

TESTIMONY OF RONALD R. WOLFE

HB105 AN ACT RELATING TO THE SOUTHEAST STATE FOREST”

March 30, 2011

Mr. Chairman, members of the House Finance Committee, my name is Ronald Wolfe, I live in Juneau Alaska where I have been a professional forester since 1982. Currently, I am Sealaska Corporation Natural Resource Manager and I wish to offer my testimony in support of HB 105. Representatives of the Division of Forestry have provided testimony on the specifics of this bill and I offer my concurrence rather than repeat that testimony I. Today I wish to submit my full testimony in writing and provide brief verbal summary testimony and respond to any questions members of the Committee may have.

In addition to the information provided by the Division of Forestry it is important for the House Finance Committee to understand the precipitous situation of our Southeast region. Virtually every village and community has lost population over the past decade and The Alaska Economic Trends¹ in December forecast ever further declines in the future to the year 2034:

- (-14.2) % decline for Southeast as a region overall
- (- 33.9) % decline for Prince of Wales and outer Ketchikan
- (- 34.6) % decline for Wrangell-Petersburg
- and the discouraging news continues for every Borough and area in our region

Such population declines adversely impact everything, property values, the ability of communities to operate such basic things as schools, some villages may loose their school altogether, utilities, fuel and grocery delivery, transportation and the list goes on.

We need all of our industries in the face of such dire population forecasts, and it's no secret that the timber industry here is a mere shadow of itself and is on the verge of total collapse which if occurs moves Southeast Alaska closer to a catastrophic economic implosion. The industry today is supported metaphorically by a three legged stool; our timber comes from:

1. Sealaska Corporation and other private landowners
2. the Tongass National Forest, and
3. from the State of Alaska

We depend on each other to create enough critical mass to hang on, we use the same logging contractors, fuel suppliers, tug operators and the entire infrastructure that we need and helps to support Southeast Alaska overall.

Timber from these sales will be available for domestic manufacture and round log export. Both markets are important, wood that will go to the few remaining sawmills is important for their survival, but it is important to note that wood that is round log exported may provide higher revenues that make the timber sale economical to operate. In some instances our local mills actually export the logs themselves; so our local sawmills depend on round log export. Sealaska on the other hand is primarily in the round log

¹ Alaska Economic Trends December 2010: Table 9, page 10

export market, but we provide wood to local sawmills as well. So you see our industry is very inter-dependent on markets and infrastructure.

Some have expressed concern over round log export with a claim that we are exporting jobs. This is simply not the case. In addition to the economic contribution discussed earlier Sealaska commissioned an independent third party expert to investigate this in 2005. The McDowell Group² found that domestic manufacture creates 4.5 jobs per million board feet of harvest where as round log export creates 4.3 jobs per million board feet of harvest. Those who claim otherwise do not understand the jobs we create our sort yards and perhaps more importantly the stevedoring jobs for our ship loading.

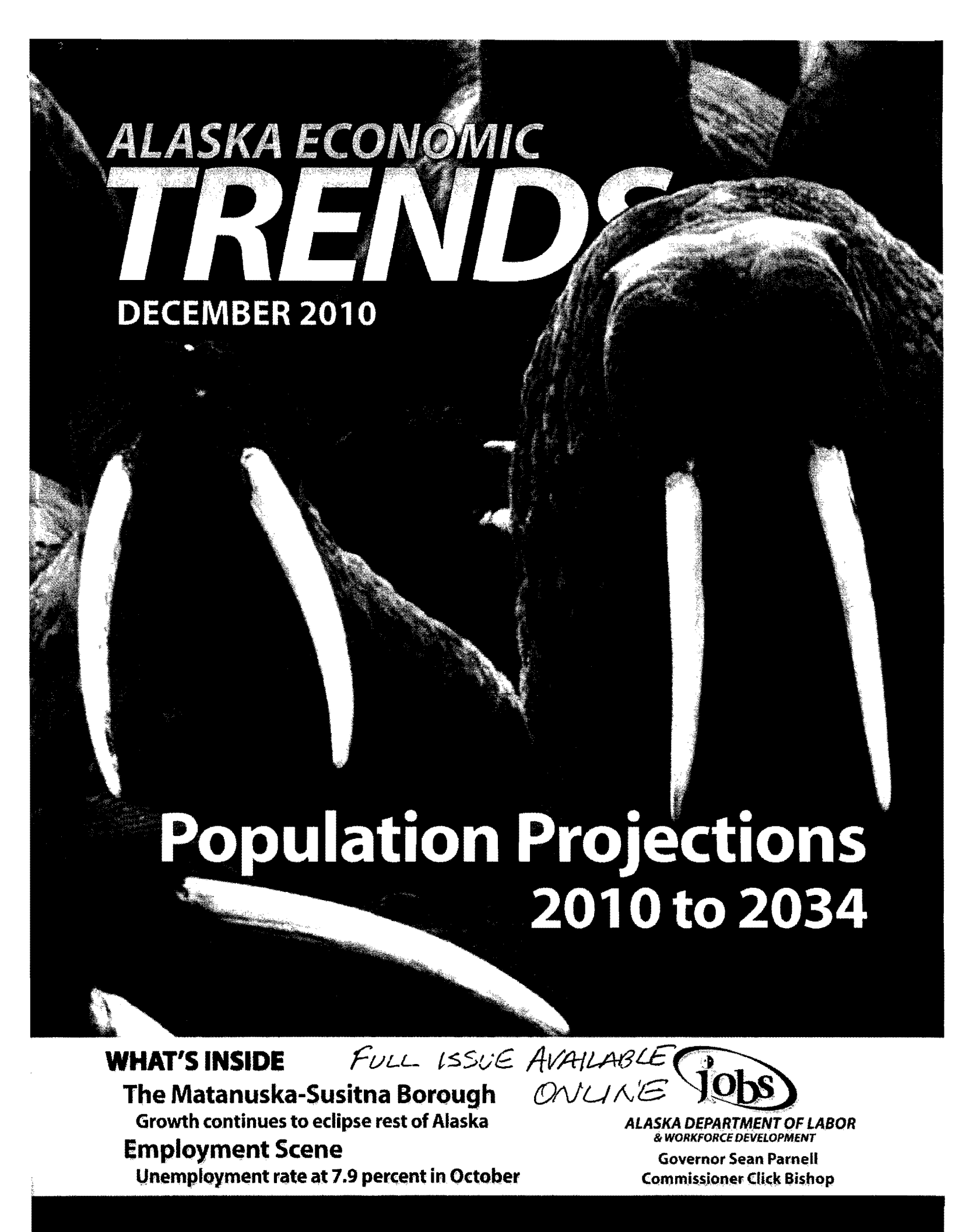
The study further found that stevedoring and other round log export jobs allow the work force to remain in village where their families live, whereas domestic manufacture jobs require people to relocate to the community where the mill is located. Part time jobs such as stevedoring provide crucial income and allow rural village residents to pursue subsistence activities; both of which are necessary for survival. So you see round log export is important to such communities as Hydaburg, Hoonah and Kake for instance, whereas Viking Lumber is important for Craig and Klawock, and all of this is important for what remains of our industry. I offer the most recent report McDowell Group prepared³ for Sealaska for the year 2008 for further information on the importance of round log export to our region.

It is important for the Committee to understand the land ownership of Southeast Alaska for the contextual setting of the bill. Southeast Alaska is about 23 million acres if one extends the 141st Meridian south and considers all of Alaska to the east to be our Southeast Region. Development is precluded over the vast majority of this region, some 87%. Some is in State Parks but most of this is owned by the federal government and is in parks, wilderness, national monuments and other classifications which totally preclude development altogether. Development that occurs on the remaining lands must achieve resource protection first in order to comply with the Tongass Timber Reform Act, de facto roadless rule implementation, the Clean Water Act, the Bald Eagle Protection Act, the Endangered Species Act, the Alaska Forest Resources and Practices Act, Oil Spill laws and the list goes on and on; development can occur only on what's left. We have truly become Conservation Refugees here in Southeast Alaska.

Passage HB 105 will help to stabilize timber supply from state lands and will allow these lands to be managed with a commitment towards forestry that is necessary for the long term planning horizons required for such things as sustainable resource management. These lands will be managed in accordance with our Alaska Forest Resources and Practices Act which has been demonstrated to be working well to protect water quality, anadromous fish habitat, wildlife and other important public resources. Thank you, I urge expeditious passage of this bill.

² Southeast Timber Harvest Employment Impact Analysis, October 2005, McDowell Group

³ The Impact of Sealaska Corporation on the Southeast Economy 2009 Update, McDowell Group



ALASKA ECONOMIC
TRENDS

DECEMBER 2010

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Cover: Pacific walrus at Cape Peirce in Togiak National Wildlife Refuge. Photo courtesy of U.S. Fish and Wildlife Service.

Corrections

The average rent for a two-bedroom apartment in Kodiak is \$1,267. The number was incorrect in Exhibit 12 on page 9 of August's *Trends*.

We have updated Exhibit 5 on page 13 of September's online issue of *Trends* to reflect revised U.S. Bureau of Labor Statistics educational and training-level information.

To contact *Trends* authors or request a free subscription, e-mail trends@alaska.gov or call (907) 465-4500. *Trends* is on the Web at laborstats.alaska.gov.

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