

## Modernization plan at Saint-Elzéar sawmill progressing well

Gilles Gagné

SAINT-ELZÉAR: – The modernization project at the *Association coopérative forestière's* Saint-Elzéar sawmill is “progressing,” according to director general Mario Pouliot who hopes to be able to announce it this coming spring.

The management of the cooperative (ACF) has reviewed the project since presenting its main aspects in January 2018. Back then, the expected cost of revamping some sections of the plant was \$10 million. Mario Pouliot now talks about an initiative that could cost between \$6 million and \$8 million.

“We have revised our project. We have looked at all the aspects of the plant, our input, our guaranteed wood supplies, the planer section and what we must do on our production line. The modernization will mainly concentrate on our planer line. The sawing line will only require about \$1 million out of an \$8 million project,” explains Mr. Pouliot.

According to Mr. Pouliot, the planer line has required an upgrade for many years.

“Our employees are still piling wood outside. It is -20 degrees today (January 29) and we might be the only sawmill of that size in Quebec to have people working outside at the end of the planer line. I must put my staff inside if I want to keep them. It is already hard enough to find workers,” says Mario Pouliot.

He remains discreet about the funding package that has to be put together in order to secure the modernization of the plant.



Photo: G. Gagné

*The Gaspésie Railway Society will install a siding for the Saint-Elzéar cooperative in New Richmond this spring. The rails were brought to the location in November.*

“We will contribute some capital ourselves but we need outside support. The funding arrangement will include loans and, we hope, some grants as well. We have approached the Quebec government but also the federal government, as Canada Economic Development has a program for our kind of project,” says Mario Pouliot.

“We really need that plant upgrading. If the sawmill stays as it is now, we won't survive the next economic slump,” he adds.

The cooperative was, nevertheless, very profitable in 2018. “We were profitable but all the sawmills in Quebec were last year. The prices were very high for the better part of the year, for example, we received \$750 per 1,000 board feet for quite a while. The price then plunged fast by 40%, to \$450 but we already hear that prices are about to pick up. It

has already started in some markets. We prefer when there is more regularity, more predictability in prices,” states Mr. Pouliot.

Even if the official results of 2018 are not available yet, as the ACF financial year just ended on January 31, the cooperative makes annual sales of approximately \$25 million. Once the books will be audited, the official results will be communicated to the 180 members at the end of April.

The supply of the Saint-Elzéar sawmill hovered between 170,000 and 180,000 cubic metres of wood last year. The guaranteed supply from public land reached 110,000 cubic metres, while between 30,000 and 40,000 additional cubic metres were bought through the public land's auction process.

The *Association coopérative forestière* is one of the main customers of the

Gaspésie Wood Producers Syndicate, with wood acquisitions totalling an average 40,000 cubic metres annually.

“Our plant is designed to process 250,000 cubic metres of wood yearly, however, we only process 170,000 cubic metres or so but we have the same fixed costs, the same municipal taxes to pay whether we process a larger volume or a smaller volume of wood. That is why I would like to increase our supply for 2019 to 200,000, maybe 210,000 cubic metres. It would improve our production cost,” explains Mario Pouliot.

Besides being confident to land the modernization project this year, he is confident that the lumber markets will be good as well.

“We have settled a couple of issues regarding our by-products. We have reached agreements for our wood chips with the Twin Rivers mill in Edmundston and the AV Cell

Mill in Atholville, New Brunswick. We are also selling all our sawdust and shavings to the Uniboard plant in Sayabec and we have reached an agreement with AV Cell for the bark. So the by-product situation has really evolved quite a lot,” points out Mr. Pouliot.

The cooperative management wants to expand its markets in 2019. “Over recent years, we have mainly sold our wood to the Maritimes and Quebec, and a bit less to Ontario. We have avoided the United States because we are penalized by their tax on import. We will sell more to Ontario this year because we will start using the railway. There is a shortage of trucks and it is cheaper by rail over long distances. In fact, we might use the railway even if we send some of the lumber to Montreal,” states Mr. Pouliot.

The Gaspésie Railway Society will install a siding for the Saint-Elzéar cooperative in New Richmond this spring. Originally, the firm's lumber was supposed to be loaded in New Carlisle but the project ended when the line was put in a dormant state east of Caplan by Transport Quebec four years ago.

The *Association coopérative forestière* of Saint-Elzéar provides work to 130 people directly, 70 at the sawmill, about 40 in wood harvesting, transport and measuring, and close to 20 people in silviculture duties. Those latter jobs are going from the end of the spring to the fall. Close to 100 additional jobs depend indirectly on the cooperative's activities.