit construction.
- ❑ COFI continued to promote SPF dimension lumber in hybrid Post and Beam applications. Two complete design specifications were developed illustrating specific substitution uses for conventional lumber sizes.
- ❑ Japan 2x4 housing starts had a record year in 2008 exceeding 107,000 starts – the highest ever. 2X4 construction climbed half a percentage point to 9.8% of total Japanese construction.
- ❑ Over 25 seminars and training workshops were provided to Japanese builders.
- ❑ A mission to Canada of Japanese health-care providers focused on the use of WFC in elderly care and senior's housing, a major growth area in Japan's rapidly aging society.

### China Highlights:

- ❑ In 2008 the tech transfer and quality assurance team based in Shanghai greatly expanded practical onsite construction advice and support to wood frame builders across China.

- ❑ The May 12<sup>th</sup> Great Wenchuan earthquake introduced a completely un-anticipated angle to Canada Wood's China program. Following some early sizing-up by CW and a WFC performance survey conducted by Forintek, CW executed an MOU with a local Sichuan county government intended to facilitate the construction of up to 2,000 wood-frame houses. The signing was witnessed by Forests Minister Pat Bell and several CEO's. Under terms of the agreement CW built three demo farmhouses and initiated a comprehensive tech transfer program in the region. The program will pick up further momentum in 2009.
- ❑ Prep work and market research was initiated on opportunities for wood in hybrid concrete structures. This work was undertaken in cooperation with European industry interests. The intent is to launch a major program in 2009.
- ❑ Collaborative fire research with the Chinese Ministry of Public Security is on the verge of being realized in a partial code revision relaxing requirements for roofing and multi-family/hybrid structures. This will greatly increase the scope of application of wood construction.
- ❑ Media and marketing work continued in targeted segments.
- ❑ The Shanghai local building code reached the Draft for Approval phase. It is expected to be approved and promulgated in early 2009.
- ❑ Comprehensive market research was undertaken on the rural construction markets in Northern China.
- ❑ Chinese imports of Canadian SPF dimension lumber grew 200% over 2007 volumes. Encouragingly considerable growth occurred in No. 2 & Btr grades for construction uses.

#### **Korean Highlights:**

- ❑ Collaborative training was undertaken with Korean wood construction associations including multi-family construction; software design; and inspection.
- ❑ A quality assurance program for Korean builders was launched. SK Construction – part of the 7<sup>th</sup> largest firm in Korea – was signed on as the first QA client.
- ❑ Major work continued on fire codes with CW passing a series of fire resistance tests and receiving government approvals enabling WFC assemblies to be used in multi-family structures. Joint work on acoustics proceeded with our Japan office.
- ❑ Work continued to secure the acceptance and recognition of NLGA grades and Canadian species groups in key Korean standards.
- ❑ Joint promotion activities undertaken with Korean partners included trade shows and seminars.
- ❑ Media work resulted in a number of press articles and several national TV spots.
- ❑ Korean wood frame starts topped 10,000 units for the first time, despite overall strains in the Korean construction sector.



**Phyto-sanitary and Other Highlights:**

- ❑ A mill certification program was successfully launched in Korea to minimize compliance and port clearance costs. Work proceeded with authorities in China to enable a similar program.
- ❑ A number of other potentially serious plant health issues and measures were proactively investigated and addressed before they become commercial barriers.
- ❑ Work was undertaken to improve the technical standing of Canadian dimension lumber in both Europe and Australia by securing optimal assignments to the strength class systems of both jurisdictions.

## Regulatory Issues

In 2008 COFI members were engaged in a large number of policy and program initiatives in both OH&S and Environment.

### Occupational Health and Safety

- ❑ COFI participated in a WorkSafeBC consultation on revisions the Occupational Health and Safety Regulation relating to avalanche hazard and terrain stability.
- ❑ COFI members and staff continued to provide advice to the BC Forest Safety Council to ensure the Council is improving safety in the woodlands sector effectively and efficiently.
- ❑ COFI members worked extensively with WorkSafeBC, MOFR and others on a project to demonstrate how safety responsibilities on Resource Roads can be addressed through a Road Safety Management Group. This project will continue into 2009.
- ❑ COFI advised the Association of BC Forest Professionals in their process to add Safety as a standard of professional practice.
- ❑ COFI continues to work proactively with other forestry industry associations, government organizations and business associations to support safety initiatives and regulation that focus on key risks and provide clear and demonstrable safety value while allowing for flexibility in achieving requirements.

### Environment

- ❑ In 2008 COFI played a key role in the work of BC Forestry Working Group on Climate Change to ensure that the forest sector's positive contributions to GHG reduction are recognized, regulatory and policy initiatives support industry competitiveness and a climate vision for the forest sector is developed and realized. The Working Group is a collaboration of forest sector organizations focused on the goal of exploiting BC's competitive advantages in becoming the global supplier of choice for environmental and climate change-friendly forest products to strengthen the forest sector and enhance community economic stability while contributing substantially to reducing GHG emissions.
- ❑ The Working Group engaged in an extensive process with government to create a joint vision for the BC forest sector in a carbon-constrained future (2020): *BC forest sector: a global leader in climate change mitigation and supplier of choice of climate-friendly products and services from the forest.*
- ❑ The Working Group launched the Tackle Climate Change - Use Wood campaign at BCIT with Premier Gordon Campbell, launched the [www.bcclimatechange.ca](http://www.bcclimatechange.ca) website, participated extensively in the Western Climate Initiative consultations related to the development of a cap and trade system, participated in MOE



climate change regulation consultations, identified and began work on key accomplishments and extended its collaboration.

- ❑ 2009 will see COFI continue its focus on the climate change file.
- ❑ COFI collaborated with MOE to identify realistic approaches to retiring Tier 2 beehive burners in BC
- ❑ COFI engaged in consultations on provincial ambient air quality criteria for PM2.5, new boiler emission criteria and the Opening Burning Smoke Control Regulation
- ❑ COFI continued its work with the Coast Forest Products Association, the Business Council of BC, the Forest Products Association of Canada, the Pulp and Paper Environmental Forum and the National Council for Air and Stream Improvement to leverage its resources and ensure that its members are kept informed.

## Quality Control

The COFI Quality Control department successfully complied with American Lumber Standards and Canadian Lumber Standards regulations in 2008 within the approved budget guidelines. Quality Control Department highlights include:

- Serviced 53 Member mills carrying out approximately 66 inspections per month. 13 member operations were either permanently/temporarily closed during the year and two operations changed grade agencies.
- Achieved planned costs for 2008. Member company shipments were 5.9 billion board feet down from 8.0 billion in 2007. The QC department down-sized by two field supervisors - to off set the declining production and the fewer facilities that were operating in 2008. Remaining QC staff also agreed to working a four day work week.
- Carried out 796 inspections in 2008 on 10.4 million board feet of lumber (Below grade - 3.8%, Wets - 0.3%). 59 re-grades were carried out involving approximately 5.1 million board feet.
- COFI members continue to conform to North American enforcement regulations and saw a very good improvement with the annual audits of both the Canadian and American Lumber Standards.
- Grading classes were held in 12 centers around the interior accommodating approximately 338 students. This was less than 50% of normal - due to the poor economic climate we were operating under in 2008.
- The 44<sup>th</sup>. Annual BC Interior Lumber Grading Championships were postponed for 2008.
- COFI participated in CLSAB, ALSC, NLGA and CWC to support member needs: avoiding discriminatory product standards, unwarranted regulatory barriers and assuring cost competitiveness.
- COFI worked collaboratively with the Canadian Lumber Standards Accreditation Board and the Canadian Food Inspection Agency to ensure conformance of the Canadian Wood Products Heat Treating program.
- The Japanese Administrative Agency for JAS standards, Food and Agricultural Materials Inspection Center, performed their annual audit of COFI as a Registered Overseas Certifying Body.
- COFI is an active participant on the Lumber Properties Steering Committee and the Mountain Pine Beetle Task Force.



We wish to thank the Quality Control Steering Committee for their thoughtful advice and support. The Committee would also like to thank the COFI Quality Control Department Staff for their hard work and diligence in meeting the many challenges we encountered in 2008.

Bill Stewart  
Chair, Quality Control Steering Committee

## Financial Report



COFI reported a net operating deficit of \$833,400 for the year ending December 31, 2008.

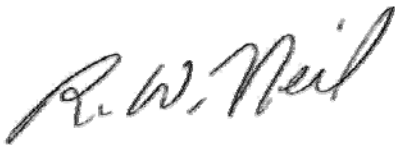
### SUMMARY FINANCIAL STATEMENT

| (Thousands of Dollars) | 2008<br>ACTUAL     | 2007<br>ACTUAL     |
|------------------------|--------------------|--------------------|
| Revenue                | \$3,671.0          | \$4,715.5          |
| Expenditures           | <u>4,504.4</u>     | <u>5,110.1</u>     |
| Net Operating Deficit  | (-)\$ <u>833.4</u> | (-)\$ <u>394.6</u> |

Managing an organization the size of COFI, with today's economic conditions, along with the unbelievably poor lumber market situation has been difficult beyond one's imagination. Management, staff and the Board of Directors continue to use good common sense during these times of extreme hardships, pressure and lack of adequate funds. The Finance Committee and the Board of Directors, in cooperation with John Allan and his team, are to be congratulated for a job very well done with limited funds at every turn. All efforts to curtail expenditures in 2008 are noteworthy. Forest Policy sector had an expenditure budget of \$3.0 million dollars and the net expenditure finalized at \$2,661,000.

We must always keep a positive attitude, as we know, history repeats itself and there will be better times ahead.

I thank all those individuals and Committee Members for their contribution.



Ron Neil  
Chair, Finance Committee



## Directors

(December 31, 2008)

### Chair of the Board

Blair Mayes  
*Dunkley Lumber Ltd.*

Keith I. Andersen  
*Lakeland Mills Ltd.*

Jean Beaulieu  
*AbitibiBowater Inc.*

Wayne Clogg  
*West Fraser Timber Co. Ltd.*

Merl Fichtner  
*Domtar Pulp & Paper*

Bill Kordyban  
*Carrier Lumber Ltd.*

Erik A. Norgaard  
*Ardev Wood Products Ltd.*

Gian Sandhu  
*Jackpine Forest Products Ltd.*

Bill Stewart  
*Nechako Lumber Co. Ltd.*

### Vice Chair of the Board

Ken Higginbotham  
*Canfor Corporation*

Nick Arkle  
*Gorman Bros. Lumber Ltd.*

John Brink  
*Brink Forest Products Ltd.*

Craig Dorion  
*Weyerhaeuser Company Limited*

David Gandossi  
*Mercer International*

Ron W. Neil  
*Mitsui Homes Canada Inc.*

Dennis Rounsville  
*Tembec Enterprises Inc.*

Neil Sherman  
*Louisiana-Pacific Canada Ltd.*

Steve Zika  
*Babine Forest Products Ltd.*



## Staff

(December 31, 2008)

### Vancouver

John Allan  
President & CEO

Anne Mauch  
Director, Regulatory Issues

Wayne Iversen  
Prog. Mgr., Emerging Markets

Paul J. Newman  
Executive Director,  
Market Access & Trade

Anne Ho  
Office Manager

Cedric Miller  
Manager, Finance

Meral Tekbas  
Project Accountant

Tamara Byrnes  
Assistant, Market Access &  
Trade

### Prince George

Doug Routledge  
VP, Forestry and  
Northern Operations

Steve Kozuki  
GM, Forestry

Chris Lear  
Mgr., Forest Education

Bev Schroeder  
Administrative Assistant

Cindy Buker  
Administrative Assistant

### Kelowna

Archie MacDonald  
GM, Forestry

Diana Gillrie  
Administrative Assistant

Arden Stainsby  
Administrative Assistant

Deb Bazett  
Forest Education Coordinator

### Quality Control

Gary Desrosier  
Manager, QC, Kelowna

Dave Laboucane  
Sr. QC Supervisor, Prince George

Bob Onofrechuk  
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Williams Lake

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