



## WHICH WAY IS THE POLITICAL COMPASS POINTING?

TLA Editorial

With the next BC provincial election on the horizon and a forest industry that is squarely in the headlights of the new protectionist regime south of the border, industry advocates gathered at the Truck Logger Association's 74th Annual Convention & Trade Show to ponder what is needed from the next BC government.

And who better than the veteran of all political pundits, the always colorful Vaughn Palmer of *The Vancouver Sun*? Palmer introduced the session and provided his perspectives, having spent a 35-year career covering BC politics.

In his customary understated manner, Palmer suggested, "we are in for a very interesting year" as he apolo-

gized for skipping Minister Thomson's speech that morning to listen to Donald Trump's inauguration speech—it had a definite "America first" tone.

To the panel, Vaughn asked: "In an election year for BC, in a change of government year in the United States, in a year when Britain is exiting from the EU, and with a new government in Ottawa, we are clearly in a time of global change. So, what are the issues we should be thinking about?"

Greg D'Avignon, President and CEO of the Business Council of BC responded first noting that our global economy can be described as volatile, uncertain, complex and ambiguous. He reminded us that as a small trading economy, we must

always be mindful of the world around us. He sees BC as complex, a bit complacent, more costly and slower at getting things done than other jurisdictions. We need to be more competitive and we need to invest to be more productive.

Rick Jeffery CEO of the Coast Forest Products Association noted that as a country, we have a competitive global trade agenda, as we do in BC. That said, "uncertainty reigns supreme in the minds of our customers." His advice is to stay the course and implement the recommendations in *Strong Past, Bright Future: A Competitiveness Agenda for British Columbia's Forest Sector* that will lead to improved productivity and profitability in the forest sector.

David Elstone, Executive Director of the Truck Loggers Association (TLA) noted the forest industry is very traditional and not that sexy. For the TLA, the question is how do we keep the industry top of mind for the politicians? We need strong markets for our products but, at the same time, we must have a solid foundation of timber harvesting contractors within the industry.

Grand Chief Stewart Phillip of the Union of BC Indian Chiefs said, "All of our lives have dramatically changed because of Trump's inauguration." He was confident that Trump would follow through with his America first promise. Therefore, maintaining the status quo was not an option for the forest industry.

In a show of support for the panelists,





Palmer sought their advice on what the media should be asking of BC politicians as we head into the election year.

D'Avignon wants to understand what the next government will be doing to make BC more competitive considering the current costly PST regime, rising electricity costs (and the PST charged on them) and the BC carbon tax (the sixth highest in world).

For the forest industry, specifically, Jeffery offered this: How will government set the stage for investment and attracting capital? The forest industry, he noted, is on the cusp of transformational change and it needs capital to grow and remain competitive.

Elstone noted that since forestry is part of the fabric of rural communities across BC, it is important to keep industry issues in the minds of the politicians. Carbon credits for the greenest industry in the world, support in recruiting to replace the aging workforce, and meaningful movement to reduce the uncertainty caused by the First Nations file are all opportunities to be considered by the next government.

In Phillip's opinion the next government needs to come to the table using the four principles for First Nations engagement put forward by their legal team and acknowledge the rights and title that will allow First Nations people to be included fully in the fabric of BC.

Following Premier Christy Clark's announcement of a comprehensive con-

tractor review in BC, Vaughn asked how the outcome might affect the industry.

Jeffery responded by posing broader questions. How do we introduce innovation into the supply chain? How do we implement innovation? How do we share the gains? He supported the contractor review with the caveat that we look at the entire supply chain and try to undo that Gordian Knot of innovation. "We need to break down the institutional and relationship barriers to innovation and get it applied to make us a better performing industry. There is some cool stuff out there." We need to take advantage of it.

On behalf of his membership, Elstone

noted the urgent timing of the review and wondered if results may be available before the election. "Contractors are entrepreneurs at heart. But the barriers to innovation that TLA members face need to be overcome." He was hopeful the review would find some solutions.

The recent Great Bear Rainforest (GBR) agreement received the "royal seal of approval" and favourable media coverage around the world. However, Palmer questioned whether these types of agreements are removing too much land from harvesting to the detriment of the industry?

D'Avignon pointed out that 37 per cent of land base is already protected in







BC despite contemporary thinking from the United Nations that suggests 15 per cent is required to be a progressive and ecologically sound jurisdiction. That said, the GBR was a collaboration and it is this type of working together that can move the province forward. Today, he noted that the marginal effective tax rate in BC has grown from 17 per cent to 30 per cent with reversion to the PST

and that it was more attractive, from a tax basis, to now invest in USA or Alberta. This is a barrier to innovation that collaboration and common fact-based decision making may be able to address. We need clarity on the land base to support investment.

Jeffery agreed the establishment of the GBR was a significant collaboration between industry, First Nations, govern-

ment and the environmental movement and that we should be able to lever it to bring about greater land base security. He further cautioned, however, that based on some recent polling conducted across the south coast and Metro Vancouver, fully 60 per cent of those who said they had heard something about forestry in the media could not recall what they had heard. The conclusion



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drawn was that as an industry, we need to do a better job at telling our story knowing that it will promote more fact-based discussion about resources and resource decisions.

Phillip cautioned that forest inventory data is lacking in BC. (However, Jeffery countered that it was not lacking on the coast.) Phillip also noted that the forest resource is sacred to First Nations people so we must ensure we are sustainable. He noted further that if First Nations are not centrally involved in decision making on the land base, the court was the fallback position and in a highly competitive global business, we can't afford that approach.

Continuing the theme of tax competitiveness, Palmer pondered if the tax climate in BC was a barrier to innovation.

D'Avignon noted that despite a positive interest rate environment in Canada, the tax changes and deregulation that are being proposed in the USA are going to create a "chinook wind of capital running to the USA." Capital that might have otherwise been invested in BC and Canada. "Today, BC invests \$0.57 for every dollar per worker that the USA invests." As a result, BC is getting further

and further behind in their equipment and efficiencies. BC must be focused on barriers to investment and we must be more inclusive of stakeholders.

The final topic for discussion focused on the Tsilhqot'in Decision and Palmer questioned whether the province was on the right path to reconcile First Nations land claims for the betterment of the industry and the province as a whole.

D'Avignon said he was not sure if we were on the correct rights and title path. However, because of the uncertainty it was causing with respect to investment, he thought resolution is not coming fast enough. However, despite the slow movement, he saw numerous examples of successful First Nations agreements and multi-million-dollar businesses that are creating economic opportunity in the First Nations community.

Jeffery saw efforts by his membership to work with First Nations via partnerships, economic agreements and employment opportunities as a huge success story. He saw Tsilhqot'in Decision as an opportunity to create economic development opportunities that will increase everyone's prosperity and quality of life.

Elstone agreed that more haste was needed to resolve First Nations claims, but cautioned that we had to move forward wisely to ensure we minimize the risk of confrontation.

Grand Chief Stewart Phillip had the final word and answered: No, we are not on the right path. He emphasized that the marginal efforts, marginal successes and marginal inclusions to date were not adequate. He noted most issues resulting in significant conflict and then legal movement with respect to acknowledgement of First Nations rights and title, including the Tsilhqot'in Decision, originated from a forest industry related dispute. As he commented at the beginning of the panel, "the unfinished business of Confederation" must be completed.

Regardless of which way or towards which party the political compass points in May of this year, the issues of First Nations reconciliation, tax competitiveness, protection of the working forest, recruitment and training, competitiveness and innovation will loom large in their mandate.▲

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