

Straith & Company

Government introduces replacement for *Woodworkers Lien Act*

In the midst of the hubbub surrounding the passage of the HST legislation last Thursday, the provincial government introduced the long-awaited new replacement for the ***Woodworkers Lien Act***.

Bill 21, the ***Forestry Service Providers Protection Act***, was given first reading in the legislature. The bill will have to go through extensive study in Committee and, ultimately, received a third reading before it becomes law.

Contractors and subcontractors in the forest industry have long understood the difficulties of filing a woodworkers Lien under the outmoded legislation. Only a worker and not a company could register a lien. Since most operators in the industry now work through companies, the legislation was largely useless to them.

The new act changes that. When passed, it will provide contractors with millions against forest products and provide contractors and subcontractors with charges on all accounts due to forest products owners and contractors respectively. The bill sets out procedures for registration of liens, and establishes priorities, and sets out the powers and duties of a sheriff when enforcing a lien.

Operators in the forest industry will welcome the modernization of the lien process.

The act provides another welcome benefit. It establishes the ***Forestry Service Provider's Compensation Fund***. The purpose of the fund is to compensate forestry service providers for financial losses resulting from the insolvency of companies or other legal entities to which forestry service providers have provided services. The legislation provides a framework for establishment of the fund which will be fleshed out and through regulation. Contributions will be required although it is not yet clear who constitutes a contributor as that is to be established by regulation. The act does provide for the imposition of a levy on stumpage.

While the details of the program are unclear at present, the new fund would appear to be a step in the right direction. We look forward to receiving further details from the government as the Bill moves through the House.

As more information becomes available to us, we will post it on our website: www.straithlaw.ca under the heading "News".

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