

JOINT PLAN OF SOUTHWESTERN QUEBEC FOREST PRODUCERS

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The Joint Plan
of Southwestern Quebec
Forest Producers :
a wise choice

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ANNUEL GENERAL MEETING : MEMBERS FINALLY GET TOGETHER!

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GENERAL INFORMATION

Publication

Plan conjoint des producteurs forestiers du
Sud-Ouest du Québec (PCPFSSOQ)

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Printing

Impressions Credo inc.

Distribution

To wood producers of the southwestern
Quebec

Circulation

6 000 copies

Publications Mail Agreement

41124099

It was on May 25th that the southwestern Quebec wood producers got together for their annual general meeting. In the morning, the designated administrator and the financial auditors presented the 2005 activity report. Overall, it was a very positive and stimulating meeting because producers were able to see for themselves that although there has been significant turmoil, the joint plan still plays its role with its given human and financial resources.

In the afternoon, members of the Union of forest owners of southwestern Quebec (Syndicat des propriétaires forestiers du Sud-Ouest du Québec) met to look over the Union's situation, the events that occurred over the last months, the elections and actions to come. From the onset, there was some controversy following the suggestion made by the Union's President, Mr. Palma Molloy, to change the agenda in order to begin with the administrator elections. Seeing that this proposal was refused by the assembly, Mr. Soucy (election candidate) and Mr. Benoît (administrator) resigned. At that very moment, Mr. Polissena and Mr. Brazeau mention that they no longer feel suited to manage the Union. With these events, it is Mr. Molloy's turn to offer his resignation as President and Sector Representative for the Union.

At this point, many members voice their disappointment to the effect that they will not be receiving any explanations, from the administrators that have just resigned, concerning the year's events and the consequences awaiting those responsible for the Union's mishaps.

Following this controversy, Mr. Clément Ricard took on the presidency of the meeting. Members were informed that all of last year's activities were very limited and basically revolved around the survival of the Union. Elected administrators had volunteered their time which explained why no financial report had been drafted.

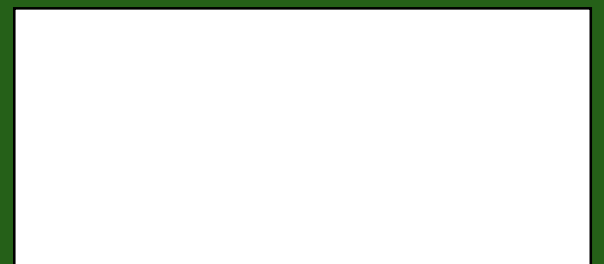
That being said, members went ahead with the elections. Together, the administrators then accepted the mandate to revive their Union and put forth the necessary efforts to regain control of the their Joint Plan. Besides Mr. Clément Ricard and Mr. Flavien Leblanc (next election 2007), the new board of administrators now includes Mr. Michel Lacharité and Mr. Patrick Van Winden in the Montérégie region, Mr. Claude Rivest and Mr. André Saulnier in the Lanaudière region, Mr. Dominic Gauthier, Mr. Pierre Baril and Mr. Georges Dinél in the Laurentides region, and Mr. Pascal Audet, Mr. Henri Lambert and Mr. Gabriel Miron in the Outaouais region.

Members also took the time to congratulate the administrator that was designated by the Régie des marchés agricoles et alimentaires du Québec (RMAAQ), Mr. Jean Gobeil, for the quality of the decisions and actions that were taken with respects to the Plan's administration. The assembly agreed that the main activity for the upcoming year will be to strengthen the Union to make sure it can regain control of the Joint Plan. The elected administrators duly took note of the input and the confidence the members have shown them and stated that they will get together shortly to name the officers and devise a successful action plan.

Armand Plourde
CEO

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Editorial

The Joint Plan of Southwestern Quebec Forest Producers : a wise choice

The first General Meeting of the Joint Plan of Southwestern Quebec Forest Producers was held in Saint-Jérôme on May 25th 2006. Participation neared the hundred mark for this first meeting. Most of the items on the agenda were related to last year's wood marketing activities and the 2005 financial report. More than 452 400 cubic meters of wood (hardwood, softwood and wood products combined) were shipped to local, regional and outside markets, for an estimated 27 million dollars.

The 2005 administrative fees for the Plan represented less than 5 % of that amount. However, with the judicial events that took place, the administrative budget showed a deficit but it should be absorbed within the current year or the beginning of 2008 at the latest. Copies of the financial and activity reports that were handed out at the general meeting are available on request at the Plan's office in Longueuil.

Since the beginning of 2006, Plan staff has dedicated most of its' time to make sure wood marketing activities run smoothly. Their actions have been guided by the following administration principles :

- Maximize revenues, derived from wood sales, for producers by making sure appropriate tree processing steps are carried out and that wood products are shipped to the best available markets (a well-targeted market);
- Obtain a fair price while ensuring equitable conditions for the wood producer, the carrier and the buyer.

To make sure that the Joint Plan is as efficient as possible, the management team has regrouped around specific objectives :

1) Optimize the Plan's administrative activities

Some Joint Plan activities have more of an administrative nature : issuing quotas (passes), writing cheques for producers, updating the database, calculating gas compensations, etc. Historically, these activities took place primarily at the Longueuil office and, to lesser extent, in Gatineau. Since the beginning of 2006, these tasks are undertaken solely at the Longueuil office by a two-person team, under the supervision of the CEO. In so doing, we eliminate the duplication of tasks and reduce the errors associated with data processing and transfers. Thanks to modern communication technology, we are also reducing the time and costs related to data processing. For these reasons, at the end of 2005, I went ahead with the closedown of the Gatineau office and concentrated all the administrative Joint Plan activities to the temporary office in Longueuil.

2) Standardize the operations throughout the territory

Besides the administrative tasks, Joint Plan activities include : the negotiation of purchase terms and conditions for wood sales with the forestry industry, the terms and conditions associated with wood transportation, support for owners who wish to put wood on the market and information concerning available markets. Before the merger, each territory had its own way of marketing and communicating information. Since the beginning of 2006, the Joint Plan team uses a single approach, hence standardizing its way of doing things. Three forestry technicians are available for fieldwork. They are at the disposal of forest producers to answer any questions they might have concerning tree processing activities, to inform them on existing markets (prices and terms), to organize wood transportation and offer, if needed, training on wood processing and production.

These technicians, under the supervision of the CEO, are available at all times; all you need to do is contact your Joint Plan office to get their contact information.

It goes without saying that before the merger, each former territory (Outaouais-Laurentides and Montreal) had its own set of rules and regulations which differed from one another. Standardizing the operations for the entire territory will eventually mean standardizing these regulations as well. However, this task falls under the responsibility of a board of directors composed of wood producers rather than an appointed administrator. This is why the task will be reserved for the next board of directors that will be entrusted with the administration of the Joint Plan of Southwestern Quebec Forest Producers by the Régie.

DATABASE UPDATE

We are currently undertaking the huge task of updating our database. Throughout the upcoming weeks, an employee of the Joint Plan of Southwestern Quebec Forest Producers might contact you to validate the information contained in your personal file (address, phone number, GST and PST numbers, property tax information).

We wish to remind you that it is your responsibility to inform us of any changes pertaining to your personal file. Thank you for your continuous collaboration!

Kathleen Soucy, secretary

3) Adequately inform forest producers

Informing forest producers is essential for efficient wood marketing. Adequately informing the producer not only allows him/her to optimize production but also ensures the forest industry a stable, quality supply.

Beyond the information being handed out by the technical field personnel, we publish this newspaper, *Forêt d'avenir*, which we distribute to every wood producer on the territory. It presents news concerning activities related to the Joint Plan as well as the price list (Infos-Marchés) of the various wood purchasers that negotiate with the Plan. The first issue for this year came out last February and we intend to publish one more by the end of 2006. We're also working on a website which will allow producers, carriers, buyers and all interested parties to access information on the Joint Plan. Some on-line requests, such as quotas (passes), will also be possible, thus reducing response times. A phone line will also be set-up, starting this summer, to answer all questions related to wood production. We will be informing the producers as soon as it becomes available.

The measures taken since the end of 2005 and the beginning of 2006 have permitted a return to a normal state of affairs for the Joint Plan activities. These measures have equally helped contain the deficit resulting from the judicial events of the previous year to an acceptable and surmountable level. To conclude, let me remind you that the Joint Plan of Southwestern Quebec Forest Producers is a result of the territory's producers' volition to optimize wood marketing, from one year to the next. Results from the last year clearly show that they have made a wise choice and that the future is bright for all southwestern Quebec forest producers.

Jean Gobeil, RPF, M.Sc.
Appointed Administrator

LUMBER MARKET : DROPPING PRICES

Many factors are currently having a negative effect on sawmills across Quebec :

- the strength of the Canadian dollar on the American market;
- the overflow of lumber stocks on the market;
- the rise of mortgage rates, which in turn tend to slow-down construction in the US;
- lumber imports from foreign countries (Brazil, Russia, etc.) into the American market.

These factors have a limiting effect on the overall lumber industry.



Hardwoods

As some wood producers have noticed, hardwood markets have slowed down since the Christmas Holidays. Prices, both roadside and at the mill, are getting lower and mills have not been running on full shifts since the spring thaw period. For the producers, this results in a decreased demand for saw logs. Sugar maple (1/2 heartwood or less) and cherry are both doing well on the market. As far as other species go, consumer demand is not very high and prices are dropping.

White Pine

Although logging season is over for white pine, producers have witnessed that prices have dropped compared to last year and, since lumber markets are not very active, there is also a fall off in saw log markets.

Fir and Spruce

As you may notice in the price list, prices have gone down for fir and spruce as a direct effect of difficulties being felt throughout the lumber sector. Softwood lumber buyers have no choice but to lower the prices, even though demand from industry is high, due to cuts in their timber supply and forest management agreements (CAAF).

Since prices may vary, producers must contact their buyer or the Joint Plan of Southwestern Quebec Forest Producers office before they begin logging operations.

Michel Martin, f. tech.
Procurement Coordinator