

Truck Loggers 2008 Convention

Premier Gordon Campbell

January 18, 2008

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Thank you very much. Congratulations to Finning on their anniversary. It has been a great company. It's been a great part of British Columbia, and it's been a great part of our forest industry in British Columbia, so thank you not just for sponsoring today, but thank you for all you've contributed to British Columbia over your history. Thank you very much.

It's great to be here with you again today. I was talking with Don and with Mike, and I've been actually coming and having the opportunity to speak with the truck loggers for a little over ten years now. It's really been a great relationship that's been built up over that period of time.

I think the truck loggers have constantly been at the front edge of what we need to do, where we can possibly go in the province to improve the lives of the people that work in this industry along the coast, and I want to say thanks to Don and to all of the executive and, of course, to Jim, for the work that they do, week in, week out, throughout the year on behalf of all of you and all of us. So thank you all very much for the contributions you make to the province.

I am pleased to be here today with a number of my colleagues from the Legislature. The Honourable Rich Coleman, Minister of Forests and Range and Minister Responsible for Housing, joins us today. Thank you for coming, Rich.

Rick Thorpe, the Minister of Small Business and Revenue; Ralph Sultan, the MLA for West Vancouver–Capilano; Dave Hayer, the MLA for Surrey-Tynehead; John Yap, the MLA for Richmond-Steveston; Harry Bloy, the MLA for Burquitlam; Richard Lee, the MLA for Burnaby North and the parliamentary secretary for the Asia-Pacific; Bob Simpson, the MLA for Cariboo North; and Shane Simpson, the MLA for Vancouver-Hastings; all join us today, and I want to say thanks to them for all coming today. Ron Cantelon is here, as well, the MLA for Nanaimo-Parksville.

We live today in a challenging time, there's no question about that, and I thought to myself how different this year is from many of the others that I've come and I've met with you over the last decade. As we think back, particularly over the last 15 to 20 years, we recognize that this has been a time of unprecedented change.

At some times it seemed like there were simple things that could be done that would actually help us move forward and build the kind of a future we wanted, but as I have talked with members today, with people that are in the industry today, with your executive, I think we all know that we're living in a time where there are significant changes that are taking place in our world, and those changes are having a direct impact on our forest industry.

But there's something that's very important about the TLA, its membership and the people that are part of it. You've always understood how important forestry is to the province of British Columbia. You always find ways to give people jobs, to give them a sense of hope and opportunity. You've always found ways to provide the economic strength and foundation for our communities across the province, and you always find ways to make a major contribution to the quality of life in a strong and a robust economy in British Columbia.

One of your strengths, at least from my perspective, is that you're willing to look at the world as it is — not as you would like it to be; as it is — and say: how can we actually take this world that we're living in and make it better for our members, make it better for our industry?

So much has changed; there is no question. The forest industry is not what it was. It will change as we build it to the kind of future that we all want it to share. But there is one thing that has not changed in the province of British Columbia: forestry remains our defining industry. Forestry remains one of Canada's main resources, but we should know this: we are Canada's forestry province. We are North America's best at forestry. We should never lose sight of that as we go through difficult times or challenging times. Remember this: you are the best at what you do, and that's something that you can build a future on.

As I think today about what we can do in our forest industry to take advantage of the changes that are in front of us, I am not here to tell you that it's all going to be easy, but I believe that if we're willing to work together, if we're willing to work in a unified way, if we recognize that if we fracture our attention, if we fracture our responses, we are not going to be as successful as if we worked together, I believe that we can help establish a forest industry that 20 and 50 years from now we will look back and they will say: "That was the best time. The 21st century has been the best time for forestry."

It will be different. There is no question that it will be different. I mean, there are so many obvious indicators of the fact that forestry in the world that we live in, the economy we live in, has changed. A year ago I spoke with you here. A year ago the value of the Canadian dollar was 86 cents U.S. Today it's almost \$1. That's a 14 per cent rise in that cost in one year. We've got rising fuel costs. We've got rising labour and supply costs. There's increased global competition. There's a collapsing U.S. housing market. There's the pine beetle. And the result of all of those things coming together have meant the companies, contractors and workers are under a lot of pressure.

Profitability is down. Competition is up. Costs are rising. Every business decision is harder to make. And there are no easy answers. It's not one thing, it's everything, and it's all at once.

This is not simply a perfect storm, as some have said. This is a seismic shift. This is a change in how global economies are working. It's change in how we're going to work. It's a change in how the American economy is working. And it's not going to get back to the old days, whatever those old days were.

We have to take the opportunity to look at the world that we live in today and look at the forestry landscape we live in today and recognize that while it's been altered forever, it is an opportunity for us to make significant improvements in the quality of life for people that are in the industry.

Some costs will continue to rise. We have to take control of the costs that we have and see how we can help reduce them. We have to look for new processes and new ways that we can respond to the challenges that are in front of us. We may not be able to change the world, but we can change our approach and take advantage of what's taking place.

Working with you, we've made changes that needed to be made. The expansion of B.C. Timber Sales is making more timber available. Cutting some of the regulatory burden has been some help; introducing market-based pricing. All of these things we did in concert with TLA and others in the industry, and they have made some difference.

Community forest agreements have been awarded for over 100,000 cubic metres on the coast; 68 agreements and ten direct awards with coastal First Nations, providing access to 8.6 million cubic metres. Today we're sitting on the traditional territories of the Coast Salish First Nation. They welcomed us to these lands, and we are building a new relationship with First Nations that will provide for all of us a sense of opportunity and certainty as we move to the future. We will work with you to create a system that works on the ground with First Nations, contractors and the environment as we work to adapt the eco-based management systems that are in place.

With your recommendations and support, we changed rules so companies can weigh logs by truckload instead of log by log. Now there's log-scaling at night and transporting of unsealed timber by water.

We've reduced reserve rates for some of the BCTS sales to try and reflect the difficult hemlock and balsam markets that we've had. The coastal forest action plan is a \$21 million plan aiming at enabling us to use more second-growth harvesting. We've watched as second-growth harvesting has increased from five to 29 per cent between 1995 and today, and over the next three years we'll be investing \$15 million to try and accelerate the growth of second-growth stands.

We're going to explore options for different forms of tenure, like a shift from volume-based to area-based tenures. We're going to improve log export policies. We want to utilize as much wood as possible in B.C. by keeping the jobs, but we have to keep the job base here in British Columbia. There are about two jobs on the land for every job that we have in the mill. We want to make sure we maximize the job potential of our forest industry as we move ahead.

And in this community and this organization, the TLA, you know there is not simply one voice when it comes to forestry. There are many, many voices, and one of our objectives is to pay attention to all voices as we make a decision about how we build a stronger and more vital and exciting forest industry for our future.

We're investing in innovation through science and technology. We're funding the FP Innovations Research and Development program to ensure the right tree is made into the right product and it's delivered to the right marketplace. Right now we have about 18 projects over the next five years to develop better technologies for harvesting and transportation, to explore new uses for underutilized species, like hemlock and balsam.

We have a large hemlock stand in British Columbia. It is one of our products. One of our jobs is to try and make sure that we can maximize the benefits of hemlock to the marketplace — not to say it doesn't want it, but to see how we can use hemlock, with all of its characteristics, all of its strengths, and say: what can we do with that hemlock to meet the economic challenges of today?

All of those things are important as we look to the future. We cannot simply think of wood as we used to, as simply a commodity. If we want our wood industry and our forest industry to be a commodity-based industry, there is nothing that any government can do to protect you or the industry from the volatility of the marketplace.

We want to build a quality industry, with quality products, because of the quality workmanship and the entrepreneurship that we have in British Columbia, and meet the global demand for British Columbia forest products. That's something that is possible for us if we decide that we will come together and, in a united manner, drive a new agenda for forestry that will build not just excitement here in British Columbia but demand around the world.

We need to be able to think about how we can take advantage of the changes taking place in the world. You all know about the huge economies that we have in Asia that will require trade initiatives. You know about the challenges of greenhouse gas emissions. This is an industry that can respond to that challenge and help not just British Columbia but the world meet its goal of reducing our greenhouse gas contributions over the next number of years.

We're going to be encouraging licence holders to cooperate with third parties to use wood wastes for a growing alternative energy market. Bioenergy is a critical component of how we can build extra excitement, extra value into the forest industry across British Columbia.

To get through the challenges today, we have to look ahead. I can't tell you today what will happen in three months that will make the world suddenly change, but I can look out ten years and see where we can be as a forest industry, see what we can do as a forest industry when we build on our assets here in the province of British Columbia.

To get through the challenges today we have to look ahead to an industry that maximizes the value of all the forest resource, environmentally, socially and economically. We should be the global leader in product development. I want to underline that: the global leader in product development. We should recognize that as we develop new products we can optimize our fibre use. We should have major new silviculture initiatives and new tenure arrangements that can lead to faster tree rotations and more jobs on less land and more work in the woods, while protecting old growth for tomorrow.

New partnerships with First Nations will help stabilize communities and generate new prospects. We should be global leaders in husbanding the value of our forests in fighting climate change. We need to find incentives to get the industry to invest in growing trees. We're the best in the world at harvesting and milling trees. We need to become the best in the world at growing them as well. It's one of the great gifts that we've been given in British Columbia. There's no better place in the world to grow trees than British Columbia. We want to grow those trees and grow that fibre and grow these marketplaces in a way that helps to meet some of the global challenges that we currently face.

As land use plans are updated with First Nations and through government-to-government involvement, each plan must better define and include identified working forests in which the forest priority and its timber growth and harvesting are the number one priorities. Our forests can help build our province as a critical player in the supply of carbon-neutral energy. We can restock our land base, protect and restore our watersheds, clean the air and create massive carbon sinks with aggressive new reforestation strategies. We will bring together the best we have to do the best we can.

We know the TLA is committed to a B.C.-wide, long-term strategy. We know you need access to reliable fibre, and we'll continue to look at different tenure arrangements to provide more secure access, higher levels of use for TLA members and to maximize forestry's contribution to greenhouse gas reductions.

I have given the Minister of Forests and the minister responsible for regulatory reform the responsibility of launching a major regulatory review of the internal operations of the Ministry of Forests, including, but not exclusively, policy, regulations and process. We've made some progress over the last five years, but we need to keep at it. The regulatory review will work to streamline and reduce unnecessary red tape, cut processing time, eliminate unnecessary cost burdens that may be unintentionally being created by the ministry, find more cost-effective ways of doing the things that we need to do.

You and I both know that this is not a simple task, given the 40 years of history and policy operations that we've had in forestry, but I am asking for an initial report back from the minister in 90 days. We're allocating \$1 million to this project at the outset. It will be thorough, it will be effective, and it will include you. We want to know what works, what doesn't, what adds additional costs without any added public benefits. And you should know we are going to act.

As we face the major industry restructurings that we know are taking place, I think we all have to be concerned about what's being felt by workers in the forest industry in British Columbia. On January 10 the federal government announced a \$1 billion, three-year community development trust. The goal was to help communities and workers facing hardships because of the kind of economic shifts that we all know we're facing.

B.C. stands to receive about \$129 million from that fund. We are going to work with industry and labour to develop new opportunities for older workers to bridge to retirement from the workforce, if they wish to. And further, we're going to work with industry and labour to provide for training, skills and educational upgrades for workers who are temporarily laid off through new tuition-fee assistance programs at all B.C. post-secondary education institutions.

It's important, I think, that this program be a cooperative and consultative program, but we have to work with industry, we have to work with labour, we have to work with government and all that are involved to make sure that the workers get the kind of support they need. You and I both know there are no workers who face a layoff who are looking forward to the fact that they may have to go. They want their time to be used in the best possible way for them. I think working together we can provide some of the supports that they may need to assure that can take place.

I think it's important also to recognize that we need to look to the future and build on our product opportunities. Someone thought that they could do something with this fibre that wasn't done before. It's a product that we may want to look by, but it's a product, frankly, that we have to look at.

If some of you flew into Vancouver International Airport, you went by a very large building in Richmond. It's the speed skating oval for the Olympic Games. We made an explicit decision that we were going to show off a new B.C. technology and new product. We've used almost a million cubic metres of pine beetle wood to provide for the roofing of that. A first-time-ever technology has been used. It's B.C. wood that's in that building. So when the world comes and looks at that, they're going to look up at that, and they're going to know what wood can do. And we're going to market that around the world. When they come and look across the street at our convention centre they're going to see B.C. wood products. We have to find ways to develop those products and find new uses for our wood and more uses for our fibre so we maximize the benefits of our industry as we move into the world ahead.

There are 15 massive Douglas fir beams in that Richmond speed skating oval that span across an area the size of a typical football field. Think of our schools, our hospitals, our universities and think of ways that we can include wood. The government is going to work with architects and designers to develop a new 'wood first' policy for all public buildings in British Columbia. I want to underline that.

When we think of it, it seems easier to go to the way we used to do things. We're saying we're going to go to a new way of doing things, and we want to provide people with the tools and the demonstration of how these new products work, because we believe that we can expand those product markets and move them into the global environment.

It's better for the environment when we use wood as a building product. It's better for industry when we use wood as a building product. It's better for the province. And it's great for market and product development. Wood is the best environmental product there is. But we have to tell this story. When I visit in other jurisdictions or meet with other government leaders, I am constantly reminding them of the importance of wood as a building product.

When I visited Shanghai we talked about wood trusses as a way of replacing their roofs there. It's probably a \$3 billion industry that we are starting to develop in Shanghai. When I was in Guangzhou I talked about the opportunities for wood in landscape development in Guangzhou. We think that's about a \$5 billion potential industry that we can try and build and try and develop — not because I'm saying it; because we're all saying it and because you're delivering the product where it needs to be to customers who want it.

We have to sell our products to customers all over the world, and they have to meet customers' needs and add real value. That value may come from how the wood is grown, how it's harvested or how it's used. But we have to find the value, we have to sell the value and we have to connect with customers. Our wood doesn't work unless it's connecting with customers in jurisdictions all over this world, and it's critically important that we pursue those objectives together.

This year the province will invest \$25 million in product development, and I think it's important that as we do that we will build on that in our universities and our colleges, with our young people. We need to have young people who are excited about the opportunities that forestry and wood products represent.

I'm very pleased today that I'm here with so many of the forestry scholarship winners who are seeing their forests, our forests as part of their future. We want them to be as excited about what we can do in the forests as we are.

I've talked to you in the past about the importance of expanding our trade. Well, I can tell you that our efforts at expanding trade are starting to pay off. Lumber sales in China went up 58 per cent between the first half of 2006 and 2007. The number of 2-by-4 houses in Japan continues to climb. The number of single-family wood frame homes in South Korea more than doubled in the last two years. In 2006, B.C. designed and donated ten wood frame houses to Indonesia. Today we have about 600 homes that are being built.

We have to do more. We have to pursue and secure free trade agreements. Free trade agreements with Korea, with India, with Japan and the European Union are very important. They're hard to reach. They're tough to get there, but we should be driving towards those agreements, because I can tell you if we can get those agreements we reduce our dependency on the United States.

There is no question that we can no longer count on the United States economy to keep us going. What we have to do now is shift that decision and say our economy is where our major marketplace is the world. Yes, we will be shipping a lot of products to the United States. We should also be shipping a lot of products to Japan, to Korea, to China, to India, to the European Union.

We now have a major new container facility in the Port of Prince Rupert. That container facility can connect wood to their customers two days faster than any other port on the North American continent.

All those things are part of thinking about how we can change the environment that we live in, change the world that we live in so that we can take full advantage of the changes that are taking place.

Now, here's what's really important. Neither governments, nor regions, nor companies, nor sectors, working in isolation of one another will enable us to reach our full potential. A coordinated response from all regions, all sectors, all players, aimed at developing a comprehensive, long-term strategy that goes beyond the measures identified and implemented to date is necessary.

As Dave Lewis and Rick Jaffrey have been saying and as the report commissioned by the Coast Forest Products Association points out, despite the challenges you face, your industry has reason to be encouraged.

Small independently-owned forest operations are becoming more innovative and more competitive. Mills typically without their own tenure still find ways to compete: by exploring the coast's unique timber qualities and specific logs, species and sorts; by introducing new manufacturing technologies to help reduce production costs.

Through innovation and new technologies B.C. forest companies can do their part to combat climate change. The Canadian forest industry is planning to become Canada's first carbon-neutral industry without purchasing carbon credits by 2015.

There are always ways we can turn the hard facts of climate change into new opportunities for growth. Developing sources of clean energy that enhance our environment and contribute to industrial and provincial prosperity is a huge opportunity.

Despite differences in approach and interests, our forest industry in the past has shown that you're able to rise to the challenge. You were able to rise to the challenge of the softwood battle. We were able to work together through very tough times to develop cohesive, unified response to the American positions, and they worked in our province's best interest.

We need to put at least the same level of focus, the same level of energy, the same level of commitment in place to improve our industry's competitiveness, its viability in the short term, and its strength in the long term. We need to do that in a way that respects all regions and all players, in the public interest.

Government will lead that effort, but the challenge of regulatory reform, industry rationalization, fibre costs, and access to fibre cannot be resolved by government alone. The need for new capital investment, productivity enhancements, and new working relationships with First Nations are not challenges that government policies alone can resolve either.

There are things that we can do to stimulate growth in new markets and to capitalize on opportunities in value-added and bioenergy fields. The impact of global warming on our forests must be addressed through coordinated mitigation and adaptive strategies that will ensure our forests survive and thrive through decades to come.

You know, some people have asked me if I'm sure that there's a challenge of global warming. Well, I can tell you that what's happening right now is the kinds of trees that we may want to plant for the future of British Columbia, and the areas that we plant them are changing dramatically as a result of global warming. I think that that, again, requires all of us to think about where we want to be and how we want to get there, through adaptive, innovative policies that will work in the best interests of the entire community.

As I mentioned earlier, in the past it wasn't hard to find a united voice from industry or from representatives of industry about the one thing or maybe the two things that we needed to do. Today there are many, many people that say there is no single answer, we have to do many things together.

But we have to make progress. We have to commit to acting together. We have to commit to acting quickly, and we have to commit to acting with a clear vision of where we want to go.

To that end, I am establishing a working roundtable on forestry. It will be chaired by the minister of forests and will report to cabinet on a quarterly basis. It will include the minister of agriculture and lands, rural MLAs, representatives from the forest industry and associations, including the TLA, organized labour, environmental organizations, First Nations, and others. The roundtable will undertake an exhaustive review of all facets of the forest industry, with public meetings in all regions of the province.

People in British Columbia know that forestry is important. Sometimes we have taken it for granted.

One of the purposes of the working roundtable will be to go out and to tell forestry's story, remind people of what forestry contributes and what forestry can contribute as we build an even stronger industry for the future. We'll have one purpose: to recommend a comprehensive, fiscally viable strategy aimed at making our forestry industry the most competitive, successful, sustainable, and productive in the world.

The membership of the roundtable will be announced in the next few weeks, along with the specific terms of reference.

But I want you to know this: this is going to be a working group. The minister is committed to acting on his recommendations and to building the kind of long-term focused future that's necessary. You've talked about the many pieces of a puzzle. The roundtable's responsibility will be to bring those pieces together in a way that creates clarity of vision, clarity of purpose, and immediate action.

They will be reporting to cabinet every 90 days. We will act aggressively, and we will act on your behalf and with your input.

To ensure that we look ahead and to make sure that we think about what the future is, I think it's important for all of us to carry the story of forestry across this province — and, indeed, on the other activities that we have in other jurisdictions.

I don't think anyone in this room today would say that the road ahead will be easy. But I know this: it will be easier if we stand together in common pursuit of a new forestry future, a new generation of forestry.

We are living in a par-value world. We cannot demand the world take our products first, but we can change our products so the world beats a path to our shores and asks for us to deliver to them. We can be the leaders in the new forest industry that helps restore our environment, that helps reverse the trends in greenhouse gases, that develops great products and offers them to our best customers first. We can establish a forest industry that's unfettered by the laws of commodities and unleashed by the laws of quality and demand for innovative, environmentally sound products.

United, we can find synergies between entrepreneurs and investors, between the environmental strength of First Nations and the power and productivity of our workers.

To be successful, though, we must work together. We must face our differences head on, strive to establish common ground and, when necessary, make the decisions that are required to get on with the job.

You have a tremendous story to tell. Today as we sit here at this convention British Columbia is entering into its 150th year since it was created as a province. It's a 150-year history where forestry has been a critical component not just of our social but of our cultural and our economic makeup in this province.

You have a great story to tell, and this government intends to help you tell that story in our schools, in our communities, in our regions, and around the world. If we don't speak with a common voice about the excitement of forestry, the opportunities of forestry and the strength of forestry, we will let down the next generation of people in this province. We have an opportunity to tell the world about what we are doing in British Columbia.

We've moved forward with land use plan decisions for the central and the north coast. These land use decisions send a strong signal to international markets that B.C. is a leader in sustainable forest management.

We also need to signal that B.C.'s coastal forest sector is globally competitive and worthy of investment.

We have a sustainable industry that can help us solve the climate change crisis: with more land under environmentally certified management than any other place in the world, with one of the lowest rates of illegal logging worldwide, and we are a leader in forest management practices on public land.

You are a vital part of this. You are a vital part of our province's future and of forestry's future. You've played a vital role in our past, and your role will be just as vital as we look to the future of the province of British Columbia.

Some refer to you as small businesses, but they forget what it takes to do the work you do: the long hours and challenging conditions that you work under; the millions of dollars you invest in trucks and equipment; your support of businesses in areas all over the province, from suppliers, to banks, to insurance and accounting firms; the support that you provide to working families and whole communities, Port McNeil, Courtenay/Comox, Campbell River, Port Alberni, Powell River, Port Hardy, Prince Rupert. Your contributions to the economic and social well-being of our province are both lasting and telling.

Our province has a great future, and so does our forest industry. We have to think smart and long-term. We have to remain focused on our forests and leveraging our strengths: by remaining open to new ideas and solutions to help us compete and win in a global marketplace, by employing the same optimism that has helped us withstand the up-and-down cycles of the past, by using climate change as an opportunity to build public understanding of wood products, good forest management and all they offer to us, by building on our strong relationships with Asia.

We live in a dynamic world. Change is upon us. United in common purpose we can ride those waves of change to an even better future for our forest industry.

And remember this: a better future for our forest industry is a better future for British Columbia and all the people who live here.

You have built our province in the past. And you should know this: we look forward to building our province in the future with you, with forest communities, with forest workers in every corner of this province.

B.C.'s coastal forest industry has a very bright future. Let's come together; let's work together. Let's do this together. And let's succeed in creating the best generation of forestry in the years to come.

Thank you very much.