Economic Impact *of the* Alberta Forest Industry

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Minister's Message

Alberta's forest industry has entered its second half-century as a major contributor to the Alberta and global economies.

Just over 50 years ago, in 1957, the first bales of made-in-Alberta pulp were shipped to customers from Hinton. The pulp was produced through the province's first Forest Management Agreement (FMA), which established the Canadian precedent of managing our forests on a long-term, sustained basis.

The first FMA also set the tone for the co-operative industry-government relations that continue to this day. Now as then, Alberta is committed to working with industry to grow healthy forests for the future, encourage a globally-competitive forest economy for both primary and secondary producers, and sustain forest sector communities.

I appreciate the importance of forestry to the province's economy and the role forest companies play in maintaining the health of this resource.

The Alberta Government and Alberta's forest producers are working together to ensure success and progress during industry's continued operations in our province.

Honourable Ted Morton
Minister of Sustainable
Resource Development

AFPA President's Message

Alberta's forest products industry has expanded as our province has grown. From producing the wood products needed to help open the western railway and build Alberta towns and cities in the late 1800s to the present day where a variety of products – dimensional lumber, panelboard, pulp and newsprint and other value-added products – from Alberta forests are used around the world, we have been a force in the economic growth of our province.

While current North American economic conditions have created a crisis within the sector in Canada, our industry has a history of building our country, enhancing our forests and adapting changing conditions. In more than 50 communities across Alberta, from High Level to the Crowsnest Pass, forestry is a significant employer, purchaser and part of what makes our province so special.

Our commitment to Alberta does not end with the products we make. We are dedicated stewards of Alberta's forests – working to sustain and enhance the natural environment, not only for fibre, but for other significant values including habitat, watercourse, social, recreational and cultural values. We also support a number of worthwhile activities in the communities where we operate.

As Albertans and Canadians embrace the idea of economic and environmental balance, the forest industry is proud to be a leader in sustaining both economic benefit and environmental sustainability for present and future generations.

The Alberta Forest Products Association is pleased to be a partner in this report on the economic impact of Alberta's forest industry. This report provides a snapshot into the current financial state of Alberta's forest products sector and outlines the key contributions of forestry within the regions where it operates.

Réal Arseneault
President
Alberta Forest
Products Association

Alberta's Forest Resource

Annual Allowable Cut¹

	Coniferous (m ³)	Deciduous (m ³)
Forest Management Agreements	11,049,000	7,544,000
Quota / Deciduous Timber Allocation	4,457,000	3,118,000
Other	471,000	551,000
Total	15,977,000	11,213,000
Total Coniferous and Deciduous	27,190,000	

Harvested Volume¹

	2006		2007	
	Coniferous (m ³)	Deciduous (m ³)	Coniferous (m ³)	Deciduous (m ³)
Forest Management Agreements	9,892,000	4,949,000	9,749,000	4,647,000
Quota / Deciduous Timber Allocation	5,450,000	2,934,000	4,000,000	1,751,000
Other	171,000	1,721,000	885,000	1,955,000
Total	15,513,000	9,604,000	14,634,000	8,353,000
Total Coniferous and Deciduous	25,117,000		22,987,000	

¹ Alberta Sustainable Resource Development

Alberta's Forest Resource

Timber Supply Status¹

The annual growth of all inventoried forested public lands in the province is estimated at 44.5 million m³.

The total net allowable cut within the Green Area is close to 23 million m³.

Average Annual Industry Production²

	2004	2005	2006	2007
Lumber (billion board feet)	3.4	3.3	3.2	3.2
Panelboard (billion square feet)	3.0	2.8	2.8	2.4
Pulp & Paper (million air-dried metric tonnes)	2.4	2.5	2.6	2.6

Total Forest Products Exports (\$'000,000)⁴

	2004	2005	2006	2007
US	2,925	2,627	2,321	1,822
Japan	250	204	181	160
South Korea	168	156	125	117
China	189	114	113	106
Other	241	256	199	215
Total	3,773	3,357	2,939	2,420

¹ Alberta Sustainable Resource Development

² Alberta Forest Products Association

⁴ Statistics Canada

Primary Economic Contributions³

	2005	2006	2007
Employment			
Total	30,600	27,700	24,200
Direct	10,500	9,700	8,400
Indirect & Induced	20,100	18,000	15,800

Revenue (millions of dollars)

Total Revenue	8,240.5	7,696.6	6,976.6
Pulp & Paper	1,676.4	1,847.0	1,857.4
Panelboard Products	1,386.4	1,087.0	902.0
Lumber	1,314.6	1,154.0	946.0
Total Direct Revenue	4,377.4	4,088.0	3,705.4
Total Indirect & Induced Revenue	3,863.1	3,608.6	3,271.2

Tax (millions of dollars)

Corporate Tax	223.7	212.5	194.9
Personal Tax	137.9	132.1	121.6
Property Tax	31.8	32.2	30.9

Stumpage/Protection Charges¹ (millions of dollars)

Total	81.2	53.4	21.2
Athabasca - Fort McMurray	4.3	3.3	1.5
Rocky Mountain House - Calgary - Southern Alberta	9.6	8.5	3.1
Drayton Valley	5.0	2.5	1.1
Grande Prairie - Grande Cache	14.2	8.8	3.2
Hinton - Edson	10.8	6.3	2.4
Peace River - High Level - La Crete	14.7	9.3	3.8
Slave Lake - High Prairie	10.4	6.2	1.9
Whitecourt	12.2	8.5	4.2

¹ Alberta Sustainable Resource Development

³ Alberta Finance, Statistics Division

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Secondary - Manufacturing

Alberta's raw wood is manufactured into a number of higher-value products that are used everyday in Alberta and in national and international markets.

Based on a 2003 study, there were over 550 secondary wood manufacturing companies located in 95 communities throughout Alberta.³

Alberta's forest products secondary manufacturing sector is diverse and manufactures a variety of products such as:

- Remanufactured Products

- Pre-fabricated Buildings

- Cabinetry - Kitchen/Bathroom

- Engineered Building Components

- Millwork & Finished Products (includes architectural millwork)

- Furniture & Fixtures

- Specialty Items

Note: see glossary for detailed description of value added products

³ Alberta Finance, Statistics Division

Secondary Manufacturing Economic Contributions³

	2005	2006	2007
Employment			
Total	19,000	19,600	19,800
Direct	9,900	10,300	10,300
Indirect & Induced	9,100	9,300	9,500
Revenue (millions of dollars)			
Total	3,329.5	3,488.4	3,734.4
Direct	1,781.6	1,866.0	1,997.6
Indirect & Induced	1,547.9	1,622.4	1,736.8
Tax (millions of dollars)			
Corporate Tax	98.1	103.0	109.9
Personal Tax	90.5	95.6	100.5
Property Tax	7.5	8.0	8.2
Secondary Sales by Region (\$000's)			
Total	1,781,400	1,865,300	1,997,100
Grande Prairie - Grande Cache	35,600	37,300	39,900
Hinton - Edson	35,600	37,300	39,900
Rocky Mountain House - Calgary - Southern Alberta	872,900	914,000	978,600
Edmonton & Area	837,300	876,700	938,700

³ Alberta Finance, Statistics Division

Regional Summaries - Athabasca - Fort McMurray

Employment - Primary & Secondary

	2005	2006	2007
Total	2,900	2,800	2,600
Direct	1,000	1,000	900
Indirect & Induced	1,900	1,800	1,700

Revenue (millions of dollars)

	2005	2006	2007
Total	1,304	1,446	1,378
Direct	693	768	732
Indirect & Induced	611	678	646

Tax (millions of dollars)

	2005	2006	2007
Corporate Tax	35.4	39.9	38.5
Personal Tax	21.8	24.8	24.0
Property Tax	5.0	6.1	6.1

Regional Operations	Log Volume Consumed(m³)		
	2005	2006	2007
Pulp & Paper			
Alpac Forest Products Incorporated	2,798,000	2,714,000	2,725,000
Sawmills			
Millar Western Forest Products Ltd.	445,000	628,000	498,000
Northland Forest Products Ltd.	229,000	232,000	252,000
Sawmills < 100,000 m³	115,000	101,000	82,000
Regional Summary			
Pulp & Paper	2,798,000	2,714,000	2,725,000
Sawmill	789,000	961,000	832,000

Drayton Valley

Employment - Primary & Secondary

	2005	2006	2007
Total	1,500	1,400	1,100
Direct	500	500	400
Indirect & Induced	1,000	900	700

Revenue (millions of dollars)

	2005	2006	2007
Total	420	371	329
Direct	223	197	175
Indirect & Induced	197	174	154

Tax (millions of dollars)

	2005	2006	2007
Corporate Tax	11.4	10.2	9.2
Personal Tax	7.0	6.4	5.7
Property Tax	1.6	1.6	1.5

Regional Operations	Log Volume Consumed(m³)		
	2005	2006	2007
Panelboard (OSB)			
Weyerhaeuser Company Limited	544,000	519,000	438,000
Sawmills			
Weyerhaeuser Company Limited	816,000	778,000	656,000
Sawmills < 100,000 m³	20,000	24,000	84,000
Regional Summary			
Panelboard (OSB)	544,000	519,000	438,000
Sawmill	836,000	802,000	740,000

Edmonton

Employment - Primary & Secondary

	2005	2006	2007
Total	9,000	9,200	9,400
Direct	4,700	4,800	4,900
Indirect & Induced	4,300	4,400	4,500

Revenue (millions of dollars)

	2005	2006	2007
Total	1,565	1,639	1,755
Direct	837	877	939
Indirect & Induced	728	762	816

Tax (millions of dollars)

	2005	2006	2007
Corporate Tax	46.1	48.4	51.6
Personal Tax	42.6	44.9	47.3
Property Tax	3.5	3.8	3.9

Secondary Sales (\$000's)

	2005	2006	2007
	837,300	876,700	938,700

Grande Prairie - Grande Cache

Employment - Primary & Secondary

	2005	2006	2007
Total	5,800	5,500	5,100
Direct	2,000	2,000	1,800
Indirect & Induced	3,800	3,500	3,300

Revenue (millions of dollars)

	2005	2006	2007
Total	1,173	999	1,084
Direct	623	531	576
Indirect & Induced	550	468	508

Tax (millions of dollars)

	2005	2006	2007
Corporate Tax	32.0	27.7	30.4
Personal Tax	20.3	17.9	19.6
Property Tax	4.4	4.0	4.6

Secondary Sales (\$'000's)

	2005	2006	2007
	35,600	37,300	39,900

Regional Operations	Log Volume Consumed(m ³)		
	2005	2006	2007
Panelboard (OSB)			
Ainsworth Lumber Co. Ltd.	1,103,000	666,000	766,000
Pulp & Paper			
Weyerhaeuser Company Limited	446,000	512,000	584,000
Sawmills			
Canadian Forest Products Ltd.	846,000	867,000	712,000
Foothills Forest Products Ltd.	170,000	257,000	362,000
Weyerhaeuser Company Limited	1,040,000	1,194,000	1,363,000
Sawmills < 100,000 m ³	22,000	21,000	26,000
Regional Summary			
Panelboard (OSB)	1,103,000	666,000	766,000
Pulp & Paper	446,000	512,000	584,000
Sawmill	2,078,000	2,339,000	2,463,000

Canadian
Forest
Products

Weyerhaeuser
Ainsworth

Foothills Forest
Products

Hinton - Edson

Employment - Primary & Secondary

	2005	2006	2007
Total	3,600	3,500	2,700
Direct	1,300	1,300	1,000
Indirect & Induced	2,300	2,200	1,700

Revenue (millions of dollars)

	2005	2006	2007
Total	931	919	747
Direct	495	488	397
Indirect & Induced	436	431	350

Tax (millions of dollars)

	2005	2006	2007
Corporate Tax	25.4	25.5	21.0
Personal Tax	16.3	16.5	13.7
Property Tax	3.5	3.7	3.1

Secondary Sales (\$000's)

	2005	2006	2007
	35,600	37,300	39,900

Regional Operations	Log Volume Consumed(m³)		
	2005	2006	2007
Panelboard (OSB)			
Weyerhaeuser Company Limited	506,000	601,000	528,000
Pulp & Paper			
West Fraser Mills Ltd.	650,000	600,000	409,000
Sawmills			
Sundance Forest Industries Ltd.	562,000	539,000	676,000
West Fraser Mills Ltd.	1,319,000	1,219,000	831,000
Sawmills < 100,000 m³	8,000	6,000	7,000
Regional Summary			
Panelboard (OSB)	506,000	601,000	528,000
Pulp & Paper	650,000	600,000	409,000
Sawmill	1,889,000	1,764,000	1,514,000

West Fraser Mills Weyerhaeuser
Sundance

Peace River - High Level - La Crete

Employment - Primary & Secondary

	2005	2006	2007
Total	5,800	5,100	4,600
Direct	2,000	1,800	1,600
Indirect & Induced	3,800	3,300	3,000

Revenue (millions of dollars)

	2005	2006	2007
Total	1,730	1,575	1,474
Direct	919	837	783
Indirect & Induced	811	738	691

Tax (millions of dollars)

	2005	2006	2007
Corporate Tax	47.0	43.5	41.2
Personal Tax	28.9	27.0	25.7
Property Tax	6.7	6.6	6.5

Regional Operations	Log Volume Consumed(m ³)		
	2005	2006	2007
Panelboard (OSB)			
Footner Forest Products Ltd.	1,143,000	1,022,000	688,000
Pulp & Paper			
Daishowa-Marubeni International Ltd.	1,706,000	1,516,000	1,795,000
Sawmills			
Boucher Brothers Lumber Ltd.	183,000	202,000	173,000
Canadian Forest Products Ltd.	116,000	-	-
Evergreen Lumber Inc.	102,000	45,000	20,000
La Crete Sawmills Ltd.	210,000	231,000	184,000
Manning Diversified Forest Products Ltd.	334,000	394,000	326,000
Precision Lumber Products Inc.	-	102,000	47,000
Seeha Forest Products Ltd.	123,000	-	-
Tolko Industries Ltd. (High Level)	1,164,000	1,180,000	1,151,000
Sawmills < 100,000 m ³	288,000	198,000	163,000
Regional Summary			
Panelboard (OSB)	1,143,000	1,022,000	688,000
Pulp & Paper	1,706,000	1,516,000	1,795,000
Sawmill	2,520,000	2,352,000	2,064,000

Footner Forest Products
Tolko
Precision
La Crete
Evergreen
Manning Diversified
Boucher Bros.
Daishowa-Marubeni

Rocky Mountain House - Calgary - Southern Alberta

	2005	2006	2007
Employment - Primary & Secondary			
Total	12,100	12,300	12,400
Direct	5,800	6,000	6,000
Indirect & Induced	6,300	6,300	6,400
Revenue (millions of dollars)			
Total	2,066	2,133	2,166
Direct	1,104	1,139	1,157
Indirect & Induced	962	994	1,009
Tax (millions of dollars)			
Corporate Tax	59.8	62.2	63.2
Personal Tax	51.6	54.1	55.2
Property Tax	5.4	5.6	5.6
Secondary Sales (\$000's)	872,900	914,000	978,600

Regional Operations	Log Volume Consumed(m ³)		
	2005	2006	2007
Panelboard (LVL)			
Sundre Forest Products Inc. (Strachan)	255,000	291,000	203,000
Sawmills			
Atlas Lumber (Alberta) Ltd.	74,000	-	-
Rocky Wood Preservers Ltd.	-	-	102,000
Spray Lake Sawmills (1980) Ltd.	302,000	508,000	460,000
Sundre Forest Products Inc. (Sundre)	1,111,000	1,087,000	971,000
Sawmills < 100,000 m ³	194,000	206,000	127,000
Regional Summary			
Panelboard (LVL)	255,000	291,000	203,000
Sawmill	1,681,000	1,801,000	1,660,000

Slave Lake - High Prairie

Employment - Primary & Secondary

	2005	2006	2007
Total	5,200	4,000	2,600
Direct	1,800	1,400	900
Indirect & Induced	3,400	2,600	1,700

Revenue (millions of dollars)

	2005	2006	2007
Total	1,392	1,129	755
Direct	739	600	401
Indirect & Induced	653	529	354

Tax (millions of dollars)

	2005	2006	2007
Corporate Tax	37.8	31.2	21.1
Personal Tax	23.3	19.4	13.1
Property Tax	5.4	4.7	3.3

Regional Operations	Log Volume Consumed(m³)		
	2005	2006	2007
Panelboard (OSB)			
Tolko Industries Ltd. (Slave Lake)	441,000	353,000	42,000
Tolko Industries Ltd. (High Prairie)	1,095,000	688,000	378,000
Panelboard (Veneer)			
Alberta Plywood Ltd	251,000	247,000	260,000
Pulp & Paper			
Slave Lake Pulp Corporation	661,000	621,000	541,000
Sawmills			
Alberta Plywood Ltd.	333,000	327,000	344,000
Gordon Buchanan Enterprises Ltd.	329,000	390,000	405,000
Vanderwell Contractors (1971) Ltd.	653,000	725,000	345,000
Sawmills < 100,000 m³	9,000	8,000	12,000
Regional Summary			
Panelboard (OSB, Veneer)	1,787,000	1,288,000	680,000
Pulp & Paper	661,000	621,000	541,000
Sawmill	1,324,000	1,450,000	1,106,000

Whitecourt

Employment - Primary & Secondary

	2005	2006	2007
Total	3,700	3,500	3,500
Direct	1,300	1,200	1,200
Indirect & Induced	2,400	2,300	2,300

Revenue (millions of dollars)

	2005	2006	2007
Total	989	974	1,023
Direct	526	517	543
Indirect & Induced	463	457	480

Tax (millions of dollars)

	2005	2006	2007
Corporate Tax	26.9	26.9	28.6
Personal Tax	16.6	16.7	17.8
Property Tax	3.8	4.1	4.5

Regional Operations	Log Volume Consumed(m ³)		
	2005	2006	2007
Pulp & Paper			
ANC Timber Ltd.	695,000	660,000	700,000
Millar Western Forest Products Ltd.	666,000	685,000	802,000
Sawmills			
Blue Ridge Lumber Inc.	1,042,000	814,000	1,053,000
Millar Western Forest Products Ltd.	847,000	872,000	1,020,000
Millar Western Forest Products Ltd. (Fox Creek)	220,000	183,000	115,000
Spruceland Millworks Inc.	176,000	179,000	116,000
Sawmills < 100,000 m ³	24,000	34,000	38,000
Regional Summary			
Pulp & Paper	1,361,000	1,345,000	1,502,000
Sawmill	2,309,000	2,082,000	2,342,000

Forest Management Agreement Areas May 2008

Major Mills in Alberta

Erratum

Page 19, Major Mills in Alberta

The map, in error, indicates the Town of Peace River twice. The town on Lesser Slave Lake should be the Town of Slave Lake. A corrected version of this map can be found on the Alberta Sustainable Resource Development Website <http://srd.alberta.ca/forests>

Glossary

Air-dried Metric Tonne	a typical measure for pulp and paper.
Annual Allowable Cut (AAC)	the average yearly volume that may be harvested from a defined planning area.
Board foot	the basis unit of measurement for lumber. This measurement is normally disclosed in thousand board feet (Mfbm).
Cabinetry, Kitchen/Bathroom	establishments primarily engaged in manufacturing wooden kitchen cabinets, bathroom vanities (finished and unfinished) and wooden tops for tables, bars and counters (finished and unfinished). Establishments primarily engaged in manufacturing free standing wooden kitchen cabinets are classified in Furniture and Fixtures.
Coniferous	needleleaf, cone-bearing softwood (spruce, pine, fir) used for pulp, lumber and plywood.
Coniferous Timber Quota and Deciduous Timber Allocation	a 20-year allocation based on direct issue or competitive sale. A quota represents the right to harvest a share (as a percentage of the AAC within a FMU or the right to harvest timber within a defined area of a FMU.
Deciduous	typically broad-leaved, hardwood (poplar and birch) used for oriented strand board, pulp and lumber.
Direct	revenues generated by the respective primary or secondary industry.
Employment	measured in full time equivalents (FTE). One FTE is based on an average of 2,080 hours per year.
Engineered Building Components	establishments primarily engaged in manufacturing structural wood members, other than solid dimension lumber and timber.

Glossary

Forest Management Agreement (FMA)	is a long-term, negotiated and legislated agreement between the Government of Alberta and a company to establish, grow and harvest timber on a perpetual sustained yield basis on a defined land area. The forest company is required to carry out forest management responsibilities, established according to a management plan approved by Alberta Sustainable Resource Development.
Forest Management Unit (FMU)	a defined area of forest land located in the Green Area and designated by the Government of Alberta to be managed.
Furniture and Fixtures	establishments primarily engaged in manufacturing household and office furniture of all kinds where the main component is wood.
Green Area	primarily the unsettled portion of the province defined as forest lands not available for agricultural development other than grazing. This provides a secure land base on which to practice long-term forest management.
Indirect	revenues generated by suppliers to the respective primary or secondary industry.
Induced	benefits to the economy generated by industry employees and suppliers spending their income.
Laminated Veneer Lumber (LVL)	structural wood member constructed of veneers laminated from which pieces of specific sizes can be trimmed. It is used in a variety of wood building products.
Log Volume Consumed	a dry-formed panel product manufactured from wood fibers combined with a synthetic resin or other suitable binder and compressed in a hot press to a density of from 31 to 50 pounds per cubic foot. It is used in the construction of home and office furniture.
Millwork and Finished Products	establishments primarily engaged in manufacturing, for industrial or residential use, products including those wooden products

Glossary

	covered with metal or plastic.
Oriented Strand Board (OSB)	a structural panel made of narrow strands of fiber oriented lengthwise and crosswise in layers, with a resin binder. Depending on the resin used, OSB can be suitable for interior or exterior applications (i.e. house and roof panelling).
Pre-Fabricated Buildings	establishments primarily engaged in manufacturing prefabricated or pre-cut buildings of wood frame construction. Prefabricated buildings (factory built) include all buildings premanufactured at a plant either in sections, complete units or in components for "on-site" erection. Establishments primarily engaged in manufacturing log cabins and log houses are included.
Property Taxes	Property taxes are a subset of both corporate and personal tax amounts, and are listed separately to show the impact the operations have on local regions.
Remanufactured Products	establishments primarily engaged in re-sawing of lumber and wood blocks to produce high value lumber, shingles; splitting blocks of wood to produce shakes; cutting to size and treating poles, pilings, posts and similar roundwood products; manufacturing wood containers, container parts, cooper's products and parts, and pallets.
Stumpage fees/protection charges	cash fees and charges paid for stumpage rights. They include fees such as holding and protection charges and timber dues. In-kind services provided by the harvester for services such as reforestation are over and above these fees.
Specialty	establishments primarily engaged in manufacturing value added wooden products not classified elsewhere.
Square foot	a typical measure of panelboard with a thickness of 3/8" for OSB, LVL and plywood.

Reference Sources

- ¹ Alberta Sustainable Resource Development
- ² Alberta Forest Products Association
- ³ Alberta Finance, Statistics Division
- ⁴ Statistics Canada

Contacts

To receive a copy of this booklet, contact either the Alberta Forest Products Association or Alberta Sustainable Resource Development. Additional information about Alberta's forest sector is available at the websites mentioned below.

Alberta Forest Products Association
Suite 500, 10709 Jasper Avenue
Edmonton, Alberta
T5J 3N3
phone: 780-452-2841
www.albertaforestproducts.ca

Alberta Sustainable Resource Development
Information Centre
9920 - 108th Street
Main Floor, Great West Life Building
Edmonton, Alberta
T5K 2M6
1-877-944-0313
www.srd.alberta.ca

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