



## Truck Loggers Association

### Premier Gordon Campbell January 20, 2006

It's great to be here again at the Truck Loggers' annual general meeting. It's particularly good to be here because one of the things I love about the truck loggers is, yes, we have good years and we have bad years but the TLA, your board of directors and your executive are always looking not just to identify the challenges we face but also the solutions that we can move forward together on.

I'm really always pleased to have Don Hayes introduce me. I went over and said hello to the Hayes family today and I said to Mrs. Hayes, "I'm going to have a little bit different speech that I have usually." She said, "That's good." Not the response I was looking for, Mrs. Hayes, but what can you do?

I am really pleased, also, that we make a point of trying to make sure that a number of our cabinet ministers and our MLAs come and get a chance to meet with you as you go through your meeting, and I'd like to introduce them.

I'm very pleased to introduce the Minister of Energy, Mines and Petroleum Resources Richard Neufeld is with us today. The Minister of Education, the Deputy Premier, Shirley Bond is also with us today. The Attorney General, Wally Oppal, joins us. Thank you, Wally, for coming. The Minister of Children and Family Development, Stan Hagen, is with us today. The Minister of State for Childcare, Linda Reid, is with us today. The Minister of Employment and Income Assistance, Claude Richmond, is with us today. MLA Harry Bloy, from Burquitlam, is with us today. MLA John Yap, from Richmond-Steveston, joins us today. And MLA Richard Lee, from Burnaby North, also joins us today.

One of the things that Don mentioned and that we've talked about with your executive is that there's always change taking place. There are always challenges that are in front of the industry. The coastal industry, particularly, has gone through a time, in some cases, of really wrenching and really challenging change.

The coast faces a lot of challenges. In fact, the coast is the place that British Columbians think of the most when they think of forestry, you know. I know that in the north we have a huge and expanding forestry industry. We have a major challenge there with the pine beetle.

But the coast is that picture of forestry that we've got. That picture of those great, massive old forests is what people think of when they think of forests in British Columbia. That's the coast; that's you. The mountains and the valleys and the fjords: That's the coast.

One of the challenges for us is to take our minds out of where coastal forestry used to be and move our minds to where coastal forestry has to be, because I think it should be very clear to all of us in this room and, frankly, across the province that forestry is the primary industry in British Columbia. Forestry is our future; forestry is the future for young people, for entrepreneurs, for people that want to be active and vital in building a stronger economy in British Columbia. Forestry is number one, and we have to keep working to make it number one as we look out to the future and define the kind of British Columbia that we want to have. It's a big challenge because it's not just what's going on in B.C. that has an impact on the forest industry.

The theme of your convention is that you are champions of change. I'm going to challenge a little bit of that because I think the fact is that you're champions at responding to change. But I think we should recognize this: there are only two paths that we can take into the future. Things can get worse, or things can get better. I can tell you, speaking on behalf of a government, it's often difficult to change and to make things better. Sometimes it's way more comfortable just to let things lie there, and they slowly deteriorate and dwindle.

I think one of the things that we all have to recognize is that if we want British Columbia's forest industry and we want the coastal forest industry to encourage investment, to bring young people into it, to encourage entrepreneurship, we are going to have to be part of a transformative change as we look to the future. A transformative change means leadership. It doesn't mean doing kind of what we used to do. It means thinking about where we want to go; making the big decisions that move us towards where we want to go; and as we make those big decisions that move us to where we want to go, recognizing that there may be some problems.

Last June when I appointed the cabinet, I thought: if I have a big place that I want to go to, I'd better have a big guy that's going to help carry a lot of the load to get me there. So that's why I asked Rich Coleman to be the new Minister of Forests. I'm glad he's here today, too.

We have to challenge our old ways of thinking. One of the things that you should know about your Minister of Forests is that Rich understands the importance of political leadership, of saying to the institutions that work with us, "This is what we're going to do. Don't tell me why we can't do it; tell me how we're going to do it." He's willing to make decisions, and so is the government, to make sure that we move forward and we do have an active, vital industry.

But we all have to reach out and go beyond this room. We have to go beyond what we think of normally in our day-to-day activities. We have to reach out to the province, so they understand why those transformative changes are so important.

So Shirley Bond is here, the Minister of Education. One of the things that I was most interested in was the survey that was recently done, that said people want to see more about our resource industries in our schools.

How important is it, really, for people to understand that when that logging truck is going down the road, with those logs in it, that's a school that's being built; that's a hospital that's being created; that's a community that's having some stability built into it?

We can't keep taking forestry or resource industries for granted. We have to understand them. We have to talk to people about what they can do. We have to build them into the curriculum so that our young people in British Columbia understand how fortunate we are.

We should never forget, as we face the challenges that confront us, how fortunate we are to live in a province with the kind of resources we have and with the kind of human talent that we have. Because one of the big transformations taking place and that we're going to have to respond to is that we're not the only place with fibre, anymore. It's no longer the only place that people can get a stable flow of fibre.

I think one of the things we have to recognize is that if we decide that we're going to commoditize our resources, we're going to end up losing because we're not going to have control over what we're doing. It's not simply a matter of cutting down a tree and saying "would someone please take it?"

We'd better start thinking about our customers. We'd better start thinking about our marketplace. We'd better start thinking about our natural advantages. We're going to have to retool to do that. We're going to have to think about the different ways that we can approach this natural resource if we are going to truly maximize the benefits of this natural resource.

I mean, think of all the changes that have taken place since the Truck Loggers was first brought together. Think of all the changes that have taken place in the industry. Today we have foresters working with the idea of little sensors on our trees now that say this is how fast they're growing; this is what we're doing; this is what's working.

We have a huge resource in the province: the hemlock forests. We haven't really done anything to figure out how we're going to take advantage of that. How many think: boy, isn't it great we've got a whole lot of hemlock in British Columbia? There's one guy here. Way to go. I knew I could count on you, Mike. I've got some hemlock I'd like to sell you.

You know, the fact of the matter is that it's a resource. There's only one way we're going to take full advantage of that resource: we're going to have to spend time thinking about it, doing research on it, developing the product, thinking of where we can use it and thinking of how we can use it differently. We're going to have to apply our knowledge to that resource if we're going to maximize the benefits of it.

As we move through that and we do the research and development to get there, we're going to have to apply what we already know, to make sure that we maximize the benefits of the existing fibre block that we have. That sometimes requires change and I know the minister is working on that.

So one of the things that I think is really important for us to decide — and we should decide it explicitly — is are we going to get ahead; are we going to lead; are we going to be in front, or are we going to be reactive? Are we going to be leaders, or are we going to hope that we can keep up?

I'd prefer for us to get out in front and to try and lead because we've got great assets that we can build on if we're smart. It does require us all to change, a little bit, what we're going.

We have to liberate new opportunities for people. We've taken some first steps in that. Don mentioned some of that. The forestry revitalization plan is about trying to liberate new opportunities.

Our goal was to liberate opportunities. The question is have we liberated them yet? If we haven't, what are we going to do to liberate more opportunities? The goal, still, is that we want the opportunities liberated; we want the new way of thinking to be applied to the world that we live in and that you work in. That may be challenging, both to us in government and to you outside of government.

We have to forge a new relationship with First Nations so that we build the kind of certainty and confidence and mutual respect that's necessary for us to be getting on with taking advantage of what's going on outside of British Columbia. If we don't have certainty and confidence and you don't have confidence, we don't have investments. If don't have investment, we don't take full advantage of the resource. We are making big steps with regard to that.

I should say that, often it's the private sector that makes the largest steps. They bring the government to the table, and that's important. We want to continue to encourage that.

Yesterday we signed the one-hundredth First Nations' forestry agreement. Fifty-three of those are on the coast. That should be providing new opportunities. It will take time to build that culture, but it's something that's important, and it's available for us to do it.

We're extended opportunities to open up community forests in Powell River, in Bella Coola, in Sechelt, and Port Alberni, and Ucluelet. There are a total of ten in the coastal area. We want to continue to look at how we maximize the benefits of that and how we create new opportunities.

We have to be relentless in our pursuit of the result we are looking for because, if we're not, things will always slide back to where they were. Where they were is not where we want to be going.

I think that's what's so important about how the truck loggers interacts with government. You know, I can't remember a time when your president or when Jim has come and said, "We've got a problem," without them following up, right away, with: "Here's a solution that we'd recommend." That's really an important part of building a partnership, because forestry in British Columbia is a partnership.

It's a partnership between the government and the private sector. It's a partnership that, if we work together on, we can mutually benefit from.

When we think of British Columbia and we think of the world there is a big shift for all of us to make. I was in Toronto, and someone introduced me. They said: this is the Premier of British Columbia, and he's been spending a lot of time in the Far East. I pointed out to them that actually I'm the Premier of British Columbia and it's the Near West.

The world is going to shift. Everyone in this room knows, intellectually, that it is going to shift. Everyone in this room knows that the two fastest-growing economies in the world are China and India. But I will bet you that most of us in this room haven't figured out how we take advantage of that.

We are the only Pacific province in Canada, the only one. Now you may wonder why I stress that. There are a lot of people that haven't figured that out yet.

I was at a meeting when I was still a mayor in Vancouver. I was at a meeting with Ralph Klein, who at that time was the Mayor of Calgary, and with a fellow, named Laurence Decore, who was the Mayor of Edmonton. They started their presentations telling us that they were Pacific-rim cities. I said, 'Hold it; the Rocky Mountains are between you and the Pacific. You don't get to be a Pacific-rim city; you don't get to be a Pacific province.'

But if we're smart, think of what we can do. They build half a million housing units in Korea every year. Do you know how many are wood-framed? Any guesses? Three thousand. So we've taken that market, and we're slowly starting to move into that market. We've watched as we've doubled, in the last two years, the number of wood-framed starts. That's a start.

There are about 10 million housing starts a year in China. We have watched as our market share in China has gone up. Since 2001 we've almost doubled it. We've watched as our share of the China wood market has gone from 5 per cent in 2003 to 8.1 per cent in 2004. But that means there's 91.9 per cent market share left for us to grab. We are going to have to go out and grab that market because there are all sorts of people that are after it.

We have to grab that China market, the Korea market, and the India market because it's the only protection we have against the United States. Did you ever think of that?

Softwood lumber is not about whether we're competitive or not or whether they're competitive or not. It's that they are not competitive. There is a small segment in the United States that is not competitive and they've decided they're going to put up barriers to trade, and that is going to stop us from providing their consumers with the best benefits that they can in terms of an economic supply of wood.

But you know what? We're going to win the softwood lumber legal case: I'm confident of that. Most people are confident of that. I'm also confident of this: as soon as we've won, there will be the next softwood lumber legal case. So we have to work not just to say: how to get through that? We have to build larger markets outside of the United States so that we can balance that off.

Ninety-five per cent of forestry trade goes to the United States and Japan. We have huge, vast, opening markets in China and India and Korea that we can go and attack. But we have to change the way we think if we're going to do that. We have to think about them. We're slowly starting to get the Chinese to include wood in their building codes. We're slowly starting to get over some of their cultural resistance to wood. But we have to be persistent.

If we put ourselves out ten or twenty years, what do we want to be? I'd like to be the largest foreign supplier of wood to China. That would solve a lot of our problems. If that's what we want to be, we'd better have a map to take us there.

I'd like in ten years for India to have an open, active trading relationship with our wood products in British Columbia. If that's where we want to be, we'd better think of how we're going to get there.

And that will require transformative change. It will require us to think in terms of a customer. It will require us to think in terms of a product instead of a commodity. It will require us to think culturally about what they may need that we can supply, because we can do it. We have the talent. We have the people. We can do it.

It will require investment. It will require people to feel confident in investing in British Columbia and in our coastal forest industry in British Columbia.

So let's set a goal for ourselves. Let's decide we're going to encourage private-sector investment in our coastal forest industry. Let's decide we are going to upgrade our capital plan in the coastal forest industry. Let's decide we're going to do that together so that plan reflects the needs of the global marketplace.

If we decide we're going to do that, now we can lay out a plan that will do it.

Rich is, right now, talking with people in the money markets and people who are likely to invest and saying, "What's getting in your way; what's stopping you from doing this? We have a chance that we can move this forward."

This is not going to be the old forest industry that we've all talked about for so long and we all have pictures of in our minds. This is a new forest industry. The transformative change that I'm talking about requires us to think differently about things.

So I'm pleased that Kevin Falcon is here today because I can tell you that, as the Pacific province of Canada, if we are going to do a good job of delivering our natural resources to those customers, we're going to have to have a proper transportation system to do that. We're going to have to make sure that those goods and services flow.

They might flow from Port Alberni; they might flow from Campbell River; they might flow from Vancouver; they might flow from Prince Rupert. But we want to

make sure that we are making good, clean, fast connections with our customers, that they can rely on and that they can count on. If we don't do that, we are just talking to ourselves, as opposed to listening to our customers and what they want.

As we move over the next few years, we will resolve softwood, but we will have to understand this: we must be competitive. We're not the only forest products supplier left in the world. We are in a very, very challenging, competitive global marketplace. If we decide we are just going to be price-takers, then we have to know that we're up against something that we're probably not going to be successful in dealing with.

But I think we can be much better than that. We've set up a Competition Council in British Columbia that will look at all of our industry segments and ask "How competitive are we?"

Rich announced to you on Wednesday a number of activities that we're going to undertake and commitments that we had made in terms of cost efficiencies that we want to build into the system. We still have to look at how competitive we are across the board.

I want to give you just one example. A pulp mill in Port Alberni, British Columbia pays \$26 a metric tonne in property taxes. A pulp mill in Quebec pays \$4 a metric tonne. So it's not too surprising for us when we see that people are starting to make decisions about where those costs are and how they play.

One of the things that happens is when we have a resource, we tend to take it for granted. If we lose the resource, we start running around and saying: what do we have to do to get it back? It costs ten times as much work to bring someone back, as it does to keep someone here.

So I have challenged the Competition Council to come back and tell us clearly — not politically, but clearly, irrevocably, unquestionably — what the challenges are that we face because, otherwise, we're just going to talk about being competition, as opposed to being competitive?

I'm going to need you to be helpful on that because you understand how this industry is so interrelated and interlocked. If we can't move that out into the public realm, it's going to be very difficult to make the kinds of changes that we need to make.

We set a goal for ourselves. The goal for ourselves is to revitalize the forest industry, particularly to revitalize the coastal forest industry. We knew when we set that goal that there would be some big challenges in front of us, and there have been.

Again, the TLA has done a great job of continuing to keep on track, thinking of what they can do and how we can do better. And we're going to get through that challenge.

We had a pretty good year in 2004. You and I both know we didn't have nearly as good a year in 2005. So I'm not here today to say that it's all going to be roses every day and every month between now and ten years from now.

But I am here to say this, and I do think it's important for people to hear this: forestry is British Columbia's future, and it's an exciting part of our future. It should be exciting for young people to get involved in forestry. We want entrepreneurs to think about forestry and what they can build in our forest sector and our forest economy throughout this province, up and down the coast and throughout British Columbia. We know that they can do that.

We know that in the future, people can look at our province and say, "Boy, did those guys ever get it; they're supplying international markets; they've been able to resist and cope with the changes that are taking place in the international marketplace, whether it's the falling American dollar or the protectionist activities they're taking in the United States, or whether it's the new advantages that are there in China or the new advantages that are in Korea, the new advantages that are in India." And they'll be able to say that because we've been smart enough to figure out how we build that future: with training our young people so they're involved in forestry, with research and development that takes advantage of the natural environment and the natural forests that we've got here, through product development that meets the needs of customers in every corner of the world, through a stabilized forest industry that's flexible and responsible and resilient, that people can count on and that they know is going to be there.

For 63 years the Truck Loggers Association has been there, and they have been champions of change. But many times that has been reactive change.

I want us to lead. I know we can lead. I know that working together, we can lead in British Columbia. Working with the truck loggers and other members of the forest industry, we can open up a whole new realm of opportunities for people.

So today let me just say this: as we look to the future and we look to what's going to happen in B.C., we all know there's some things that are going to happen. In 2010, the world is coming to British Columbia. Do you know the one word they're all going to remember when they leave British Columbia? Wood. There's a \$500-million project — the expansion of the convention centre. Do you know what people are going to see when they're in that convention centre? That's right: wood.

We're going to move out, and we're going to show off our wood products. We're going to build our product. We're going to take it to China. We're going to take it to the Asia-Pacific. We're going to take it around the world, and we're going to be competitive. We're going to meet the needs of those customers. We're going to need your help to do that.

Wood's in our past. Wood's in our future. The Truck Loggers have always been champions of change. Let's now make sure that we're leading — leading the way to a vital, exciting forest industry that every community on the coast of British Columbia can depend on, and that each of you will be proud to be part of. You've made our history. Let's make our future together.

Thank you very much.

