

# WHAT GOVERNMENT HEARD AND SAID

By Jim Girvan, RPF MBA

In September 2019, a massive convoy of logging trucks from the BC Interior to the Union of BC Municipalities (UBCM) started a series of grassroots efforts by timber harvesting contractors to bring awareness about the importance of forestry in BC. Through the fall, packed public meetings continued across northern Vancouver Island and with local MLAs across the province. In December, the first of two contractor-organized rallies converged with hundreds of supporters on the legislature steps in Victoria. In February, the second rally saw thousands of forestry workers, families and community representatives along with another convoy of dozens of logging trucks converge again in Victoria, this time delivering a petition of 8,000 signatures to government with a plea to save our working forests.

Why? Frustrated forestry workers from across the province want government to take action as the industry and its jobs slide into oblivion across BC.

Did government hear the pleas?

In January, at the TLA's 77<sup>th</sup> Annual Convention + Trade Show, Premier John Horgan acknowledged that challenges in the forest industry have intensified over the past 12 months. However, he noted the "elephant in the room" was the continuation of the then still-looming, seven-month coastal strike. "There are structural challenges due to consolidation on the coast which will continue even after strike ends," Premier Horgan said, "but I do not have much to say to those who have not made a dollar since July 1 other than that we are in this together."

While Premier Horgan acknowledged he has heard the issues forest workers have been bringing to government, there was little motivation to help other than a \$5-million dollar Coastal Logging Equipment Support Trust that would be available to contractors who need to bridge their equipment loans; any money drawn from the trust must be paid back with interest.

The remainder of Premier Horgan's speech was focused on his ongoing revitalization initiatives including reductions in log exports, increased waste wood utilization, Asian market development and

a general move towards increased forest products value from the dwindling interior resource. Not surprisingly, the general crowd response was weak as little immediate support was given.

Minister Doug Donaldson spoke the next day and, like Premier Horgan, reiterated that "government was doing everything it can to support you and work with you to build a better future for forestry in BC," but he too had few tangible action plans to present.

However, Minister Donaldson had clearly heard the TLA values when he reiterated his belief that the "working forests will generate long-term prosperity for British Columbians and that those working in the forest must share in that prosperity."

He confirmed that they want contractors' input to forest policy and thanked those who have participated in the sustainability review and continue to work with government "as we work to facilitate full implementation of recommendations...The goal is to achieve a fair timber harvesting services market so that pay cheques reflect the work contractors do and their cost of doing business," noted Minister Donaldson.

On the tenure front, he said that "the concentration of tenure across the province was as a result of 2003 policy and legislative changes that have exacerbated the impacts of the current strike." Beyond the increase in tenure consolidation, Minister Donaldson further suggested that current NDP policy was meant to reverse coastal industry trends seen between 2003 and 2017 (see page 24).

However, he did not note that during the same period, the coastal allowable annual cut (AAC) was reduced by almost 25 per cent as increased areas of working forest were protected. At the same time, the industry undertook efficiency measures that reduced the cost of both logging and manufacturing.

One really has to question if the proposed NDP policy changes can restore jobs fundamentally lost to reductions in the AAC and improved efficiency of coastal logging and manufacturing processes. Despite these contrary perspectives, Minister

Donaldson ended by saying, "our government is optimistic about the future of the forest industry."

During the Q&A with the newly elected TLA Executive, Minister Donaldson echoed Premier Horgan's comments that government is well aware of the coastal strike situation, as well as the anger and strong emotion seen from struggling forest workers, but noted that it reflects their passion and pride in industry and their work. He acknowledged a need for change, but that the pace of change is slow.

When asked about the expected measures of success as the new government policy is implemented, Minister Donaldson commented that the goal is to create more employment and bring more fibre out of the forest with an expected 15 per cent reduction in log exports and utilization of two-million more cubic metres of post-harvest waste wood.

For the BC Interior, Minister Donaldson noted that they are waiting for the formal "What We Heard Report" after receiving a lot of input, but that initial indications show a big focus on waste fibre utilization and like on the Coast, the need for increased tenure diversity.

Minister Donaldson was asked if stumpage was the fundamental contributor to BC's high cost structure. His response was an emphatic, "no" noting that the October quarterly adjustment dropped stumpage 24 per cent on the Coast and that the market-based pricing system (MPS) is now more responsive given lumber price is now part of the formulas. This perspective was contrary to that of Russ Taylor of FEA Canada (Woodmarkets) who spoke later in the day and pointed to data demonstrating stumpage was the single largest contributor to industry curtailment in BC when compared to Alberta.

When questioned about the Old Growth Strategic Review and its potential to impact virtually every worker in the industry (the effects of which would pale by comparison to the WFP/USW strike), Minister Donaldson was hesitant to speculate on the outcome until the report is presented but went on record to

say that “logging of old-growth forests will continue in a sustainable manner.”

On the other side of the floor, John Rustad, Liberal Forestry Critic tried not to be political with his comments but shared his thoughts on what he has heard from around the province.

To provide context, Rustad noted that on that day, lumber prices were near \$400/MFBM (thousand board feet), the US was looking at 1.3 million in housing starts this year and that BC would generate stumpage revenue of \$1 billion.

Despite the indicators, he questioned “how do we make money at forestry? All other jurisdictions are making money, but BC is struggling. We have a cost structure problem and 60 per cent of the problem is stumpage and the rest are regulation and red tape costs. Unless our cost structure changes, we are stuck!”

In response to audience questions, Rustad admitted that it is also hard to do business in BC because of the layers of bureaucracy and legislation, he stated “operators can’t get permits. This is driving investment out of BC to other jurisdictions.”

Beyond the decline of Interior AAC, land claims uncertainty and the longest forest industry strike in history, Rustad focused on the ongoing pressure from ENGOs on the timber harvest land base as the big and long-term issue. Clearly, he has also heard what the TLA is saying.

“The industry needs a secure working forest to ensure a vibrant forest industry.” The *Great Bear Rainforest Act* ended the War in the Woods, but we are under assault again by ENGOs to end old-growth logging. By Rustad’s account, 50-70 per cent of the coastal forest industry would collapse if a ban on old-growth logging was implemented.

Rustad drew a comparison to Sweden which has the same timber harvesting land base as BC, but a harvest of 90 million cubic metres, compared to 60 in BC. “What is it we are doing wrong? We have to start thinking long term when it comes to forestry. BC has an opportunity to follow Sweden’s policy examples.”

Perhaps eluding to an eventual Liberal policy platform, Rustad suggested the mechanics of this could include: modernizing legislation, creating certainty on land base, moving to a long-term (one-rotation) tenure model, planting at higher densities, a fibre-based cut—not just a

sawlog cut, a carbon value that will support forestry investments and a complete rework of the stumpage model. “It is not working and is broke,” noted Rustad.

The key was to have “a (long-term) policy vision that is laid out and imple-

mented over time through successive governments” and not one that is tied to the electoral cycle. Despite these challenges, Rustad ended by saying, “I am optimistic about the future, but maybe not for 2020.”▲



All photos: Kai Jacobson

