Unlocking the Economic Potential *of* New Brunswick Crown Lands

The Crown Lands Network

Executive Summary

Forests are the backbone of the New Brunswick economy. Until now the pulp and paper industry and the wood products industry have been the focus of government policy and discussion about our forest economy. However, there are many other forms of economic activity which rely on our forests, including tourism, maple syrup production, and hunting and fishing. In 2002, tourism in our province brought in an estimated $1.2 billion, a significant portion of which likely results from New Brunswick's traditional images as "The Picture Province". In making decisions about our Crown lands and our forest economy it is imperative that a wider range of possibilities and scenarios be examined. Exploring value-adding opportunities, non-timber industries, potential markets for our products and potential price volatility cannot be ignored with regard to the future of forest-based industries in New Brunswick.

UNLOCKING THE ECONOMIC POTENTIAL OF NEW BRUNSWICK CROWN LANDS requires:

1) **Developing a future-oriented forest economic strategy for the forest products sector that:**
   - A) maintains the quality and viability of the forest and forest resources;
   - B) maximizes the economic benefits of our Crown lands to the people of this province through both employment levels and direct community investment ;
   - C) is based on the diversity of our forest resources and includes all forest products;
   - D) takes into account all of the forest values and benefits that are important to the citizens of the province (such as recreation, water quality, flood control).

2) **Establishing an economic strategy for non-timber forest products from Crown Land;**

3) **Amending the Crown Lands and Forest Act (1982) to allow for individual, co-tenure, First Nations and municipal licenses;**

4) **Establishing pilot projects to experiment with the different tenure types, partnering with marketing boards, First Nations, and municipalities as appropriate.**

Cover photos courtesy of Conservation Council of New Brunswick and www.taylorviolins.com

Table of contents

1.0: Introduction

In recent years there has been much debate over how Crown lands in New Brunswick should be managed. There seems to be a general consensus that there needs to be a balance between our use of forests for products and the conservation of healthy forest ecosystems. The debate remains as to the best ways to achieve that balance, in the best interest of New Brunswickers, present and future.

Our Crown lands have the ability to support a wide range of economic activities, from large industries to small, locally-owned businesses. Some of these businesses make direct use of wood, whether through lumber, pulp and paper, furniture making or flooring. Other businesses rely on the forests remaining intact, including maple-syrup production, nature-based tourism and non-timber forest products. The ideal solution to our current dilemma is finding a way for all of these businesses to coexist and getting the best economic value possible.

At the same time it must be remembered that our forests are not infinite. Use of the forests must be monitored carefully and precautions taken so as to not deplete our resources past the point of no return. Mistakes made now could, down the road, lead to environmental and economic turmoil. Care must be taken now to explore all the options available for Crown land use, so that everyone benefits. The future of our province relies upon making the best choices for our shared resource.

This report presents the results of an independent analysis of the socio-economic situation in New Brunswick. It is intended to inform and contribute to a balanced discussion about the real opportunities and strategies to diversify the forest products industry and provide a reasonable return to the people of New Brunswick and our forests from Crown land.

"With the forest industry just surviving in New Brunswick, we need to become known as a place for quality products that guarantee a maximum number of jobs/ha for our people."
- Gus Hargrove, Canadian Organic Maples

2.0: Background

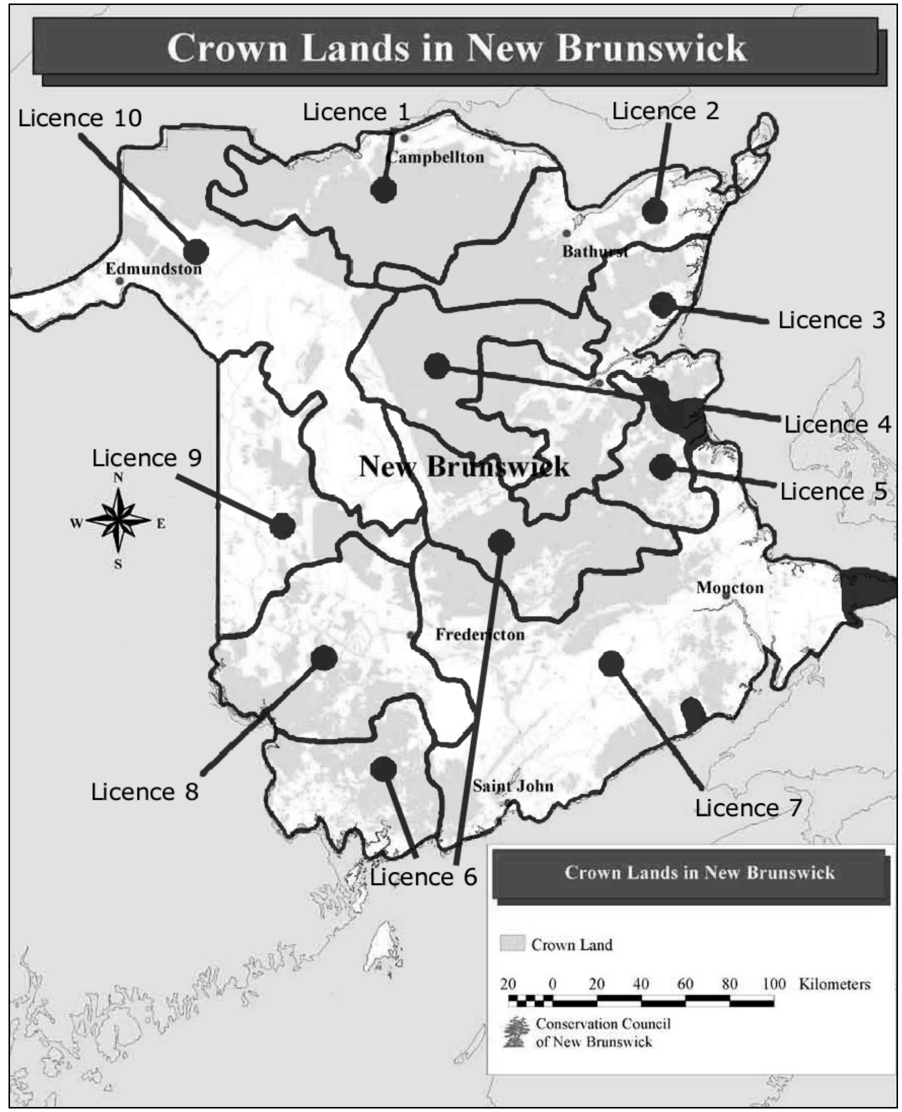
More than 85% of the land area of New Brunswick is forested. Half of this – more than 8 million acres of forest is Crown land, owned by the citizens of New Brunswick and managed on our behalf by the provincial government.

The government currently oversees the management of crown land by six forestry companies (licensees) who hold 25-year renewable leases on New Brunswick's Crown lands. This tenure gives the 6 licensees the right to harvest trees and generate profits for their shareholders.

New Brunswick's Crown Land Licensees

Licensee	License #	% of Crown Land	Area Managed (ha)	Origin of Company
J.D. Irving	6,7	32%	965,138	Saint John, NB
UPM Kymmene	2,3,4	30%	939,378	Helsinki, Finland
Nexfor Fraser	9,10	17%	534,014	Massachusetts, USA.
Bowater	1	14%	419,430	South Carolina, USA
St. Anne Nackawic	8	5%	155,550	New York, USA
Weyerhaeuser	5	2%	71,569	Florida, USA

Table 1: New Brunswick's Crown Land Licensees
Source: Seven Generations of Crown Lands Mismanagement, Falls Brook Centre, 2002



Map 1: Map showing Crown Land licensees
Source: New Brunswick Forest Products Association, Crown Lands Coalition

2.1: Jaakko Pöyry Report and the Select Committee on Wood Supply

In mid 2003 the All Party Select Committee on Wood Supply was established by government to hear from the people of New Brunswick on:

1. Opportunities and strategies arising from Jaakko Pöyry (JP) Report to increase the available wood supply from Crown lands in New Brunswick; and

2. Opportunities and strategies for the future direction of Crown land forest management.

Over 15 public hearings the committee heard from 200 presenters and received 80+ written briefs. The committee MLAs heard from an overwhelming number of presenters that they didn't support the recommendations of the JP report (some presentations can be viewed at www.forestsfornb.org, www.nosforetsnb.org). Some of the contentious recommendations made by the JP report were:

1. Establish a timber supply objective for each license area **that would be binding on the Government** and on the licensee.
2. The public should participate in **reviewing** the objectives of management for New Brunswick's Crown lands to provide a mandate for the direction and magnitude of change in forest management.
3. DNRE should **reduce overlap in management and oversight of Crown lands.**
4. **Special management zones** should be critically reviewed and where possible **additional harvesting permitted.**
5. The establishment of **plantations on 40%** of the Crown land area.
6. **Conservation values of private lands** should be taken into account when evaluating the need for set asides and special management on public lands

(Jaakko Pöyry Consulting 2002, *emphasis added*)

While the Select Committee hearings travelled the province, the New Brunswick Forest Products Association met with the Department of Natural Resources and the woodlot marketing boards, amongst others, to discuss their most recent proposal regarding Crown land - *Implementing a New Forest Resource Policy for New Brunswick: A Proposal to Government by the New Brunswick Forest Products Association*. The policy framework would:

- Establish timber objectives for Crown, Private, and Freehold land bases in NB
- Guarantee silviculture funding and allow industry to invest on Crown Land for their future benefit
- Redefine roles and responsibilities
- Establish a dispute resolution mechanism that utilizes "impartial adjudicators" and industry/non-industry representatives to address issues
- Concentrate on area-based management, presumably as a mechanism to increase harvest levels
- Establish legally binding forest management agreements
- Utilize a senior committee consisting of Department of Natural Resources, Department of the Environment and Local Government, Department of Finance, Business New Brunswick, Forest Industry and Woodlot Owner representatives to design and implement the proposed Forest Resource Policy.
- Be implemented by December 31, 2005 to allow for changes to 2007-2012 management planning by licensees

2.2: APEC Report

In late 2003 the Department of Natural Resources commissioned the Atlantic Provinces Economic Council (APEC) to study the economic impacts of implementing the Jaakko Pöyry report recommendations. With the assistance of the New Brunswick Forest Products Commission (advisory committee) the commission released "*The New Brunswick Forest Industry: The Potential Economic Impact of Proposals to Increase the Wood Supply*" (APEC 2004) in January 2004.

The economic study outlines the impacts of the forest industry now and into the future under the intensive forest management regime proposed by the Jaakko Pöyry report.

The APEC study reports that as a result of following the recommendations made in the Jaakko Pöyry report, there would be a growth (although not a sizeable one) in both employment and revenue in the forestry industry, compared to today's numbers, over the next 65 years. However, to reach this conclusion the report relied on very generous assumptions which may prove invalid when considered against the realities of the industry. For instance, the assumption that "increased output can be sold at constant real prices" fails to take into account market fluctuations, American protectionist measures, and a potential oversupply of product resulting from silviculture activities in southern countries. There is also general agreement that, with East European countries joining the European Union, massive amounts of partially exploited forests will become available to the European markets, thus diminishing opportunities for continued Canadian exports to Europe in the future.

The APEC report studies only one of the potentials for Crown Land use, while failing to consider other forms of management or the potential impacts the Jaakko Pöyry recommendations might have on other industries, such as non-timber forest products and tourism. Further, it fails to consider possible changes in demographics in the future. As a result, this report provides limited information upon which to make informed decisions, and makes clear the need for further study.

"The region of Restigouche does not survive from the revenues of multinational companies but from small and medium businesses that are doing value-added products. This could be the starting point for a change in the forest sector of NB."

- Clement Arpin,
Arpin cabinets & stairs - armoires & escaliers

Photos courtesy of Conservation Council of New Brunswick

3.0: Forest Management Trends

Across North America, the trend in forest management is toward balancing forest conservation with a wide range of forest product extraction. The National Forest Strategy defines targets under eight themes, including Ecosystem-based Management (managing Canada's natural forest using an ecosystem-based approach), and Forest Products Benefits (stimulate the diversification of markets, forest products and services and benefits – both timber and non-timber). Signatories to the associated Canada Forest Accord include governments, industry associations and non-government organizations (NFS 2002).

In Canada, a bold new initiative is leading a trend toward more cooperative efforts in the management of public forests. The Canadian Boreal Framework (www.borealcanada.ca), a cooperative initiative among large forest industries, conservation organizations and First Nations, has set a vision for the long-term ecological health of the Boreal forest, while still providing jobs and forest products. With increased community involvement, this type of framework could prove useful in the New Brunswick context.

3.1: Employment Trends in Relation to New Brunswick's Forest Industry

Employment is a major benefit that the public receives from its forest resource. Lantz and Kennedy (2003) found that the trend in forestry employment in New Brunswick, measured as the employment per thousand cubic metres harvested, is decreasing (*Figure* 2).

The negative trend in the employment/m^3 (EPM) can be attributed mainly to technology and the substitution of machines for staff. While this is a common trend in any manufacturing industry, research has shown that the forest industry of New Brunswick has a greater decreasing trend in EPM relative to all other regions in Canada except Nova Scotia, Prince Edward Island and Newfoundland together (Lantz and Kennedy 2003). This means that although we may be harvesting more wood in the future, we are not receiving as many jobs in return.

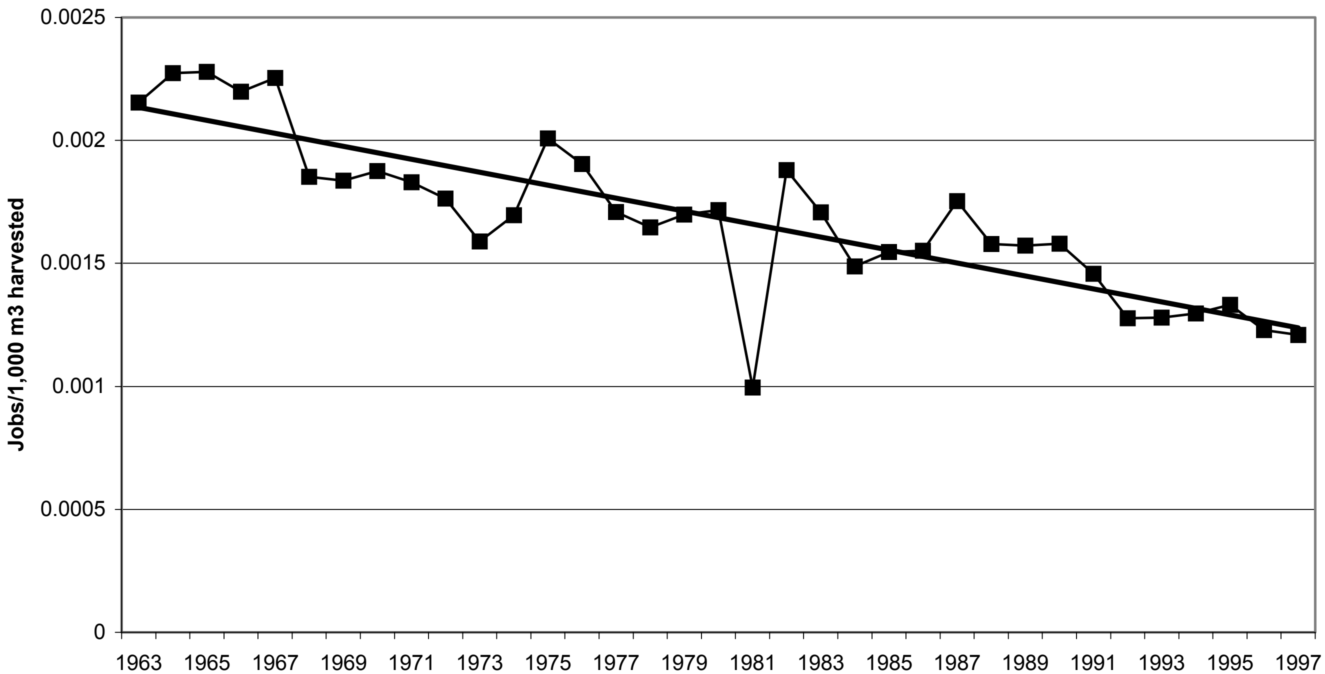


Figure 2. *Employment in the forest industry in New Brunswick (Lantz and Kennedy 2003).*

While the weighted value of employment, relative to harvest levels has been decreasing, there are certain sectors where employment is increasing (*Figure 3*). This would suggest that if Crown land management is to truly benefit the public, then investment should occur in those industries. Specifically, figure 3 indicates that the wood industries which include the secondary manufacturing of forest products can yield higher benefits to the public in terms of employment than the paper and allied industry.

In the 1970's, the pulp and paper industry was the largest employer of all forest industries. The situation has changed radically since then as a result of the mechanization of the pulp and paper industry, and declining prices for pulp on the world market.

In 2000, about 14,500 New Brunswickers were directly employed in the forest industry, accounting for only 3.5% of all provincial employment. This number had increased to 17,300 by 2002.

The wood products sector (structural wood products, veneer and plywood mills, flooring and furniture manufacturers) provides the largest source of employment within the forest industry with about 6,100 employees in 2000. In 2000, the pulp and paper-manufacturing sector (pulp, newsprint, corrugated cardboard manufacturers) provided 5,100 jobs while the forestry and logging sector (forest contractors, woods workers, forest nurseries) provided 3,300 jobs. By contrast, according to New Brunswick Tourism and Parks, there were more than 25,000 people employed in the tourism industry in 2000. Numerous other industries also provide more employment than forest industries (*see Figure 4*). These numbers should be kept in mind when considering the future uses of Crown land.

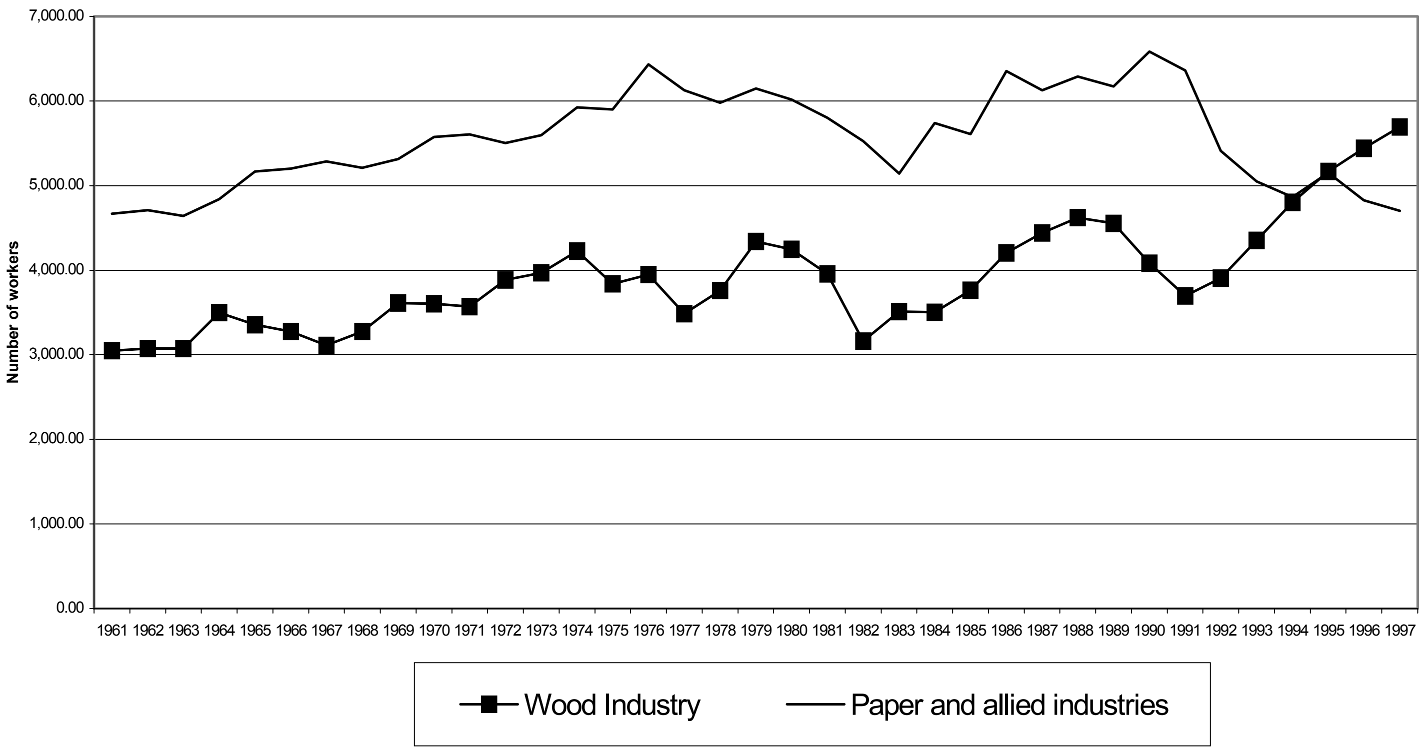
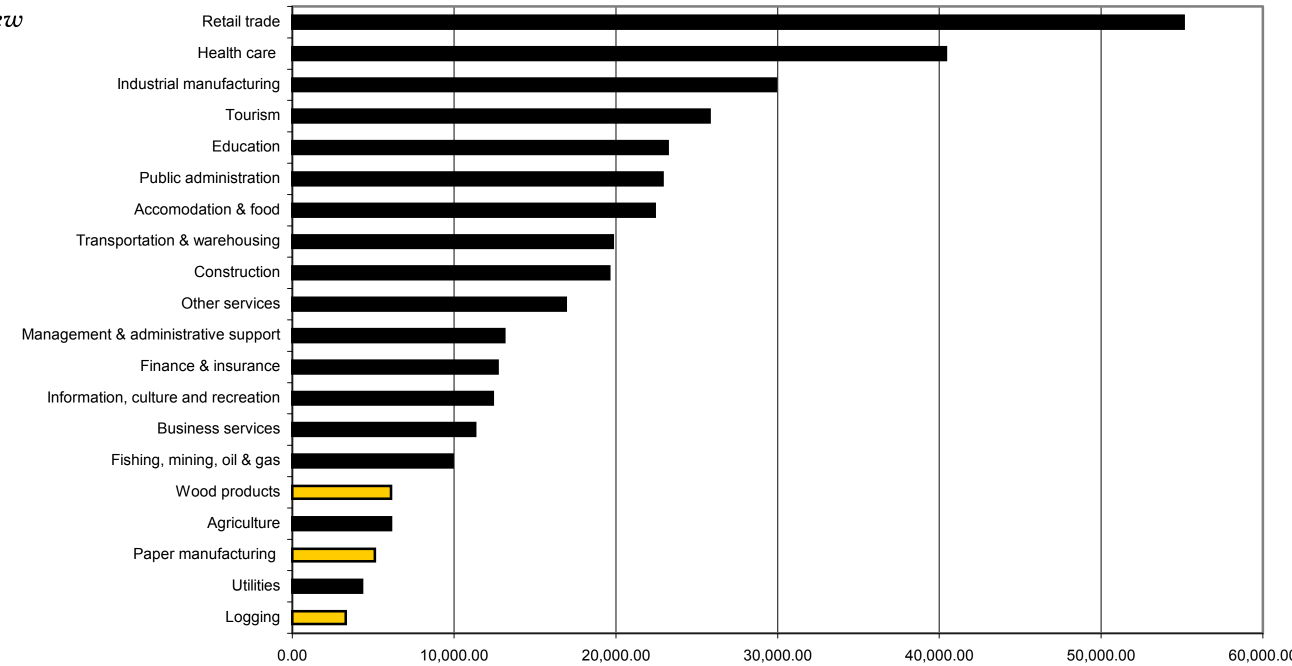


Figure 3. *Trends in workers in the Wood Industries vs. the Paper and Allied Industries (NRCAN 2002).*

Figure 4. Employment by Industry in New Brunswick (Statistics Canada)



3.2: Economic Trends in Relation to New Brunswick's Forest Industry

Another socio-economic trend that can be observed in the forest industry is the increasing disparity between wages and the overall shipment values of products. Producers in the New Brunswick forest industry are experiencing significantly increased levels of gross revenue while the proportional increase in total wages within the province has not occurred (*Figure 5*).

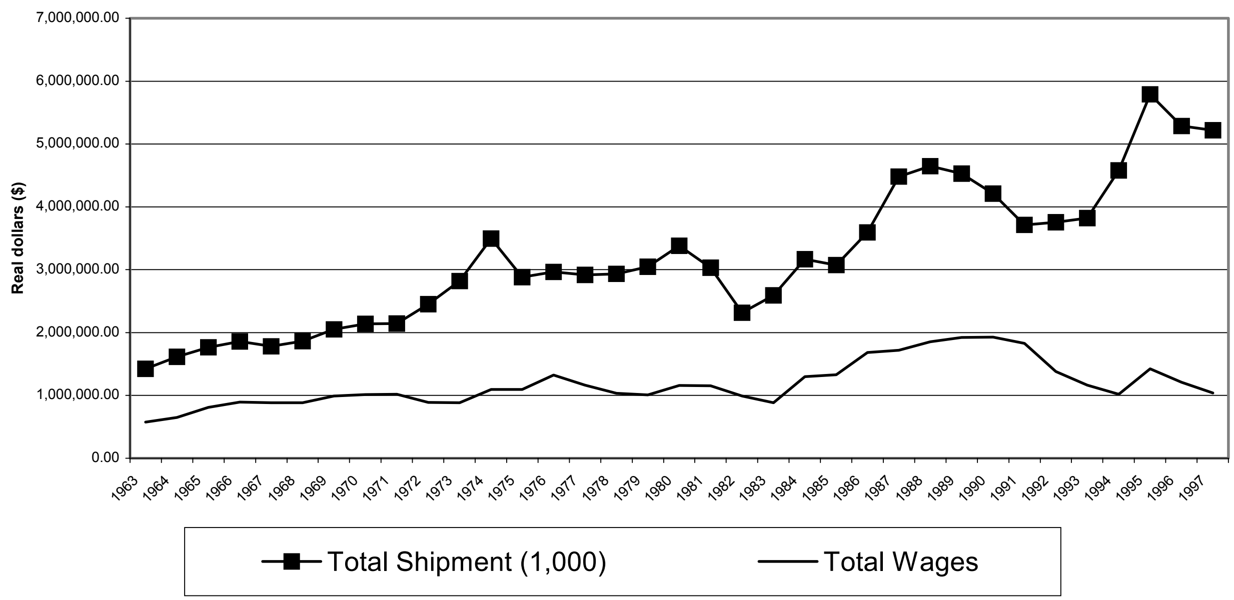


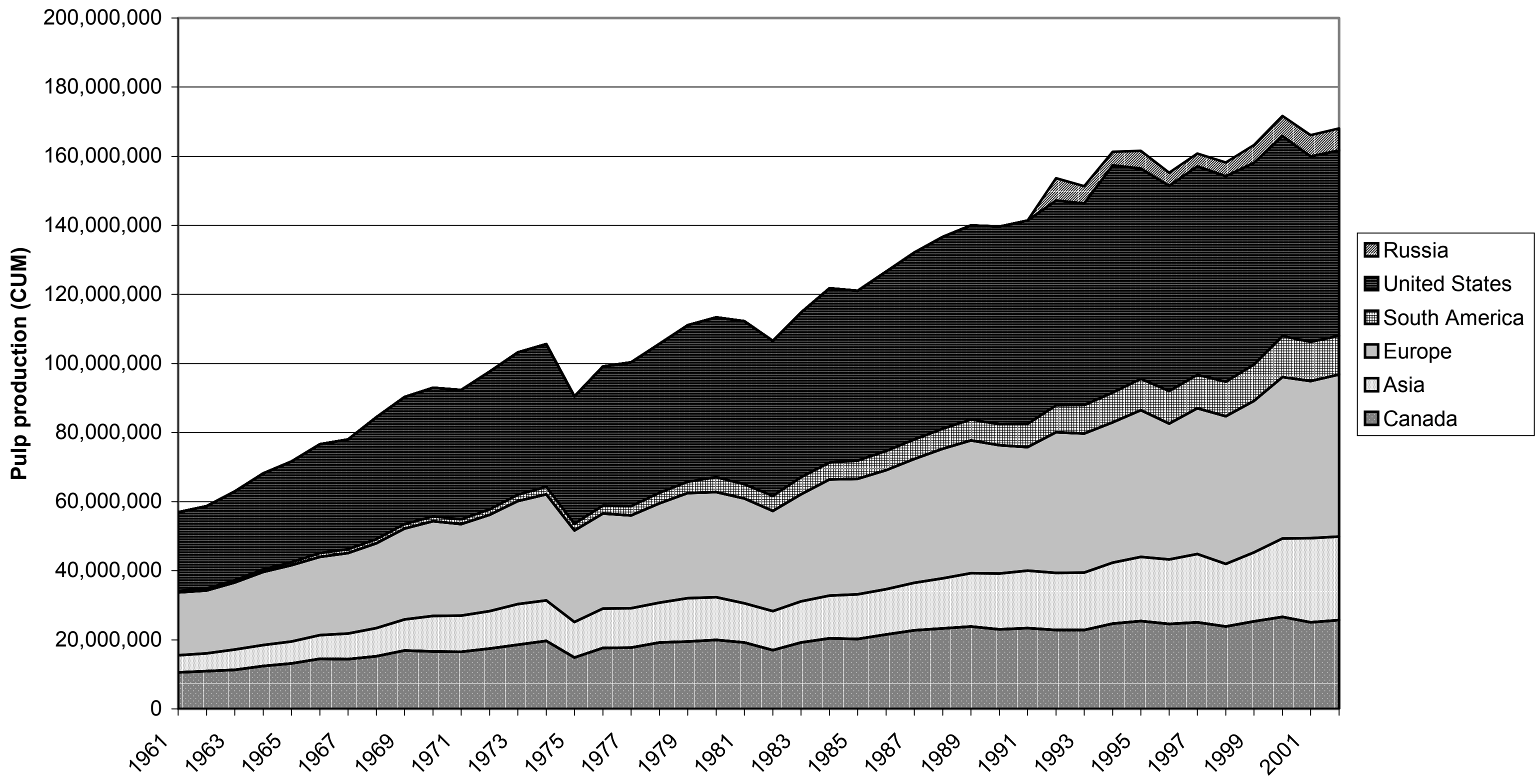
Figure 5. Total Shipment Values versus Total Wage values for the forest industry (NRCAN 2002).

3.3: Trends in World Pulpwood Markets

In the northern forest regions of the world, such as New Brunswick, a shift in industry is occurring as production costs increase, relative to competitors in southern regions, such as Brazil, Chile and Japan (Marchak 1995). In developing countries the ability to keep costs low is much easier, because of a lower standard of living and wages. These producers are considered to have a comparative advantage in the pulp and paper production sector.

As the global production of pulp and paper has increased over the years (Figure 6), Canada has remained at relatively stable production levels (Figure 7). Our overall percentage of world pulpwood production, compared to developing countries (ex. Afghanistan, Angola, Mali, Nepal etc. (United Nations 2004)) is decreasing drastically. (FAOSTAT 2004).

Figure 6. Pulpwood production levels from 90% of the worlds suppliers (FAOSTAT 2004).



Since the early 1990's there has been an increasing supply of pulpwood on the global markets, which has served to keep the relative prices stable, or decreasing. Declining world pulpwood prices could affect the profits of the provincial pulp and paper industry, and its viability. This may be a mid and long term environmental and economic blessing if longer rotations are promoted by lower demand for pulp.

"If there are no protected or pristine areas, we have no product to sell to our customers. No one is coming to look at a clear-cut or a plantation."
-Nancy Sears
Fundy Hiking and Nature Tours

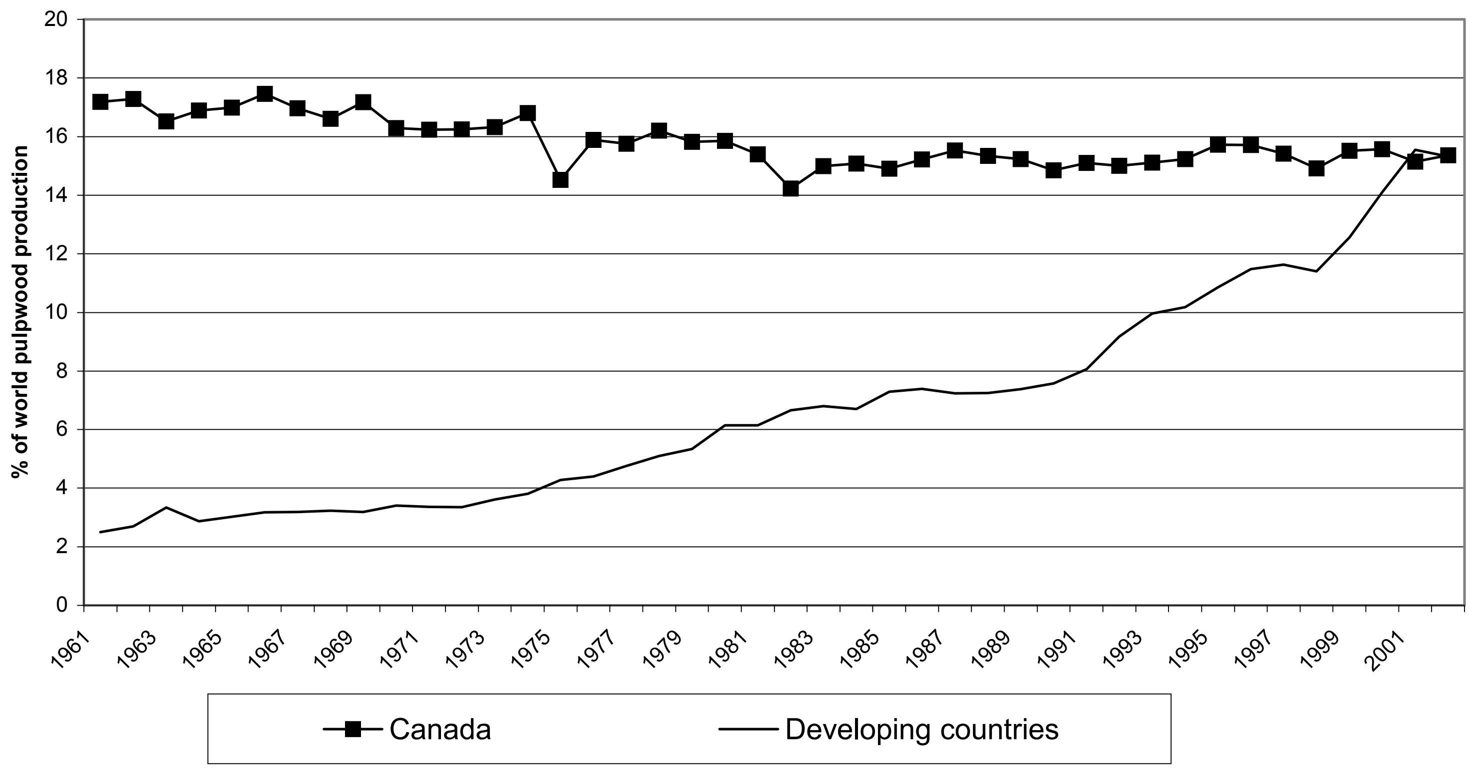
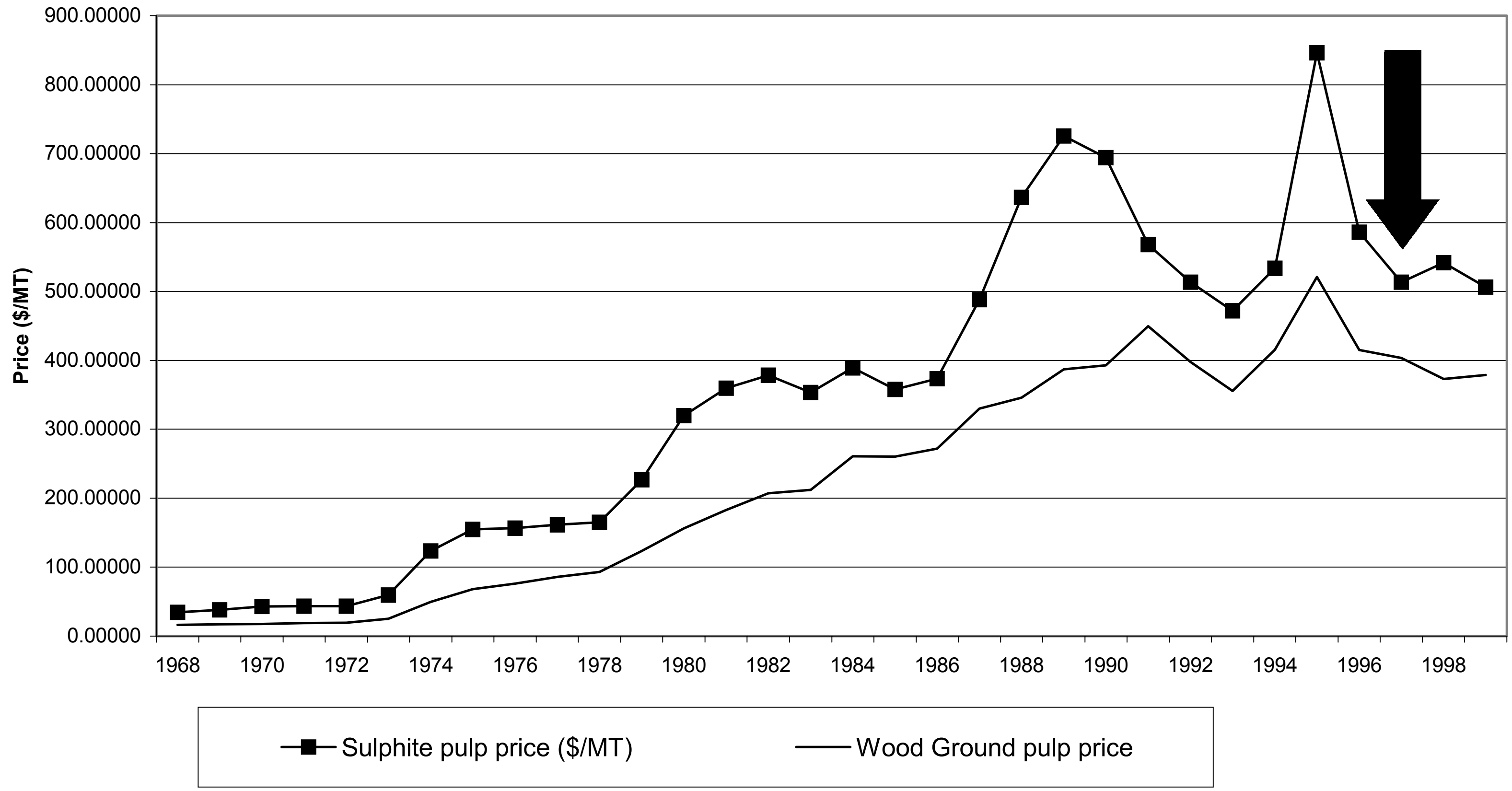


Figure 7 *. Percentage of world pulpwood production for Canada and the Developing Countries (FAOSTAT 2004).*

Figure 8. World pulpwood prices (FAOSTAT 2004).



3.4: The Lack of Success from Plantations

In the history of forest management in this country, as well in other countries such as New Zealand and Indonesia (Barbour and Kellogg 1990), forest plantation strategies have been employed in attempts to revive forest industries, with little success. There is increasing evidence that while plantation strategies have increased the level of fibre production, this has resulted in very little overall benefit to the regions where the strategy was employed. While these plantations are growing, markets have softened, leaving the regions with forest plantations that have little market value and still less non-market benefit. Similarly, plantation strategies have made environmental targets harder and more costly to reach, due to their extent and lack of proper structure for wildlife and vegetation objectives. Still further, plantations have been found by the public to be less appealing in terms of recreation opportunities, as people do not associate plantations with a natural forest landscape (Thompson 1995). The evidence is stacked against a plantation approach to achieving sustainability.

4.0: New Strategies for a Sustainable Forest-Based Economy

Other options need to be explored in order for our province to achieve the type of forests and forestry industries which suit us best. In terms of economics, there needs to be more of a focus on keeping production costs low, while still maintaining a quality product unlike any other. New Brunswick competes in a global market with over 60 other countries, that include thousands of other producers. We need to have a unique business strategy that maximizes the benefit to the public while still maintaining a competitive edge.

Socially there is a need to increase the knowledge and decision making power of communities located within a particular license. These are the communities that draw social, economic and environmental (recreation, aesthetics, quality of life) benefits from crown lands. These communities are invariably located within a geographic region (license) controlled by a non-domestic company where little of the decision making power lies in the hands of the community.

As a province, we need to look at new strategies, and we can begin with tenure reform, value-adding and non-timber forest products.

4.1: Tenure Reform

Controlling and being accountable for the management and operation of Crown land should be the responsibility of many sectors. Historically the forest industry has controlled the Crown resource in New Brunswick. There are, however, other management options which can enhance the benefits we receive from Crown Land use. Some of these options could involve tenure reform – separating the decisions regarding forest management from the product manufacturing side of the industry. The task of managing New Brunswick Crown land would be delegated to forestry professionals. Mills and other production facilities would rely on this supply, having no direct connection to the management regime. The government would be responsible for establishing objectives and ensuring consistency across the landscape.

4.1.1 Individual tenure

Crown land could be managed by individual license (permit, as allowed in the Crown Lands and Forest Act 1982) holders, whose leases cover relatively small areas – typically around 1000 hectares. The individual agreements follow basic common ground rules established by the government, and leave tenure holders free to develop and implement site specific management plans with respect to harvesting, stand improvements, ecotourism, recreation and non-timber forest products. Groups of adjacent tenure holders are encouraged to cooperate on marketing and other areas where economies of scale make sense.

4.1.2 Co-tenure

Local communities, government representatives and the forest industry could share Crown land management responsibility. The community partner and forest industry partner jointly apply to government for tenure rights to a given licence. Equal participation by the parties is involved in managing the resources and the sharing of management responsibilities. Harvesting methods are jointly determined based on the needs and concerns of the community(s) and forest industry partners.

Benefits of co-tenure include ensuring that the values and needs of the communities as well as those of the industry are built into management, and economic benefits are shared among the partners.

4.1.3 First Nations tenure

Aboriginal communities can create forest management plans and decision-making processes which respect and incorporate Aboriginal values, uses and traditional knowledge systems. This form of tenure provides opportunities for the

Aboriginal community to bring cultural values, production of traditional non-timber forest products and other specific values into forest management.

4.1.4 Municipal tenure

A municipal government holds tenure on a given section of crown forest, usually within or adjacent to municipal boundaries. In partnership with the provincial government, it develops and enforces a local Crown forest management plan which brings direct community benefits by creating local employment and training opportunities, supporting the development of non-timber and value-added enterprises, and recovering the highest possible value from the volumes harvested (Falls Brook Centre 2003).

Making the transition from one tenure regime to another requires a structured process, and above all clearly defined objectives. The path towards tenure reform balances the social and economic components of sustainability by redistributing resource control and accountability.

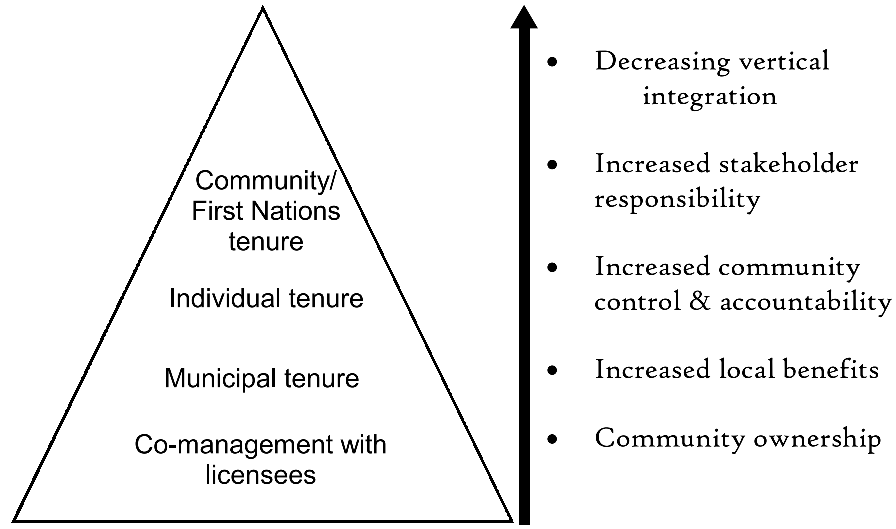


Figure 9. Relationship of control and accountability to different tenure systems
Source: Adapted from Betts 1994

4.2: The Importance of Value-Adding

When a tree is cut, all the processing that involves human efforts, tools, or machinery adds more value to the wood, creating a greater potential for local jobs and other economic opportunities. In some wood industries, like pulp and panel board production, the level of wood processing is relatively low and their demands for investments of capital and volumes of wood are high. Most of the economic return is going to large corporations while providing limited benefit to the local communities.

On the other hand, value-adding supports more jobs per unit of wood processed (jobs/1000m^3). Many small and medium businesses in New-Brunswick hire skilled workers for the manufacturing of high-quality products such as: fine furniture, canoes, and cabinets. All of these operations create a large number of jobs in relation to the relatively small quantity of wood that they use (jobs/1000m3). Their products are then sold to the national and international markets, but their operations stay local. This ensures that an important part of the revenues returns to the community where it can support the local economy. Value adding operations face many obstacles, not the least of which is control over the resource and lack of trained workers.

In addition, value-adding shouldn't only be thought of in terms of wood based forest products (furniture, crates, picnic tables), but also in terms of biodiversity and non-timber forest products (maple syrup, fiddleheads, medicinals). In *The Importance of Nature to Canadians - The Economic Significance of Nature-Related Activities* (Environment Canada, 2000) it was noted that in 1996, $116.4 million was spent in New Brunswick on outdoor activities in natural areas (sightseeing, photographing, picnicking, camping, swimming, climbing, horseback riding, cycling, off-road vehicle use, downhill skiing, cross country skiing, snowshoeing, snowmobiling, relaxing in the outdoors). A total of $208.2 million was spent in New Brunswick on all nature-related activities, which included $44 million on recreational fishing and

$32.6 million on hunting. The economic impact that resulted from this activity was a Gross Business Product of $292.1 million, a GDP of $193 million, government revenue from taxes of $61.4 million, personal income of $97.5 million, and 3840 jobs sustained.

Protecting the ecological integrity of New Brunswick's natural landscape will help maintain the existing economic activity, and provide opportunities for future economic development. A 1998 analysis of the American tourism market by the Canadian Tourism Commission found that the Baby Boomer generation will dominate the tourism market over the next decade. The travel needs and interests of this market will focus on experiences that are natural and authentic, especially as they relate to nature, heritage and culture. To successfully compete with other destinations in North America, New Brunswick and Canada will need to offer unspoiled experiences in undeveloped natural areas. The great outdoors is the key icon that international travelers associate with Canadian destinations.

Case Study 1: Arpin, cabinets & stairs - armoires & escaliers

Owner: Clément Arpin
Location: Kedgewick Nord, Restigouche County
Goal: Develop the Restigouche region into the centre of value-adding in Eastern North America
Products: Cabinets, moulding, doors, staircases, entertainment centres, fire place surrounds and mantles, bar & restaurant furniture, specialty items on request
Markets: New England states and Canada
Wood Supply: from Sub-licensees, imports specialty woods from outside the region on occasion
Species Utilized: Local maple, cherry, ash, birch, beech, oak
Grade: Low grade logs
Quantity: approx 1000m^3
# of Employees: 18 to 25
Jobs/1000m3: 18 to 25 jobs/1000m^3
Salary range: $9 - $30/hr
Revenue: $1.5 million in 2003
Issues/Barriers:

- Lack of trained workforce : training has to be provided by the company
- Inability to access high quality logs and veneers
- Poor forest management hinders their ability to expand
- Undervaluation of forestry and woodworking related jobs by the present school system, resulting in a lack of employable young people in the region.
- Require greater concentration of resources (investment) in smaller, entrepreneurial enterprises

"The region of Restigouche does not survive from the revenues of multinational companies but from small and medium businesses that are doing value-added products. This could be the starting point for a change in the forest sector of NB." - Clement Arpin

Case Study 2: Canadian Organic Maples

Owners: Gus and Sandra Hargrove
Location: Divide, Carleton County
Goal: Develop a world-class business based on a sustainable natural resource. Export value-added maple products world wide. Examine the potential of birch and other sustainable co-products. Create good local employment.
Products: Certified organic maple syrup, maple butter and granulated maple sugar
Wood Supply: Crown sugar bush licence
Size of lease (ha): 240
Species Utilized: sugar maple (99%) and red maple. Interest in birch
Grade: hardwood pulp
Quantity (sap, finished products): 135,000 lbs
# of Employees: 10 full-time
Jobs/ha: 10/240
Jobs/1000m3: .5 (40 jobs/1000m^3 over the life of a maple stand – 80 years)
Salary range: $23,000 to $40,000
Revenue: $450,000/yr
Issues/Barriers:

- Spraying on Crown land continually jeopardizes the operation. Building an organic industry difficult as a result
- Not many maple stands left on Crown land. The remainder shouldn't be cut for pulp value when there can be a significant future for maple syrup and for people to come and enjoy a maple area.
- There are so few areas in the world producing maple syrup, but there is a world market for a product that is distinctly Canadian

"With the forest industry just surviving in New Brunswick, we need to become known as a place for quality products that guarantee a maximum number of jobs/ha for our people." - Gus Hargrove, Canadian Organic Maples

The maple syrup industry in New Brunswick, a forest-based industry, helps support 300 maple syrup producers, with products valued around $10 million in bulk, $12-15 million when value-added products (packaging and maple products) are considered (New Brunswick Maple Syrup Association Inc, Infor, 2004). Non-timber forest products present many social and economic opportunities for New Brunswickers. Current research estimates that the NTFP industry in Canada could support 100,000 to 200,000 full-time jobs, mainly in rural areas and realize close to $600 million in annual revenues. This is merely the tip of the iceberg, but if we have any chance of realizing this potential in the future we must maintain and where possible enhance natural diversity in our forested ecosystems.

Case Study 3: Fundy Hiking and Nature Tours

Owner/Operator: Nancy Sears
Office location: St-Martins, New Brunswick
Goal: Provide environmentally responsible tourism that promotes the area's natural and human history in a sustainable fashion
Products: day excursion and multi-day tours around the Bay of Fundy and other regions of Canada.
Markets: tourists from the US and UK (4000 people from cruise ships into Saint John, 200 guest from elsewhere)
Resource use: need for pristine protected areas with basic infrastructure (trails, lookout, etc) suitable for hiking and wildlife viewing.
Number of employees: 1 full time, 2 part time and 25 seasonal jobs (20 of which are based in New Brunswick)
Salary range: 15-30$/hour plus tip
Revenue: $700,000
Indirect impact: In New-Brunswick, Fundy Hiking spend in excess of $250,000 on accommodations, food, gas, excursions (such as whale-watching, moose viewing, and kayaking) and vehicle rentals. What visitors spends on souvenirs is in addition to this.
Issues/Barriers:

- Restricted to Crown lands, Provincial or National Parks
- Harvesting methods that do not respect the ecotourism industry: harvesting practices on private or crown lands that leave no buffer zone on either side of trails
- ATV use of hiking trails

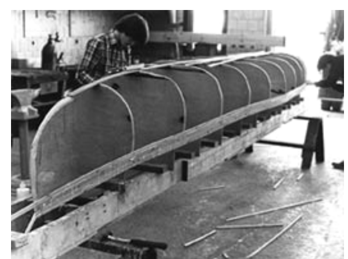
"If there are no protected or pristine areas, we have no product to sell to our customers. No one is coming to look at a clear-cut or a plantation."
-Nancy Sears


Present forest industry @ 2.3 jobs/1000m³


Sugar bush @
40 jobs/1000m³


Furniture and staircase manufacturing @
18 jobs/1000m³


Log home construction @
256 jobs/1000m³


Canoe building @
2658 jobs/1000m³


Future forest industry operating under JP report recommendations @
1.6 jobs/1000m³

Figure 10. *Value adding by forestry sector in New Brunswick. Jobs/1000m³ for various forest related industries*

5.0: The Transition Process: Tenure Reform and Value-Adding

Tenure reform and value-adding are two key components of a diverse forest industry in New Brunswick. Obviously the transition will not be easy. Striking a balance between interrelating ecological, social and economic aspects requires a considerable amount of time and personal effort. Ecologically the transition moves towards diversity: of tree species, and of ages of trees, and towards a management philosophy that takes the full living forest into consideration. Socially, it is towards an understanding by the people of New Brunswick of the importance of sustainable management of Crown lands they own, and toward a political will to demand that the Crown forest be managed for the benefit of its owners. Economically the transition is toward a broad and diverse forest economy, with revenues derived from many forest-based activities in addition to timber harvesting, and revenues retained much more within forest communities all over the province (Falls Brook Centre, 2003)

5.1: Bringing About Tenure Reform

The process for securing tenure control and subsequently being accountable for the resource can occur through numerous mechanisms. For an effective transition to occur, we must draw on our collective experience and skills to shift the control of Crown land away from the licensees towards locally controlled entities. To do so requires the following:

- **Dynamic leaders**
  - New Brunswick has many skilled individuals in the fields of economics, administration, and resource stewardship capable of instituting a balanced economic forest resource strategy
- **Use of local forest knowledge**
  - The vast amount of local knowledge forms the basis for responsible resource stewardship and managing for the future
- **Available and trained workforce**
  - Many New Brunswickers have traditionally relied on our natural resources for subsistence and income purposes. A trained and knowledgeable workforce will serve workers and companies well.
- **Professional and technical support**
  - This includes Certified Forest Technicians, Registered Professional Foresters (RPFs), woodlot owners, and others. Drawing upon their experience and that of others outside the region who have experience with tenure reform, value-adding and non-timber forest products can expand and revitalize the forest industry.
- **Local empowerment (control over resource)**
  - An effective process would see improved local control through one or a combination of individual tenure, native tenure, co-tenure and municipal tenure.
- **Defined objectives and action plan**
  - Employment objectives, promoting value-adding and initiating the tenure reform process are the first steps to moving forward
- **Broad stakeholder support and involvement in decision making**
  - Redistributing the benefits from the Crown resource will greatly enhance rural viability and the overall stability of the forest industry.
- **Ability to monitor progress**
  - The monitoring of forest operations and the implementation of management plans can be done through third-party certification, such as the Forest Stewardship Council, which relies on trained auditors to verify forests are well-managed and consumers are protecting the long-term social, ecological and economic values associated with forestry.
- **Revenue autonomy**
  - Redistributed Crown royalties would support communities, forest management, road building, and other social services we rely on at the local level
- **Entrepreneurial capacity**
  - Existing programs support entrepreneurial development and business establishment. Cooperatives and marketing boards have the potential to greatly enhance the economic base of private and public lands.
- **Diversified land base**
  - The region is also home to extensive agricultural farms, manufacturing and service industries. These industries will continue to provide valuable services to the forest industry.
- **Tenure security**
  - Securing access to the Crown resource is the basis for tenure reform and increased benefits to New Brunswick's communities.
- **Markets**
  - Value adding greatly enhances local economies, through increased employment, training, and processing. The diversification of the forest economy into Maple sugaries, fine furniture and ecotourism are just a few of the opportunities possible from locally controlled crown lands.

Source: Adapted from Betts 1994

5.2: Steps Forward for Value-Added Processing

To take advantage of value-added opportunities, communities will be faced with important challenges.

1) Active government support in policy and planning will be needed.
2) The access to wood supplies for the value-adding industry will need to be improved. Greater community control over forest resources would help to address this problem.
3) New value-added enterprises will need to learn about existing markets for their products.
4) Training programs to create a skilled wood-related work force will need to be set up.
5) Funding and access to low-interest loans will be critical in the development of a healthy value-added industry. Financial support could be provided through partnerships between governments, environmental organizations, and funding agencies, through ending the current tax breaks and deferments for large forestry companies, and through increasing the royalties to reflect the real cost of growing timber.

It is possible for the government of New Brunswick to encourage value-added industries in forest-based communities. And the payoffs will be numerous since value-adding industries can definitively contribute to economic, social and environmental sustainability.

5.3: Stakeholder Participation

The successful reform of Crown land tenure and the implementation of a value-added quality agenda not only relies on a clear process, but also a clear understanding of the role people and agencies play. Such a transition would involve various groups each of which would play an important role in the transition. Some basic responsibilities for each would be:

- **Forest Professionals**: with the most experience in forest management in the province, forest managers have the expertise necessary to support the wood business.
- **Non-governmental organizations**: provide advice and support with respect to tenure reform, resource stewardship, and enthusiasm towards forestry practices and management that truly supports New Brunswickers natural and human communities
- **Citizens**: help define the important values associated with Crown land and the economic, social and ecological objectives that are most desirable
- **Unions**: understand workers and their role in the forest industry. They possess a sense of responsibility and understanding of the issues
- **Government**: Have experience administering the system and overseeing Crown land activities. Programs exist to support individuals and communities establish viable businesses and help a balanced economic forest strategy
- **Community Economic Development initiatives**: Support business development, entrepreneurship, market development and business related aspects of a reformed forest industry.
- **Institutions**: The University of New Brunswick (Faculty of Forestry and Environmental Management) and Université de Moncton have vast forest research experience that over the years has supported forest management in New Brunswick. Expanding their role and incorporating other faculties/research chairs (Environment and Sustainable Development Research Group, UNB; K.C. Irving Chair in Sustainable Development, University of Moncton) will enhance the support offered by these institutions.
- **Researchers**: Provide an important link to the larger picture

6.0: Conclusion

The Jaakko Pöyry and APEC reports present a perspective of the future based on a pulp and paper dominated industry. At their most optimistic, the two reports show an industry just barely keeping its head above water over the next sixty years. Another interpretation of the report is that they show an industry that will be declining in its relative importance to the New Brunswick economy, compared to today. Either way, by focusing Crown land management on just one of the many forest-based sectors, we may remove options to support many other existing businesses and jobs. That is not the way to economic prosperity.

A different path can still be taken – one which uses a diverse forest base to support a range of economic endeavours.

The forests need to be managed in such a fashion as to provide the maximum possible economic benefits, including jobs, while at the same time conserving healthy forest ecosystems. Our economic future depends upon the decisions we make now – the right path will allow us and future generations to take best advantage of the wide range of opportunities provided by Crown lands.

7.0: Recommendations

In order to UNLOCK THE ECONOMIC POTENTIAL OF NEW BRUNSWICK CROWN LANDS we call on the government of New Brunswick to:

1) **Develop a future-oriented forest economic strategy for the forest products sector that:**
   A) maintains the quality and viability of the forest and forest resources;
   B) maximizes the economic benefits of our Crown lands to the people of this province through both employment levels and direct community investment ;
   C) is based on the diversity of our forest resources and includes all forest products;
   D) takes into account all of the forest values and benefits that are important to the citizens of the province (such as recreation, water quality, flood control).

2) **Establish an economic strategy for non-timber forest products from Crown Land;**

3) **Amend the Crown Lands and Forest Act (1982) to allow for individual, co-tenure, First Nations and municipal licenses;**

4) **Establish pilot projects to experiment with the different tenure types, partnering with marketing boards, First Nations, and municipalities as appropriate.**

Conventional Forestry	Sustainable Forestry
• Maximizes profit	• Builds assets and long-term economic health
• Simplifies forest and outputs	• Restores forest complexity
• Manages for a single product	• Manages for multiple products
• Emphasizes quantity of production	• Emphasizes quality of production
• Reduces standing timber inventory	• Sustains long-term forest yields
• Reduces native biodiversity	• Supports native biodiversity
• “Environment” is a cost	• “Environment” is a benefit

Table 2: Sustainable forestry supports human and natural communities
Source: www.iisaak.com. Adapted with permission from Michael Jenkins, Forest Trends

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