



NEW BRUNSWICK FORESTRY SUMMIT

Our Forest Industry

Fundamentals for Future Competitiveness

Our Forest Industry | Fundamentals for Future Competitiveness

2010.12

Province of New Brunswick
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ISBN 978-1-55471-303-5

CNB 7732

Summit event photos courtesy of MDS Photography

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Purpose

In *Putting New Brunswick First*, Premier David Alward committed to hold a summit of forestry stakeholders in the fall of 2010 to address the critical issues facing our forest sector and begin the work to put us on the path to renew and strengthen an important sector of our economy. On November 19, 2010, the Department of Natural Resources hosted a one-day Forestry Summit in Fredericton, New Brunswick.

In hosting this Summit, government brought together more than 100 representatives from First Nations, stakeholder groups, industry, government and non-governmental organizations for meaningful dialogue on the critical issues facing today's forest sector and to identify the fundamentals for success in the future. The discussions on the key issues and next steps at the Summit brought forward a number of fruitful ideas to renew and strengthen the forest sector and will help government lay the groundwork for our strategy going forward.

A strong forest industry is essential to fostering job creation and economic growth in our province and government is committed to putting this industry back on track after several difficult years of business closures and weak export markets.

In the last decade, a number of reports and consultations have been undertaken, directed at the use of our forests for economic, social and environmental needs. These include the Jaakko Pöyry report in 2002 and the Select Committee on Wood Supply that was chaired by York North MLA Kirk MacDonald in 2004. The work of the legislative committee led to the creation of the New Brunswick Task Force on Forest Diversity and Wood Supply, or the Erdle Task Force as it is also known. We also had the report by Don Roberts and Peter Woodbridge on future opportunities for the forest products industry in New Brunswick. The Roberts/Woodbridge report showed us what opportunities best match up with our capabilities.



The Erdle Task Force report led to the adoption of a long-term management strategy for Crown forests that balances ecological, environmental and economic priorities; and will help guide the development of the next Crown Forest Management Plan that will come into effect in 2012. The Summit was an innovative approach to identify the fundamentals for a successful and competitive industry; and to position the forest sector to address the challenges it is facing going forward.

The following report provides an overview of the importance of the forest sector to the New Brunswick economy, the current state of the industry, a high-level summary of the issues raised during the Summit and the government's actions to respond to key recommendations identified at the Summit. A complete compilation of the presentations made at the Summit and written submissions received during the post-Summit process are available on the Forestry Summit web page at www.gnb.ca/naturalresources.



Forest Industry Today

New Brunswick has in the order of six million hectares of forest land. Approximately 50% is Crown land, 30% private woodlots and 20% industrial freehold. Integrated management of this land provides major opportunities for New Brunswick in terms of economic growth, recreational activities and sustainability. Balancing these resource components is a key challenge for government. On Crown land and to a lesser extent private land, government and DNR policies drive land use and have the ability to provide maximum “balanced benefits” and value from our forests to New Brunswickers. According to the 2008 Atlantic Provinces Economic Council (APEC) report entitled *The New Brunswick Forest Industry: The Potential Economic Impact of Proposals to Increase the Wood Supply*, “New Brunswick in particular has the most forest intensive economy of any province in Canada.”

The production of timber forest products has been the cornerstone of the New Brunswick economy for decades and has been key to providing direct and indirect employment and wealth to our province and in particular in rural and northern areas of the province. Historically, the forest sector has provided higher paying jobs than any other employment in New Brunswick and has attracted major investment into the province. Table 1 shows direct and indirect jobs from New Brunswick’s forest sector in 2008.

Table 1 | Forestry Employment in New Brunswick (2008)

Industry	2008 output (\$millions)	Direct Jobs	Indirect Jobs	Total Jobs
Forestry and Logging	424.5	2,002.7	1,756.8	3,759.5
Support Activities	51.5	617.1	70.9	688.1
Wood Product Manufacturing	778.7	2,503.8	3,158.6	5,662.4
Paper Manufacturing	1,574.0	5,060.9	5,5045.5	10,106.4
Total	2,828.7	10,184.6	10,031.8	20,216.3

Source: *Business New Brunswick, Economic Impact of the Forestry Industry presentation, May 26, 2010.*

Forestry is still a big contributor to our economy and a major source of employment but not to the degree it was just a few years ago. In 2001, forest operations, including the manufacturing of primary wood and pulp and paper, accounted for 9.9% of New Brunswick’s real Gross Domestic Product (GDP); in 2009, the value was at 4.7% (Business New Brunswick, *Economic Impact of the Forestry Industry* presentation, May 26, 2010). There have also been considerable changes in the number and types of mills in New Brunswick as illustrated in Table 2.

Table 2 | Mill Representation by Type

Year	Total	Mill Type				
		Pulp & Paper	Sawmills	Fibreboard	Panel	Wood Pellet
2005	76	9	64	1	2	0
2006	69	8	58	1	2	0
2007	64	8	54	1	1	0
2008	52	6	44	1	0	1
2009	47	6	39	1	0	1

Source: *Department of Natural Resources, Timber Utilization Study, 2009.*

Table 3 illustrates the reduction in forestry real GDP in New Brunswick between 2006 and 2009 by industry. The total reduction in forestry real GDP during the three-year period was 35.5%.

According to the 2008 Roberts report, “between 2004 and 2007, the value of New Brunswick’s forest products manufacturing output dropped by an estimated \$1.2 billion – from a peak of \$4.2 billion in 2004 to \$3 billion by 2007. This was caused directly by a loss of global competitiveness which triggered numerous mill shutdowns” (Roberts, 2008).



Table 3 | Forestry Real GDP in New Brunswick

Industry	2006	2008	2009	2006-09 % change
Forestry and Logging	273	187.2	156.2	-42.8
Support Activities	56.1	39.4	38.8	-30.8
Wood Products Manufacturing	446.3	282.5	268.6	-39.8
Paper Manufacturing	639.4	484.3	449.6	-29.7
Total	1414.8	993.4	913.2	-35.5

Source: *Business New Brunswick, Economic Impact of the Forestry Industry presentation, May 26, 2010.*

Government and the residents of New Brunswick have been greatly impacted. In 2003, the Department of Natural Resources collected almost \$60 million in timber royalties; in 2009, the timber royalties were just over \$25 million. This results in a \$35 million reduction in provincial tax revenue for services and programs for New Brunswickers.

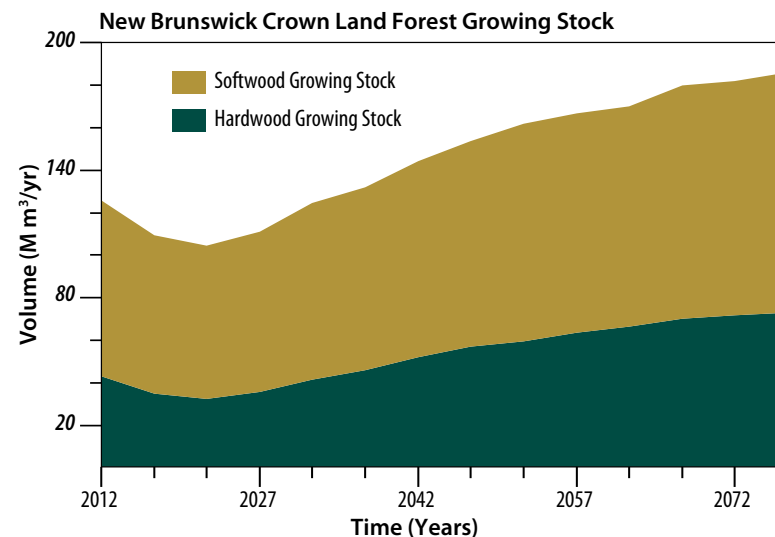
The downturn in the forest sector is complex and many challenges and variables influence its recovery and competitiveness. Operational productivity, investment, energy costs, a competitive wood supply and quality labor force are all areas that may provide opportunities for improvement from the forest industry perspective (APEC, 2008). The recession, the impact of the high Canadian dollar on exports, the downturn in the United States housing market and competing pulp sources in southern continents only exacerbate the complexity of the challenge. In the future, the New Brunswick forest sector will face major challenges and capacity issues around human resource needs, due to the province’s demographics and its aging population.

The future wood supply for New Brunswick’s Crown forest is very encouraging. Silviculture investments over the years mean the amount of available wood fibre will increase significantly in future years. With further silviculture investments on both Crown and private lands, the future outlook for wood supply in New Brunswick can be further enhanced.

Today’s wood supply is limited by the current state of our forest. The amount of merchantable timber on Crown land will reach a long predicted low point over the next ten years. Managing through this low point will be critical to all aspects of the forest sector.

While forestry is still an important sector of New Brunswick’s economy, there is no doubt that the impact of the past decade has been significant. The current context requires that the province, as a whole, work through the various challenges to identify strategies to transform the forest sector in the long run. Figure 1 illustrates the predicted volume of merchantable wood on NB Crown land over time.

Figure 1 | Volume of merchantable wood on NB Crown land over time



The discussion of challenges and possible solutions below reflects some general trends that are occurring in the forest sector, both provincially and beyond.



What Was Said

The principal objective of the Summit was to bring key stakeholders together for meaningful dialogue on the critical issues facing today's forest sector and to identify the fundamentals for future competitiveness. The Summit included both presentations from forest sector experts and round table discussions from participants (the Summit Agenda is found in Appendix A).

Summit Presentations

The following section summarizes the presentations made by the forest sector experts at the Summit, all of which may be found on the Forestry Summit web page at www.gnb.ca/naturalresources.

Next Generation Forest Industry: Pathways to the Future

— *Paul Landsbergen*

Paul Landsbergen, Association Secretary and Director of Energy, Economics and Climate Change of the Forest Products Association of Canada (FPAC), delivered a presentation outlining some of the challenges faced by the forest industry. Mr. Landsbergen suggested a four-pronged strategy to respond to the changing competitive landscape; including, 1) enhancing our competitiveness, 2) diversifying markets, 3) capitalizing on our green credentials and 4) maximizing value extraction. He also outlined current research into biochemical, biomaterial and bio-energy opportunities for the forest industry and suggested that the New Brunswick forest industry should expand its view of products to include higher value, niche market elements.

Sustainable Development, Forestry and Energy

— *Dr. Yves Gagnon*

Dr. Yves Gagnon, K.C. Irving Chair in Sustainable Development of the Université de Moncton, presented ways to give value to the forest sector, in the context of sustainable development and climate change. Dr. Gagnon gave several examples of innovation in the forest sector including AV Nackawic's conversion of a kraft pulp mill to a dissolving pulp mill to create a higher value product and Groupe Savoie's optimal use of hardwood fibre into value-added products. Dr. Gagnon suggested that the forest sector is in a "transformative phase change". He stressed the importance of innovation in the forest sector including

the value of wood as a prime architectural material and the potential of wood biomass as a new, large scale source of renewable energy for power generation.

New Brunswick Federation of Woodlot Owners

Forestry Summit Statement

— *Andrew Clark*

The presentation of Andrew Clark, President of the New Brunswick Federation of Woodlot Owners Inc., focused on challenges faced by the New Brunswick private woodlot sector. Mr. Clark suggested that the biggest issue for the private woodlot sector has been a means to sell annual allowable cut from woodlots. He also outlined that the woodlot sector is interested in silviculture, certification, new markets and general forest management issues. As a recommendation to address the challenges faced by the private woodlot sector, Mr. Clark proposed that government consolidate and re-write the current legislation relating to forestry in New Brunswick under a new and all encompassing, integrated *Forestry Act*, and review the Crown tenure system.

Thoughts on Transforming the Forest Sector in New Brunswick

— *Don Roberts*

Don Roberts, Vice Chairman and Managing Director for CIBC World Markets Inc., spoke of opportunities for transforming the New Brunswick forest sector. He suggested that in moving forward New Brunswick should focus on four key recommendations:

- Crown and private timber supply be increased through enhanced productivity, improved forest management and commercial programs for private woodlot owners.
- NB forest industry should aim to become a net exporter of electricity into the grid through the application of green energy technologies.
- NB wood products producers should explore the market opportunities outlined in the *2008 Future Opportunities for the Forest Products Industry in New Brunswick* report through a series of well-organized industry visits to key markets in the United States.



- A joint industry/government initiative should be undertaken to build analytical capacity in NB's forest sector, with an emphasis on market and strategic issues.

Mr. Roberts closed his presentation by encouraging New Brunswick to take action.

Summit Participant Discussion

In advance of the Summit, participants were asked to identify the top five issues and opportunities facing New Brunswick's forest sector. The results of this survey identified the following top five issues:

- Crown and private land timber supply
- Innovation
- Timber objectives
- Forest productivity
- Value-added production

Due to time constraints, participants were asked to review the top three issues and to identify challenges and solutions.

At the conclusion of the day, Summit participants were also asked to recommend possible next steps and an email address, Forestrysummitsommetsurlaforesterie@gnb.ca, was setup for participants to further provide input into the process.

The following section summarizes the potential solutions for the top three key issues identified by Forestry Summit participants during the course of the day.

- **Participant Viewpoints on Issue 1:**

Crown and Private Land Timber Supply

Participants made a number of suggestions to address issues regarding the supply of wood from Crown and private land. These include a continued pursuit of improved market access to find a balance of wood supply between Crown and private land; a collaborative approach between government and stakeholders in revisiting the Crown Lands and Forests Act; increasing the competitiveness of the private woodlot sector through certification and cost efficiency. Many other potential solutions were brought forward in candid discussion during the Summit.

- **Participant Viewpoints on Issue 2: Innovation**

When discussing the key issue of Innovation, Forestry Summit participants made several suggestions to increase the level of innovation in the New Brunswick forest sector. These included: timely access to capital to have funds available; support for training and development for a stronger skilled and qualified workforce; taxation models; investment in research and development; focus on non-traditional markets; partnerships and collaboration to help finance innovation projects.

- **Participant Viewpoints on Issue 3: Timber Objectives**

While discussing the key issue of Timber Objectives, participants recommended the following: that government appoint an economic / timber champion; that timber objectives for both Crown and private land be defined, including sustainable quality and quantity objectives for each species (softwood and hardwood); that the competitiveness of the private woodlot sector be addressed by putting conditions in place such as certification programs; that the silviculture program for productive woodlots be diversified to ensure use for low-quality wood and a larger proportion of high-quality wood is managed.

For a complete list of all potential solutions identified during the Forestry Summit see Appendix C.

Possible Next Steps

When asked to identify possible next steps in moving forward following the Forestry Summit, participants suggested: a quick follow-up to the Summit establishing an economic mandate for New Brunswick's forest sector by government; increasing the competitiveness of the private woodlot sector; focusing on innovation; reviewing current legislation and policies that relate to the forest sector; building of trust and relationships through a consultative process; finally setting of timber objectives for both Crown and private land as well as for softwood and hardwood species.

For a complete list of all possible next steps identified during the Forestry Summit see Appendix D.



Our Response

Government has reviewed the outcomes from the Summit and has identified the following actions to create a healthy and vibrant New Brunswick forest sector going forward. These actions have been identified to respond to the key issues identified at the Summit and are interdependent to the way forward.

Action 1: Private Timber Supply

- **Create Objectives for Private Land Wood Sales**
DNR will facilitate discussions between industry and the New Brunswick Federation of Woodlot Owners with the mandate to develop clear objectives for private wood sales and develop meaningful mechanisms to achieve agreed upon target sales levels.

Action 2: Timber Objectives

- **Establish a Crown Land Task Force**
The Minister of Natural Resources will establish a Task Force to define timber objectives for New Brunswick Crown land. The Crown Land Task Force will be established by end of January 2011 and will make its recommendations to government by July 1, 2011. The first step of this Task Force will be to collaboratively define a common understanding of what timber objectives mean and quantify a timber objective.
- **Establish a Private Land Task Force**
The Minister of Natural Resources will establish a Task Force to review and establish timber objectives for private lands in New Brunswick. The Private Land Task Force will focus on timber objectives that provide stable and predictable wood supply from the private wood lot sector that is supported by the private land silviculture program. The Private Land Task Force will be established by end of January 2011 and will make its recommendations to government by December 31, 2011. The first step of this Task Force will be to collaboratively define a common understanding of what timber objectives mean.

Action 3: Innovation

- **Innovation Assessment Scan**
DNR in collaboration with Business New Brunswick will undertake an innovation assessment to review innovation in other jurisdictions. This review will investigate both process and technical opportunities that exist outside of New Brunswick.
- **Identify Areas for Industry Transition**
DNR in collaboration with Business New Brunswick will also review the current state of New Brunswick's forest sector and will identify future areas of transition. Some examples of potential opportunities for innovation include: the use of wood pellets in government buildings and the exploration of new technologies. DNR will collaborate with the departments of Business New Brunswick and Supply and Services and the forest sector stakeholders to develop a "Wood First" policy. The provincial government is committed to encouraging the greater use of New Brunswick wood in provincial buildings to support wood producers.
- **Pilot Alternative Silviculture Treatments**
DNR will be more flexible in supporting innovative approaches to silviculture by approving silviculture funding to pilot alternative treatments on Crown and private land.

Action 4: Economic Opportunities

- **Review of New Brunswick Forest Management Approach**
In response to Don Roberts' recommendations, DNR will review the province's forest management approach over the next six months with the intention of improving the economic return on government's investment in forestry. This will involve ways to reduce costs and generate additional revenue for taxpayers.

Government feels there are key fundamental elements to a healthy and vibrant New Brunswick forest sector going into the future. In addition to the identified recommendations, DNR is committed to identifying and setting targets and objectives for many of these key elements that fall within our area of responsibility.





Concluding Remarks

The November 19, 2010, New Brunswick Forestry Summit marked the first time that such a large group of key players came together to discuss the issues facing forestry today in New Brunswick. The forest sector is critical to providing wealth and employment to New Brunswickers.

As a government, we are committed to getting this important industry back on track after a number of difficult years of business closures and weak export markets. We recognize the need to renew and strengthen this sector of our economy. The purpose of the Summit was to bring key stakeholders together for meaningful dialogue on the critical issues facing today's forest sector and to identify the fundamentals for future success.

Many good ideas were put forward during the one-day Summit and government is committed to delivering on the actions identified in this report. We are committed to continuing the dialogue with the participants and other interested forest sector stakeholders of the Summit to ensure the fundamentals are in place for future competitiveness.



Appendix A: Summit Agenda

New Brunswick Forestry Summit

New Brunswick's Forest Industry: Fundamentals for Future Competitiveness

Fredericton NB, November 19, 2010, Fredericton Inn, Royal Stewart Room

Agenda

8:00 am	Registration, Meet and Greet	Foyer, Royal Stewart Room
8:30 am	Welcome and Opening Remarks	Hon. Bruce Northrup
	Setting the Stage	Terry Fearon, Facilitator
	The next generation forest industry: Pathways to the future	Paul Landsbergen, Forest Products Association of Canada
	Perspectives on the Forest Industry	Dr. Yves Gagnon, Université de Moncton
	Point of View of Private Woodlot Owners	Andrew Clark, NB Federation of Woodlot Owners
10:00 am	Health Break	Royal Stewart Room
	Identifying Challenges and Finding Solutions	All Participants
12:00	Lunch	Royal Stewart Room
1:00 pm	Thoughts on Rejuvenating the NB Forest Sector	Don Roberts, CIBC World Markets Inc
	Identifying Challenges and Finding Solutions	All Participants
3:00 pm	Health Break	Royal Stewart Room
	What we heard	Terry Fearon, Facilitator
	Next steps	All Participants
4:30 pm	Closing Remarks	Hon. Bruce Northrup



Appendix B: List of Participants

Alain Bossé, *Groupe Savoie inc.*
Alain Landry,
North Shore Forest Products Marketing Board
Amanda Khan, *Natural Resources*
André Charon,
Atlantic Canada Opportunities Agency
Andrew Clark,
NB Federation of Woodlot Owners
Bill Levesque, *Business New Brunswick*
Blake Brunson, *J.D. Irving Ltd.*
Bob Pinette, *J.D. Irving Ltd.*
Brian Trenholm, *Devon Lumber Co.*
Byron James, *Post-Secondary Education,
Training and Labour*
Cecelia Brooks, *St. Mary's First Nation*
Chris Norfolk, *Natural Resources*
Claude Pelletier,
Madawaska Forest Products Marketing Board
Dale Clark,
NB Trappers and Fur Harvesters Federation
Dale Gormley, *D&D Holding*
Dale Graham, *MLA, Carleton*
Daniel Anderson,
Miramichi Lumber Products Inc.
David Campbell, *Jupia Consultants Inc.*
David Coon, *Conservation Council of NB*
David Palmer, *York-Sunbury-Charlotte
Forest Products Marketing Board*
Denis Caron,
Regional Development Corporation
Denis Landry, *MLA,
Centre-Péninsule-Saint-Sauveur*
Derek MacFarlane, *Canadian Forest Services*
Don Floyd, *University of New Brunswick*
Don Roberts, *CIBC World Markets Inc.*

Donnie Crabbe, *H.J. Crabbe & Sons Ltd.*
Doug Holt, *Energy*
Drew English, *Weyerhaeuser Company Ltd.*
Duane Woods, *Chaleur Sawmills Associates*
Elizabeth Weir, *Efficiency NB*
Eugene Gould, *West-Wood Manufacturing Ltd.*
Frank Vandenborre,
Ashmore Ltd. / Marwood Ltd.
Fred Harvey, *Miramichi Wreath Company*
Gary Jochelman, *Business New Brunswick*
Gerard Robichaud,
Gérard Robichaud & Associé Inc.
Glen Agnew, *G. Agnew Lumber*
Gordon Dickie, *Shaw Resources*
Hon. Bruce Northrup,
Minister of Natural Resources
Hon. David Alward, *Premier*
Hon. Paul Robichaud,
Minister of Economic Development
Jacques Cormier, *Delco Forest Products Ltd.*
James D. Irving, *J.D. Irving Ltd.*
Janet Higgins, *Natural Resources*
Jean Claude Savoie, *Groupe Savoie Inc.*
Jean Goguen, *Goguen Lumber*
Jean-Marie Binot, *Université de Moncton*
Jeffrey Sode, *Flakeboard Co. Ltd.*
Jennifer Landry, *Natural Resources*
Jim Richard, *Business New Brunswick*
John Flynn, *Enterprise Network*
John McQuaid, *Executive Assistant
to the Minister of Natural Resources*
Ken Hardie, *NB Federation of Woodlot Owners*
Kevin Forgrave, *Northumberland County
Forest Products Marketing Board*

Kevin Jewett, *AV Group*
Kevin Topolnisky, *Acadian Timber Corp.*
Lesley Chenier-Aussant, *Natural Resources*
Liane MacFarlane, *Executive Council Office*
Linda Gould McDonald,
NB Forest Products Commission
Lise Ouelette,
Conseil de gestion des forêts publiques
Luc Ouellet, *Acadian Timber Corp.*
Marcel Maillet, *South East NB
Forest Products Marketing Board*
Marie-Josée Groulx, *Communications NB*
Mark Arsenault,
NB Forest Products Association
Mary Keith, *J.D. Irving Ltd.*
Mike Allen,
Member of Parliament (Tobique-Mactaquac)
Mike Sullivan, *Natural Resources*
Nick Paul, *St. Mary's First Nation*
Nowlen Augustine, *Councillor for Elsipogtog*
Øystein Øyehaug,
Fornebu Lumber Company Inc.
Pam Folkins, *Southern NB
Forest Products Marketing Board*
Paul Lansbergen,
Forest Products Association of Canada
Paul Leahey, *Professional Outfitter
Guide Association of NB*
Paul McKinley, *Twin Rivers Paper Co.*
Paul Orser, *Natural Resources*
Peter Bassett, *Efficiency NB*
Phil LePage, *Natural Resources*
Pierre LaPointe, *FPIInnovations*
Rino LeClerc, *Maple Syrup Company*

Robert Fawcett,
South Central NB Forestry Working Group
Robert Richie,
Coopérative du Nord-Ouest du N.-B.
Roberta Clowater,
Canadian Parks and Wilderness Society
Roger Roy, *Université de Moncton*
Ronnie Gillespie, *W & R Gillespie Ltd.*
Senator Percy Mockler, *Senate of Canada*
Shankar Ray, *AV Group*
Simon Mitchel, *Meduxnekeag River Association*
Stephen Crabbe, *SWP Industries Inc.*
Steve Benteau, *Communications NB*
Stuart Gilby, *Negotiator and Legal Council,
Assembly of First Nation Chiefs*
Terry Noble, *Twin Rivers Paper Co.*
Thom Erdle, *University of New Brunswick*
Tim Beaulieu, *Fornebu Lumber Company Inc.*
Tim Fox, *Carleton-Victoria
Forest Products Marketing Board*
Tim Gillett,
Union of Municipalities of New Brunswick
Tim Paul, *St. Mary's First Nation*
Tom Beckley, *University of New Brunswick*
Tom MacFarlane, *Natural Resources*
Troy Lifford, *MLA, Fredericton-Nashwaaksis*
Yves Gagnon, *Université de Moncton*
Yvon Poitras, *NB Maple Syrup Association*

**100 participants in
attendance at the
Forestry Summit!**



Appendix C: Potential Solutions

November 19, 2010, Forestry Summit
Compilation of Potential Solutions by Issue

Issue 1: Crown and Private Land Timber Supply

Crown and Private Supply

- Equitable Market Access and guarantee of supply.
- Continue to pursue the Equitable Market Access process.
- Agreements in place that allow everybody to deliver on targets (Equitable Market Access, and private woodlot owners have tools to deliver on contracts).
- Need specific goals to improve volume and quality and have better balance between Crown and private lands.
- Improve balance between Crown and private while staying competitive.
- Secure supply from Crown lands.
- DNR to have economic and timber objectives.
- *Integrated regional plans targeted to current and potential markets to include all species.

Policy and Legislation

- Revisit policies that favor Crown over private supply.
- Need for broader perspective on global issues, macroeconomics, and climate change.
- Establish and adhere to a policy that encourages effective balance between Crown and private.
- Forest product efficiency transportation policy.

- Equitable Market Access policy.
- *Need to set out the [*Crown Lands and Forests*] Act together.

Private Woodlot Sector Competitiveness

- To be able to be more productive by investments in equipment at competitive bank rates.
- Forest product and transport efficiency.
- Rebuilding private woodlot sector.
- Aggregating certification on private woodlots.
- Mills being more flexible in contracts (time period & other parameters).

Process

- Need to be timely in finding solutions.
- *Reduce red tape / accountability.

Other

- Re-examination of older industries.
- *Silviculture investment: need to reduce level of investment, need to do it better and leaner, reduce cost, not just a make-work project.
- Longer term contracts.

Issue 2: Innovation

Access to Capital

- Timely access to funds available to generate new ideas.
- Look at taxation models to leave more funds in hands of industry to invest.
- Easier access to funds to do necessary research.

Business Strategies

- Help reorganization for small and medium size businesses.
- Common metrics to evaluate economic, social and environmental.
- Evaluate viability of products and processes (consider biomass options).

Efficiencies

- Make process profitable by reducing costs to access crown timber.
- Evaluate process and improve efficiencies.

Partnerships and Collaboration

- Partnerships, joint ventures, clustering with larger partners.
- Partnerships through value chain (eg: shared services model).
- More cooperative programs to help finance innovation projects.
- More inclusion from forest sector representatives from broader swath of those interested in forest sector.
- Need to broaden the group to include different perspectives and think outside the box.
- *Structure or a process (facilitated by government) to allow reps from different parts of forest sector (industry, NGOs, new partners and First Nations) to discuss synergies, new ideas and solve problems.

Research and Development

- *Invest in skilled people and best practices through pilot projects and research.
- Increased funding for research and development from new partners.



- *Identify viability of new products being produced here (for example, biomass markets considering environment, costs of biomass removal and transportation).
- *Raise priority / awareness of new products that are deemed viable; determine how to reduce cost of converting.

Other

- Outcome based innovation objectives.
- Develop a mechanism to link innovation to policy in a more rapid manner, both for energy and wood supply considerations.
- Establish wood supply reserve.
- Need to build the willingness, credit folks for being innovative.
- Energy efficiencies and clear renewable energy policy.
- Re-look at whole forestry system to make forestry viable for the future.
- Encourage innovation, i.e. "Wood First".
- Mandate from government to support green initiatives.

Issue 3: Timber Objectives

Champion Appointment

- Appoint an economic champion at DNR.
- Need a timber champion for Crown land.
- DNR appoint a leader to create vision and make decision on objectives.
- Commitment to policies and programs.
- Need a representative for all values to come up with meaningful solution within next six months to define objectives.

Define Timber Objectives for Crown and Private Land

- Set timber objective within three months.
- Set sustainable objectives for each species.
- Volume based objectives.
- Softwood and hardwood strategy – DNR.
- In the long-term manage Crown for higher hardwood component.
- Triple the wood supply growth rate.
- Need to have quality objectives in addition to volume objectives.
- Set clear objectives.
- Clearly defined objective for Crown and private, must be sustainable (Forest and industry).
- Need for durable, sustainable objectives for all species on all NB lands. Means to reach potential.
- Develop tools to analyze the trade-offs.
- *Timber quality objective.
- *Better modeling.
- *Not going to entice investment if there is no future by continuing to reduce the Annual Allowable Cut (AAC).

Private Woodlot Competitiveness

- Incentives to put land into production (woodlots).
- Need to create conditions for productive woodlot sector (need to address markets).
- More purchase of private wood in short term.
- More systems to facilitate certification on the private woodlot supply side.
- Need incentive for certification and management and we need a vision for long term investment.

Silviculture

- Diversify silviculture funding for new types of silviculture.
- More education, communication for intensive silviculture.
- Tools: Silviculture - policy and agreements to make it all happen.
- Diversify silviculture program to include more than planting and thinning.
- *More robust tree improvement program.

Wood Quality – Best End Use

- Find a use for low quality wood.
- Need to manage for greater share of high quality wood.

Other

- Zoning strategy – zones for intensive silviculture and conservation.
- Return on investment: legal binding agreement needed between Crown and the users.
- Using best management practices from both local and global sources.
- Longer time cycle for Crown management planning (possibly 10 year periods).
- Markets are connected to timber objectives (need a place to sell timber grown).
- Need to put in place evaluation systems based on results.
- *Re-think tenure.
- *Tie to economic objective (GDP).

**Information supplemented by flipchart notes*



Appendix D: Possible Next Steps

November 19, 2010 Forestry Summit

Possible Next Steps

Follow Up

- Put together what we heard, send to everyone. Don't let it sit on a shelf.
- This meeting cannot be a one-off, should have a quarterly plenary sessions.
- Independent champion within three months with a third party.
- Appoint a champion immediately (within one month).
- Government should lead by action and appoint a task force within three months to develop vision and action plan to produce best end-results for Crown lands. Appointed by the Premier and chaired by the Minister of Natural Resources.
- Strike a task force within 90 days to make recommendations to grow more wood on public and private land (include more innovative ideas over recreation).
- Develop high level multi sector taskforce.
- Timely progress reports back to stakeholders.

Economic Environment

- DNR to make Crown land more productive and attractive to investments.
- DNR has a clear mandate to define and measure objectives to gauge economic performance.
- Within 90 days establish economic mandate for DNR – derive four billion dollars from public and private forests.
- Create an environment to achieve positive cash flows from Crown lands.

- Must look at costs of wood.
- How do we grow more wood/more value on public land/private = social economic = jobs

Crown and Private Supply

- Continue to improve Equitable Market Access process and ensure adherence by all parties.
- Finalize and simplify Equitable Market Access process.
- Increase competitiveness of private woodlots.
- Clarity in mandate of marketing boards.
- Need to resolve pricing and market place issues.
- Solve issues surrounding inefficiencies in current marketing system including tenure discussion.
- Need a process to get private woodlots certified.
- Create incentive such that private wood supply stays in NB.
- Come with competitive solution for balance between Crown and private lands.
- Align objectives between Crown and private supply without upsetting the softwood lumber agreement pertaining to Atlantic provinces.

Innovation

- Focus on innovation (non-timber products and timber products) and look at potential future markets.
- Funding program with matching from government and private sector to stimulate innovation.

- Need to start thinking out of the box as we can't go backwards.
- Pilot projects...eg: wood biomass – based generating system, look at project attached to other facilities, Bowater Mill in Liverpool, Nova Scotia.
- Support for training and education.
- Develop skilled and qualified workforce.

Policy and Legislation

- Examine other jurisdictions with respect to practices.
- Government to develop a White Paper on a new Forest Strategy by spring incorporating Forestry Summit input and come back together (Summit participants) with broader participation (more environmental representation) for review and discussion, and action.
- Need to review current [*Crown Lands and Forests*] Act and structure.
- Four year objective for completed policy reform.
- Review policy for timber supply within two years.
- Establish Forestry Accord (vision) with clearly defined broad/flexible objectives that are sustainable (competitive/economic/environment/cutting/social) and are achieved within a fast timeline through established mechanisms (metrics – Balanced Scorecard).
- Come to agreement over broad, flexible and sustainable (social, cultural, economic, and ecological) objectives.



Appendix E: Participant Survey

- Opportunity for Crown lands to be managed as special operations agency, run like a business— profitable, return to taxpayers, seek balance between all users of the forest, board of directors representing all interests.

Trust Issues / Public and Stakeholder Participation

- Need to address problem of lack of trust.
- Need to establish a process (committee) to address distrust across stakeholders.
- Confidence - relationships.
- Accelerate dialogue between stakeholders and rightholders.
- Government to take the lead with consultation immediately.
- Need to make information transparent (what is the situation here).
- Develop an ongoing public participation process.

Wood Supply

- Establish timber objective – softwood and hardwood.
- Timber supply objective required immediately.
- Long term objective for softwood and hardwood.
- Seek out next-wave opportunities and have Crown ready to support those with access to fiber.
- Set a timber objective for Crown and private land within six months.
- Align objectives—Crown/private.

November 19th New Brunswick Forestry Summit

New Brunswick's Forest Industry: *Fundamentals for Future Competitiveness*

To help focus our discussions on the key issues facing today's forest sector, we are asking participants to provide feedback on the key competitive issues facing New Brunswick's forest sector.

From the list below, please identify the top five opportunities or issues in the forest sector. Come prepared to share potential solutions.

Please return your completed form by email no later than November 10, 2010 to Annie-Josée Graveline by email: annie-josee.graveline@gnb.ca or by fax : (506) 453-7407

- Competitiveness - Issues and Opportunities
- Access to capital
- Biomass policies
- Crown and private land timber supply
- Energy efficiencies
- Equitable market access
- Forest certification
- Forest productivity
- Industry energy policy
- Industry energy rates
- Innovation
- Markets
- Operational productivity
- Overhead costs (Crown / Private)
- Royalty rates
- Silviculture objectives
- Timber objectives
- Transportation policies to reduce trucking costs Value added production
- Other



Appendix F: Presenters Information



Paul Lansbergen
*Association Secretary,
Director (Energy, Economics and Climate Change),
Forest Products Association of Canada*

Mr. Lansbergen has two degrees in economics. In January 1995, he started on Parliament Hill as a political advisor. In October 1998, he moved to the Canadian Fertilizer Institute (CFI) as Manager of Communications. During his tenure at CFI, Paul was the lead author of the Institute's white paper on climate change and was instrumental in advancing the Institute's tax policy positions.

Mr. Lansbergen joined the Forest Products Association of Canada (FPAC) in February 2002 as Director of Taxation and Business Issues, and was appointed Association Secretary later in the same year. Since joining FPAC, some of Paul's contributions include securing federal tax policy changes related to bioenergy and playing an integral role in climate change negotiations with the federal government. Paul's role at FPAC changed in the fall of 2008 and he is now focused more exclusively on energy and climate change issues.

Mr. Lansbergen has made countless presentations related to the forest products industry and has participated on two advisory committees and a standards development technical committee.

In his spare time, Mr. Lansbergen volunteers with the Canadian Breast Cancer Foundation CIBC Run for the Cure and plays among the trees at his cottage.



Yves Gagnon
*Sustainability, Energy and the Forest Sector
Professor,
K.C. Irving Chair in Sustainable Development
Université de Moncton*

Dr. Yves Gagnon is a professor and holds the K.C. Irving Chair in Sustainable Development at the Université de Moncton, along with being Adjunct Professor of Mechanical Engineering at UNB, UNBSJ and the École de technologie supérieure (Montréal). Prior to that, Dr. Gagnon held the position of Visiting Executive at the Natural Sciences and Engineering Research Council (NSERC) of Canada, he was founding President and CEO of the New Brunswick Innovation Foundation and he was Associate Vice-President of Research and Dean of the Faculty of Graduate Studies and Research at the Université de Moncton.

Regularly solicited as an external expert, he is actively involved in committees, organizations and Board of Directors devoted to technological advancement, the development of knowledge and public policies, and economic and community development.





Andrew Clark
President,
**New Brunswick Federation of
Woodlot Owners Inc.**

Ten years ago, Andrew Clark left beef and potato farming at Simonds (north of Hartland) and went back to full time harvest contracting. Previous to his adventures in agriculture, Andrew had two skidders contracted to the Flemming and Gibson sawmill. He started contracting to Flemming and Gibson after graduating from Maritime Forest Ranger School in 1972. With the return to full time woods work Andrew decided that he wanted to do more than straight “clear cut harvest, with its focus on cutting the most wood in shortest time, at least cost” scenario.

Mr. Clark offers woodlot owners, throughout central Carleton County on the upper St. John River Valley, an alternative to conventional clearcut harvesting that offers the woodlot owner maximum stumpage and little else. His philosophy is to harvest in a manner that leaves the woodlot with a stocking of good quality trees at a spacing that allows good growth potential. This approach provides moderate stumpage return on the first harvest and increasingly valuable stumpage potential in the future as good quality trees mature. Clark’s contracting business serves woodlots in essentially three ecodistricts: Brighton, Meductic and Nackawic.



Don Roberts
Vice Chairman and Managing Director,
CIBC World Markets Inc.

Don Roberts is a Vice Chairman and Managing Director with CIBC World Markets Inc. In addition to leading the bank’s Renewable Energy and Clean Technology Group, he also provides senior coverage for the global forest industry. In addition to his work with CIBC World Markets Inc., Mr. Roberts is also:

- an Adjunct Professor in the Department of Forest Resource Management at the University of British Columbia (Vancouver);
- on the Board of Directors of the Rights & Resources Institute (Washington, D.C.); and
- serves in an advisory capacity for a range of government, industry, and NGO groups.

Mr. Roberts has a Bachelor’s degree in Agricultural Economics from the University of British Columbia, a Master’s degree in Forestry Economics from the University of California at Berkeley, and both an MBA and doctoral studies in International Finance and Economics from the University of Chicago. He is also a certified Corporate Director through the Institute of Corporate Directors.

