



Restoring Forestry in BC

The story of the industry's decline
and the case for regional management

BY BOB WILLIAMS

January 2018



CCPA
CANADIAN CENTRE
for POLICY ALTERNATIVES
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ACKNOWLEDGEMENTS

Thanks to the four anonymous reviewers of an earlier draft of this report. Special thanks to Ben Parfitt and Seth Klein for their reviews and edits. I would like to thank my friend and colleague Ray Travers, RPF, who has advised me on forestry matters ever since I was Minister of Lands, Forests and Water Resources. This work would not have been possible without his continuing deep knowledge and advice, which has helped so many of us who care about our forests.

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Layout: Susan Purtell

Copyedit: Grace Yaginuma

ISBN 978-1-77125-368-0



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Preface

I AM A CITY BOY, but my life was forever changed when, at the age of 19 after my first year of university, I opted for summer work in the Kootenays with the BC Forest Service. Our job was forest inventory—counting trees—and shedding light on what was there.

Our crew drove in our little Austin vans up to Slocan Valley and Nakusp, established our campsite on Kuskanax Creek, and hiked the entire region mapping its forests: virgin white pine in the Monashee Mountains, cedar/spruce in the wet regions, golden tamarack in the south.

I flew regularly in a 1927 Junkers biplane next to the most gutsy bush pilot in the region. I got to know and admire the local folk: loggers of the hinterland, Doukhobor families of the Slocan, Japanese people whose family members had been interned in prison camps, pioneers of the Boer War, children of British remittance men, tough men scarred by grizzlies. These were the wonderful working folks of the Arrow Lakes before their lands were flooded and tied into the greater Columbia River hydroelectric grid.

All this I got to know as well as the Forest Service that served them from its small green and white barns that characterized ranger stations in the villages and towns of Arrowhead, Nakusp and Slocan City. It was a rich, networked rural community where the local forest ranger presided, and it made an incredible positive impression on me, a kid from Vancouver's Eastside.

It is now all gone, replaced by absentee corporations, a distant and computerized government and the financialization of everything. I felt it was time to catalogue this decline and sketch out new hope for the future.

Part 1:

The decline of forestry in BC

WHY HAVE WE NOT BEEN HONEST WITH OURSELVES? We have a monumental failure on our hands—forestry in British Columbia. Almost everything about forestry in BC is wrong, given that this marvellous resource is endowed to us by nature.

Since the Second World War, we have pretended that we have the right answers.

We have pretended that we've developed a scientifically sound base for sustainable forestry practice. We've pretended we have a successful industry. We've pretended we have a successful licensing and cutting program. We've pretended we get full value for our trees and that we have a proper and competitive system for selling timber and cutting rights. We've pretended we have good public and corporate managers alike. On all of these points, and more, we have failed.

Let's, in our own interest, finally face up to the ugly truths of forest policy history in this province. The truth is that we have had a policy of liquidating our forests. For several generations in coastal BC, we demolished great forests, clear-cut countless valleys and watched giant corporations come through and liquidate this great natural asset and then move on.

Throughout the postwar period, older generations saw a proliferation of sawmills on the BC coast and miles of log booms. Today, those buying expensive waterfront condos along False Creek would find it hard to believe that older generations in Vancouver were used to seeing a solid mass of log booms in the water between Cambie and Main Streets and sawmills in the heart of the city. The same pattern prevailed on the city's southern shores along the Fraser River as well as in North Vancouver, north Burnaby and Port Moody.

But now, much of that industry is gone. In the 25 years beginning in 1990 and ending in 2014, more than half of the coast's larger sawmills (56 per cent) closed their doors, and output fell by almost exactly the same.¹ It has been a program of liquidation, not sustainable forestry. The historic pattern from 1911 to 1989 is laid out for all to see in the seminal work *Touch Wood*.²

We are a remnant of what we once were, and the data are there to prove it.

For several generations in coastal BC, we demolished great forests, clear-cut countless valleys and watched giant corporations come through and liquidate this great natural asset and then move on.

1 British Columbia Ministry of Forests, Lands and Natural Resource Operations, 2015.

2 Drushka, Nixon and Travers, 1993.

OUR OWN TRAGIC STATISTICS

Statistics for the past two decades alone begin to spell out some of the current reality.

For example:

	1997	2016
Forests as a percentage of provincial GDP	4.5%	3.3%
People directly employed	85,000	59,900
Forest revenue*	\$986,000,000	\$746,000,000

Source: BC Stats, "B.C. Economic Accounts and Gross Domestic Product," <https://www2.gov.bc.ca/gov/content/data/statistics/economy/bc-economic-accounts-gdp>.

*These figures are not adjusted for inflation.

Between 1990 and 2015, the number of large- and medium-size sawmills in BC saw a 47 per cent decline.

Between 1990 and 2015, the number of large- and medium-size sawmills in BC declined from 131 to 70, a 47 per cent decline. Veneer mills went from 20 to 13, a 35 per cent decline; pulp mills went from 24 to 17, a 29 per cent decline; and the number of paper mills was halved from 12 to six.³ Our mainstream media rarely report on this startling data anymore.

A few forestry company names that have disappeared:

- Canadian White Pine
- Crown Zellerbach
- Doman
- Eburne
- Eurocan
- Fletcher Challenge
- Fraser Mills
- Kootenay Forest Products
- MacMillan Bloedel
- Northwood
- Powell River Company
- Rayonier
- Weldwood

Measured against our peers

In a quiet way, the most damning report on the BC forest sector came out of the province of Ontario. The Finnish consulting company Jaakko Pöyry, one of the world's most highly regarded forest consultancies, undertook a review of the value-added forest industry in that province and compared it with that of other provinces and jurisdictions outside Canada.⁴ Section five of the report—its conclusions on their qualitative benchmarking—is devastating for BC and is summarized here. The report was written in 2001, but if anything, an updated study would show BC faring even worse.⁵

³ British Columbia Ministry of Forests, Lands and Natural Resource Operations, 2015.

⁴ Living Legacy Trust and Jaakko Pöyry Consulting, 2001.

⁵ British Columbia Ministry of Forests, Lands and Natural Resource Operations, 2015. According to the report, BC lost roughly half of its coastal sawmills in the years after the Ontario government commissioned the study.

Management capability

BC scored one out of five when it came to the education, skill level and management sophistication of executives and owners in each benchmark area and functional competences (for example, marketing, finance, operations, human resources and information technology). Quebec scored two; Ontario, 2.5; and Denmark, five. We were the worst.

Skill levels

This addressed the skills, experience, technical knowledge and expertise of the workforce and the availability of skilled support trades. A similar pattern prevailed, BC at the bottom again at one out of five.

Clustering

On the synergy between manufacturers, those that harvest the raw materials, equipment manufacturers and so on to develop secondary wood products, BC was once again at the bottom of the heap.

Policy environment

On government policies and programs that enhance the free-market conditions for business enterprises, BC was found the least competent.

Industry and market structure and accessibility

As for relations between primary and secondary producers and the overall competitiveness of secondary-wood-product manufacturers, our province once again came last. With its failed forest tenure system and lack of open log-markets, which would encourage domestic manufacturers to gain access to the right logs, it's hard to see how it could be otherwise.

Technology

Here Western Canada also lags behind.

Raw material

The consultants noted that in Western Canada, primary manufacturers look upon remanufacturers as competitors rather than customers, as it is the case elsewhere. And once again, they gave BC a failing grade: one in a possible score of five!

So there we have it. The best forestry sector consultants in the world put us at the bottom when compared to our peers.

For more statistics on BC's declining forestry sector and poor performance, see Appendix.

From a 2016 article in *Truck LoggerBC*:

Since 1987, about 50 sawmills [on the BC coast] have closed, where 27 of these closures occurred since 2004. BC coast lumber production has plunged from 4.7 billion board feet in 1987 to 1.4 billion board feet in 2015. With less than 30 sawmills left in operation, one may conclude that the BC coast has been a graveyard of sawmills over the last 30 years.

The good news is that all of the high cost mills have been closed. All of the remaining mills are survivors with better cost structures and increased output, where many have a reasonable chance of continuing on.*

* Russ Taylor, 2016.

THE AUDITOR GENERAL SHOWS CONCERN

A source as unbiased as the auditor general of BC has said we need to be far more diligent about these matters.⁶ A 2012 audit of the forests ministry's management of timber concluded:

- The ministry has not clearly defined its timber objectives and therefore cannot assure that its management practices are effective.
- Existing management practices won't be able to offset the trend toward forests having a lower timber supply and less diversity in some areas.
- The ministry does not appropriately monitor and report its timber results against its timber objectives.

On ministry stewardship, the auditor general pointed out there is a significant gap between the total area the ministry replants and the total area suitable for replanting. He was also concerned about incomplete data entries by the private sector and the information system generally.

The report left the unmistakable impression that our forest policies are hopelessly flawed and both ill defined and ill measured. Over the years we have consciously lowered the bar for management, measurement and reporting of this great public resource.

Much of this off-loading of provincial stewardship expanded dramatically under Premier Bill Bennett (1975–86), whose government appointed Mike Apsey, former head of the Council of Forest Industries (a corporate lobbyist), as deputy minister of forests.

Today, most professional associations express great concern that their own problems and conflicts are detracting from what is really important—namely, defending the public interest by protecting our Crown forest resources.

Enough of this bad news. Let's look to our ultimate peers, the Swedes. What do they achieve, given they have the same amount of commercial forest land as BC?

SWEDEN SHOWS US WHAT TO DO

Sweden's annual tree growth in managed forests is well over double that in BC. Repeat: Sweden has an equivalent area of forest land and gets twice the growth that we achieve. Is there something we can learn here?

Sweden manages their lands in a scientific manner. We do not.

The standing stock in Swedish forests has increased dramatically from 2,300,000,000 cubic metres in 1950 to 3,900,000,000 cubic metres in recent years. BC forests have been in constant decline.

Sweden's success has been achieved by satisfactorily stocking, thinning and intensively managing their forests.⁷ Let's be clear—there is huge payback from thoughtful, scientific management, payback that we in BC have never seen and never will if we continue our reckless course of liquidation.

⁶ Office of the Auditor General of British Columbia, 2012.

⁷ Tree thinning involves selectively logging trees amidst standing trees. The logged trees, which are generally small, are then taken to mills for processing, while the remaining standing trees are left to grow taller and bigger before harvesting years or decades down the road.

On ministry stewardship, the auditor general pointed out there is a significant gap between the total area the ministry replants and the total area suitable for replanting.

This demonstrates, of course, what can happen when we manage for value. By managing their forest lands in a continuous, careful manner—intensively stocking sites from day one and thinning two or three times during several rotations (i.e., holding off on the final cut over a longer period of time), Sweden has increased the value and volume of trees growing in its managed forests. Tree-thinning operations alone in Sweden produce 30 per cent of the annual cut. That level of performance is achieved on an actively logged and managed forest land base that is roughly equal to British Columbia's.

In BC we don't invest in thinning the forests we replant. This means we miss opportunities to work with both the initially lower-quality wood coming from thinning operations and then from the much higher-quality wood coming from trees that are logged from managed plantation lands decades down the road.

Ray Travers, a long-time BC civil servant with a masters degree in forest management and silviculture, argues that we should emulate Sweden by employing some of its effective on-the-ground practices. He believes we won't get there just by shifting to area-based tenures—the quick fix championed by BC's corporate forest interests. A values-based silviculture system in young forests combines high-level stocking (approximately 2,500 trees per hectare) and extended rotations (more than 100 years) and frequent light commercial thinning, each less than 30 per cent of the stand, along with other management requirements, Travers says.

This "growing for value" rather than our own "growing for volume" as practised in BC can, Travers believes, generate returns along the value chain from low-grade sawlogs at \$88 a cubic metre to high-grade logs at \$143 a cubic metre and veneers at \$325 a cubic metre. If BC produced more high-grade logs, this would bump the forestry return by over 60 per cent. We have a long way to go in BC in straight forestry terms to attain such values.⁸

By managing their forest lands in a continuous, careful manner—intensively stocking sites from day one and thinning two or three times during several rotations, Sweden has increased the value and volume of trees growing in their managed forests.

THE BAD DEALS IN FORESTRY CONTINUE

That in British Columbia we have failed to extract sufficient value from our forests is undeniable. But there is more. In the early 1990s, the provincial government appointed the Forest Resources Commission to assess the state of BC's forests and forest management. Led by Sandy Peel, a former provincial deputy minister, the commission concluded based on overwhelming evidence that stumpage fees (the price the Crown charges for trees logged on public lands) "are not capturing the full value of the resource."⁹ Peel went on to state:

In fact, the private transactions produce an asset value more than four times higher than that found for stumpage. This suggests that industry is capturing a much higher value from the forests than is the government.

The best recent example of this is the sale of TimberWest to two public-sector pension plans, one that's Canada-wide (run by the Public Sector Pension Investment Board) and one in BC (BC Investment Management Corporation). The lands involved run down the east side of Vancouver Island, adjacent to the north/south settlement pattern on the island's eastern shore. The pension funds recently acquired the lands—327,000 hectares in total or just over 10 per cent of all of Vancouver Island—for \$1 billion.¹⁰ Curiously, the province does not show our own immensely

⁸ Travers, 2014.

⁹ Peel, 1991.

¹⁰ Hamilton, 2011.

valuable public lands, including the timber (some 20 million hectares), on its balance sheet. Think about that. Our own government is mute on the value of one of our most precious, largely publicly owned resources!

The lands acquired by TimberWest were first sold off in a deal between early industrialist Robert Dunsmuir to the Canadian Pacific Railway. These were Crown-granted fee simple lands with full property rights; one could say extreme property rights in that the land grant included the lands beneath lakes, for example. Much of the land was sold off over the years since the early grant but still covers 10 per cent of Vancouver Island.

WHAT IS THE CORPORATE GAME PLAN?

The lands in question, and others on the coast, are now being mined of their trees, which are exported in raw, unprocessed form at levels never before seen. As the number of mills on the coast has fallen precipitously, the number of raw logs exported by coastal forestry companies has skyrocketed.

In the four years beginning in 2013, the government allowed 26 million cubic metres of raw logs to be exported from BC, the highest four-year tally in provincial history.¹¹

I would suggest that the real business plan for our forest corporations has been, for decades, to be the real landlord, the real rent collector of our public resource.

It works like this. Companies happily pay below-market rent to the government for the trees they cut. That discounted rent, in the form of low stumpage payments, allows the companies to make handsome profits. These days, the handsomest of those profits come from selling raw logs to out-of-country buyers.

But there's more to it than that.

Sandy Peel made this clear in 1991 when, as mentioned in the previous section, the provincial Forest Resources Commission that he led issued its report *The Future of Our Forests*.¹² Peel's professional estimate at the time was that the Crown collects only a quarter of the timber value. The real business of forest corporations is to be the rentier in economic terms. They collect the real rent the government leaves on the table.

If the companies then decide to get out of the two-by-four business, a low-value commodity, they sell the business but attach a value to the uncollected rent that the government has left on the table. That value is then multiplied by three, four, five, six or seven times the annual rent the government collects, and because we no longer have competitive bidding for our trees, the price is based on calculations of value—an estimate of market value. The lack of real-market tests means that the government underprices our timber sales to the big companies. And because the government has not done its job collecting the full rent from our forest lands or the trees cut on them, it means the company collects not only the conventional profits of its enterprise, but also some of the resource rent as well.

In normal business transactions, the profitability of a company determines its value to a great extent. In BC, however, because the province does not collect all of the stumpage revenues that

¹¹ Parfitt, 2017.

¹² Peel, 1991.

As the number of mills on the coast has fallen precipitously, the number of raw logs exported by coastal forestry companies has skyrocketed.

it should, when companies go to sell *their* assets, they take the value of the discount, apply it to the trees under their control to cut, and pass that added cost onto the buyer. It amounts to one giant markup that should have been collected all along in higher stumpage fees by the province, but instead is collected by the companies when they sell.

That is the real gravy. It has been going on for decades, but was not always so.

On a continuous basis through the 1970s and earlier, the province's forests ministry employed its own counsel, Clarence Cooper, to see that forestry companies never embedded the value of timber when their businesses were sold. There was a simple reason for this: the timber belonged to the people of BC, not the companies. Capitalization of the value of a Crown asset was seen to be virtually criminal. A corporation had to provide a breakdown of the assets being sold, and no amount was allowed for the timber. We maintained Crown ownership then.

Today, in many ways, harvesting the value of Crown assets is the primary game for many industry players, especially when they want to get out. We now have an industry that for the most part is in the cheap commodity lumber business. In the long run, however, the value of commodity lumber is in relative constant decline. Surges in US housing demand and a declining dollar help BC's commodity lumber industry. But the commodity lumber game's main focus has been to increase profits by decreasing the number of workers and pumping out more and more two-by-fours. Some managers estimate that future "ultra" mills may only need a hundred or so workers. So increasingly, the game is to collect the rent and multiply it significantly when you sell the company. This has not been a good deal for BC or forestry workers.

The commodity lumber game's main focus has been to increase profits by decreasing the number of workers and pumping out more and more two-by-fours.

As noted earlier, coastal sawmill production has been more than halved in just 25 years. And as mills have closed, raw log exports have soared. It's a classic high-grading, cut-and-get-out exercise (harvesting the highest grade of timber and then moving on) for corporations that are not interested in the long run. As Sweden has shown us, forestry can be a long-term business.

In British Columbia there were forest industry corporate names that we assumed would be around forever, some of which were listed earlier. One of the most recent closures was Chick Stewart's Port Kells B mill, which he moved from Vancouver's False Creek in the 1970s to Langley because there were no more big logs left on the coast. Chick, now 88 years old, is also one of the last great independents on the coast: an iconic remnant of a former entrepreneurial breed that once dominated the industry. He is a proud example of entrepreneurial human capital that British Columbia has lost as the forest industry transformed.

So if most BC forest corporations are now rentiers, what does that really mean? It means that:

- Companies have largely replaced the forests ministry and collect much of the true value of our forest assets when those assets are sold.
- New entrepreneurial human capital is lost.
- There is little interest in moving into value-added projects, as research can be costly and risky, and there's already a decent or handsome return in just being a landlord.
- Corporations have little interest in long-term forestry/silviculture.
- For the government, rent income, which should have been used to replenish the resource by planting, thinning and managing, has been usurped by others.

THE FORESTRY TENURE SYSTEM

The primary tenure system on the BC coast has been the Tree Farm Licence, or TFL. The tenure area is defined as a specific and usually large block of land.

In the province's Interior, the tenure system is primarily volume based, a floating volume over a sub-region. So instead of companies having logging rights for geographically defined areas (with TFLs), the province assigns volumes of timber they can cut from a large tract of forest called Timber Supply Areas (TSAs), in which other companies may also operate. In the Interior, there has been strong industry pressure to use the TFL coastal system, which is seen as a stronger property right for proponents. Interior logging giant West Fraser has been one of the keenest proponents of such change.

In the earliest days of issuing TFLs on the coast, there was an argument for combining private lands that logging companies owned with adjacent Crown lands to form large, integrated units where forest management was the primary objective. The goal of corporate proponents in the Interior is to expand their landlord rights over Crown lands and then sell the company, just as their counterparts on the coast have done. Fortunately, this kind of land grab is not advocated across the board in the Interior. In fact, the largest company operating there has taken a dissenting view.

On April 15, 2014, Don Kayne, the president and CEO of Canfor Corporation, wrote a letter to the *Vancouver Sun* in which he noted the Interior forest sector was undergoing a significant transformation in the wake of the mountain pine beetle epidemic, and "In our view, this is absolutely not the time for major changes to tenure administration." He continues:

Governments and industry must focus on understanding what timber is available and what adjustments are needed in primary manufacturing. We feel the benefits of the area based tenure are marginal at best and that there are many higher priorities that would yield greater positive impacts. More importantly, the public opposition to this proposal is a deal breaker... Canfor would only support a fully transparent public process that is fair to all licensees and involves sufficient public involvement so we could be confident it has the support of British Columbians.

Instead, Kayne argues:

Government resources should be focused on maintaining the health of the interior forest sector, completing an updated forest inventory to support planning and decision making, resourcing smaller tenure holders and the BC Timber Sales program so they can access their tenure volume, and assisting communities with any necessary rationalizations in primary manufacturing.

These were incredible statements in the public interest coming from a major forestry company, and most British Columbians wouldn't have known about them because there was no subsequent news coverage. This was an extraordinary failure especially since the statements must have been endorsed by former premier Glen Clark, now president of the Jim Pattison Group responsible for Canfor.

This represents a significant shift for this province: the beginning of one major firm aligning some of its corporate interest with the public interest. Subsequently, the Supreme Court of Canada's precedent-setting decision in December 2014 in favour of the Tsilhqot'in First Nation meant any new TFL decisions would be extremely problematic. That unanimous decision, and others before our courts and legal tribunals, underscore our failure to deal honourably and forthrightly with First Nations. First Nations have borne the burden of decades of our misguided forest policies. Any credible change in direction must have First Nations at the forefront as we chart a new course.

The goal of corporate proponents in the Interior is to expand their landlord rights over Crown lands and then sell the company, just as their counterparts on the coast have done.

MORE ABOUT THE LANDLORD GAME

Every now and then the reality of some of our forest enterprises is exposed for the insider, landlord game that it is.

In the earliest days of the Social Credit government of W.A.C. Bennett (1952–72), Forests Minister Robert Sommers was convicted of bribery and corruption for his dealings with a senior British Columbia Forest Products employee in granting TFL licences. Prior to the court proceeding, a Liberal member of the opposition, Gordon Gibson Sr., argued that “money talks” in the granting of forest licences. Gibson, a long-time logger and forestry company worker, doggedly made his case both inside and outside the legislature about one of the crudest examples of the landlord game in the modern era. This case took ages to get to court under the province’s then attorney general Robert Bonner. Bonner dragged his feet for years before proceeding with the case against his colleague, who eventually went to jail. BC Forest Products Corporation, which made the bribe, was never charged by the attorney general, and the TFL remained in place. The company simply kept its ill-gotten gains and passed them along to others when it was sold!

By this time, signs that the game was more than forestry became apparent to some critics.

The opposition forest critic in the 1960s (me) argued that it seemed strange that the CEO of the newly formed MacMillan Bloedel Corporation (the merger of Powell River Company with MacMillan and Bloedel Ltd.) was a former BC Supreme Court judge, John Valentine Clyne. I wondered out loud if Clyne’s primary value was his political link with Victoria, and Clyne threatened to sue, advising me so by telegram. Instead, I invited him to run against me in Vancouver East. He declined.

At a later stage, as a minister in the Dave Barrett government (1972–75), I hired W.C.R. (Ray) Jones to lead Canadian Cellulose—the holding company for Crown-owned forestry companies. Jones told me that his dealings with Clyne after the amalgamation resulting in MacMillan Bloedel caused him to resign and move east to work for one of Canada’s most-prominent business families, the Westons. Jones had established a fine paper-manufacturing plant for the Powell River Company on Annacis Island, which was a major, and still unequalled, movement toward value-added enterprises in the sector. Clyne, however, was not the least bit interested in pursuing that kind of work; he was more interested in the landlord game. A little later Robert Bonner, who held the attorney general post in the Social Credit government, became CEO at MacMillan Bloedel. Some things never change.

As minister, I was concerned about the cannibalization of the central coast’s forest resources. The government, therefore, took over Crown Zellerbach’s newsprint operations at Ocean Falls and undertook an inventory and analysis of the forest resources in the sub-region that included Ocean Falls, Bella Bella, Bella Coola, Rivers Inlet and the magnificent Dean and Kimsquit Valleys. The Kimsquit Valley was virgin mature forest. I flew over it by helicopter when the salmon were running, and we found ourselves flying amongst what seemed like thousands of eagles that had arrived for the huge salmon harvest.

For an urban lad, it was a breathtaking experience of the grandeur and life cycle on this coast. At the time, I felt I almost heard opera music celebrating the wonder of the experience. I also believed that we could carefully exploit the basin with modest logging that could benefit some industrial activity on the central coast for Ocean Falls, Bella Bella and Bella Coola, providing new employment in the small communities and new ferry service linkages for local economic development.

First Nations have borne the burden of decades of our misguided forest policies. Any credible change in direction must have First Nations at the forefront as we chart a new course.

And then the government changed.

The new Social Credit government of Bill Bennett (1975–86) closed the Ocean Falls mills, which then operated under a Crown holding company. The unallocated timber in the Kimsquit Valley was put up for bid by the new government, and Doman Industries won the bid with the promise of a new pulp mill in Nanaimo. They logged and logged and logged that magnificent valley and exported the raw logs to Asia. In fact, freighters waited at the river mouth to load the logs for transport directly across the Pacific. There were no new jobs or value-added opportunities: so much for providing employment on the central coast.

The devastation of the Kimsquit Valley was photographed by the local forest rangers, and speaking in the legislature I likened it to Jack London's *Valley of the Moon*. Doman then also threatened to sue me. It was the ultimate rent-collecting game by another corporate friend of the government. The pulp mill was never built. The tenure and cutting rights remained as company not Crown assets, and they continued to be transferred as company assets even after Doman Industries went bankrupt.

Later, Herb Doman, a founder of Doman Industries, got into serious financial difficulties. He advised Bill Bennett, now the former premier and a major Doman Industries shareholder, ahead of public knowledge that a major deal failed, which caused the share value to drop dramatically. Bennett sold his shares before anyone else, and was ultimately convicted of insider trading after a prosecution by the estimable Joe Arvay (a former civil servant).

WESTERN FOREST PRODUCTS' SWEET DEAL

In a July 2008 report, then auditor general John Doyle issued a damning review of decisions made by then BC forests minister Rich Coleman—decisions that bestowed enormous economic benefits to Western Forest Products. The report was titled *Removing Private Land from Tree Farm Licences 6, 19 and 25: Protecting the Public Interest?*¹³

Tree Farm Licences typically encompassed enormous areas of Crown land, which forestry companies paid a token amount to hold on to—for example, one penny per acre per year. Companies also had privately owned land that was typically rolled into any new TFL and managed to the standards of the day. In return for gaining access to huge swaths of publicly owned timber in new TFLs, forestry companies agreed to send the timber they logged to their own manufacturing facilities to provide local employment (a quid pro quo arrangement known as *appurtenancy*). This applied equally to the small portions of private lands rolled into the TFLs.

The private land holdings within the TFLs were essentially seen as 100 per cent mortgaged to the Crown as security against the benefits that companies received for the exclusive use of the timber on TFL lands, most of which were owned by the Crown.

In 2003, the terrible reversal of this decades-long contract occurred with the passage of the provincial Forestry Revitalization Plan, which proved to be anything but revitalization. Under this statute, the tying of forest tenures such as TFLs to manufacturing facilities and employment was formally ended. As the auditor general noted, "Historically, most TFLs required timber manufacturing facilities as an appurtenance (addition)... The same entity had to own the mill and the licence."¹⁴

13 Office of the Auditor General of British Columbia, 2008.

14 *Ibid.*, 19.

In 2004, Western Forest Products (WFP) applied to remove its private tenures just before Rich Coleman became forests minister. The company's request was granted before Coleman left the ministry in 2008, a deal that benefitted WFP's three TFLs on southern Vancouver Island—TFLs 6, 19 and 25.

The following timing is outlined on page 68 of the auditor general's report:

November 24, 2004. WFP applied for the removal of private lands from its TFLs.

June 16, 2005. Rich Coleman was appointed minister of forests and range.

April 28, 2006. WFP delivered an information package to the ministry, telling the provincial government that it was acquiring Cascadia Forest Products and intended to sell the private lands.

December 20, 2006. A briefing note for ministry staff was prepared recommending deletion of the private lands as the minister wanted.

The value of these lands at the time of approval was estimated by the ministry at \$150 million.¹⁵

The auditor general concluded, "The ministry's process for making its recommendations to the Minister was not well-defined," with little analysis or evaluation done, and using unsupported statements about WFP's financial health. And "the Minister, as the final check in the process and the statutory decision-maker, did not do enough to ensure that adequate consideration was given to the public interest."¹⁶

The minister's decision gifted Western Forest Products with enormous financial benefits. After three years, the company would be able to export raw logs from the TFLs, a privilege worth hundreds of millions of dollars because offshore log markets are often worth 50 per cent more than local markets.

Some gift indeed!

This is the landlord game—often played offstage and resulting in giveaways of massive proportions.

This is the landlord game—often played offstage and resulting in giveaways of massive proportions.

WE USED TO MANAGE LOCALLY, BUT NO MORE

In the past, the BC Forest Service was a venerable institution that served the public well. It did so for 100 years. Forest Service staff were highly disciplined and for many decades quite decentralized into various "macro-regions," such as Nelson Forest District, which covered both the East and West Kootenays. Within that region (as was the case in the province's other macro-regions), small ranger stations were plentiful in tiny communities like Nakusp, Arrowhead and Rock Creek. This was in the days of public working circles and rangers working with local loggers. The decentralized nature of operations meant that public servants with the Forest Service were actively involved in local forest-management decisions and seen to be serving the interests of local communities.

Responsibility for the Nelson district has now been transferred to Kamloops, hundreds and hundreds of kilometres away. Cutting rights have been transferred to larger and larger corporations, and governance happens in the provincial capital, Victoria—again very far away. Victoria, in turn, transfers much of its responsibilities to the large corporations, which become more financialized

¹⁵ Ibid., 2.

¹⁶ Ibid., 29.

and largely under the control of big money. As a result of this centralized, financialized, stifling pattern, we find the net gains from our publicly owned forests significantly reduced and local know-how, care and responsiveness removed.

That is, local entrepreneurial capacity is ignored because of corporate control of the resource, human capital is not productively engaged and moves on, and regional development is lost.

The challenge is to unravel this mess. For all intents and purposes, the bureaucracy has become privatized, research is increasingly commissioned by corporations, and the provincial knowledge base has declined rapidly compared to other jurisdictions.

The challenge is to unravel this mess. For all intents and purposes, the bureaucracy has become privatized, research is increasingly commissioned by corporations, and the provincial knowledge base has declined rapidly compared to other jurisdictions. The “redefined” industry should, by any measure, get a failing grade.

The initial problem is that facts are not getting out to the public. Data and information are often terribly out of date, inventory is unfinished and undefined goals prevail. Even worse, to underscore the abandonment of an active public service to protect a public resource, the Forest Service was eliminated on its 100th anniversary, in 2012. Staff were integrated into a large centralized bureaucracy, much of it in Victoria.

Thoughtful essayists like Wendell Berry make the point that “industrial economics has clouded our being so much that it has almost stifled the imagination.”

Out of great concern about the state of forestry in BC, I decided to team up with three highly regarded professionals and together we toured much of the province over the past several years.¹⁷ We concluded that BC needs a forester general as we believe the harsh realities of this failed sector could best be revealed by an officer of the legislature as soon as possible.

For far too long, we have been hiding the facts as corporate control of our forest resources has expanded, and we have accepted absentee management in both the public and private sectors.

We make the case for the forester general in the next section.

17 The team included Ray Travers, RPF (Registered Professional Forester); Denis O’Gorman, MA in Planning; and Fred Parker, RPF. We did these tours because we all felt passionately about the future of our forests and forest industry. We spent time in Prince George, the Cariboo region, Revelstoke, Creston, Nakusp, Midway, Maple Ridge and various communities on Vancouver Island.

Part 2: A new way forward

A LEGISLATURE TO HIGHLIGHT BC'S GREAT REGIONS

A decentralized approach or, more positively, empowering our regions was a goal shared by long-term civil servant Alistair Crerar and me. In the early 1990s, before the Mike Harcourt government was elected, Crerar, who was my former deputy minister and one of BC's finest public servants, prepared a paper for me on how decentralization could work.

We agreed that the grand macro-regions of the province needed more control over forestry governance and other natural resources. But how should we begin? Crerar suggested starting with a standing committee of the legislature. The route he proposed was to create multiple standing committees composed of MLAs from each separate region. Each committee would fund the planning exercise in their region and then regional resource plans would be forwarded by the standing committee of the House for approval. It was, and is, a brilliant practical first step in reform.

Nothing is risk-free, and the risk here is that committees might vary wildly in approach and partisan politics could influence outcomes. Having decentralized regional committees could result in diverse outcomes around the province, but people could see what worked and what didn't in various regions and how lessons learned in one region might apply elsewhere. Regionalization would also ensure that power rested with the communities most directly affected by forest management decisions and not with bureaucrats in Victoria.

The likely regions would be the Kootenays, the Central Interior, the Northern Interior, Vancouver Island and the Coast. A finer-tuned pattern might identify the Okanagan and the Lower Mainland as regions.

The goals of decentralizing would be to:

- Maintain or enhance the environment and sustainability.
- Involve the public at the local level in planning, claims, management and stewardship.
- Capture the rent of natural resources.
- Raise real income.
- Provide fulfilling jobs.

Regionalization would also ensure that power rested with the communities most directly affected by forest management decisions and not with bureaucrats in Victoria.

- Create an acceptable level of economic growth.
- Improve equity and fairness.

This is a tall but appropriate order given the value of our Crown forest lands. In the end, the regions would compete toward excellence rather than enduring the one-size-fits-all approach, which has resulted in such inadequate outcomes in recent decades.

Crerar and I saw decentralization as the beginning of our province's regions being free to manage their own economies, while understanding the limits to growth and design by nature.

These regions (which may be segregated further) would have regional foresters, who with local citizen input would report to the standing committee of the legislature and the forester general (see below), providing a feedback loop that empowered people in the regions. Regional committees would include representatives of local First Nations, who would participate in planning processes as equal partners with their non-Indigenous neighbours.

We believed this would be a great step toward more local control, democratizing the sector and bringing First Nations to the table as true partners. Equally important, citizens could tell their elected representatives what they want from our province's iconic resource.

Decentralization would be a great step toward more local control, democratizing the sector and bringing First Nations to the table as true partners.

THE NEED FOR A FOREST CHARTER

The colleagues I travelled the province with and I concluded that BC needs a Forest Charter to articulate overall goals and a purpose for this resource. Forester Ray Travers is drafting such a charter.

BC's auditor general demonstrated there are no established substantial principles to help us best steward this grand resource. The charter must include an up-to-date resource inventory based on science-based forest practices. This would correct a dangerous drift in oversight of our public forest resources that accelerated in 2002 when the Gordon Campbell government (2001–11) repealed sections 2, 3 and 4 of the *Forestry Act*, which required the chief forester to maintain an inventory of the province's forest lands. Later, the same government disbanded the Forest Service's internationally renowned research branch. The charter should re-establish such important practices and move toward the better results achieved by our peers in Sweden (and similarly in Finland) and emulate them to a greater degree.

The goal should include increased volumes of timber and getting more value from our forests with expansion and increases annually. Stewardship and monitoring must again become public sector functions to reassert public interest in this critical industry.

THE NEED FOR A BC FORESTER GENERAL

British Columbians are the custodians of the most important forests in Canada. Our commercial forests are equal in area to all the forested lands in Sweden. We have the benefit of a more southern latitude so one may reasonably assume we have much better results in this sector. We do not.

We showed earlier in this paper that we only do half as well as Sweden in terms of volume, value, employment, productivity, research and management (silviculture). In all of these important areas, we lag behind.

We no longer have a Forest Service. Our admired cadre of uniformed public servants were dismissed on the institution's 100th anniversary. We no longer even receive an annual report from their remnant group or its ministry.

Increasingly, the job of managing this public treasure has been shuffled off to the corporate private sector. The system of local management from countless ranger stations throughout the province has completely disappeared. Now, instead of proper reporting to British Columbians, we get inadequate or misleading comments from the minister or staff. The legislature has become a forum for bafflegab rather than informed discussion and debate. Our supposed democratic structure fails us all.

In other policy areas where the system has failed us, we were able to create new servants of the legislature (and ultimately the public) rather than employ more bureaucrats who are servants of the party in power. We believe that the way forestry management has evolved in BC has failed us and, therefore, we must have a forester general responsible to all of us for this iconic resource.

We have made this kind of change to protect children in the care of the state. And we have created other servants of the House, such as the ombudsman and the auditor general. Indeed, as we have shown in this paper, the auditor general has repeatedly reported about the inadequacy of the forests ministry in determining management principles or goals or even in serving the public interest. That should shock all concerned citizens.

From our travels around the province studying this sector, we believe the forester general should report to the legislature annually and also to new regional standing committees of the House composed of elected members of each of the grand macro-regions. The forester general would also be linked to regional foresters who would work with local representatives on regional planning processes. Working like this, we might establish policy and plans tailored to respective regions, which would be a dramatic change from the current and frequently unaccountable off-loading of management to the private corporate sector. The forester general would, in turn, be guided by the new Forest Charter and be accountable to the legislature, as are other independent officers like the auditor general.

We must have a forester general responsible to all of us for this iconic resource. This role would also be linked to regional foresters who would work with local representatives on regional planning processes.

“FORESTOPIA”—A BETTER FUTURE

In 1994, Michael M’Gonigle and Ben Parfitt wrote the excellent book *Forestopia: A Practical Guide to the New Forest Economy*. Their analysis echoes that of my colleague Ray Travers, who has said, “We start with the best timber in Canada, half of the country’s volume, yet produce only 24 per cent of the sector’s jobs and only a third of the value of Canada’s manufactured forest products.”

Despite this grim reality, M’Gonigle and Parfitt saw real signs of hope at the same time.

Chapter 5 of the book covers the Eco-Forestry Convention at the Big White ski resort near Kelowna, where speakers identified why the volume-to-value forestry mantra is so important for our future.

Others like Jim Smith, a former ministry of forests employee and professional forester with the Vernon Log Sort and Sales Yard, and Loni Parker, of the Revelstoke Community Forest,¹⁸ spoke of how the industry could have a brighter and different future.

¹⁸ A *community forest* is a forestry operation managed by a local government, community group, or First Nation for the benefit of the entire community.

Smith argued for the importance of labour over capital and how small loggers were generally the happiest. The book envisioned the critical shift from corporation to community and a shift toward real stewardship, the kind that Smith believes is possible in the Creston Community Forest.

These two authors celebrated the Swedish model and its success, emphasizing a point made by David Haley, a professor emeritus in the Faculty of Forestry at UBC, that BC's second-growth forests are mismanaged because of our shortened rotations, and there is other scientific know-how that is currently ignored. M'Gonigle and Parfitt boldly argue for reform of log markets and local control of revenues, which would lead to a highly decentralized future that most of us would endorse. Finally, they envisioned a community economy. It really was a *forestopia* they hoped for—community-based control. These authors pulled no punches. They identified the need for significant, substantial change to forest practices in BC as demonstrated by fights in the woods throughout the province including at Clayoquot Sound.

A new vision for forestry where everyone can win is essential. There is an absolute need for an invigorated market to end the corporate landlord game and the usurping of capitalized Crown assets.

M'Gonigle and Parfitt conclude, "In the absence of a new economic strategy, debates over the future of BC's forests will remain mired in unhealthy, unproductive skirmishes over one watershed to another." We need "an honest discussion of BC's forestry goals and how they mesh or clash with today's BC economy," because continuing with how things were would mean an impoverished future. (It was a prescient prediction 20 years ago, given the mill closures we have seen since.) A new vision for forestry where everyone can win is essential. There is an absolute need for an invigorated market to end the corporate landlord game and the usurping of capitalized Crown assets. Ray Travers has noted this is "hardly an unsettling suggestion for a free enterprise society."

Some 20 years ago, these authors argued that "British Columbia is on the verge of catastrophe or a new beginning." They called for the capacity to reinvent our economies and policies, saying, "If we take this opportunity, we can make peace and prosperity at home. The world is watching."

Several examples in *Forestopia* showed that a hopeful future for community forestry in BC was possible, namely in Mission, Revelstoke and Creston.

I have been interested in forestry in BC for decades, and in recent years I travelled with two registered professional foresters and a land planner to tour forestry-dependent communities in the Interior, the Kootenay region, along the coast and on Vancouver Island. From Mission in the Fraser Valley to Revelstoke and Prince George, we visited communities both large and small and spoke with people interested and involved in community forestry practices. We also visited the upper Columbia River area to meet people involved with the formation of the Columbia River Trust, in towns including Nakusp, Arrowhead and Fauquier.

STORY 1: LOCAL IS BETTER—THE LITTLE TOWN OF MISSION

In the early 1950s, the BC government embarked on a major transfer of Crown timber rights to the large forest corporations. These new licences gave the corporations monopoly control over millions of acres on the coast. The new licences were an amalgamation of small, semi-private tenures with massive Crown tenures. It was the first great enclosure of the commons in this province, where 94 per cent of our lands belong to the Crown.

At that time, an accountant and colleague of mine lived in Mission, where the Great Depression had been hard on this sprawling rural municipality. The town took over some 30 per cent of land parcels during the Depression and Second World War from families unable to pay their taxes. Most of the parcels were on the town's forested northern edge. When a group of local residents saw

that corporations were grabbing Crown land along the coast, they concluded it would be better to have a community tree farm on their northern fringe rather than some absentee forest-company landlord. This activist group convinced the city council that the city should amalgamate the lands they had taken in lieu of taxes with the Crown forest lands, which covered a wide swath of land to the mountains to the north.

Mickey Rockwell was the leader of the project. Mickey, like so many rural BC folk, was a great storyteller, and the Mission tree farm was one special success story. Locals like Mickey saw the potential of a community-owned and managed forest. There could be recreation space for kids to enjoy, thinnings that produced stakes for farmers and enhanced the future of the best trees, campsites for the locals to enjoy, and jobs in good forest management, silviculture and logging. All that and revenue for the town! No mean achievement.

In the process of getting to know the resource, the people of Mission realized that conventional planting of Douglas fir seedlings made no sense on their cold, windy crags. The best species they concluded was yellow cedar, the dominant mature species in their area. But there were no yellow cedar seedlings to be had as no one had generated this species on the West Coast. So Mickey and the folks decided to try to generate seedlings themselves, but failed. They tried again. One night, they put the seeds in the freezer rather than the fridge by mistake. *And presto*. Freezing the seeds was necessary for them to germinate. The folks in Mission achieved what no one else on the coast had—propagating valuable yellow cedar!

This Mission success story—the need, the capacity and the drive of local people to come up with better answers than distant corporations or academics—converted me into a committed regionalist.

This Mission success story—the need, the capacity and the drive of local people to come up with better answers than distant corporations or academics—converted me into a committed regionalist.

STORY 2: LOCAL IS BETTER—REVELSTOKE IS THE NEW MISSION

Our group, which included professional land managers, decided in early 2012 to continue our discussion and research by touring various forest communities in the Kootenays, the Cariboo/Prince George region and Vancouver Island. The journey commenced in Revelstoke, a small city tucked into the mountains in southeast BC.

Revelstoke intrigues me because I played a role in helping establish the community forest tenure when I was a deputy minister for Crown corporations. I had urged Philip Halkett, then the deputy minister of forests, to create the conditions for a community-based licence without which I feared the community would lose its sawmill and many local jobs. The community and the sawmill became holders of the licence.

The former long-time mayor of Revelstoke, Geoffrey Battersby, was the driving force behind the renaissance of this beautiful town and played a critical role founding its tree farm as a community enterprise. He was greatly responsible for the charming downtown, the amazingly successful Downie Street Mill and the community forest, as well as a community-mill entity to convert mill waste to energy. The forester who managed the community forest confided that he had arrived in Revelstoke with a private-sector bias but changed his mind with the opportunity to manage the forest for the longer term. He is now committed to the community-based approach.

All this happened in a region with very difficult terrain, in the Interior wet belt, and with a multiplicity of tree species. The community dealt with it all and came out well financially. Indeed, on our tour, we saw some of their products, including beautifully finished cedar selling for \$2,200 per 1,000 board feet. Jack Heavenor at the Gorman Brothers-owned mill was a formidable manager

It proved again that local people using their skills and access to local resources can play a transformational role in their own communities.

working with his community colleagues. They understood “value not just volume,” in contrast to so many of their competitors. This was the next generation of what I had uncovered in Mission decades earlier. It kept one’s hopes alive for the kind of reform desperately needed, proving again that local people using their skills and access to local resources can play a transformational role in their own communities.

STORY 3: LOCAL IS BETTER—CRESTON COMMUNITY FOREST IS A MODEL FOR THE COLUMBIA BASIN

Our group visited Kootenay communities including Nakusp, Kaslo, Castlegar, Midway and Creston. Creston was a joy, and another revelation about the benefits of community-based forestry, this time led by long-time BC Forest Service staffer Jim Smith.

First, a side story about Smith’s background and some of the complications of his later career in the Forest Service.

Many years earlier, at the end of my term as minister of forests, I was mentoring a young assistant named Andrew Petter, who hailed from Nelson and was employed by Lorne Nicolson, the then housing minister. I told Andrew about one of the ideas I was considering—open dry-land log super-markets for public timber. Crown Zellerbach, a major forest landowner in Oregon, had embarked on such supermarkets and found that they significantly increased their returns.

Years later, young Andrew, now forests minister, remembered that discussion and decided to undertake a pilot project in Lumby, near Vernon in the Okanagan Valley. Smith and one of his Forest Service colleagues were put in charge. From day one it was a huge success. At first, they had a fairly limited number of tree species and timber grades, but over time there were requests for additional species and grades. Indeed, their yard sold almost 60 varieties of raw wood of varying quality due to market demand. At last BC had a real log market in the Interior of the province, and the financial returns were far higher than stumpage or revenue for Crown timber anywhere else in the province.

Strangely, the NDP government of the day found these high revenues disturbing. It was hard to believe except in our various fights with the US Congress; their politicians argued that our low, uncompetitive stumpage fees were a subsidy and they variously threatened, or achieved, duties on our forest products at the border. Over the years we had argued that those fees were not a subsidy, but Smith’s good work in Lumby was providing fuel to the American softwood lumber lobby’s claims. So what did our government do? It sent auditors and others to the Lumby Yard determined to show that the yard’s numbers were faulty and too “high,” which they confirmed. Smith and his colleague were let go, and the Lumby Yard was closed down. Despite that ghastly treatment, Smith carried on, and when we met with him years later in Creston, he was still a happy warrior and a great forester now running the successful community forest in Creston.

For those who don’t know, Creston is a sunny orchard town on the edge of the East Kootenays whose main industry is the huge Columbia Brewery with its famous Kokanee brand. The brewery, of course, is always rightly concerned about the watershed that produces the water for its beer. The loggers in the area, who worked for absentee corporate landlords, were running roughshod over the local mountains leaving ugly scars and threatening the water supply for both the brewery and the community. Residents were furious and chased the loggers out of town.

A multi-stakeholder group subsequently established a new community forest with Smith as its forester. Smith knew that trust had to be established with the community, and fortunately, his interpersonal skills were substantial: it is hard not to like Jim. Better than that, however, Jim was a very creative forester. He showed us forests he had logged five years earlier where what I called “skinny high-line” intrusions and tiny “polka-dot” clear-cuts were no longer discernible. Even local wildflower meadows were untrammelled. The watershed was actually enhanced by the quality of Smith’s work, and residents loved the guy and totally accepted his methods.

Our group of travelling forest researchers argued there was a case for the Columbia Basin Trust (see below) to get involved with this community enterprise. It made sense for the trust funds to be used for better management of critical watersheds, and Smith, the practical man that he is, saw that the trust’s involvement could enhance their work. We believed in the possibility of providing a new model for managing our Crown forests and empowering the regions of our province. In Creston, we saw how the Columbia Basin Trust, expanded to include both forest and water management, could become the template for the other regions.

We had been overjoyed by what we saw in Revelstoke (and Golden), and were now convinced that community-led forestry was the right policy track. Our joint discussions resonated with everyone we met in the Kootenays and subsequently in the Cariboo/Prince George and Vancouver Island regions.

The hard reality is that forestry is still our secret failure in this province. The phony “good news” in our mainstream media continues to hide the evidence that confirms M’Gonigle and Parfitt’s predictions. Nor does the media report on the good news in Mission, Revelstoke and Creston.

We had been overjoyed by what we saw in Revelstoke (and Golden), and were now convinced that community-led forestry was the right policy track.

STORY 4: CREATING THE COLUMBIA BASIN TRUST

The Columbia Basin Trust was established in 1995 to compensate residents affected by the Columbia River Treaty, which led to three dams after the flooding in the upper Columbia River basin. Another great public servant, James Wood Wilson—a former BC Hydro executive director (and a former professor of mine)—was responsible for resettling people along the Arrow Lakes who were flooded out because of the Columbia River Treaty.

People in communities including Nakusp, Arrowhead, Needles, Fauquier and in between were uprooted and compensated for their land according to the law. Wilson, however, a sensitive, thoughtful man, was concerned that more had been lost by these settlers, and that a different kind of compensation was needed. He urged me to get involved, and I saw the chance to address Wilson’s concerns and proposed the concept of the Columbia Basin Trust when I was deputy minister for Crown corporations in the Harcourt government (1992–96).

As I saw it, the trust would share the economic rent of this great waterway with the province. Its leaders would make future choices between new power and economic development versus the environment and other needs while a new Crown corporation, the Columbia Power Corporation, would undertake hydroelectric projects on the BC portion of the Columbia River system working in partnership with the trust. It would be a grand learning curve for the region’s residents about their own economy.

At the time, Finance Minister Glen Clark chaired the Crown Corporations Cabinet Committee and heard the proposal to form the trust from our secretariat. He expressed some surprise, saying, “If we do that in the Columbia, people will want it in every river system in the province.”

Smiling, I replied, “I hope so, Minister, I hope so.” He laughed and gave approval to form this unique entity.

And so, the Columbia Basin Trust was born, with significant support from Marvin Shaffer, then an assistant deputy minister, and local MLA Corky Evans. Wilson later wrote a small memorable book about these folks losing their quality of life.¹⁹

Today, with rapid climate change and the need for greater integration of land, forest and water interests in the Creston Community Forest, it is clear that the trust’s role should be expanded and empowered to link the management of forests and water on a more substantial scale, again becoming a pioneering model for greater regional empowerment and community control.

¹⁹ Wilson, 1973.

Conclusion

THE CHALLENGE WE FACE is to tell the truth about the state of forestry in BC. We no longer have annual reports from the ministry, we no longer have a Forest Service and we no longer have adequate data and reporting from either the public or private sectors. So what do we need?

1. We need a legislature that is fully informed about the status of our public forest resource.
2. We need a forester general, an officer of the legislature who is non-partisan and reports to the House annually.
3. We need regional committees that also report to the House for each region of the province.
4. We need a Forestry Charter: legislation that will protect and preserve this great public resource to create value and jobs for British Columbians.

We must start at the top in the legislature, however, if citizens in all BC regions are to be empowered. This will make it easier for residents, communities and First Nations to play a transformational role in any regional/community empowerment process, especially if the courts are telling us this is the direction in which we must go. After all, our communities are closely tied to our forest resources. This will be a dramatic change, to democratize the centre in order to empower the communities within and regions encompassing our extensive public forests.

We need a forester general to manage and provide data and information and for monitoring and accountability, and who will also provide feedback to the regions. And we need a Forest Charter as the ultimate guide for us all. We need a provincial vision with sustainability principles, standards and goals, and we need a mission and purpose. We need modern forest practices based on science, and we can learn from our peers in Scandinavia and transfer some of their know-how as principles of the charter.

We must grow our forests for value rather than volume so that their value increases over time. We must extend rotations and undertake thinning. And when our forests are logged, we must increase the value from each log processed. Regions and communities should have more say, and stewardship and monitoring should become public-sector functions.

In a sense, we live between two extreme points of view: the status quo, which really represents liquidation and rent theft, and their main opponents, the total preservationists. Some choice!

In between is the evidence-based rational forester like Ray Travers, who, like his Scandinavian mentors, sees a solid science-based middle ground where forest and policy managers focus on value

We need a forester general to manage and provide data and information and for monitoring and accountability.

People and communities must be empowered at the local level in our diverse regions.

both for the land and in industrial plants. New value in a growing forest, in managing the forest and in manufacturing products from our forests is linked and integral to our shared future prosperity.

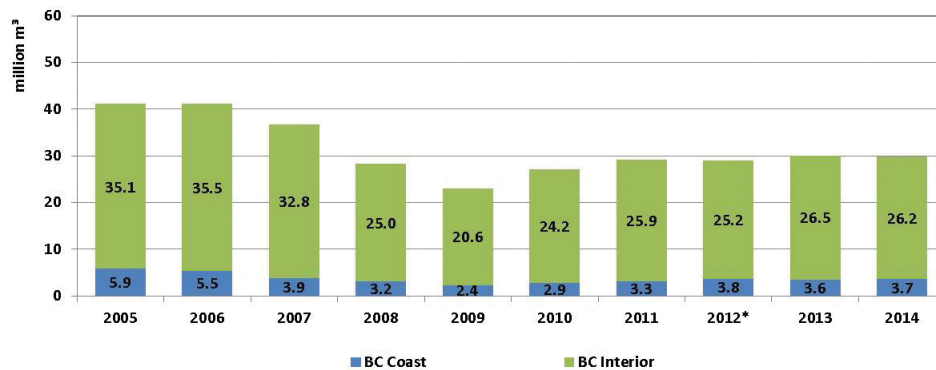
This approach requires real facts and measured results. It also requires real markets so that we are always geared to the highest and best use, and only strong market tests at every stage of the game can assure us of that. People and communities must be empowered at the local level in our diverse regions to work on these issues directly so that local creativity, energy, entrepreneurship and accountability shine through.

Some call that free enterprise. Others call it community enterprise. Some might call it both. It is all of the above, and some call that democracy.

Appendix:

Charts from external sources

Figure 1: Softwood lumber production in BC, 2005–14



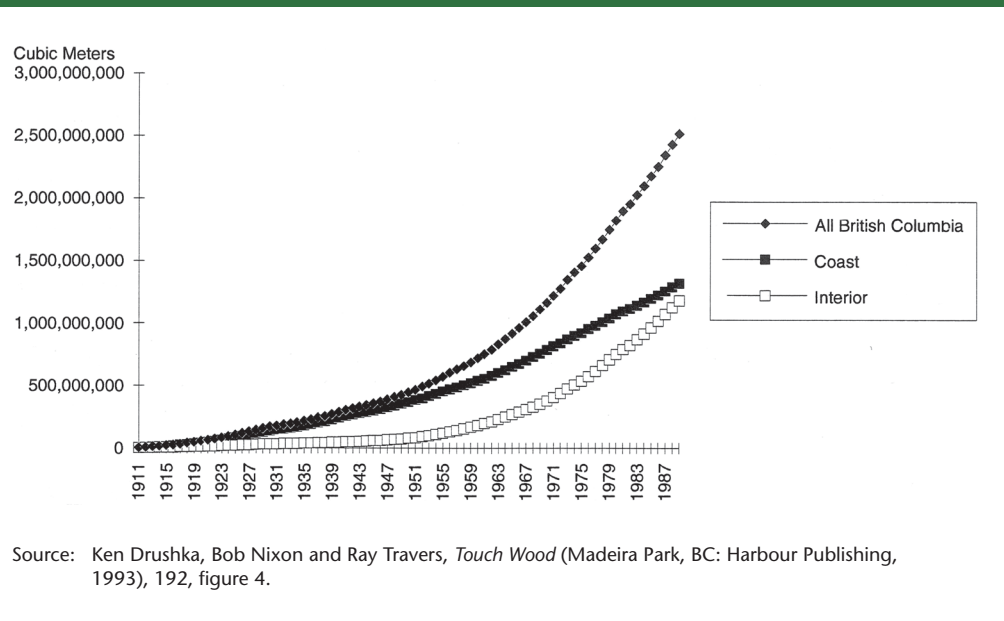
*Interior and Coast Share are Estimates. In all years the Interior includes production from Yukon, Northwest Territories, and Nunavut.

Data source: Statistics Canada; CANSIM 303-0064.

Source: Alex Barnes, "2014 Economic State of the B.C. Forest Sector" (PowerPoint presentation, Competitiveness and Innovation Branch of the Ministry of Forests, Lands and Natural Resource Operations, October 2015), 10, <http://www2.gov.bc.ca/assets/gov/farming-natural-resources-and-industry/forestry/forest-industry-economics/economic-state/economic-state-of-bc-forest-sector-2014.pdf>.

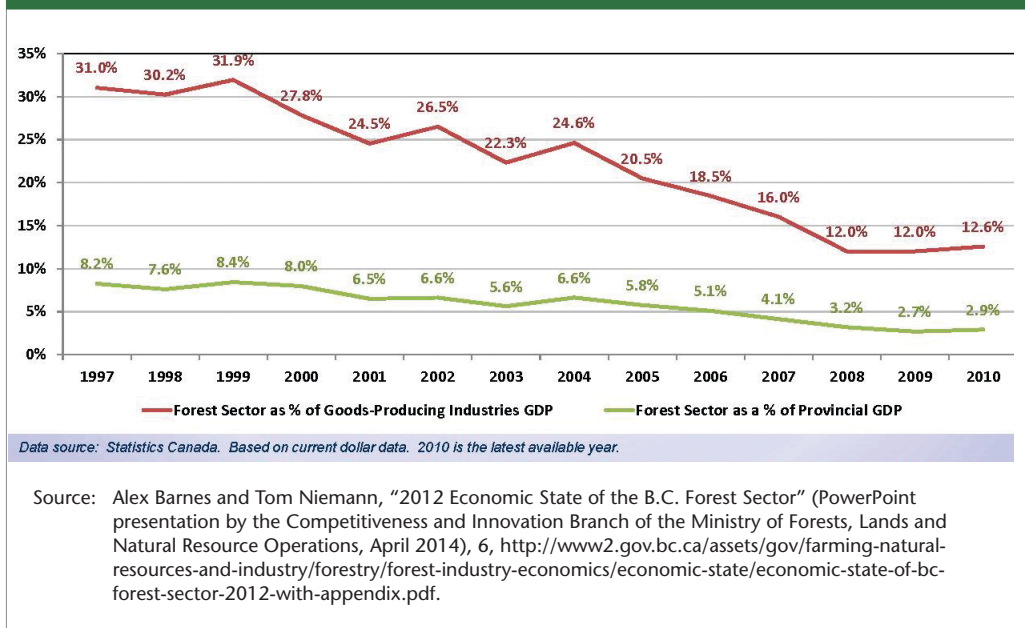
See the very small share of softwood lumber production in coastal BC compared to in the Interior from 2005 to 2014. (In 2014, production in coastal BC was 12 per cent to the Interior's 78 per cent.) See also the decline, from 5.9 million cubic metres in 2005 to 3.7 million cubic metres in 2014.

Figure 2: Cumulative amount of timber cut in BC, 1911–89



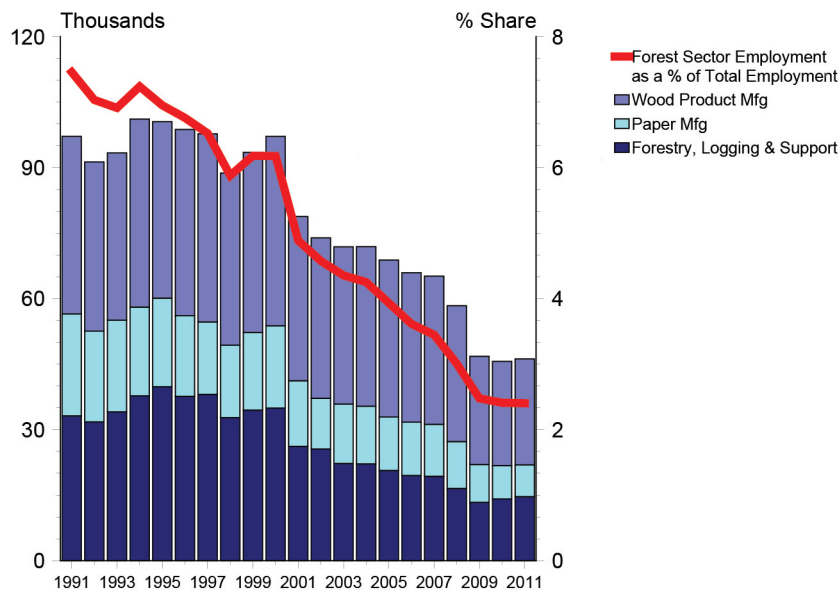
Timber cut on the BC coast was close to 100 per cent of the total volume logged in BC until about 1950.

Figure 3: The forest sector's share of the BC economy, 1997–2010



Percentages after 2010 become fairly stable.

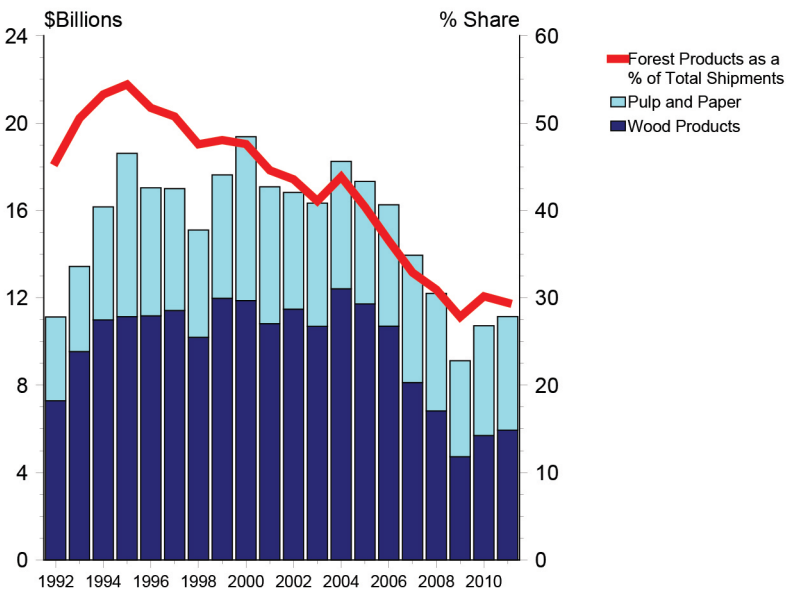
Figure 4: Employment in BC's forest sector, 1991–2011



Source: Statistics Canada (SEPH)

Source: Dan Schrier, "BC's Exports Moving Out of the Woods," BC Stats, March 2012, http://www2.gov.bc.ca/assets/gov/data/statistics/trade/bcs_exports_moving_out_of_the_woods.pdf.

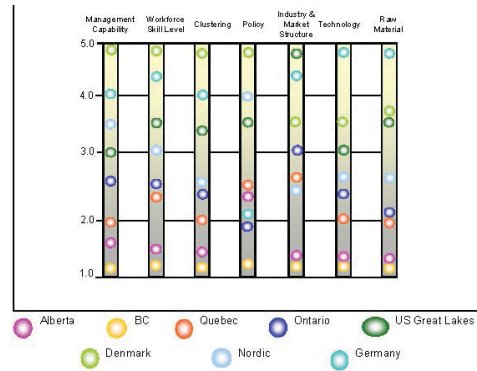
Figure 5: The share of forest products in manufacturing shipments, 1992–2011



Source: Statistics Canada

Source: Dan Schrier, "BC's Exports Moving Out of the Woods," BC Stats, March 2012, http://www2.gov.bc.ca/assets/gov/data/statistics/trade/bcs_exports_moving_out_of_the_woods.pdf.

Figure 6: Forest management in eight jurisdictions compared in the Jaakko Pöyry report (2001)

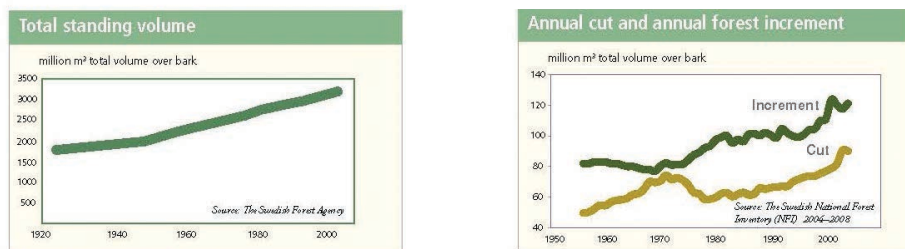


Source: Living Legacy Trust and Jaakko Pöyry Consulting, Assessment of the Status and Future Opportunities of Ontario's Solid Wood Value-Added Sector: Final Summary Report (Toronto, ON: Living Legacy Trust; Vantaa, Finland: Jaakko Pöyry Consulting, June 2001), 26, figure 14, http://www.livinglegacytrust.org/pdf/Final_Summary_Report.pdf.

In the 2001 Jaakko Pöyry (a Finnish forest consulting company) forestry study conducted for the Ontario Living Legacy Trust, BC ranked lowest of the eight forest jurisdictions relative to our forest product competitors. This study compared the forest management performance of a number of provinces, US Great Lakes states and several northern European countries using seven forestry benchmarks.

BC ranked lowest in performance for all benchmarks compared to all other jurisdictions. BC's performance is probably worse today because of mills continuing to close and the related loss of work for contractors and of forest worker jobs. The ongoing depletion and degradation of our forests is continuing to affect our competitiveness.

Figure 7: Forestry in Sweden, 1920s–2008



Source: Royal Swedish Academy of Agriculture and Forestry, *The Swedish Forestry Model* (Stockholm, Sweden: Royal Swedish Academy of Agriculture and Forestry, 2009, 4, <http://www.ksla.se/wp-content/uploads/2010/10/The-Swedish-Forestry-Model.pdf>).

Sweden's timber inventory (standing volume) has been increasing since 1920 because they grow more timber than they log. (In BC, the opposite is true. Our standing timber volume is declining and our cut increasing. Sandy Peel, then chairman of the Forest Resources Commission, addressed the valuation of public timber in the April 1991 report *The Future of Our Forests*, which estimates that in 1991 BC timber from public lands was undervalued by two to four times.)

Table 2: Comparing the forest economies of Sweden and BC (2009)

	Sweden*	BC	Ratio Sweden/BC
Commercial forest land (Ha)	22, 335,000	22,000,000	1.02
Total volume logged (Cu.M.)	65,100,000	48,793,000	1.33
Value of production (\$Cdn)	29,213,749	13,126,093	2.23
Direct forest industry employment	85,000	46,800	1.82
Log exports (Cu.M)	2,500,000	2,702,000	0.93
Log imports (Cu.M.)	5,800,000	34036	170.41
Annual growth rate Cu.M./Ha/year	5.5	3.3	1.67
Annual growth/year million m ³	122.7	72.6	1.69
Percent private forest land	81%	3%	

Sources: Swedish Forestry Agency, Food and Agricultural Organization (UN), Statistics Canada, BC Stats, BC Ministry of Forests, Lands and Natural Resource Operations.

Statistics compiled by Ray Travers, RPF, in 2012.

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