

# SOLUTIONS FOR THE NORTH WEST



Contractors in northwestern BC have heard about forest revitalization for a long time. There have been at least five booms and busts in our area since the 1970s, and each time there has been discussion about how to revitalize the forest industry. The interesting thing is that ever since I've been involved in these revitalization discussions, the messaging from the industry and forest contracting community in northwestern BC has been consistent, and has also been consistently ignored.

Maybe this time our messages will be heard and we can finally move forward!

## Cost structure

Northwest BC has the enviable condition of having both challenging forest types combined with challenging terrain, including large areas without roads. Additionally, there are few manufacturing facilities in the region. This means that the region needs strong markets for the entire log profile from the area, which does not happen frequently. Without multiple robust and diverse markets for our entire log profile, our cost structures hold us back.

Solutions: 1. Locally-led and informed research into Hemlock and Balsam to innovate existing products and lead the development of alternative products for a suite of opportunities to market the region's forest profile. 2. Support First Nation endeavours to utilize the timber profile.

## Stumpage

In northwestern BC, the appraisal system will result in negative stumpage rates for much of our forests, but we still pay the minimum rate. This means that while costs are recognized, they are not reflected in the actual stumpage we pay, nor are we able to "recover" the costs through a lower stumpage rate. In effect, we are held at a disadvantage when compared to the rest of the Province.

Additionally, when we innovate to reduce our costs, the Post-Harvest Appraisal Review Method (PHARM) disallows the costs of the innovation, pushing the indicated stumpage upward.

Solution: Ledger the stumpage rate. When a negative stumpage rate is indicated, the minimum is still paid (\$0.25/m<sup>3</sup>), but appraisal ledgering is to be used to allow the negative portion of the indicated rate from the appraisal to be recognized in the calculation for stumpage on a licensee's other stands. This could be implemented province-wide.

## Marginalization and lack of representation

The northwest doesn't fit the mold of the Interior or Coast. Politically, the region has generally not voted in line with the ruling political party. Hopefully, this has changed since the Minister of Forests, Lands, Natural Resource Operations & Rural Development is from this area; however, the current government owes most of its allegiance to urban centers and Vancouver Island. We do not have any of the established, large industrial players operating in the region, which means that the northwest does not get much consideration when government "consults with industry" (i.e. COFI).

Solution: Include the North West Loggers Association when government "engages with industry."

## Uncertainty

There is confusion and uncertainty around implementation of current and upcoming treaties, although much of the tenure in northwestern BC is controlled by First Nations and community tenures. This could also lead to opportunities and demonstrations about how to get things done.

Solution: Work with those Nations that are approaching treaty and have forest tenures to develop solutions that utilize forest resources.

## Bureaucracy

There seems to be a culture in the regional and branch offices that Northwest BC is not significant on the provincial stage. We are told that solutions that work for Northwest BC are "likely" to be a problem for the United States or for the "main" licensees in the rest of the Province. In other words, it seems to be easier for bureaucrats to criticize and either say, "no" or, "if the solution works for the other 80 per cent of the province, then that's good."

There is also a bureaucratic attitude that we should let the marketplace rule, as opposed to developing and promoting opportunities and markets that best utilize the forest resources to provide a good return for the people of BC.

From a bureaucratic perspective, Northwest BC is seen to be aligned to the Prince George area. Even the Skeena Region has its main offices in Smithers, which is still in the true Interior.

Solutions: 1. Move regional and provincial decision makers into Northwest BC. 2. Have provincial leadership direct the bureaucrats to embrace a philosophy of developing locally relevant solutions across BC.

All of this is not to criticize or whine, but instead to provide advice and solutions, and demonstrate that there's a lot of opportunity in the forests of northwestern BC. The NWLA and contractors of northwestern BC are ready to work with the Province to move these solutions forward. 🌲

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