



Resource investments lauded for their potential

Forestry, energy and mining industries predict long-term benefits from provincial money

Scott Simpson

Vancouver Sun

Thursday, February 17, 2005

Representatives of British Columbia's resource industries are predicting that a \$366-million investment in forestry, energy and mining, announced as part of the provincial budget by Finance Minister Colin Hansen, will yield long term benefits for the province.

While some of the money was connected to previous announcements, such as \$50 million in additional funds for displaced forest workers and \$25 million for geoscience in support of mining, most of the promises Hansen made during his budget speech relate to new or greatly expanded projects.

In particular, the province proposes to spend \$101 million on reforestation and economic development initiatives to address the rapidly expanding impact of the mountain pine beetle on B.C.'s Interior lodgepole pine forests.

"The biggest challenge we have coming at us today in forestry in this province is the pine beetle infestation," Hansen said.

Hansen said B.C. must make a "tremendous effort" to salvage vast areas of pine-beetle-damaged forest and maintain the stability of resource-based communities that are watching the destruction of their main source of revenue and employment.

"We've got 10 years to salvage marketable wood in those regions," Hansen said in a pre-budget briefing with reporters. "And then we have a massive reforestation project that has to be undertaken.

"We are going to have to work closely with those communities to make sure we manage [their] economic stability.

"This is not just about getting through the next three years. It's about getting through the next 20 years."

In total, forest sector initiatives will receive \$266 million -- and the government is proposing an additional \$111 million for forest ministry operations and B.C. Timber Sales.

Other new forest-sector spending includes \$50 million to logging companies in compensation for investments in roads, bridges and camps on properties that will be redistributed as part of the province's forest revitalization plan.

Hansen also promised \$51 million in new fire prevention measures in response to Gary Filmon's report on the wildfires that swept the Interior in 2003.

The monies are part of a three-year, \$777-million investment in "economic development initiatives" that the government is promising as a boost to resource industries, municipal infrastructure and tourism.

Rick Jeffery, president and CEO of the Coastal Forest Products Association, said he is gratified that the government is reinvesting a big portion of last year's windfall stumpage revenue into the industry.

"Stumpage revenues were up \$305 million over forecast and they've turned around and taken \$266 million

of that and reinvested that into the industry. I think that's a good sign," Jeffrey said.

He said he expects the government's commitment will attract private sector investment in the forest industry, make it competitive, and protect high-paying jobs.

John Allan, president and CEO of the Council of Forest Industries, supports the government's plans to expand spending.

"Some of the earlier funding decisions on these issues were a little light. When these funds were set up, it was early days, in fairness to government. They've seen what's required as time has gone by and they've made the appropriate adjustments," Allan said.

Meanwhile, energy and mining initiatives will receive \$110 million in support of mine and worker safety, improved road access to areas of resource development, geoscience research to assist mineral prospecting, and stakeholder and community consultation as new oil and gas resource areas are identified and developed.

Dan Jepsen, executive-director of the B.C. and Yukon Chamber of Mines, said the money and other initiatives will add further momentum to the resurgence of mining in B.C.

He cited Hansen's announcement of a 10-year extension of a tax incentive program for mineral exploration as a "very, very positive" and unexpected development.

That program is designed to attract new exploration investment -- and Jepsen hoped that extending it will give investors confidence that B.C. is serious about expanding its mining industry.

TAKING THE INITIATIVES:

The Liberal government has committed \$777 million over the next three years in a pre-election budget to Economic Development Initiatives. The biggest chunk, \$101 million, goes to "beetle response and reforestation." Here's where the money goes.

Agriculture and aquaculture: \$49 million

Infrastructure:

- Post-secondary sports facilities: \$60 million
- Regional sports facilities: \$50 million

Oil & gas, mining:

- Heartlands oil & gas roads: \$50 million
- Mining plan, data acquisition: \$18 million
- Geosciences for minerals, oil & gas: \$25 million
- Oil & gas initiatives: \$17 million
- Forestry revitalization trust: \$50 million
- Timber reallocation compensation: \$50 million
- Filmon response and fuel management: \$51 million
- Rural recreation access: \$14 million

Forestry:

- Beetle response and reforestation: \$101 million

- Municipal infrastructure: \$97 million

Peace River, Northeast B.C.: \$64 million

Total: \$777 million

Source: B.C. Budget, Vancouver Sun

© The Vancouver Sun 2005

CLOSE WINDOW

Copyright © 2005 CanWest Interactive, a division of [CanWest Global Communications Corp.](#) All rights reserved.
Optimized for browser versions 4.0 and higher.

