



LEGISLATIVE ASSEMBLY
of BRITISH COLUMBIA

March 9, 2021

Honourable Katrine Conroy
Minister of Forests, Lands, Natural Resource Operations and Rural Development
PO Box 9058 Station Provincial Government
Victoria, BC
V8W 9E2

Dear Minister:

I want to start by thanking you for our conversation on Feb. 5th. I also would like to reiterate my congratulations on your appointment as minister of FLNRORD.

As we discussed, your file covers a wide variety of topics and some very challenging files. As your Official Opposition Critic, I will also take this initial opportunity to bring to your attention some of the structural issues that continue to face our forest industry.

As you are well aware, the most difficult challenge against our forest industry right now is of course the softwood lumber agreement (SLA), and the unfair U.S. tariffs that are put in place by the same country that is our largest export market.

Although the industry is enjoying unprecedented price levels for their product, negotiating a fair SLA agreement and bringing BC's cost structure in line with our competitors should be a priority.

Under your government, British Columbia has unfortunately been identified as the highest cost jurisdiction in North America, province or state. This places us at a tremendous disadvantage, leads to underinvestment at a time when we need renewal and leaves us vulnerable to any future decline in prices. Supply is always a concern but one direct factor we could take further action on is our control over stumpage rates.

Nobody ever complains about stumpage when we are on the upside of the lumber price cycle but the way BC's stumpage is calculated today still leaves us vulnerable to price swings or price declines due to the delays in reflecting current market conditions. This was one of the reasons why the forest sector faced so many challenges over the previous few years of your government with mill curtailments and permanent closures.



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So when it comes to factors that are completely under provincial control, such as stumpage rates, I would suggest that you could improve our competitiveness through more up-to-date stumpage rates that more adequately reflect market conditions at any given moment similar to what is done in Alberta.

There are many more actions your government could take to remove unnecessary red-tape that always drives-up the cost to producers. Your government undertook work with the licensees, unions and First Nations to look at the overall cost structures in the sector. This work did not produce the cost competitiveness results the industry was hoping for.

I'd like to suggest that you revisit this work with a goal of strengthening the forest sector to make it more resilient to price fluctuations and to spur the investments the sector needs including in value added. In the long run, without adequate reforms that keep up with market trends, the 120,000 people in our province who work directly or indirectly in the forest industry will suffer the same loss they experienced in 2018 and 2019.

I would be pleased to meet with you at your earliest convenience to discuss viable options. In the absence of any creative options to maintain and grow our forest industry, we will continue to lose our competitiveness at the direct expense of forestry workers and their communities.

Sincerely,

John Rustad, MLA

cc: Premier John Horgan
Nathan Cullen, MLA