

Premier Gordon Campbell
Address to the B.C. Truck Loggers Association
January 18, 2002

Check Against Delivery

It's good to be here today to talk about some of the fundamental shifts we have to make to ensure the forest industry in this province becomes a vibrant, growing, competitive industry that provides security for people up and down the coast and across British Columbia.

Yesterday we outlined our blueprint to change the way government should work. It rethinks how government provides services to British Columbians. It was based on the commitments we made during our campaign and in our New Era document. It's backed up by a belief that people in this province are energetic and creative, and that if we allow them to compete, they will win.

When we make these shifts in government, we have to make some very difficult decisions. But the plan we have laid out is reasonable, it's rational and it's the right thing to do for all British Columbians.

We said we were going to revitalize this economy, and we said we were going to restore sound financial management. We said we were going to do that because if we didn't, we were going to lose the very public services that are so critical.

Before I lay out some of the issues we have to deal with in the forest industry, let me say this: We promised we would put students at the top of our agenda when we worked to revitalize British Columbia – we said we would put students first. That's what our plan does, and it's what we expect to do in both health and education.

We said we'd protect funding for both of those services; we've done that. In fact, we've increased funding for health care by \$200 million. But there are limits to the resources we have, and nowhere is that more evident than in the dispute between the union and the school boards across this province.

It is time for British Columbia to put students back at the centre of our agenda. I have instructed our labour minister to resolve that dispute by the end of next week. It is time to put students first.

As I look to the future in this province, I have a great sense of excitement. As you travel across British Columbia, people in community after community – who are facing very difficult times – are saying, "Let us get on with it. Let us build a future we can be proud of again. Let us build a future that will create the stability in our communities and the jobs we need to support our families."

If we are going to build that future, there is one industry that has to be revitalized, and that's forestry. Working together, we will do that.

We all must remember what forestry has meant not just to British Columbia's past but what it is going to mean to British Columbia's future. Fifteen per cent of our gross provincial product comes from your industry. Thousands of people depend on it for their jobs. Dozens of communities depend on it for their stability.

I know you've had a tough time over the last few years, and it's been even tougher over the last few months. But I also know this: If we continue to work together – if organizations like the Truck Loggers Association continue to speak clearly and unequivocally on behalf of your industry and the workers and the companies you represent – we will succeed in building a forestry industry that is the envy of the world.

I have a number of cabinet ministers and MLAs with me today: they are the guts of how we move forward in this province and make the right decisions. Together we're going to create a globally competitive, economically vital forest industry renowned for its excellence in products and for its environmental stewardship. We are going to create and build an industry in this province that recognized as a world leader in sustainable resource management.

We are going to have an industry that is a cornerstone of economic growth and prosperity. If we don't have a forest industry that's vital – a forest industry that attracts investment, a forest industry that sustains jobs – we are not going to have the resources we need to sustain excellent health care, excellent education and other public services.

Together I know we can accomplish that. I know we'll have to make some difficult choices. I know that together we can make them, and they will be the right choices.

Last year we committed to reduce regulatory costs – to develop a results-based Forest Practices Code based on sound science and the highest environmental standards.

We committed to encourage investment through tax reform. We've done that. By September 1st of this year the corporate capital tax will be gone in British Columbia.

The tax on machinery and equipment, which held back productivity gains across the province in the industry, has been eliminated. Workers in your industry pay the lowest base rate of personal income tax of any jurisdiction in Canada on the first \$60,000 of their income.

I told you that we would have tenure reform and that we were going to work to reform our stumpage system to reflect the marketplace. I know none of these things can happen fast enough for all of us in the province, but I also know they're complicated and they're difficult. We live in a very, very challenging time.

The softwood lumber agreement sits out there as an iceberg we have to remove. It has huge impacts across this province. The 19.3 per cent tariff has expired, but it's not been resolved. There remains a 12 per cent anti-dumping penalty. We still have to obtain the access to the American market that is so critical to us.

When we were elected in June, Mike de Jong picked that item up off of the floor where it had been lying for the last number of months under the previous government and said it was time for British Columbia to take a leadership role with this on the national level – and he's done that.

We submitted 21 specific proposals to the federal government and to the Americans that we believe help open the opportunities for access to the American market. It's time for the U.S. industry and government to demonstrate a genuine commitment to free trade, a genuine commitment to long-lasting open markets, and a genuine commitment to their consumers, to their builders, to their homebuyers and to the principles they espouse.

This morning I talked with Governor Racicot, who has been given responsibility as a special envoy for the president to try and resolve this matter. Next Tuesday he expects to receive a proposal from the U.S. coalition. Our whole government is going to focus on resolving that softwood lumber dispute as quickly as we can so you can get on with the long-term stable future for yourselves, for your employees and for your industry.

The softwood lumber dispute has made it irrevocably clear to all of us that we have to broaden our market. We can't be solely dependent on the United States. So last fall, as part of an economic mission to Asia, we worked to open up the doors to the market in China.

A special memorandum of understanding with Shanghai was signed by B.C. industry, by our universities and by our municipal representatives so we could build the codes they need to use our lumber supply to meet their goals.

China is an enormous market opportunity for British Columbia. Their gross domestic product grew by seven per cent last year. But more important, residential housing was up 29 per cent. If we can be international leaders in making sure our product enters the Chinese market as soon as possible, everyone in British Columbia is going to benefit.

We visited Japan, where they're starting to reform their building codes. We've got very strong connections in Japan, and we intend to continue to build on the Japanese market as well. The entire Asia Pacific market is an opportunity for us in British Columbia.

Don't let anyone tell you we cannot compete. With a level playing field – with sensible public policy – we can compete, we will compete and we will win.

Last year I promised this group that should we form government, we would take one per cent of all direct forest revenues, not including super stumpage, and commit that to global marketing so we can inform all of our customers – in boardroom after boardroom, in

country after country, in community after community – of what our forest industry is doing in British Columbia.

I'm pleased to tell you today that we have made that commitment. The dollars are there, and we are actively developing the marketing program we know will make a difference to everyone in the province.

We're going to come to your association and ask what you think we need to do to maximize the benefits of those marketing dollars. We're going to talk to the IWA, we're going to talk to other organizations, we're going to talk to community groups, and we are going to have a comprehensive and thorough policy that moves our message out across the globe.

Because you have a great message – how you operate, what you do and what you can deliver – and we want to make sure everyone hears your message loud and clear. By the end of this month, we will have a full branding program in place for British Columbia, and our forestry initiatives will be a critical part of that.

I know you're all concerned about stumpage. Last year I pointed out that we were going to develop a new stumpage model that would reflect global market realities and local harvesting costs. We've tried to do that in concert with a number of other initiatives we've undertaken. I've talked with the minister of forests, and we understand how critical it is that we move forward with the stumpage issue, particularly with regard to the coast. A top priority item as we move through the next couple of months will be to get that resolved.

That new pricing model is now under development. It's something that should have happened years ago, it's something that will happen within the next few months, and it's something that's critical to the industry.

We promised you a results-based Forest Practices Code. Currently, as I mentioned, our government is reviewing all regulations we impose on business. Our commitment, which is reflected in the fact that we have a minister of state for deregulation, is to eliminate one third of all regulations on business and communities across the province. We intend to do that within three years.

But we have to work quickly to develop a results-based, workable, scientifically proven Forest Practices Code. This spring a white paper will be available to all of you and to the public. And we are hopeful that after consultation on that white paper, we can have in place by 2003 a results-based Forest Practices Code that meets the needs of all our communities.

We won't be making it up: we are going to work together to make sure this code makes sense. Too often in the past, a nice label was replaced by very bad legislation. What we have to do is make sure the legislation reflects the best possible public policy based on

understanding the impacts of the decisions we make on the communities and the industry we are supposed to be serving.

Our results-based Forest Practices Code is going to set the highest standards: we are just not going to pretend that we can dictate every single step that must be taken every direction down that road. Those standards are going to be high, and we are going to expect industry to meet those standards. But we have confidence that our industry wants to meet those standards, that they will meet those standards, and that they have practices that are based on sustainable resource management and sound scientific principles.

We are going to increase the amount of auditing and compliance enforcement. I know the industry understands compliance is critical if that results-based code is going to work. I know in the past you in the Truck Loggers Association have been willing to come forward and to give freely of your time and your expertise to make sure we make the right decisions. I expect that will be the same as we go through this very important public policy process.

We are also going to go through the issue of tenure reform. We want to be able to respond quickly to market opportunities rather than posing unworkable, arbitrary requirements on volume and location. We intend to sever the link between harvesting and processing so industry can determine best location and eliminate requirements for companies to cut timber without regard to market demand.

It is important for us to understand that as we maximize the economic benefits in this industry, we actually maximize the security of people that work in the industry. We maximize the opportunities for private-sector investment in the industry. All of those things are critical.

I told you last year that should we be elected, within 18 months we would have established a working forest land base in British Columbia where forestry was thought of first because of the important role it plays in all of our lives, socially and economically.

Stan Hagen, the minister of sustainable resource management, is committed to consult with the industry and communities to ensure we develop a working forest base that enhances long-term forest management and planning.

Stan has also been spending an awful lot of time working on the Coast LRMP. He has established a special committee to review that and to bring it forward. The first meeting was chaired by Mayor Jim Lornie of Campbell River, and it was held last month.

We need to resolve land-use planning issues efficiently and effectively in a way that respects community needs. Our new planning model does just that. Jim Lornie is accountable to the participants at the table to ensure the process is completed by 2003. Your Truck Loggers Association is represented by Don Bendickson and Lloyd Juhala. They are making a significant effort to make sure that the interests of the industry and the association are properly represented.

You'll all be aware that Dr. (Peter) Pearse has come forward with a challenging report. That report on the coastal industry challenges government, industry, the IWA, communities – it challenges everyone to work together.

If any one of those groups decides they want more or they're going to try and take this to their advantage, I can tell you what will happen: We'll fail. There are enormous competitive alliances mounting against us. We have to be smart enough in British Columbia to unite – to recognize that the IWA, the companies that work in the industry, the industry itself and the provincial government all benefit when we work together.

We have to create mutual benefits out of our forest industry that meet long-term needs for workers, for communities and for the province. And again, I know the truck loggers have always been willing to come to the table and to think in terms of the provincial interest and of the interests of the entire community. That's going to be a critical component of our success.

It will be for the IWA, and it will be for industry. Everyone is challenged by this, but I know that we are up to the challenge. If we all work together, there is nothing that we can't accomplish.

There is no place in the world with a better forest resource than British Columbia. I don't believe any place in the world has more talented and capable workers, more talented and entrepreneurial businesses and industries, or people with the kind of strength and determination we have right here. So let's meet the challenge of taking that incredible asset and maximizing the potential for everyone in the room and the four million people across this province who depend on forestry.

I said earlier today that one of our goals in the New Era was to restore financial sanity to British Columbia. A critical component is to restore our private-sector economy – to restore people's confidence that if they go out and work hard and take risks, they will be able to benefit. They'll be able to benefit for themselves, for the people who work with them and for the communities across this province.

We inherited an incredibly difficult financial situation. When we were elected in June, we had a financial review panel look at the government's books. That independent panel told us, "You're facing a \$3-billion structural deficit for next year."

What that panel didn't know is we were already \$400 million over budget in health care. BC Hydro was going to reduce its contribution to the government by \$200 million. ICBC was \$175 million off. So before we even started on June 5th, we were facing a \$3.8-billion deficit.

There's two ways that you restore financial balance. One is you keep your costs under control. We have a government, a party, and a caucus that are committed to doing that.

We understand the work, the time, the effort for people to generate the tax dollars government uses, and we accept our responsibility to manage those tax dollars wisely.

There is another equally important part of the equation. That's to get the private-sector economy thriving again. It's to encourage investment. It's to say to our workers, "If you work hard in the province you can get ahead, you can build a future, you can take care of your family." All of those things are critical.

The cornerstone of restoring prosperity and hope in British Columbia is restoring prosperity and hope to the forest industry and the forest workers of British Columbia – and that's what we are going to do.

I said to you last year that I looked forward to coming to the Truck Loggers Association and speaking to you as premier. I also said I wanted to speak to you as premier when we were talking about nothing but the future prospects of this industry – when everyone in the room is excited about what's ahead of them, when everyone in the room knows that if they go out and work hard, they'll be able to capture markets and succeed and prosper and build a stronger community and a stronger company for their employees and themselves.

We are going to get there. We've got tough decisions to make, but we are going to make them. We've got a difficult road ahead, but we are going to travel it. And if we travel together, arm in arm – committed to the future, committed to our industry, committed to your employees, committed to British Columbia – we're going to be Number 1, and you're going to be way ahead.

Thank you very much.