

Check against delivery

Mayor Nate Bello's speech to the Pine Beetle event (Quesnel, Nov 21, 2003) regarding the socio-economic impacts of the pine beetle infestation and what we can do about it

Good afternoon Premier Campbell, members of Cabinet, visitors to our community, and local residents. I'm honoured to have the opportunity to speak to you today about the community impacts of the mountain pine beetle infestation, and what we might start doing about that.

We are especially honoured to have you and your cabinet colleagues here with us today, Premier Campbell. It speaks well of your government's concerns about the matters at hand.

Before I get started, please let me recognize other members of my Council and the Cariboo Regional District [acknowledgements, if there are such reps]

I want to touch on two main points:

1. The scope of this problem is unprecedented, and compounds other problems that rural communities are facing
2. Fortunately, there are concrete steps available, but extraordinary leadership and action on all of our parts is required.

Scope of the problem

I think that this needs to be said: barring significant interventions, or an economic miracle, a number of communities in the central interior of BC are facing profound, unprecedented economic and social adjustment over the next 10 to 15 years, including a significant loss of population.

There have been many setbacks for forestry communities, and I appreciate that coastal communities have been particularly hard hit in recent years.

But the beetle problem is in a league of its own. Unlike the coastal situation, where current timber resources remain largely intact regardless of plant shutdowns, the beetles are eliminating vast areas of the forest from timber harvesting for up to 80 years. That is a long time, and most of us in this room will be long gone.

Opportunities like Nechako Basin oil and gas, new mines, and things we haven't thought of may help restore the economic base of some communities. However, that is speculation, and we cannot just wait and hope. There is already a palpable chill on investment in the interior because of this problem, and that may get much worse.

While forest companies are likely to survive and thrive – and are already spending tens of millions in Quesnel alone to retool for the opportunities ahead, thank God – it seems inevitable that there will be significantly fewer people employed by current industry

within ten years or so. Impacts from the beetles will be compounded by continuing technological improvements that reduce jobs.

Let's look at my town for a moment.

We're one of the harder hit areas, and one of the most heavily forestry dependent communities in BC (which is saying something). Ignoring the pulp and fibreboard industries, at least 1,800 people work directly in the local forest industry.

Assuming that each of those jobs supports one other job elsewhere in the community, and assuming that each direct or indirect job supports one other family member, there are about 7,200 people most directly dependent on the current solid wood industry in Quesnel. To repeat, that ignores pulp and fibreboard, which may also be affected beyond 15 years.

Our timber cut may be reduced by 50% or more from current levels in 10 to 15 years. That may be a best case, and to repeat, this is not like a plant shutdown where another firm might be able to utilize the timber resource to do something else. As far as this and the next couple of generations are concerned, it's permanent.

If 7,200 people are most directly affected by an AAC cutback in Quesnel, and the cut is reduced by half, does that mean that we're looking at a population loss of 3,600 people in Quesnel? An appalling possibility, but a real one without unprecedented action

Leadership and action

The possible impacts here and elsewhere obviously raise crucial policy and program questions for governments. There is no doubt that the BC and federal governments will intervene in some way, but how?

The little pine beetle is presenting an opportunity for governments to help transform the economy of the central interior. We have no choice but to look at it that way.

A huge silvicultural program is likely on the drawing boards, or should be, in the face of the beetle infestation. Both the BC and federal governments would be expected to invest in such programs. If that work extends beyond the next 15 years, it will help mitigate some of the job losses on the far horizon.

But there is an investment that, in my opinion, is just as important as silvicultural work. That is an investment in economic infrastructure that will assist our communities, for so long dependent on the primary forest industry, to diversify our economic base and build for a future a generation away.

By "economic infrastructure," I mean more than roads and sewers. I mean advanced telecommunications, cultural amenities, advanced training facilities, tourism infrastructure, and other things that urban areas take for granted, which our current tax

bases will not pay for without help, and which we must have if we are to have a fighting chance to survive.

So where is the financing going to come from?

I, and many of colleagues in rural communities across Canada, have noticed that federal and provincial governments have a strong propensity to invest large dollars into urban projects, both public and private. Those investments likely make a lot of sense, or governments might not make them so often.

Let's take the Vancouver Trade and Convention centre. A \$495 million dollar project, 82 percent funded by the BC and federal governments, producing 7,500 direct, full time jobs, with major paybacks to both governments through increased tax revenues. Cost of each job: about \$67,000, and 82% paid for by taxpayers' dollars.

Since governments invest huge dollars into urban development projects, government investment in development projects must be OK, and I am not at all criticizing those investments. They obviously make good economic sense.

However, at the same time as governments are investing hundreds of millions of dollars into urban development projects, it is increasingly difficult to find public investment dollars for rural economic development projects.

That is understandable, from a pragmatic point of view, since it is almost impossible for us to conduct the economic analysis and lobbying campaigns that urban proponents can muster, let alone the political power. Just a fact of life.

So we must assume that governments are simply unaware that, on a micro scale, there are many, many sensible, practical, reasonable projects in rural communities, including every town represented in this room.

Given the scale of our problems, and the fact that public investments in development projects happen all of the time, there is no doubt in my mind that governments must come to the table with major, unprecedented funding for economic infrastructure in our region.

And I'm not talking about make-work projects!

Part of that funding must be reallocated from urban projects. Common sense and decency provides no other option. However, there is a ready source of financing to help.

For the last couple of years, and for a few more years, governments are making a windfall on the elevated AACs in our region. I suggest respectfully that that windfall is the source of a major part of the funding required to smooth the transition in our communities.

And what would those investments be?

Mr. Premier, Quesnel has an excellent economic development program, as do many or all of the communities most affected by this problem. We just can't find the cash to move on that program more than a baby step each year, and that's not fast enough.

In addition, there are promising regional infrastructure projects, like creating a container port at Prince Rupert.

Lee Malleau will talk more about community economic development in a moment.

Here are some immediate actions that could be taken:

1. We must work with the BC government and the federal government to form an overall strategy, and then get on with it as a team. To that end, form a senior inter-agency working group of the BC and federal governments, reporting directly to ministers, working with a broader multi-stakeholder group that includes our communities and other stakeholders.
2. Make available "best practice" information on what other regions may have done successfully to make the sort of transition that we're up against.
3. As discussed earlier, do the right thing and give us a fair shake at major economic infrastructure dollars.
4. Put together and act on a strong communication effort to help blunt the chill on investment.
5. Given our challenges, give affected communities preferential treatment when it comes to major initiatives, like 2010 Olympics legacy funding
6. Be prepared to look at aggressive new approaches, like special development zones with preferential taxation rates. The best practice work will give us other clues.

But don't set up a grand new agency. Locally, we know most of what we need to do, and we're not afraid of careful scrutiny. We simply need the resources to act on the things that make sense to all parties concerned, in the face of unprecedented change.

The heart of the heartland expects responsible action, and the next decade will be very exciting here indeed.