



**ASSOCIATION OF VANCOUVER ISLAND
AND COASTAL COMMUNITIES**

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TO: AVICC Members
FROM: Mayor Christopher Causton, President
DATE: July 3, 2009
RE: **FEEDBACK ON WORKING ROUNDTABLE ON FORESTRY**

On June 16, 2009 UBCM distributed a memo to all members from the Community Economic Development Committee requesting comments on the 29 recommendations of the Working Roundtable on Forestry. It is attached for quick reference.

Mayor Barry Janyk, Town of Gibsons and Chair Joe Stanhope, Regional District of Nanaimo have prepared the attached paper as a response on behalf of AVICC. It was discussed and endorsed at the June 26, 2009 AVICC Executive Meeting and has been forwarded to UBCM.

It is being provided to you as further information. Although UBCM had requested feedback by the end of June, it is still possible to feed into the process by emailing mcrawford@civicnet.bc.ca. Marie does request that any feedback be forwarded in the very near future. The attached paper may assist you as you prepare your feedback.

Comments on the Roundtable on Forestry
a brief report to AVICC Executive
June 26th, 2009

- Directors Joe Stanhope and Barry Janyk

The recent provincial *Report of the Working Roundtable on Forestry* produced 29 recommendations which were briefly reviewed in Nanaimo at the AVICC AGM in April 2009. Although a number of concerns were expressed, the general attitude of most was that the recommendations were a list of 'shoulds', with no real action plan or timetable for implementation. It was apparent the report was cobbled upon broad, arching philosophical statements perhaps so the Committee could achieve "consensus" in order to get an already delayed document generated. It appears – from the complete lack of consideration, follow up and announcements in the subsequent three months – that the report is producing minimal effects to stem the collapse of the B.C. forest industry - such as it currently exists within our Association area. Examples of AVICC concerns follow.

Every coastal community is alarmed at the potential for the transition of current private managed forest lands to real estate development – a huge structural aspect of forest 'redevelopment' that has been completely overlooked by this report. Should this occur, massive tracts – in the tens of thousands of hectares - would be lost to productive forestry. In fact, it is the stated intentions of two of the major private land holders on the Island and on the lower coast of the province - Island Timberlands and TimberWest (TW) Forest Corporation - to move away from 'traditional' forestry towards a theoretical "highest and best" designation of their lands. Both companies have evolved corporate facades and TW has created an actual real estate arm; in the case of Island Timberlands – Bermuda based *Brookfield Asset Management* - and TimberWest, the largest private land owner in western Canada, has created *Couverdon*.

While local governments have, by and large (and ostensibly with the support of the courts), the zoning tools to protect these lands as forest lands, apprehension exists that the provincial government could overrule local government land use regulations and invoke legislation similar to Bill 30 and/or Bill 75. To assist local governments, an opportunity exists with the provincial government to re-establish the forest land use designation to provide certainty, or put forest lands into the Agricultural Land Reserve (ALR). There are mammoth implications for local governments with an instant 'birth' of thousands of hectares of developable land on Official Community Plans, zoning, infrastructure, taxation - a myriad of complex social, economic and environmental planning issues - that will take millions of dollars and thousands of (new) staff hours to address.

While local government – municipalities in particular - are patently aware they must wean themselves off the industrial classification taxation paradigm, there may be a role for the Province to assist in bridging the transition from industrial property taxes to a broader municipal finance approach. This role may not necessarily be one of simply providing tax breaks (or “incentives”) to the corporate sector (in part due to subsidy repercussions within the Soft Wood Lumber Agreement) and this is an area worthy of further exploration by UBCM and the province. It certainly **should not be** – as is alluded to in Recommendation #10 – the sole responsibility of local government to bear this liability. In a new twist, the City of Campbell River has recently took the unusual step to seek an increased taxation rate on private managed forest lands within its municipal boundary on *anticipated* value should the property be developed as real estate. A law suit has been initiated by TimberWest.

Private Forest Lands (PFLs) taxation is also at a disadvantage when compared to properties in the ALR. PFLs are hit with a tax when the timber is harvested; a farmer who harvests timber on his/her property is not. This playing field should be levelled.

The continuing practice of log exports – particularly from private managed forest lands – remains problematic for those communities who continue to seek lost apprenticeship benefits – not necessarily as was formerly, and formally, tied to forest tenures such as TLs or TFLs - but rather via simple forest worker employment that could be created by engaging local workers and contractors to conduct the complete harvesting cycle – from cruising to regeneration. By importing “stump to dump” contractors that may come from any place in the province (or under TILMA - *out of province*) - generally at the lowest cost possible - forest companies may well be maximising their attempts at generating profits at the expense of the general well being of the communities we all serve and in which they operate. This could result in a traditional “race to the bottom” campaign with **all** parties ultimately failing. In addition, the removal of the fibre from the provincial supply chain through export – particularly to the U.S. – creates an unfair trade advantage for the U.S. lumber industry and a complete loss of the fibre for our own pulp and paper sector, already in desperate financial chaos.

The dynamic nature of these issues - particularly those excluded from the report cannot be understated and the drafting of this brief report – *should it have been done in April* – would have made its content completely outdated currently. As an example, since the report’s release in March, Catalyst Paper has been engaged in serious “bare knuckle” discussions with four AVICC municipalities over their belief that their taxation contributions are – and have been - excessive for some years and are threatening to withhold full payments of their 2009 requisitions to Powell River, Campbell River, Crofton and Port Alberni. Needless to say these actions are creating serious issues for the four affected municipalities’ administrations, the communities they serve, and the province.

The other coastal pulp and paper mills can scarcely afford to remain open and subsist on revised labour and management agreements, reduced schedules, some now hoping for a reprieve with a provisional federal bail out scheme. These mills are operating their facilities on limited shifts, often contingent upon the volatile Canadian/US exchange rate and most certainly suffering from declining demands and orders and consequent heavy inventories.

The full impacts that would stem from the proposed Aboriginal Recognition and Reconciliation Act are not even *mentioned* in the report. Defining and addressing the issues around ownership, operating rights and authorities, royalties and stumpage, and potential transfer of tenures will be absolutely critical for the future of the forest industry in the Province of B.C. The outcome of this legislation may in fact be staggering for the province, industry and first nations but could be crippling for local governments who will likely be left to accept the consequences for its implementation. Some fundamental certainty is an absolute.

While no slight is inferred or intended, including a community leader of a tiny village as a roundtable participant with the intention of providing broad input may not have given the province the best, or the most inclusive, perspective one would assume it was seeking. Had that intention been to seek the frank assessments of ways and means to improve the lot of the vital forest sector in B.C., perhaps a more knowledgeable local government candidate may have contributed a greater regional overview.

The relative balsa density of the 29 recommendations related to the restructuring of the forest industry has to give one pause to consider just how serious the government was in seeking advice. The recommendations are light in substance, broad in statement, and motherly in intent. To be taken seriously a dramatic action plan will have to be stapled to each sweeping pronouncement. While there are few targets one can draw a bead upon due to the expansive nature of each obvious avenue (many of which having been advocated for years - to no avail), AVICC's issues with this report are more about what is *absent* from it than what is *in* the document.

Thank you. We hope these endorsed comments from AVICC will be construed as positive and will lead to progressive dialogue and productive and expedient actions.

TO: UBCM Members

FROM: Community Economic Development Committee

DATE: June 16, 2009

RE: **WORKING ROUNDTABLE ON FORESTRY AND
BCUC INQUIRY INTO LONG TERM TRANSMISSION NEEDS**

The Community Economic Development Committee is presently working on two issues that would benefit from membership feedback:

- preparing a response to the Working Roundtable on Forestry report and recommendations; and
- participating in the BC Utilities Commission (BCUC) Inquiry into BC's long term transmission needs.

Working Roundtable on Forestry

With the respect to the Working Roundtable on Forestry, the Committee has reviewed the report and its recommendations and will be providing feedback to the Minister of Forests and Range in July. However, Committee members recognize that in order to adequately reflect the diversity of interests amongst the members throughout the province, with respect to the forest industry, Committee members need to hear from the membership directly. In April 2009, a memo was sent to all Area Associations requesting their input and feedback on the Roundtable's report and recommendations. In addition to the regional feedback from Area Associations, the Committee would also encourage individual members to advise of their specific comments and feedback.

While most of the recommendations speak broadly about actions to improve the situation for BC's forest industry, the following recommendations (10, 14, 22, 23 and 24) were identified as being of specific interest to local governments. These five recommendations speak specifically about actions directed at local governments or encompass issues where members have developed established policy positions. [For the full report please go to: www.for.gov.bc.ca/mof/forestry_roundtable/]

The Community Economic Development Committee will be preparing its response to the Roundtable in the coming weeks and would encourage Area Associations and members to convey their feedback to the Committee by the **end of June**. Please direct your comments to the Community Economic Development Committee by contacting: mcrawford@civicnet.bc.ca.

BCUC Inquiry

The second issue is the BCUC's Inquiry into the province's long term transmission needs. Briefly, the general purpose of the Inquiry is for the Commission to make determinations with respect to BC's electricity transmission infrastructure and capacity needs for a 30-year period in order to support efficient long-term development of transmission. The Commission must assess the electricity generation resources in BC that will potentially be developed during the 30-year term, grouped by geographical location, and the most cost-effective and most probable sequence(s) of development.

The Commission must also take into consideration various factors such as utility long-term resource plans, domestic load requirements, export opportunities for clean, renewable or low-carbon electricity, and areas in BC that will be inappropriate for development of generation resources, including but not limited to, parks and protected areas. The terms of reference specify, however, that the Commission must not make determinations on the merits of specific generation projects or with respect to the specific routing or technology of transmission projects.

As a result, the Committee is taking the following actions:

- encouraging local governments to register as participants in the Inquiry, especially if they have specific local / regional transmission concerns that they wish to have considered as part of the Inquiry's deliberations; and
- registering UBCM as an Inquiry participant; facilitating information to the membership about the Inquiry and its work; as well as conveying broad member policy related to transmission infrastructure and planning to the Inquiry on behalf of UBCM members.

As noted, members who have specific transmission interests/concerns are encouraged to register with the BCUC as soon as possible so they have an opportunity to raise their specific interests. As well, the Committee is also encouraging members to send their comments/concerns to UBCM if they are not registering so we can include your issues within the UBCM feedback to the Inquiry.

For further background on the Inquiry please go to: www.bcuc.com/sectionfiveinquiry.aspx .

And if you have specific issues or comments please convey them to the Committee c/o: mcrawford@civicnet.bc.ca.

Thank you and we look forward to receiving your input.