



THE CONTRADICTION OF UNCERTAINTY AND INVESTMENT

We are certainly living in a time when many groups tackling the important issues of the day do it through whatever tricks and stunts the world of traditional and social media offers. The latest stunt being some ENGOs “failing report card” on the government’s handling of the old-growth logging issue. Cute, but not really constructive. These days call upon all of us to take a long hard look at where we want BC’s forest sector and economy to head. But first, some fundamental contradictions have to be tackled head on. For some, there seems to be a false sense of reality that the current state of our forestry sector is just fine. Unfortunately, those of us in the business know very well that our reality is full of uncertainty and is stifling BC’s investment climate.

We’ve often commented on (and will continue to do so) the need to protect and enhance BC’s working forests. Without such assurances, any new business will be hard pressed to make major investments in technology and productivity. And, if the associated legislative and regulatory environment remains unnecessarily cumbersome and cost prohibitive, this will have a decidedly stifling affect. If the cost structure of your industry is out of alignment with your global competitors, would you put your dollars there? As you will read in this issue, BC is not competitive, even within Canada. More specific to TLA members’ interests, when can we expect to see the definitive completion of the Contractor Sustainability Review process to provide us with the certainty moving forward for our investment in businesses and communities?

For investors, requirements are relatively simple. Assurance of supply, a stable regulatory environment, stable political climate, decent markets, and the potential to realize a reasonable rate of return are prerequisites to bringing investment dollars to BC—or keeping

them here. But this is nothing new, our association and many others have been saying this for years/decades. The question is whether anyone is actually listening to these basic truths.

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Herein lies a contradiction. Do the facts show concrete and real actions being taken to reduce these uncertainties? We hear well-crafted statements depicting actions taken regarding such uncertainties, but frankly they really only represent, at best, tinkering on the edges. In fact, most of the conversations these days head in the direction of actually increasing costs and complexity. In the next breath, we hear expressed desires to have a reinvigorated forestry sector, the creation of more jobs, the move towards a high-value manufacturing sector, and, of course, the need to get more money out of the sector in terms of taxes and provincial revenues. Now, I don’t know about you, but all of that seems to be just a series of contradictions.

Are there difficult challenges facing all of us in the forest industry? Certainly. Is there a collective ability to work around them? Certainly.

If nothing else, all of us involved in the forestry sector have shown a remarkable ability to innovate, persevere and withstand the many changes and challenges that have confronted us over the years and decades. We’re not oblivious to changing public expectations for what needs to be done out in the woods. There are solutions out there that can address the questions asked regarding forest practices, climate change, sustainability, and increased diversity and investment in our businesses. But most of those solutions require a common vision about where we want to head as a sector and

the absolute necessity for a working forest that will support such a vision.

Some solutions will also require a rethink on the stumpage and revenues collected by the Province and other levels

of government. To be blunt, adoption of more intensive harvesting systems, innovative forestry, and the ability to be responsive costs more. But the benefits of any reduction in stumpage, for example, far exceed the minor losses in revenue through the increased level of economic activity and the downstream taxation revenue derived as a consequence.

So, why is all of this important to everyone living in BC? Because no matter how you slice it, the potential for the forestry sector to provide sustainable forest products, sequester carbon, and tackle climate change surpasses anything out there. And the fallacy by some that carbon credit revenue from simply leaving all trees standing in perpetuity somehow comes remotely close as a substitute to the economic activity from forestry is just as silly as biased and unsubstantiated report cards.

Time to move forward. The window to create that change in direction is hopefully in front of us. New political leadership and the potential for a revamped ministry that better supports the forestry sector might be the catalyst. Let’s work on a vision most of us can accept, and create the certainty for investment to happen.▲

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