FOI Request GCP-2016-64679
The Truck Loggers Association
Date Range: April 1, 2012 to Oct 28, 2016

Event Date	Supplier	Services	Amount
Jan 18, 2013	AVW-TELAV	audio & visual services for keynote address	1,584.70
Jan 16, 2014	Western ProShow Rentals Ltd	audio & visual services for media availability	4,075.00
Jan 22, 2015	Freeman Audio Visual	audio & visual services for media availability	1,559.53
TOTAL			**7,219.23**

For convention issue of TruckLoggerBC
73rd annual convention – Adapting to Steep Change

Word count: 682

By Forests, Lands and Natural Resource Operations Minister Steve Thomson

It's been another interesting year for B.C.'s forest sector and this past year one of the main focuses of the ministry has been work on a Forest Sector Competitiveness Strategy. As global market conditions change, we need to change with them and we all need to work together in order to keep B.C.'s competitiveness position. Why? Because forestry built this province, and although our economy is becoming more diversified, forestry remains a key economic driver.

Forestry provides almost 150,000 direct and indirect jobs in communities all around the province. We want to work to keep it that way. Government's role is to provide the hosting conditions, and the environment that will allow industry to thrive and keep those jobs.

The strategy has six key themes:

- Reliable and Sustainable Timber Supply
- Competitive Industry Hosting Conditions
- Improving Certainty around the Land Base
- Market Access and Growth for Forest Products
- Driving Innovation and Diversification
- Rural Community Transition and Stability

In September, in her keynote address to UBCM, Premier Christy Clark announced a new Forest Enhancement Program. This new program currently under development will be operational in fiscal 2016/2017.

The program will undertake salvage harvesting of dead timber, wildfire risk reduction and fuel management operations. The program will also enhance reforestation efforts and wildlife habitat restoration in stands severely impacted by wildfires and mountain pine beetle in the Interior. Enhancement would also occur on low-productivity, high-elevation hemlock and balsam forests on the coast to increase their long-term value. The program will specifically target areas that were previously thought to be too uneconomic to harvest and reforest. In the Interior, now that the mountain pine beetle infestation has run its course, we need to do more to restore wildlife habitat, and also look for opportunities to maximize use of residual fibre. The Forestry Fibre Action Plan released in fall 2015, found ways to enhance security of fibre supply for secondary and non-lumber users of lower quality and residual fibre.

On the Coast ministry staff and industry are looking at ways to drive out the inefficiencies and extra costs associated with log handling. Every time a log is handled, the value of the log is reduced. So far, the joint government and industry team has mapped out the log handling process and identified four

key projects to improve efficiencies in: scaling methods, export process, cruise-based billing, and log grading.

Market access is an important part of competitiveness and to that end, as the time of writing, I'm about to embark on my fourth trade mission as Forests Minister to Japan and China. I'll be accompanied by 30 senior forestry executives, and the intent, as always, is to build the market for B.C. wood products in our two biggest off-shore markets. Having a strong market in China certainly helped B.C. when the U.S. housing market crashed.

The recent expiry of the Canada-U.S. Softwood Lumber Agreement is a timely reminder of why we should not put all our trade eggs in one basket. That being said, the U.S. does remain B.C.'s largest market for softwood lumber products, and while our preference would be free trade, a managed trade agreement has been valuable in providing certainty and stability on both sides of the border. B.C. supports discussions aimed at providing predictable access to the U.S. market and avoiding costly trade litigation. Without a managed trade agreement, B.C. could face unwarranted duties imposed by the U.S. on B.C. lumber exports. Contrary to U.S. industry allegations, B.C.'s auction based timber pricing system ensures that timber is market priced.

The most important part of Forest Sector Competitiveness is safety. Everyone should know when heading out to the job site that they'll return home safe to their families at the end of the day. Over the past 10 years the forest harvesting industry has reduced the number of fatalities by two-thirds and serious injuries by one-third. However, one fatality is one too many and injuries are a sign that we could do things better. I encourage all of you reading this article to pledge to make 2016 a fatality-free year.

Best wishes for a successful convention!

Word Count: 830

Driving more economic growth

By Forests, Lands and Natural Resource Operations Minister Steve Thomson

Shifting Gears, Gaining Momentum – what a great theme for the TLA's 70th convention – and one that reflects the forest sector's continued recovery. B.C.'s forest product exports for the first nine months of 2012 were up about10 per cent from the same timeframe in 2011.

While growth in exports to China has slowed from exponential growth to a more sedate five to six per cent, the gradual increase in U.S. housing starts is seeing the U.S. market starting to grow again. As well, lumber prices have been stronger throughout 2012. In October 2012, the Random Lengths Framing Composite Index was at $321 per thousand board feet - 18 per cent higher than the average price in 2011. Analysts predict a slow but steady recovery of the U.S. housing market and slower growth in Asia. Analysts are also predicted a global shortfall of fibre, so B.C.'s forest sector is well-positioned to prosper.

There's no doubt that during the recession that the focus on Asian markets helped keep people working in the woods and in the mills. However, the U.S. housing market crash wasn't the forest industry's only challenge. During the economic downturn, many left to find work in other sectors such as mining and oil and gas. However, now that demand for B.C. forest products is increasing again, we need those skilled workers back. Not only to fill the gap, but to meet the shortfall as existing workers retire. As many as 25,000 job openings are expected across the forest sector over the next decade.

A big part of the BC Jobs Plan is about increasing skills training opportunities in B.C.:

- Promoting the trades and getting more students into technical programs.
- Improving and upgrading training facilities, equipment and access to teachers.
- Cutting completion time for trades programs in half.
- Ensuring we have the right mix of skills training for our economy.

Our plan is about transforming our workforce to meet the needs of tomorrow. We are matching skills to jobs and jobs to skills. Employers and investors need to know that B.C. has the skilled workforce to realize opportunities and help them build their businesses.

Government is stepping up by partnering with the federal government and the three logging associations to provide training in everything from truck driving to harvesting. Additionally, my ministry has partnered with the First Nations Forestry Council and is providing $250,000 over two years to place up to 10 students in forestry technician programs offered at colleges and universities around the province. First Nations are increasingly becoming more involved in the forest sector, and they need to expand their skills and knowledge so their forestry enterprises are successful.

Log Exports

Over the last year, ministry staff have been working with coastal forest industry stakeholders in reviewing the province's log export policies. This government recognizes the important role log exports play in the coastal forest economy. With steep terrain, remote locations and mixed stands, logging costs are often high. The premium price paid on exported logs, means otherwise uneconomic stands can be harvested, and while lower grade wood is exported the higher grade wood can be processed in B.C. The intent of government's log export policy is to ensure there is an appropriate balance between exported logs and domestic consumption. Like you we want to see a good level of harvesting and a healthy saw milling industry that is reinvesting in itself. To do that, we need to continue to find ways to reduce costs and add value.

Research and Development

On the coast, a key to finding value is finding better ways to use hemlock – our most proliferous tree species. Over the past five years, the province, federal government and Coastal forest companies have been funding the B.C. Coastal Hem-Fir Initiative through FPInnovations. With a combined investment of $14.7 million, about $42 million in measured improved value has been realized. Improvements have been made in sawmilling best practices, delivered log costs, bio-refinery, and new products. New products range from using hemlock in profile decking, sound abatement boards along highways, veneer, engineered wood products, and cross-laminated timber. The next phase of the Initiative will focus on increasing value from harvesting by $10 per cubic metre and from new products by another $10 per cubic metre.

Cross-laminated timber could very well be the building product of the future. It's light but extremely strong, which means it can replace steel and concrete in higher-rise buildings. Because panels do not need to be built on site, construction costs area also lower. As well, building with wood is also more carbon-friendly than steel and concrete. No doubt, the TLA's new executive director Dwight Yochim can fill you in on all the benefits given his recent experience working with U.S. Woodworks.

The global economy is changing and so is B.C.'s coastal forest sector, working together I believe we can drive more economic growth. I look forward to seeing you in January and wish you the best for a successful convention!

TLA Convention Panel: Minister's Breakfast

Friday, Jan 15, 8:45 a.m. Westin Bayshore

DRAFT Questions to be asked by Tracey Russell:

This event will follow this general format:

- Tracey introduces the Minister and both will sit on the stage in an easy chair and Tracey will conduct a Q&A with the Minister. Both will have lapel microphones.

Tracey will note that the questions being asked of the Minister came in part from the TLA membership and that they were provided to the Minister in advance.

Pre-Prepared Questions

1. The Premier has indicated that development of a new Softwood Lumber Agreement with the United States should be a top priority for the Prime Minister Trudeau as it significantly impacts our industry here in B.C.

   Question: What progress has been made on the softwood lumber file and do you expect we can avoid another costly trade dispute?

   Suggested response:
   - **The recently expired softwood lumber agreement between Canada and the U.S. was not as good as free trade, but it provided stability and certainty for lumber producers on both sides of the border.**
   - **Under the agreement, the U.S. agreed not to launch trade litigation against B.C. before October 2016. We expect the U.S. to honour that commitment.**
   - **The Premier has told Prime Minister Trudeau that predictable access to the U.S. market for B.C.'s lumber producers is B.C.'s number one issue for the federal government to address.**
   - **B.C. is supporting Canada in its efforts to negotiate a new agreement, but a new agreement must make sense for B.C.**
   - **The Province is working closely with the B.C. forest industry, other provinces and the federal government to clearly communicate B.C.'s priorities.**
   - **The 2016 U.S. election will soon constrain the U.S.'s ability to negotiate with Canada, so B.C. has asked the federal government to move quickly.**
   - **Earlier this week, B.C. cabinet ministers met with federal BC Liberals to discuss issues or importance to B.C., including softwood lumber trade with the U.S.**
   - **[I also met this week with Chrystia Freeland, the new federal minister of International Trade, and impressed on her B.C.'s interest in having the**

two countries sit down and discuss how to avoid another costly trade dispute.

- **We are prepared to defend our market-based forest policies if the U.S. chooses to bring a legal challenge against Canada and B.C.**
- **B.C. also continues to focus efforts on maintaining and expanding our Asian markets, especially, China, Japan, South Korea and India.**

2. Forestry is the backbone of rural B.C., supporting 40% of the province's regional economies. However, the working forest land base that supports those communities continues to be threatened by anti-logging supporters who are using a variety of means to remove more and more of B.C.'s forest from the working forest. A recent example is the continued controversy over Teal Jones proposed logging in the Walbran area on Vancouver Island.

   Question: Where do you stand on the anti-logging environmental lobby and what can be done to strike a balance between the needs of industry and the environmentalists?

   Suggested response:
   - **The vision statement for my ministry is Economic Prosperity AND Environmental Sustainability.**
   - **As a government, we recognize that we need to responsibly develop our resources so B.C.'s natural environment can be enjoyed by future generations.**
   - **The key is finding the right balance.**
   - **In the case of Walbran, the Vancouver Island Land Use Plan established the Carmanah Walbran Provincial Park. It protects over 16,000 hectares of wilderness, including many old-growth trees.**
   - **In fact, on B.C.'s coast over 55 per cent of Crown old growth forests are protected.**
   - **The ministry, Teal Jones and environmental groups have had some meetings to see if some agreement can be reached on what additional areas, if any, should be set aside from logging.**

Audience Poll:
In your forest industry related business, have environmental protests or related activity over the past few years caused you concern or negatively impacted your business?
1. Yes
2. No

3. The safety culture in the B.C. industry has shifted significantly since the 2003 Forest Safety Task Force resulted in the development of the BC Forest Safety Council. This in turn has helped the image of the industry and is contributing to ongoing recruitment efforts where there are 4,700 job openings projected in coastal forestry and logging operations between now and 2022.

Question: What more can we all do to improve recruitment of workers to the B.C. forest industry?

Suggested response:

Safety

- **Members of the Truck Loggers Association, and the B.C. forest industry as a whole, has done a great job in focusing on safety and reducing job-related injuries.**
- **Over the last 10 years, we have dropped our fatalities by two-thirds and serious injuries by one-third. We need to continue encouraging an ongoing industry culture of safety and due diligence in our actions and policies.**
- **This includes making sure that each individual in a high-risk job is indeed qualified, has access to the right tools and equipment, and is focused on "basics done well."**
- **We need to continue working together to explore new and innovative ways to provide industry-appropriate training, and ensure that those receive this training find appropriate job and career placements.**
- **One example of where we have seen success from this approach is through the Canada-British Columbia Job Fund that has helped with training new heavy equipment operators and logging truck drivers.**
- **An additional $250,000 has been made available for training that begins before March 31st – get your application in now!**
- **We know B.C. has reached a tipping point, with fewer young people entering the workforce than older workers leaving it.**
- **We need to continue talking with young people and presenting B.C.'s forest industry as a solid career choice.**
- **I know people in this room have been actively involved in engaging high school students.**
- **Our government invests more than $7.5 billion in education and training each year for the many areas of B.C. diverse economy – from early learning programs for the youngest British Columbians all the way through to post-graduate education; from targeted employment programs for people facing barriers to industry-sponsored training and apprenticeship programs.**
- **As a government, we are using the job projections in the British Columbia 2024 Labour Market Outlook to ensure that skills training decisions made through the B.C. Jobs Plan and B.C.'s Skills for Jobs Blueprint are aligned with the needs of the labour market and key sectors of our diverse and growing economy.**
- **B.C.'s competitiveness in the industry starts with the right people – with the right training and qualifications. This helps build safe and efficient forestry companies that are able to compete globally.**

Audience Poll:

Have your investments in safety help change the culture of safety in your business for the better?
1. Yes
2. No

4. With regards to First Nations and timber supply, David Elstone was quoted in the Vancouver Sun in October saying: "TLA member companies will continue to build on their successful history of working with First Nations and supporting collaborative relationships."

   Question: What new steps has the Ministry taken to further promote relationships with B.C. First Nations that relate to the forest industry?

   Suggested response:
   - **The Province has been working with the First Nations Leadership Council and the First Nations Forestry Council to engage with chiefs across the province and explore the potential for changes to forest consultation and revenue sharing agreements, and forest tenures opportunities agreements.**
   - **These agreements help address First Nations' interests in our forestry authorizations such as cutting permits, road permits and forest stewardship plans.**
   - **We currently have 115 forest consultation and revenue sharing agreements and 104 forest tenure opportunities agreements with First Nations across the province.**
   - **Since 2003, First Nations have received 88 million cubic metres of timber and over $384 million in revenue sharing.**
   - **BC Timber Sales also continues to pursue a range of business agreements with First Nations across the province to strengthen relationships.**
   - **These agreements ensure that BCTS has access to the timber profile necessary to support the market pricing system while providing First Nations with more experience in the forest sector.**
   - **The Province supports First Nations to engage with existing forest licensees to explore business-to-business arrangements to strengthen relationships and develop the capacity of the First Nation.**
   - **Business-to-business opportunities with industry can range from provision of cutting or silviculture contracts to the First Nation to allowing forestry activity to continue on future treaty settlement lands with the revenue from the harvest going the First Nation during the negotiation of the Final Agreement.**

5. We understand that your government may be entering into a Treaty with the Tsilhqot'in National Government very soon.

Question: Can you provide us any details of the treaty [agreement] and how it might impact other First Nations relationships in B.C.?

Suggested response:

- **All British Columbians benefit when negotiated settlements are reached with First Nations.**
- **Lasting reconciliation between the Tsilhqot'in and the Province is our mutual goal, and the reconciliation agreement we're working on covers both economic and social priorities.**
- **B.C. and the Tsilhqot'in want to improve the quality of life for the Tsilhqot'in people as soon as possible – not in one or two generations. We want to make significant progress in three to five years.**
- **The Tsilhqot'in and B.C. are also engaging the federal government because reconciliation cannot occur without Canada – we need Canada at the table to discuss social programs and governance.**
- **We continue to work through this complex process together because we know it's only through negotiation that we can reach an agreement that works for everyone.**

Implications for other nations:

- **The court decision factors into all of our work as we strengthen the ways B.C. can help reconcile title, rights and First Nation interests.**
- **However, we work with First Nations on a nation-by-nation basis; a reconciliation framework agreement will be unique to the Tsilhqot'in National Government.**

General KMs:

- **We take the Tsilhqot'in title decision seriously and we've made progress in the past year.**
- **The ruling factors into all of our work as we strengthen the ways B.C. can help reconcile title, rights and First Nation interests.**
- **Nations and the B.C. government have reached more than 100 economic and reconciliation agreements since the title decision, some of them are innovative community-based solutions that we would not have contemplated 10 years ago.**
- **A key goal is to ensure First Nations are able to fully participate in B.C.'s economy.**
- **For over a decade, there has been a real effort to get it right – sharing revenues, creating programs, respecting territory and title and keeping the lines of dialogue open.**
- **While the provincial government's role has limits, our determination should not.**

Audience Poll:
In your forest industry related business, have you engaged with First Nations businesses or capacity building over the past few years?

1. Yes
2. No
3. I plan to

6. Over the past 18 months, the *Truck LoggerBC* magazine has featured editorials that have highlighted issues related to forest industry supply chain management and the many positive relationships that TLA members have with some tenure holders, while unfortunately many still struggle to remain sustainable working for others.

   Question: In what ways can your Ministry help to promote a more positive and collaborative relationship between contractors and the major licence holders both on the B.C. coast and in the Interior?

   Suggested response:
   - **I'm fully aware and appreciate the concerns that contractors have about sustainability of contract logging, particularly as it relates to the fair market rate test.**
   - **I have been asked by the contractors to conduct a narrow review of the Timber Harvesting Contractor and Subcontractor Regulation, commonly referred to as Bill 13.**
   - **However, if a review were to be undertaken, I believe it would need to comprehensive in nature.**
   - **Contractors are an important part of the supply chain and as you may be aware we're currently working on a Competitiveness Strategy for a strong, sustainable and globally competitive forest sector, including the contracting community.**
   - **Once the competitiveness strategy is further advanced, I would be prepared to consider a comprehensive review of Bill 13.**
   - **We all need to work together to keep B.C.'s forest sector competitive and I am committed to finding a mutually agreeable solution.**

Audience Poll for Contractors Only:
Describe the nature of your relationship with your employer licensees?
1. Very good with all licensees
2. Good with some, weak with others
3. Troubled

7. The TLA, together with Rick Jeffery of Coast Forest Products Association and FP Innovations is currently working on an initiative that could collectively lead to an improvement in licensee / contractor relationships and potentially, an overall reduction in average delivered coastal log costs. Similar work has been done recently by the Ministry to discover efficiencies in log handling using the LEAN process.

Question: Where these types of initiatives require government support, can we count on you to champion them?

Suggested response:

- **I know yesterday you had some presentations on competitiveness and I hope that you gained a better understanding of our focus.**
- **Government's focus is always on ways to remove barriers to competitiveness and investment.**
- **With regard to log handling, every time a log is handled, the value of the log is reduced.**
- **A joint government-industry team has mapped out the log handling process and identified four key projects to improve efficiencies in: scaling methods, export process, cruise-based billing, and log grading.**
- **And in the log export process, nine days can be taken out of a 38-day process significantly streamlining the process and reducing costs.**

8. The 2003 Forest Revitalization Plan was designed, in part, to help level the playing field between major tenure holders and contractors by diversifying opportunities to harvest timber via tenure redistribution in B.C. A decade or more later, consolidation of the major tenure holders has been a significant, yet unintended, consequence and the "market" for contractor services is even more constrained today.

   Question: Is there anything more that can be done to once again level the playing field between the majors and contractors in order to ensure sustainability of the industry as a whole?

   Suggested response:

   - **While consolidation within the forest industry in B.C. has occurred in past years, it would likely have happened with or without the changes brought about under the Forestry Revitalization Plan. We've seen consolidation happen nationally and internationally – not just in B.C.**
   - **The timber reallocation process under the 2003 Forestry Revitalization Act has resulted in a more diversify forest economy, in that more tenure is now held by First Nations, community forests and woodlots and BC Timber Sales.**
   - **The existing process to transfer ownership of forest tenures includes a Crown review of market concentration.**
   - **Today, we have dozens of new community forests throughout the province, an expended and vibrant woodlot sector, a huge increase in First Nations participation in the industry and sufficient AAC going to BCTS to support the market pricing system.**
   - **I continue my strong support the BC Timber Sales program, woodlots, community forests and First Nations tenures and would encourage contractors to pursue opportunities in those sectors.**

Audience Poll for Contractors only:
If you had more opportunity to harvest timber outside of your current contracting business via direct tenure, more BCTS or more small tenures like woodlots, would it make you more sustainable?
1. Yes
2. No
3. Maybe
4. I don't know

9. In order to promote continued investments in the forest industry, by both logging and road building contractors and the major manufacturers, there is a need for ongoing business certainty. As was presented yesterday, your Ministry has been conducting a Forest Industry Competitiveness Review in order to ensure that the B.C. forest industry remains competitive globally.

   Question: What are your views on the results of this review and when can we expect to see results?

   Suggested response:
   - **The Province's vision for the province's forest sector is a vibrant, sustainable, globally competitive forest industry that provides enormous benefits for current and future generations and for strong communities.**
   - **We are taking action to realize this vision through six key themes:**
     - **Reliable and sustainable timber supply**
     - **Competitive industry hosting conditions**
     - **Improving certainty around the land base**
     - **Market access and growth for forest products**
     - **Driving innovation and diversification**
     - **Rural community transition and stability**
   - **We've initially engaging with the primary producers side of the sector, since the fundamental planning and harvest phases take place largely with them, and the value chain then builds on their work, whether it's residuals to the pulp and bio-energy sectors, value added manufacturing or contract harvesting.**
   - **Just like we are on the log handling LEAN project, we will be engaging the logging associations as we move forward on different elements of the strategy.**
   - **The forest sector is much more diversified now and we've seen the emergence of new sub-sectors, such as wood bioenergy.**
   - **All sub-sectors need to work together so we can all enjoy the benefits from our forests.**

Audience Poll for Contractors Only:

There has been a recent trend in increased values for used logging equipment as was seen in the recent Ritchie Brothers auctions in Nanaimo and Prince George. As a contractor, are you planning to invest in new or rebuilt equipment over the next year?
1. Yes
2. No
3. Maybe

10. At the 2014 Interior Logging Association convention in Vernon, you committed to addressing contractor sustainability as part of the Competitiveness Review.

    Question: How has the issue of contractor sustainability been addressed in this review?

Suggested response:

- **I am very interested in the economic viability of the contractor community.**
- **I am also well aware that the province, including the contractors, needs a globally competitive and efficient primary industry as the cornerstone of our economic viability.**
- **Our Competitiveness Strategy is based on the premise of strengthening the industry's foundation, our manufacturing base, then building on that strength across the forestry sector as a whole."**

Audience Poll:
Is your forest industry related business sustainable over the next five years or are you at risk as a result of industry issues?
1. My business is sustainable over the next five years
2. My business is at risk
3. I am uncertain

11. **Final Question:** Are there any other topics you would like to address before our time is up?

- **I just want to continue to stress the need for a safe industry. Collectively we need to strive for zero fatalities.**

Supplemental – other topics that may come up:

Modernizing the scaling exam that is 50 years old.

- We acknowledge that the pass rate for the exam is too low.
- The Industry is responsible for training and gov't for the exam. Both systems need to be considered.
- The Coast Scaling Advisory Community will be working to identify improvement opportunities.
- Under the LEAN log handling project the Coast log grades will be reviewed at a workshop in March. This work will explore opportunities to simplify grades which may improve exam pass rates.

Export market access for H and lower grades of yellow cedar.

- We're not considering allowing exports of yellow cedar or cypress.

Funding mechanism for the Forestry Service Providers Compensation Fund.

- Government continues to operate in a tight fiscal environment and remains committed to a balanced budget.
- That being said, commitments made in previous years to top up the fund, when we're able, remain.

Down-grade provisions for powder-worm for redcedar log and stain in yellow cedar log – the prevalence of these defects is increasing

- Powder worm: the Coastal Appraisal Manual has been amended. Previously there had to be sign at both ends of a log to defect the log. Now it is one end only. This is significant in lowering the grade of the log.
- Cypress stain – ministry staff are currently working on a proposed regulation change to address this.

SPEAKING NOTES

The Honourable Steve Thomson

Minister of Forests, Lands and Natural Resource Operations

TLA AGM

Fairmont Empress
Crystal Ballroom

Jan. 23, 2014

8:30 a.m. – 10:00 a.m.

(Check Against Delivery)

ADVICE FOR SPEAKER:

Audience: logging contractors, forest licensees

Anticipated Size: 200

Conference Theme: Investing from the Ground Up, 72nd AGM

Speaking Time: 20 minutes

Set-up: Podium

Contact Person: Kathie Madden

Agenda:
7:30 a.m. – 8:30 a.m. breakfast
8:30 a.m. – Don Banasky, President, gives welcoming remarks
8:32 a.m. – Todd Gordon talks about Pacific Logging Congress
8:35 a.m. – Don Banasky introduces David Elstone, TLA's new executive director
8:36 a.m. – David Elstone speaks
8:45 a.m. – Tracey Russell, Parker Pacific-Link Belt (sponsor of breakfast & seller of logging equipment), introduces Minister
8:50 a.m. – 9:15 a.m. – Minister speaks
9:15 a.m. – 9:20 a.m. – Don thanks Minister and presents gift
9:20 a.m. – 9:45 a.m. – Don announces scholarship winners
9:45 a.m. – 10:00 a.m. – photos with scholarship winners

- ***Truck Loggers Association Awards at BCIT***
  - Justin Kenning
  - Bowen Sly
- ***The Truck Loggers Association Scholarships at UBC***
  The Truck Loggers Association Scholarships:
  - Nicholas Barry
  - Erin DeShong
  - Jessica Lompart

  Bert Welch TLA Scholarship in Forest Operations at UBC:
  - Nur Hassan

  Dave Husby TLA Scholarship in Forest Operations at UBC:
  - Robert Smidstra

- ***Truck Loggers Association Award for Forestry at VIU***
  - Ben Boghean
  - Tara Dzenis

- Morgan Klassen
- Jiahang (Ricky) Li
- Taylor Mang
- Matthew Parker
- Nicky Thomson-Toth
- Sarah Germain
- Elias Torheiden
- Hannah Vander Meer

Truck Loggers Association & Chevron Award for Heavy Equipment Operator Technician at VIU

- Jesse Crighton
- Breanna Thompson

INTRODUCTION

- Thank you Tracey for that introduction.

- And also welcome to David in your new role as executive director. It's a pleasure to be here this morning on the traditional territory of the Coast Salish People.

- I want to thank you for again for hosting a successful convention and inviting me to participate.

- It looks like 2014 was another good year for forestry. Forest product exports to end of November 2014 totaled $11.4 billion – as compared to $11.6 billion for all of 2013.

- During calendar 2014, province-wide BCTS advertised 11.9 million cubic metres and sold 10.4 million cubic metres of timber.

- On the Coast, 2.1 million cubic metres were offered and 1.8 million cubic metres were sold.

- Looking ahead to 2015/16, BCTS plans to advertise 14.4 million cubic metres and sell 13.5 cubic metres

- This represents 23 per cent of the projected provincial harvest, and net revenue projections of $84 million, supporting 9,800 jobs.

- Last year, I was able to tell you that a review of BCTS' effectiveness was underway.

- This year, I'm able to provide an update. Phase 1 of the review completed in spring confirmed that:

- BCTS's goal is to provide credible representative price and cost benchmark data for the market pricing system through auctions of public timber.

- This goal is supported by three objectives:

    1. Sell the full BCTS allowable annual cut over the business cycle, consistent with sustainable forest management.

    2. Generate net direct revenue and indirect provincial government revenue over the business cycle.

    3. Pursue continuous business improvement within BCTS, across government and with third party partners and customers.

- Phase 2 recommendations focused on strengthening BCTS' role.

- The recommendations range from strictly operational in nature to those that may require legislative changes.

- Recommendations are related to:

    - Improved business processes and data accuracy;

    - Ensuring timber sale licences accurately reflect the timber profile;

    - Auction system refinements such as deposit policy, bidder qualifications and licence terms;

    - Review upset rate, no-bid sales, cutblock composition and cruising policies for BCTS;

    - Setting out clear objectives for business improvement agreements with third parties;

    - Continue to offer Category 2 timber sale licences.

- And, we've already implemented a number of the recommendations.

- Hopefully before Christmas, most of you would have received a bulletin about the new rules around overdue stumpage accounts.

- Previously, BCTS registrants with overdue accounts in excess of $500,000 and 84 days could not apply for additional timber sale licences.

- Now, the maximum overdue amount has been reduced to $250,000 and registrants have only 60 days.

- These changes are also intended to reduce speculative bidding, which, in turn, supports the generation of accurate data for the market-based pricing system.

- Auctioning timber sale licences at, or near, the market-pricing norms, also increases the likelihood that timber will be harvested on schedule, thereby ensuring a steady and reliable fibre flow to mills.

- Implementing some of the recommendations from the BCTS Effectiveness Review will require amendments to the Forest Act, which we're treating as a high priority.

Tsilhqot'in

- Yesterday, Premier Christy Clark touched on the Tsilhqot'in decision and its implications.

- The Tsilhqot'in decision provides greater clarity on where strong Aboriginal Title claims may exist in the province.

- In many respects, forestry – and the TLA - has been a leader in developing relationships and forming partnerships with First Nations.

- We have a strong base to start from: currently, we use many tools for accommodation, including Forestry Consultation and Revenue Sharing Agreements, or F-CARSAs.

- Since 2002, agreements have been signed with 177 First Nations providing over $382 million dollars in revenue sharing. Revenue sharing is one accommodation for forestry activities.

- Another accommodation is the provision of forest tenures to First Nations so they can pursue economic development opportunities.

- Since 2002, the Ministry has entered into 190 tenure agreements with First Nations through its direct award program, and granted over 350 licences with a total harvestable volume of 180 million cubic metres.

- Altogether the amount of the allowable annual cut controlled by First Nations has increased from about 1.3 million cubic metres in the mid-1990s to 10.7 million cubic metres now – or over 13 per cent of the provincial AAC.

- In December, ministry staff held three workshops – in Nanaimo, Kamloops and Prince George with forest licensees and First Nations to review the impact of the Tsilhqot'in decision on processing cutting permits.

- Some of the common themes from the workshops were:

    - desire for more communication between government and the licensees on consultation and accommodation;

    - an opportunity for industry to provide input as government reviews its consultation and accommodation policies; and

    - Build capacity across all parties to better manage First Nations consultation and accommodation.

- We will continue to work with forest licensees and First Nations to ensure common understanding, and that we continue to work effectively together.

Great Bear Rainforest

- Another example of working together is the partnerships used to get agreement on the Great Bear Rainforest.

- The land use planning process that led to its creation was a true collaboration between First Nations, the province, forest companies and environmental groups.

- Finalization of the review of implementation of ecosystem based management is a key commitment of government, as noted in my June 2014 mandate letter.

- Last January, Joint Solutions Project - forest companies and environmental groups – submitted 84 pages of recommendations to government on what they think full implementation of ecosystem-based management looks like.

- E-B-M, by definition, needs to balance "human well-being" and ecological integrity.

- Since they were submitted, staff have been doing detailed analysis of the recommendations, as well as having the necessary discussions, with the First Nations with territory in the Great Bear Rainforest.

- Given the complexities of the recommendations, and the number of parties involved, these discussions are taking time, but progress is being made, and government remains committed to full implementation of E-B-M.

- Ministry staff are working to get the revised land use orders ready for review and comment next month.

Competitiveness

- Meanwhile, I'm glad to see that the T-L-A and C-F-P-A are working together to address challenges with competitiveness on the Coast.

- I recognize that rising delivered log costs are the largest risk to Coastal forestry.

- If delivery costs continue to rise, then the economic accessible areas will decline and the industry will shrink . . . with obvious implications for harvesting, manufacturing and markets.

- It's clear: to remain competitive, create an economically accessible land base and support a viable industry on the coast, it’s critical that we address the issues of delivered log costs.

- It is beneficial for forest product companies and contractors to constructively work together and explore the ways to increase harvesting opportunities by cooperatively improving efficiencies;

- The ministry is looking at holding a facilitated discussion with selected representatives from forest product companies and contractors to identify common interests and set goals that will benefit all parties including employees and the communities.

- At the same time, we want to explore examples where collaborative working relationships have proven beneficial for both forest product companies and the contract business community.

- The objective is to build off these examples to design best practices for broader application.

- I am a firm believer that the solution to the competitiveness issue is not 'more government'.

- The solution lies in improving business to business relationships, particularly the relationships between licensees and contractors.

- Government can help by ensuring the hosting conditions are right, which brings me to an update on log scanning.

Log Scanning

- For the past several years , industry and ministry staff government have been working together to develop the necessary standards and policies to support the use of log scanners to scale timber for stumpage payments to government.

- Scanner technology is used in other parts of the world and provides an opportunity to increase the competiveness of the industry and realize efficiencies to government.

- Industry support has been led in large part by the efforts of Interfor and their Acorn Mill, however all other major coastal licensees with sawmilling capability have contributed to the effort.

- Several Interior licensees are also pursuing the opportunities offered by the new technology.

- The ministry's Timber Pricing Branch has been actively involved, chairing national level technical committees that advise Measurement Canada, the national body that approves measurement devices for trade, on the standards to be used to log scanners for trade in Canada.

- Measurement Canada has approved a pilot process for approval of log scanners for scaling.

- Licensees interested in using log scanners for BC government scale need to contact Measurements Canada, and through their scanner suppliers, get the devices approved for trade by Measurements Canada.

- While the scanners can provide accurate estimates of log volume, they are largely unable to provide some of the additional information needed by government to ensure an accurate scale. For example, the scanner is unable to determine the species, grade and timber mark of the log.

- To provide this information, ministry staff and industry have worked together and developed procedures to meet the necessary tests government applies around forest revenue.

- When a licensee has approval from Measurements Canada for the scanner device and approval from the minsitry on the

processes for determining an accurate scale, it is the government's intent to approve the use of the log scanner for scale at that mill site.

- We envision the approval will be on a pilot basis that will allow both parties to make any necessary changes.

Education

- I also commend the TLA for its commitment to forestry education.

- One of the highlights of each convention for me, is participating in handing out the scholarship awards.

- And before, Christmas I had the opportunity to go to Port Alberni.

- While there, grade 9 students from Alberni District Secondary School led me and 160 kindergarten to grade 3 students around a Christmas tree farm. . . . it's good to catch them young!

- It's great to see high school students sharing their knowledge with younger students; and I know the TLA plays an important mentoring role.

- Thank you for all you do!

Safety:

- In closing I want to reiterate Premier Christy Clark's remarks yesterday around safety.

- It's been 10 years since all sectors of the forest industry collectively took the challenge to reduce serious injuries and fatalities.

- The result has been almost a two thirds decrease in direct fatalities from an average of 22 fatalities per year to 8 in the woods over the past 5 years. This is a significant accomplishment.

- The forestry fatalities used to account for about 1 in 8 of the worker fatalities in the province; now it has dropped to closer to 1 in 17.

- Improving safety makes the industry more attractive to young workers, which is needed as the current forestry workforce retires.

- The best loggers produce only the logs they intend, not injured people.

- Most importantly, reducing injuries and fatalities is enabling more people to have a healthy and productive life at home as well as at work.

- Thank you for the work you have done so far, let's keep going and aim again to make this year the year for no fatalities in the woods.

-END-

SPEAKING NOTES

The Honourable Steve Thomson

Minister of Forests, Lands and Natural Resource Operations

TLA AGM

Westin Bayshore
Stanley Park Ballroom

Jan. 17, 2014

8:30 a.m. – 10:00 a.m.

(Check Against Delivery)

ADVICE FOR SPEAKER:

Audience: logging contractors, forest licensees

Anticipated Size: 200

Conference Theme: The Business of Logging, A New Era, 71th annual convention

Speaking Time: 20 minutes

Set-up: Podium

Contact Person: Kathie Madden/Dwight Yochim

Agenda:
7:30 a.m. – 8:30 a.m. breakfast
8:30 a.m. – Bill Markvoort gives welcoming remarks
8:32 a.m. – Duane Evans talks about Pacific Logging Congress
8:35 a.m. – Tracey Russell, Parker Pacific-Link Belt (sponsor of breakfast & seller of logging equipment), introduces Minister
8:45 a.m. – 9:05 a.m. – Minister speaks
9:05 a.m. – 9:10 a.m. – Bill thanks Minister and presents gift
9:10 a.m. – 9:35 a.m. – Bill announces scholarship winners
9:35 a.m. – 9:50 a.m. – photos with scholarship winners, Minister & Bill

Awards for UBC
Bert Welch TLA Scholarship in Forest Operations
- Robert Smidstra

Dave Husby_TLA Scholarship in Forest Operations
- Fraser Larock

Truck Loggers Association Scholarship
- Arlo Bryn-Thorn
- Allan Knapp (not in attendance)
- William Vause

Awards for Vancouver Island University

Matt Boeckmann	Morgan Klassen
Ben Boghean	Adrienne Langley
Tara Dzenis	Chris Leitao
Zach Fisher	Rafael Raad
Sarah Germain	Matt Van Den Tillaart

Awards for BCIT

Oben Hart	Megan Kwan

INTRODUCTION

- Thank you Tracey for that introduction.

- It's a pleasure to be here this morning on the traditional territory of the Coast Salish People.

Year in Review

- After the election in May, it's great to be back here and speaking to you again as the Minister of Forests, Lands and Natural Resource Operations.

- I want to thank you for again for hosting a successful convention and inviting me to participate.

- I also want to thank all the contracting associations for coming together and forming the Council of Forestry Contractors. While I do enjoy meeting with each association, it's is also nice to hear just one voice on your common issues of concern.

- It's been quite the year – not only in politics – but in forestry.

- When I spoke to you last year, I announced some changes to log export policy and committed BC Timber Sales to

accelerating timber sales by 500,000 cubic metres during the first six months of 2013.

- BC Timber Sales coastal business areas advertised almost 525,000 cubic metres – in addition to their original sales plan of 1.35 million cubic metres.

- In October, I led a successful trade mission to Japan and China accompanied by 25 senior forestry executives, including **(include names if any are in the room)**

- In China, we signed two more MOUs – one with Shanghai – to continue to build on previous successes – and another with the Province of Zheijang – China's fourth largest province.

- I also had the privilege of providing opening remarks to the China Wood Frame Alliance. Thanks to the hard work of F-I-I and Canada Wood staff, there are now over 200 developers and architects in China interested in building with wood.

- In Japan, we visited the Tohoku region that was devastated by the March 2011 earthquake and saw two of the demonstration projects – the Yuriage (Your-ee-ag-ee) public market and Donguri Anne public library.

- The builder of the Yuriage public market has received orders for three similar buildings.

- We also signed the MOU to build the Jericho Centre for the disabled in Iwaki City, which will provide rehabilitation services for up to 1,000 patients.

- We also saw the potential to expand wood frame construction in elderly care facilities.

- Japan has 420,000 seniors on waiting lists – and if they were built with wood that would translate to a lumber demand of 2.9 million cubic metres – or almost more than B.C.'s current annual export volumes of wood to Japan.

- I also met with Japanese government officials in Tokyo who were interested in B.C.'s experience with using wood to build venues for the 2010 Winter Olympics.

- Japan followed B.C.'s lead in adopting a Wood First law, and now are following B.C.'s lead again.

- As you know, building with wood is environmentally friendly.

- It has a lighter carbon foot print, and is also cheaper to build with than concrete and steel.

- Of course, wood won't replace steel and concrete in all building applications – but as Forests Minister it is gratifying to see the uptake.

- 52 communities across B.C. have made Wood First commitments, similar to the one the provincial government made.

- But that's enough about this past year. I expect most of you are wondering what will be coming down the pipe this next year.

Looking Ahead – Maximizing Opportunities

- Similar to what Bill Markvoort and Dwight Yochim have expressed in the winter edition of TruckLoggerBC, I think the future is bright.

- Although not all the year-end numbers are in yet – we know that 2013 was a better year than 2012.

- In October, we broke our previous record of softwood lumber products to China.

- And, by the end of November, forest product exports totaled $10.6 billion - a 13 per cent increase over the same time period last year.

- Even lumber exports to India are holding steady at $11 million (to the end of November). While currently small, let's not forget that China also started small before growing in size by over 1,500 per cent, and that's why we, with support from the federal government have established an F-I-I office there.

- Yesterday, the federal government confirmed that they are again going to provide $600,000 which nicely complement's B.C.'s $1 million in funding.

- The focus in India is on promoting B.C. wood for use in doors, windows and other finishes from coastal wood species.

- F-I-I is leading an industry mission in February with over 20 representatives.

- According to the harvest billing system at least 22.1 million cubic metres was harvested on the Coast in 2013 – a 6 per cent increase from 2012. Although I expect the number will increase once all the December invoices are in.

- These numbers show that B.C.'s forest sector continues to recover.

- I believe by all of us working together – loggers, licensees, communities, First Nations and government – we can maximize the opportunities from our coastal forests.

- Both the T-L-A and the Coast Forest Products Associations have campaigns underway to remind British Columbians of the importance of the coastal forest industry.

- From 2008 to 2013, CFPA member companies have invested $261.8 million in new plants and mill upgrades and another $281.3 million in repairing equipment and building capital roads.

- Harmac has invested in a $45 million co-generation plant and has a 15-year energy purchase agreement with BC Hydro to provide enough power for 17,000 homes!

- The T-L-A commissioned report, Tired Iron, provides a snapshot of the state of the coastal forestry sector and notes that in 2011, there were 21,405 employed in the coastal forest sector including 5,780 in forestry and logging.

- The report also noted that for every 10 jobs in forestry, another five are created elsewhere in the community.

- The T-L-A also just released its labour market and training needs analysis which forecasts a need for 2,800 workers in coastal forestry and logging by 2020.

- Clearly we're all going to need to work together to maximize the opportunities provided by our coastal forests, and to grow the workforce.

Inventory

- One way to work together is on inventory.

- Western Forest Products and BC Timber Sales recently conducted a joint inventory project over 120,500 hectares in the Nawhitti (Na-wit-tee) on Northern Vancouver Island.

- By using LiDAR – a remote imaging technology – staff were able to design a 27.5-kilometre road and review 450 hectares of cutblocks over seven days in the office.

- This compares to 127 field days that would be needed to do the same work on the ground.

- I encourage coastal licensees to use this tool on their tree farm licences and private land.

- Last February, I released the ministry's 10-year strategic forest inventory plan.

- Priority areas for updating inventories include the hardest hit mountain pine beetle areas, as well as areas on the Coast.

- In December, staff completed inventory for Haida Gwaii – an area of 1 million hectares,

- and by end of March an inventory of 2.8 million hectares in the central Coast will be complete.

- In addition to completing new inventories, staff continue to update the existing ones to reflect harvesting and timber growth.

- In 2014, staff will also begin to re-inventory Vancouver Island – a complex project that is expected to take a few years.

- The ministry's inventory program includes the computer models that are used to predict stand growth and yield.

- Over the last few years, significant advances have been made – improving our ability to predict the future yield of second-growth stands, including their expected log sizes and lumber outturn at harvest!

- Enhanced inventories are one way to maximize the opportunity from our coastal forests.

Coast Hem Fir Initiative

- Another important initiative that continues to maximize the opportunity from the coast and Hemlock! is the Coastal Hem-Fir Initiative spearheaded by FPInnovations.

- The investments in research and development have now yielded a benefit of $50 million in savings each year for all operators on the Coast.

- There are a couple of new projects under development that may be of interest to T-L-A members.

    - One is steep slope stability testing.

    - Working with WorkSafeBC and industry partners, FPInnovations has developed a protocol using safer mechanized systems at a lower cost on steep terrain.

    - It is estimated that once testing is complete and the protocol is fully implemented that cost-savings could reach $10 million per year.

- FPInnovations is also working with local stakeholders in the Port McNeill area to use roadside landings and wood residue to support development of a biomass heating plant.

- The Coast Hem Fir initiative also continues to develop new products for hemlock.

- Currently being researched is fascia appearance grade board. By 2016 the demand is expected to be about 85 million board feet – or at current prices $46 million in lumber sales!

Area-based management

- Another ministry initiative I know that some audience members are interested in – especially those from the Interior – is the status and process of converting volume-based forest licences to tree farm licences.

- In August 2012, the Special Committee on Timber Supply recommended examining the possibility of converting volume-based tenures to area-based tenures in areas where it make

sense – mainly some of the mountain pine beetle affected areas in the Interior.

- Some forest licensees have indicated that area-based tenures will provide them with the security they need to do their long-term business and investment planning in areas affected by the mountain pine beetle.

- However, other forest companies have indicated that they are not interested in pursuing any conversions for their operations at this time.

- The ministry views the ability to convert volume-based forest licences to area-based licences as "one tool in the toolbox" to help with mid-term timber supply issues in the Interior.

- To enable conversions, on a case-by-case basis, amendments to the Forest Act are needed.

- I am committed to providing an opportunity for public consultation before any legislative amendments are introduced.

- Therefore, I can confirm for you that these legislative amendments will not be proceeding in the upcoming Legislative Session.

- Ministry staff are doing detailed policy analysis to bring forward the best possible proposal for review.

BC Timber Sales

- Another key initiative that you're likely interested in – is one of the commitments in my mandate letter – to examine the role and effectiveness of BC Timber Sales and bring forward recommendations for improvement to Cabinet.

- BC Timber Sales has been a vital organization over the past 10 years in pricing timber, providing timber to the market, and generating revenue for the Crown.

- It has been a leader in safety and stewardship in the forest sector.

- As it recovers from its worst recession in decades, the forest sector is facing lots of challenges including a shrinking supply of timber with rising demand for wood products.

- The next 10 years will look very different than the past 10 and BC Timber Sales has to be able to respond to these changing conditions.

- In response to increased demand for logs, BC Timber Sales has been working hard to ramp up its advertised volumes and improve the efficiency of its operations. For example,

    - BCTS is implementing an e-bidding system that will make it easier for clients to submit their bids.

    - BCTS is honing its ability to identify available timber over the longer term to be responsive to demand.

    - BCTS is building partnerships with First Nations and Communities with timber tenures to get more timber into the pricing system and onto the market.

- However, as we move further into this new period of high demand, it is important that Government provides clear direction to BCTS and continues to position BCTS to meet its mandate.

- The intent of the BCTS Review is to ensure that we are doing that.

    - It is important to the industry,

    - it supports the BC Jobs Plan, and

- it is important to the broader public interest.

- As many of you may know, John Allan was engaged to conduct Phase 1 of the Review.

- John has now finished Phase 1, and has also agreed to take on Phase 2 of the Review to identify how BCTS can be more effective in meeting its mandate.

- Phase 2 is now in full swing and - if he hasn't already - he will be in touch with the associations for this Phase as well.

- The target for completing the Review is the end of March.

- I am confident the review will result in recommendations that will strengthen BC Timber Sales, and be better positioned to achieve Government's goals.

Forest Safety

- 2012 was not a good year for safety – there were 11 fatalities.

- 2013 was not a good year for safety – again there were 11 fatalities.

- This is not acceptable.

- From 2006 to 2011 considerable progress was made – average fatalities dropped from 22 to 8 per year.

- That same urgent concern that was evident in 2006 must again be shown now.

- Every single one of you in this room needs to show leadership on safety – whether you're a CEO, logging contractor or woodlot operator.

- I know the Coast Harvesting Advisory Group is currently reviewing injury rates and how to address this.

- I commend this work and the ongoing commitment to continuous improvement that needs to be sustained if we're to make forestry safer.

- I'm also looking forward to the results of the SAFE Certification review to improve its effectiveness.

- I understand the last townhall meeting was earlier this week at the convention.

Conclusion

- We all have a busy few years ahead.

- If we want to take advantage of and maximize the opportunities are coastal forests offer us, we're all going to need to work together.

- Together we will continue to grow and expand markets for wood products – whether the markets are in Asia – or whether its markets for new products.

- Together we will work on enhancing our inventories.

- Together we'll need to recruit skilled youth into forestry.

- And together we'll need to ensure that forestry becomes safer.

- Thank you.

-END-

SPEAKING NOTES

The Honourable Steve Thomson

Minister of Forests, Lands and Natural Resource Operations

TLA AGM

Victoria Convention Centre

Jan. 17, 2012

7:30 a.m. – 9:30 a.m.

DRAFT 4

(Check Against Delivery)

ADVICE FOR SPEAKER:

Audience: logging contractors, forest licensees

Anticipated Size: 200

Conference Theme: Shifting Gears, Gaining Momentum, 70th annual convention

Speaking Time: 20 minutes

Set-up: Podium

Contact Person: Kathie Madden

Agenda:
7:30 a.m. – 8:30 a.m. breakfast
8:30 a.m. – Bill Markvoort introduces Kathryn Bridge from Royal BC Museum to make donation from TLA (70 years of magazine archives and $5,000)
8:30 a.m. – Tracey Russell, Parker Pacific (sponsor of breakfast & seller of logging equipment), introduces Minister
8:40 a.m. – 9:00 a.m. – Minister speaks
9:00 a.m. – 9:05 a.m. – Bill thanks Minister and presents gift
9:05 a.m. – 9:20 a.m. – Bill announces scholarship winners
9:20 a.m. – photos with scholarship winners

Vancouver Island University Students (All in attendance)

- Tony Temple
- Jason Ross
- Christine Brown
- Graham Sakaki
- Christopher Leitao
- Adrienne Langley
- Matthew Boeckmann
- Zachary Fisher
- Matthew Van Den Tillaart
- Nicole Thomson-Toth

University of British Columbia (None in attendance)

- Jordan Lee
- Bani Evan Li
- Yuhao Lu

INTRODUCTION

- Thank you Bill and Kathryn for that introduction.

- It's a pleasure to be here this morning on the traditional territory of the Songhees and Esquimalt First Nations.

- I like the theme for this year's convention, "shifting gears, gaining momentum"

- Because, I think that's exactly what is happening on the Coast – we're definitely gaining momentum!

Economic outlook/stats

- Forestry by its very nature is a cyclical nature, and over the last 10 years we've seen the highest highs and some of the lowest lows.

- B.C. has not been immune from the global economic recession. How can it be exempt given the export orientation of our economy?

- It's been a wild ride, but 2009 was the low point, and we saw steady recovery through 2010, 2011 and now again in 2012.

- November 2012 YTD shows the value of all B.C. forest product exports totally $9.36 billion – a respectable 2 per cent increase over the same time period last year.

- And just last week Random Lengths Composite Framing price reached $396 per thousand board feet – the highest lumber prices have been since September 2005.

- And because lumber prices are so high, the softwood lumber export tax is not only zero for January, but for February as well.

- This is the first time since the Softwood Lumber Agreement came into effect in October 2006 that we've had two months in a row with no export tax.

- I know the coastal market is much larger than the U.S. but I also know the super cycle many analysts are predicting will have benefits here.

Accomplishments

- Over the past 12 years, this government has both removed barriers to investment and introduced policies that make us more competitive.

- Overall our intent has been to maximize the benefits from a public resource.

- We have the laws in place to ensure our forests are sustainably managed for future generations.

- British Columbia has 53 million hectares of land certified to one of three internationally recognized standards – that's more than any other jurisdiction in the world apart from Canada as a whole.

- Keeping those high environmental standards is key to ensuring B.C. keeps its markets and its international reputation as a provider of high-quality products from sustainably managed forests.

- We also have taken steps to ensure we have a pricing system that:

    - gives the public a fair return from the harvesting of public forests,

    - responds to market fluctuations, and

    - can withstand the scrutiny of our trading partners.

- We continue to fine tune that system: look for ways to minimize speculative bids; ensure sold volumes are brought onto the market in a timely way by working with you and others to refine our deposit and administrative systems.

- Government sets the environmental standards, the pricing standards, and continues to work to provide a competitive environment.

- As we have over the past 12 years we continue to work with you to reduce red tape and remove barriers to investment.

- To expand markets and help create new products

- Recognizing it wasn't healthy to have over 80 per cent of our products going only to the U.S., we worked with you and have dramatically increased market access in China and Japan.

- And just this past fall, F-I-I has opened an office in India, with, again, the focus on growing the market for B.C. wood products.

- And at the end of the month, F-I-I is leading 20 forest sector delegates to India.

- But diversification doesn't just mean new markets abroad, it also means new markets in North America for commercial and institutional construction.

- It means changing the building code to increase maximum number of floors allowed in wood frame construction from four floors to six.

- Diversification also supports research and development into new wood products, like cross-laminated timber – light as wood, but strong as concrete.

- Research and development has also had great success on the Coast.

- Launched in 2007 as part of the Coastal Forest Action Plan, the $14.7 million Coast Hem Fir Initiative has realized about $42 million in measured, improved value from hemlock – the most proliferous tree species on the Coast.

- There's no doubt that the policies and initiatives this government has introduced has strengthened the industry's overall competitiveness.

- These changes have given companies the confidence they need to invest in upgrades and new equipment to keep people working.

- For example, over the last 12 months alone, Western Forest Products has put in $38 million in Saltair, and another $6.7 million in APD in Port Alberni.

- These investments are an example of what BC's Jobs Plan is all about.

- Government creates a conducive investment climate, and the private sector supports the jobs.

Getting the Wood Out/Recent & Current Actions

- We continue to build on that.

- Right now we're working with the federal government to take advantage of the latest in scanning technology for scaling – if you've read the latest issue of TruckLoggerBC you'll know what I'm talking about.

- We agree with you that reducing the number of a times a log needs to be handled reduces overall costs and makes for a more efficient system.

- We're also exploring ways to further enhance utilization across the timber profile.

- Those are items we're working on, but I'm also pleased to tell you what we're doing today to increase harvesting activity.

- Today, I'm pleased to tell you that BC Timber Sales is increasing sales on the Coast in 2013 by up to 500,000 cubic metres.

- And this acceleration is already happening.

- BCTS Chinook has already sold 46,310 cubic metres under the accelerated sales plan, with an additional 35,000 cubic metres to be advertised next week.

- Strait of Georgia is fast tracking an additional 340,000 cubic metres and is also planning to sell some timber sales without sale term extension provisions to help ensure these logs are put in the marketplace faster.

- On the North Island and Central Coast, Seaward-tlasta is adding an additional 121,496 cubic metres – and is working with the area's First Nations to develop business relationships to bring even more volumes to auction.

- In addition to BCTS sales, Ministry staff will continue to put focused effort into working with First Nations to bring the volumes ear-marked for them into the market.

- We've recently been successful in setting the stage for the 2013 harvest of an additional 260,000 cubic metres in the traditional territories of the First Nations in the Nanwakolas (Nan-wa-KO-las) Council, and we're continuing to build on that success.

Log Export Decisions

- Another key action that I'm announcing today to increase the harvest is the results of the log export review.

- Log export is a uniquely coastal issue and undoubtedly one of the most challenging items on my desk as Minister of Forests, Lands and Natural Resource Operations.

- I first asked staff to begin a review of log export policy in the summer of 2011 given the large increase of log exports during the first few months that year.

- I recognize that some level of log exports are necessary in order for the coastal forest economy to function.

- Allowing log exports also increases harvesting activity, which in turn promotes economic activity.

- In considering log export policy changes I've also had to keep in mind the importance of international trade.

- Enjoying free market access for B.C. in other countries means we need to provide the same opportunity for other countries in B.C.

- Effective March 1, 2013, the fee in lieu of manufacturing will change to reflect the difference between an export price for a log and a domestic price for a log.

- A new, sliding scale formula means the greater the difference, the greater the fee.

- When the difference between export price and domestic price is less than $10, there will be no change to the fee.

- For example, the current difference between average export and domestic price is $27.00 per cubic metre.

- Accordingly the new formula means the average log export fee will change from $7.00 per cubic metre to $8.40 per cubic metre ($7.00 x factor of 1.2).

- Now, over the past two years, I've had quite a few of you in my office asking me to reduce the log export fee in your specific timber supply area or tree farm licence.

- Well, I've heard you and, on a two-year trial basis effective immediately, the fee for the geographic boundaries of the Mid Coast TSA will be reduced for low and mid-grade logs only to $1.00 per cubic metre.

- The existing fee will remain in place for grades G and higher.

- The intent of the lower fee in this area is to increase harvesting activity.

- The final component of my decision on log export policy relates to whether the cost of freight should be considered in domestic bids on logs proposed for export.

- The cost of transporting logs from one of four commonly used locations – Port Alberni, Pitt River bridge, Gambier Island and Chemainus – to Vancouver will be a factor considered when addressing bids by domestic buyers.

- New technology, increasing BCTS sales, a balanced approached to log exports, are just the latest examples on how we continue to work together to increase harvesting and economic activity in our coastal forests.

- I know Dave Peterson is moderating a panel on harvesting the full coastal AAC later this morning, and I'm looking forward to hearing the results of that discussion.

- I know you are also looking for an update on the Forestry Service Provider Protection Act and associated lien, as well as an update on the tax issue with pay-outs from the BC Forestry Revitalization Trust Fund.

- Premier Christy Clark will be providing updates on both these items tomorrow.

Skills Training

- She will also be talking in more detail about the BC Jobs Plan and our skills training plan.

- We know there will be as many as 25,000 job openings in the forest sector over the next decade as workers retire.

- I need to commend all the logging associations for their leadership in pursuing skills training for the next generation of forestry workers:

    - Mary Anne Arcand for driving the FIRST program for truck drivers in Prince George.

    - Wayne Lintott for the partnership the ILA and Thompson Rivers University in harvesting. I had an opportunity to see the results of this training on a visit to Logan Lake on a snowy December day.

    - Patrick Marshall for chairing the Coastal Forest Industry Workforce Initiative.

- With funding through the Canada-B.C. Labour Market Partnerhip Program, the B.C. government is pleased to support these initiatives.

Recap

- Over the last 12 years, this government has:
    - introduced a market-based pricing system,
    - increased market access to Asia,
    - introduced a results-based forest practices framework,
    - removed regulatory barriers that prevented timber from flowing to its highest and best use,
    - diversified the players in the forest sector by increasing access for community forests, woodlots and First Nations,
    - committed to ongoing continuous improvement of regulations,
    - supported research and development into new products,

- supported skills training, and

- Last but not least, acted on the recommendations of the Forest Safety Task Force and supported creation of the B.C. Forest Safety Council and safety measures to ensure those who work in the woods come home safe at the end of the day.

Forest Safety

- Again, I leave you with messages about safety.

- After a number of years of a general decrease in fatalities in the woods, unfortunately, 2012 had an increase to 10 fatalities from the average of 6 over the previous three years.

- While this is well below the historic average of 22 fatalities in the woods per year, we need to be deeply concerned anytime we are moving the wrong way.

- The recent fatalities are occurring in three main areas: manual tree falling and bucking, equipment operators being crushed or caught by equipment, and motor vehicle accidents including logging and pickup trucks.

- Any lost life is one too many. I challenge all of you in this room, to not become complacent and to stay focused on safety.

Conclusion

- Shifting gears, gaining momentum

- If we do, I'm confident that forestry will continue to be a key economic driver for the next 100 years, just like has been for the last 100 years.

- Enjoy the rest of the convention.

-END-

For convention issue of TruckLoggerBC
71st annual convention – The Business of Logging: A New Era

Word count: 802

By Forests, Lands and Natural Resource Operations Minister Steve Thomson

In British Columbia, our forests are one of our greatest natural assets – as are the men and women who work in all aspects of forestry.

In June, I was honoured to be re-appointed as Minister of Forests, Lands and Natural Resource Operations. I find it hard to believe that in January, I'll be addressing the TLA convention in this role for the third time!

After the worst economic downturn to hit B.C.'s forest sector, we continue to climb out of recovery. Forest product exports increased to $10.2 billion in 2012, and export figures to the end of September are showing significant growth over the same time period last year.

To the end of September, the value of softwood lumber exports to China at $1.02 billion is similar to the 2012 total of $1.08 billion. Softwood lumber exports to Japan have also increased by almost 25 per cent compared to September 2012.

As you may be aware, in October I led a trade mission with over 25 senior forestry executives to Japan and China. In both countries, strong relationships are important to maintaining and growing the markets for B.C. wood products.

In Japan, we had the opportunity to visit the Tohoku region to view the buildings built under the $4.8-million Canada-Tohoku Reconstruction Project. The project was launched in 2011 with funding that included $2 million from the Province, $2 million from the federal government and $460,000 from B.C. forest companies. To date, two public buildings have been completed that showcase the advantages of building with Canadian and B.C. wood products – some of which was likely harvested by TLA member companies.

While in Japan we also toured the Unsourire Nursing Home, a 4,700-square-metre building under construction near Tokyo. There are an estimated 420,000 seniors in Japan on waiting lists for elderly care facilities. To house these seniors in wood-frame construction would require an additional 7,700 elderly care homes. Translated into lumber demand, construction would require 2.9 million cubic metres of lumber. In 2012, B.C. lumber exports to Japan were just under 2.0 million cubic metres.

Tokyo has won the 2020 Olympics and the government officials I met with were interested in learning more about wood use in the Vancouver 2010 Winter Olympic venues. In 2010, Japan adopted a Wood First law, based on the B.C.'s law, and now it seems Japan wants to follow B.C.'s lead again by using Olympic venues to showcase the beauty and durability to the world.

In China, I signed two Memoranda of Understanding – one with the Province of Zhejiang and another with the Shanghai Housing Bureau. In China, MOUs are the necessary first step towards any commercial activity. Both MOUs are significant – Zhejiang Province has China's fourth largest GDP; and Shanghai is China's second biggest city. B.C.'s efforts to grow the market in China started in Shanghai, and early demonstration projects there have led to commercial success. While China's economic growth is "slowing down", it's important to remember that perhaps "slow" is defined differently in China. Economic growth in China is currently projected at 7.5 per cent year. This rate of economic growth, and the emphasis on green building in China's latest five-year plan are good news for B.C.'s forest sector. In the words of one developer we met in China, "build it better, build it faster, build it greener, build it with wood!"

To co-sponsor with the forest industry annual B.C. trade missions to Asia is one of the 12 specific items Premier Christy Clark tasked me with on my re-appointment as Minister of Forests, Lands and Natural Resource Operations.

Closer to home, and likely also of interest to TLA members is the task to "examine the role and effectiveness of BC Timber Sales and bring forward recommendations for improvement to Cabinet."

BC Timber Sales celebrated its 10th birthday this year. Some achievements include:

- 143 million cubic metres of timber offered for sale
- 3,000 kilometres of forest service roads built
- 980 bridges installed
- Over 10,000 direct jobs supported
- 425 million trees planted
- $360 million in net revenue generated for the Province.

However, after 10 years, it is timely to ensure that BC Timber Sales is well positioned to meet its mandate as the forest sector continues to recover. The first phase of the review conducted this fall by John Allan looked at BC Timber Sales' role. Phase two of the review will identify what BC Timber Sales needs to do to increase its effectiveness. This work is targeted for completion in spring 2014.

As we head into 2014, I want to re-iterate the importance of ensuring safety in the workplace – whether in the woods – or on the roads. We all need to continue to be vigilant and reduce the number of fatalities and serious injuries to zero.

Best wishes for a successful convention!

For convention issue of TruckLoggerBC
72nd annual convention – Investing from the Ground Up

Word count: 826

By Forests, Lands and Natural Resource Operations Minister Steve Thomson

As B.C.'s Forests Minister, I always look forward to the TLA convention. It seems to be the start of "convention season" and is always a great opportunity to connect with the men and women who form an integral part of the forest sector – and provide the economic backbone of the communities they live in.

This year is on track to be another good year for the forest sector. To the end of September, total value of forest product exports has increased by seven per cent to $9.3 billion, compared to $8.7 billion for the same time period last year.

I see this as evidence that government's commitment to continuing to grow Asian markets and to have policies in place that support competitiveness are effective. The breadth and reach of B.C.'s world class forest product exports continue to amaze me – that what was once a tree in a remote area of B.C. is now lumber used in a roof in Nanjing, China, or to help build an elderly care facility in Japan, or in a new community being built in Korea.

On this year's forestry trade mission to China, Japan and Korea, I had the privilege to sign a memorandum of understanding with the Chinese Province of Jiangsu, and to meet with the vice-minister of the national Ministry of Housing and Urban and Rural Development to discuss renewing a memorandum of understanding set to expire in March 2015. I am pleased to say that not only were discussions positive, but that government officials from the Province of Yunnan also expressed interest in exploring wood frame construction.

In Japan I had a meeting with government officials, and also had the opportunity to participate in celebrations commemorating the 40th anniversary of the presence of a Council of Forest Industries/Canada Wood office in Japan. It was interesting hearing the stories of the earlier adopters and how it takes time and persistence to develop and grow new markets.

In Korea, I participated in the grand opening of Maple Hall, the community centre in a new subdivision outside Seoul, showcasing wood-frame construction. Korea is extremely interested in green building policies and is beginning to realize the green benefits of building with wood. As well, with the recent signing of the Canada-Korea Free Trade Agreement, tariffs on B.C. lumber will be eliminated by 2017. There may well be an opportunity to further grow the Korean market for wood products.

However, there is no doubt that the real opportunity for expansion continues to lie in China. We have made significant inroads in the 11 years we've had an office in China, but there is more inroads to be made. While we have partnerships in some key cities, there are still over 150 cities in China with populations in excess of 1 million people.

Given a lot of TLA, ILA and NWLA members are active with BC Timber Sales, either as licensees or contractors, you'll likely be interested in the BC Timber Sales Effectiveness Review. The review was conducted in two phases. Phase 1 confirmed that BC Timber Sales' goal is to provide credible representative price and cost benchmark data for the market pricing system through auctions of public timber.

This goal is supported by three objectives:

1. Sell the full BC Timber Sales allowable annual cut over the business cycle, consistent with sustainable forest management.
2. Generate net direct revenue and indirect provincial government revenue over the business cycle.
3. Pursue continuous business improvement within BC Timber Sales, across government and with third-party partners and customers.

Phase 2 recommendations focused on strengthening BC Timber Sales' role. In June 2014, Premier Christy Clark directed me to implement the recommendations from the effectiveness review. The recommendations range from strictly operational in nature to those that may require legislative changes. Staff have been busy doing the analysis and policy work necessary to support a strengthened program.

The recommendations from the effectiveness review are in many different categories. They range from auction systems refinements such as deposit policy, bidder qualifications and licence terms to reviewing upset rates, no-bid sales, cutblock composition and cruising policies for BC Timber Sales. The recommendations also relate to improved business processes and data accuracy and ensuring timber sale licences accurately reflect the timber profile. The recommendations set out clear objectives for business improvement agreements with third parties, such as community forest agreement holders and First Nations. It is also recommended that Category 2 timber sale licences continue to be offered.

Core values held by BC Timber Sales remain intact. BC Timber Sales remains committed to environmental sustainability and its corporate goal of having 100 per cent of its timber volume certified to an internationally recognized sustainable forest management standard.

BC Timber Sales is also committed to remaining a leader in safe work practices. As I do each year, I would again challenge all of you to keep worker safety as your top priority each and every day.

Best wishes for a successful convention!

Since I last wrote to you in winter 2012, a lot has changed. But you know what hasn't? The tremendous value of the Truck Loggers Association, not only for your members, but for families across B.C., and the incredible support you've shown this government.

The Truck Loggers Association has put a face to the people who drive the resource sector of our economy. It is you, the small business owners and your employees, who are out there getting the job done and supporting families and building communities. Thank you for all you do.

Today, across B.C. there are more than 56,000 people are directly employed in the forest sector. Over 40 per cent of the province's regional economies are based on forestry activities in more than 7,000 businesses.

That's why since becoming Premier two years ago, I have been relentlessly focused on growing the economy. We began with the release of the BC Jobs Plan – our plan to protect and create jobs across the province.

The BC Jobs Plan is about jobs, but it's also about opportunity – British Columbia's opportunity to lead. The plan lays out our vision for a more prosperous British Columbia, where we work together to create more opportunities for British Columbians today and tomorrow.

We stuck to our plan for two years with dogged determination, and in May, British Columbians gave us a new mandate to keep at it. Growing the economy is crucial because it's the only way to pay for essential services like health care and education.

We're going to do that by standing with our resource sector, because as you know from experience, that's where our prosperity comes from.

The forest industry built our province and will continue to play a critical role in our economic growth. That's because when the industry started to change and evolve, you didn't despair. Like any good resource community, you joined together to find solutions. We worked together to find new markets for B.C.'s world class wood products.

At first people thought we were crazy to go to China, but guess what – it worked. Opening up new markets in Asia has helped our forestry sector gain momentum. We knew that diversifying our markets would not only reduce the risks of relying on one customer, but it was also how we could grow and expand our industry.

The results are staggering. In 2012, B.C. forest production exports totaled $10.1 billion and accounted for 32.1 per cent of all B.C. exports. Between 2003 and 2011, softwood lumber exports to China grew 1500 per cent to a total of nearly $1.1 billion. Last year, we saw the exponential growth in our exports to China level off somewhat, while our exports to the US increased over 20 per cent as the housing market recovered. We also saw lumber prices grow stronger.

This didn't happen by accident. This was the result of purposeful effort, a plan that brought everyone together to work collaboratively.

The story of B.C.'s forest industry through this decade is one of resilience and renewal. It is a story of dogged determination. My job, and the job of your government, is to make it easier for you to thrive.

That's why I tasked Steve Thomson, Minister of Forests, Lands and Natural Resource Operations with several initiatives to support the forest industry. He and his ministry are examining the role and effectiveness of BC Timber Sales and will bring forward common sense improvements to make sure all coastal forest operators have access to the timber they need.

We also committed to co-sponsor with the forest industry annual B.C. trade missions to Asia to continue diversifying B.C. lumber exports. I'm proud to say promise made, promise kept.

Minister Thomson returned from China in October with a new five-year memorandum of understanding between the Government of B.C. and Shanghai Municipal Security Housing and Housing Administration Bureau that will promote the use and development of wood-frame construction technology in Shanghai.

New opportunities mean a need for more skilled workers. We are committed to make sure British Columbians are first in line for the 25,000 forestry jobs that will come over the next 10 years. We are investing to improve trades training facilities and through our skills training plan, we are working to get more students interested in trades. The Forest Industry Readiness Skills Training program is also working to train people to be log or chip truck drivers and heavy equipment operators.

As the industry grows, we need to remain vigilant so that everyone that goes to work in the morning comes home safely each night. I challenge everyone not to become complacent, stay focused on eliminating fatalities and serious injuries with your continued commitment to safety.

British Columbia's forest sector has been through a lot over the past decade. But, we're all fighting for the same thing. We all want a strong economy for our province. And that includes a strong forest industry – it's a bedrock industry for B.C. and we plan to keep it that way.