

## **Background Information**

### **Section 1 - A New *Crown Lands and Forests Act***

#### **1) Multiple-value forests.**

Forests provide a wide range of benefits and services – much more than just wood. Most new forestry acts specifically acknowledge this, setting out principles such as ecosystem management and establishing mechanisms for managing a wide range of values. The current Act simply refers to protection of fish and wildlife habitat, without explicit acknowledgement of the broader concept of native biodiversity.

#### **2) Regulation and control.**

A key element of the forest management model introduced across Canada in the late 1970s and early 1980s was that industry would manage and log forests and that government agencies would regulate and control this. At the time, this generally meant having many forest rangers checking plans and operations. Over time, and with concerns about government budgets, these resources have been cut back almost everywhere. This has been associated with the development of new regulatory and control systems such as audits, certifications, citizen monitoring, and outcome-based management. Most of these are still in experimental and development phases, and none represents a perfect system. As a result, most provinces now use hybrid systems where regulation and control are coupled with audits, certification, citizen monitoring, etc. BC is a useful example as it is the only province that adopted results-based management in forestry, but government and industry are now choosing to move away from this and back to regulation and control.

#### **3) Transparency, public participation, and consultation.**

In the 1970s, the public was generally prepared to leave management of forests, hospitals, schools, etc. up to the government. Now, in the 2000s, citizens expect government to take account of their opinions. Most forestry acts across Canada (whether new or simply revised) include a variety of mechanisms for public participation. The current NB *Crown Lands and Forests Act* does not have this, which is unacceptable in contemporary forest management. It is also important to note that changes to the regulation and control mechanisms also require greater transparency if the public is to have confidence that these systems work.

#### **4) Aboriginal rights.**

A long series of decisions by the Supreme Court of Canada over the last 30 years have developed a legal basis for Aboriginal consultation and the UN Declaration on the Rights of Indigenous Peoples calls for free, prior, and informed consent. Again, some new forestry acts include specific provisions relating to how forest managers need to take account of this. The New Brunswick *Crown Lands and Forests Act* does not have this.

#### **5) Diversification and value-added forest products.**

It is well understood that Canada should get more value (jobs and wealth) out of its timber. This is difficult to do and many observers put much of the blame on an industrial structure that is

dominated by producers of two ‘old-school’ products: construction timber and pulp and paper. New and revised forestry acts elsewhere are including measures that are specifically aimed at encouraging diversification and value-added within the forest products sector. In New Brunswick there is a requirement that forest managers must also transform wood. The objective of this was to keep processing jobs in the province. Most provinces had rules like this in their forestry acts, but these rules are now being abandoned. Current thinking is that it is better to have forests managed by governments or quasi-government agencies and let companies focus on transformation. This approach is seen as a way of encouraging innovation, both in forest management and in value-added forest products.

#### 6) **Private woodlots**

Private woodlots are an important part of the NB forestry sector, but are generally ignored in the *Crown Lands and Forests Act*, other than the proportional supply requirement. In practice, the proportional supply requirement has been systematically ignored since 2006. Proportionality was preceded by “primary source of supply”, which was abandoned in 1992. A new or revised *Act* should recognise that woodlots account for about 30% of the province’s timber supply and are the basis for the pricing system. The following quotes are from the Auditor General’s report:

*4.70 “The Minister, during the process of approving an operating plan under subsection (7), shall ensure that private woodlots are a source of wood supply consistent with the principles of (a) proportional supply, and (b) sustained yield.”*

*4.71 ....The Act defines proportional supply to mean “equitable sharing among the sources of wood supply identified in paragraph 29(5)(b) based on historic market share of supply to a wood processing facility”.*

### **Section 2 - The Auditor General’s Report**

The June 2015 Auditor General of New Brunswick audit of the Department of Natural Resources’ finances, covering 2009 to 2013, reveals that the province of New Brunswick has lost money on its Crown forest resource to the tune of \$7 to \$20 million for each of the last five years. The report finds that from 2009-2013, the Department of Natural Resources had losses totalling \$53.67 million from forest management operations. According to the Timber Utilization Survey, the Department sold approximately 12 million cords of wood in that period of time. (Volume taken from Timber Utilization Survey converted to cords at 2 cubic meters per cord.) The Auditor General, Kim MacPherson, attributed the annual forest deficit to the costly silviculture program (the planting, thinning, and tending of softwood trees, including spraying, to ensure the success of plantations) and recommended the Department use an economic payback model when spending taxpayer dollars on silviculture.

MacPherson recommended a drop in the **amount of clearcuts** on public forest, saying selective and partial cutting methods are recognized as the best management practices. She noted these harvesting methods also serve to protect waterways, wildlife habitat, and preserve a healthy

range of plant and animal life in the woods. MacPherson also recommended the Department make changes to its forest management standards if warranted by new scientific knowledge or analysis of past and current approaches.

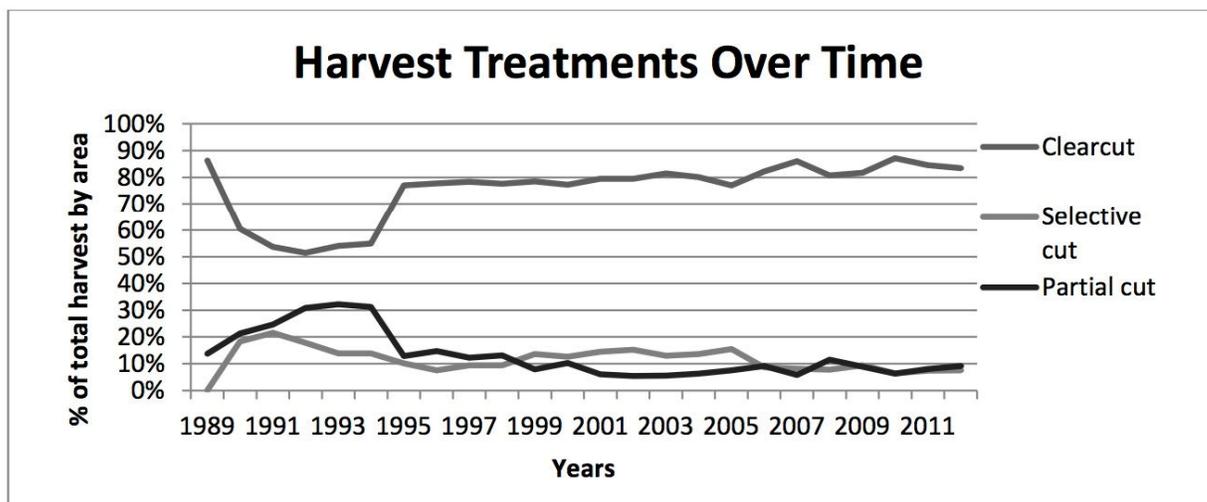
*3.91 Past forest management strategies have committed to “maintain the natural diversity and ecological characteristics of the Acadian Forest” and “maintain important stand structural and compositional characteristics of the Acadian forest”. This was also a recommendation made by the select committee on wood supply.*

*3.95 The “Report of the Task Force on Forest Diversity and Wood Supply (April 2008)” stated that “increased use of non-clearcut treatments favours regeneration and development of shade tolerant [hardwood] tree species”. They also stated that a high or increasing content of shade intolerant hardwood (red maple, white birch) and poplar species is inconsistent with the natural character of the Acadian forest.*

*3.96 Regeneration of shade tolerant hardwood species is important not only for ecological reasons and biodiversity, but also for the forest industry. Many mills use hardwood and there are many value added forest products that rely on high grade hardwood such as for flooring, furniture and tissue paper.*

As the following graph from the report illustrates, clearcut harvesting is consistently around 80% whereas for selective and partial cuts, there is a decline from 20% to roughly 10% in more recent years.

*Exhibit 3.9 - Harvest Treatments over Time*



*Source: Department harvest data (unaudited) graph prepared by AGNB*

With the provincial government currently reviewing the forest management plan established by the previous government in 2014, the extensive and detailed findings of the Auditor General's forestry report can serve as a guide for creating a stronger, healthier public forest that meets the needs of all New Brunswickers.

The Province has spent \$125 million over the last five fiscal years on **silviculture** with an additional \$22 million spent on the private land silviculture program for a total investment in our New Brunswick Forests over the last five years of approximately \$29 million per year. The report notes that the silviculture program provides "no direct benefit to province's finances." (Chapter 3, pg. 148)

*3.24...the Department has not acquired silviculture services with due regard for economy and efficiency...*

*3.25...the Department did not provide adequate direction and oversight of the silviculture program on Crown land.*

*3.158 We recommend the Department include the use of an economic payback model when analysing resource allocations for silviculture program activities.*

*3.159 We recommend the Department implement a previous recommendation made by the Select Committee on Wood Supply to commit to, on a five year basis, the level of silviculture funding deemed appropriate to achieve stated timber and non-timber objectives.*

*3.206 We recommend the Province adopt a more equitable cost sharing arrangement for silviculture work that recognizes the direct benefits realized by the forestry companies.*

*3.35 We found silviculture processes and decisions were driven by an apparent Department objective to support industry and economic development. For example:*

- standards have been changed to give licensees more operational flexibility such as relaxing the planting standards;*
- financial and process concessions have been granted to a licensee for which deficiencies were found during compliance monitoring; and*
- strategic direction has been delayed to allow government to find ways to help industry be more competitive.*

In regards to **management and oversight**, the report finds that:

*3.23 The Department fell short in fulfilling some of its related management and oversight responsibilities including not updating the forest management plans and agreements; failing to enforce compliance with treatment standards and not completing licensee performance evaluations, in addition to not keeping the public informed on the state of*

*the Province's forests and the impact of the Department's silviculture activities (Chapter 3, pg. 115).*

*3.85 ...In New Brunswick, silviculture standards and procedures for Crown land are contained within the Forest Management Manual. This manual is an interim document, which has never been finalized because the Department has not been able to get industry acceptance of the standards it contains...*

*3.26 ...There was a shortage of current summarized forestry data at the provincial level with which decision makers could evaluate alternatives and make informed decisions...*

Many recommendations concerning the Department's non-compliance and lack of oversight can be found on pages 139-144 of the report.

In regards to **transparency and accountability**, the report finds that

*3.30 ...We found the Department does not provide adequate accountability information to the Legislative Assembly and the public relating to the effectiveness of the program. We also noted a lack of clear financial accountability for how the funds are being spent, and what benefits will accrue to ensure adequate future timber supply.*

*3.198 In one of the 2007 forest management plans it was noted that these mitigation strategies were not sustainable and did not provide any new volume to maintain future harvest levels. They were artificially modified existing standards that resulted in an increase of 291 thousand cubic meters per year to the AAC. They were not the result of improvements from better forest regeneration or other improvements to the wood supply.*

*3.37 The Department has commissioned several reports and studies over the last ten years. Many of the recommendations made in these reports have not been adopted or responded to by the Department.*

### **On the value of our forest**

*3.39 New Brunswick forests have been the mainstay of the provincial economy for over a century, not only through forestry but also tourism, recreation, hunting and fishing. Our forests are an invaluable social, economic and environmental contributor to the quality of life enjoyed in New Brunswick and are our legacy for future generations. New Brunswick forests are one of our most valuable assets and they are critical to the current and future prosperity of the Province. It is important that they be managed and cared for properly... (Chapter 3, pg. 124)*

*3.44 Sustainable forest management means balancing the various socio-economic and environmental values and other nontimber objectives with timber objectives. "It requires an adaptive management approach that recognizes a forest's potential to sustain a range*

*of values to users and strives to find the best balance of uses based on relative benefit and impact.” (Chapter 3, pg. 125)*

*3.1 Forests are a cornerstone of the economic, environmental, and social foundation in New Brunswick. Forestry is a pillar of the New Brunswick economy... (Chapter 3, pg. 111)*

*3.2 ...The Crown forest is also our legacy to future generations to ensure they can benefit from a strong forestry sector and can continue to enjoy the natural beauty and diversity of our forests. (Chapter 3, pg. 111)*

*3.6 A survey undertaken in 2007 found “94% of NB residents visit forests during the year” and “over 95% of respondents participate in forest-related activities.” Clearly New Brunswick residents utilize and value forests of the Province. The survey found “environmental aspects remain the two most important values.” The two environmental aspects were: protection of water, air, and soils, and valuing forest as habitat for animal and plant life. Economic wealth and jobs ranked third. (Chapter 3, pg. 112)*

### **Section 3 - Additional Information**

Replacing the use of herbicides in Crown forest with thinning crews of people working in the woods, as Quebec has done since 2001, would ensure more jobs from our forest resource.

In New Brunswick, roughly 13,000 ha per-year of Crown forest are sprayed with herbicides in order to kill hardwoods and other plants that compete with planted seedlings. This will increase with the expansion of plantations prescribed by the 2014 Forest Strategy. At a cost of roughly \$1,000 per hectare, planting and herbicide spraying contribute to the annual forest deficit and prevent natural forests from regenerating.

In March, the World Health Organization's cancer body labelled glyphosates, which are sprayed on New Brunswick's Crown forests, as a "probable carcinogen."

MacPherson recommended the Department make changes to its forest management standards if warranted by new scientific knowledge or analysis of past and current approaches.

The following chart from the Auditor General’s report shows an increase in plantations from 12% to 20-25%.

## **Appendix IV - Forest Management Indicators (Updated to 2014 Forest Management Strategy)**

Key Forest Management Indicators	Last 5 Years	Short-Term Next 10 Years	Long-Term 40-60 Years
<b>Timber Objectives - (million m<sup>3</sup>/yr)</b>			
Spruce / Fir /Jack Pine	3.27	3.93	4.4 - 4.8
Hardwoods	1.81	1.81	1.6 - 1.7
<b>Harvest Fall-Out - (thousands m<sup>3</sup>/yr)</b>			
White Pine	127	140 - 170	120-160
Cedar	85	100 - 130	20 - 60
<b>Conservation Zones (thousands ha) (zones overlap)</b>			
- Protected Natural Areas	157		273
- Riparian and Wetland Buffers	364		301
- Deer Wintering Areas	266		141
- Other Old Forest Habitat Types	306		284
<b>Land Allocation (% of productive forest area)</b>			
Conservation Forest (accounting for overlapping zones)	30.2%		22.8%
Operationally Constrained Forest (steep slopes, too wet, etc.)	1.7%		6.5%
Area Prioritized for the Timber Objective	68.1%		70.8%
<b>Forest Condition (% of total Forest Area)</b>			
Plantations		12.0%	20-25%
Thinned Natural Regeneration		14.0%	10-15%
Natural Regeneration (less than 25 years since cutting)		12.0%	15-20%
Young Forest		22.4%	15-20%
Old Forest		36.6%	25-30%
Multi-Story Selective Cuttings		3.0%	3-5%
<b>Harvest Regime (% of annual harvest area)</b>			
Clearcut & Overstory Removal	81.9%	80.0%	65-75%
Partial Harvests	16.4%	16.3%	10-15%
Commercial Thinnings	1.7%	3.7%	15-20%

*Source: Department of Natural Resources*