

2012-2013
Annual Report

New Brunswick Forest Products Commission

Brian Mosher (Chairman)
Tim Fox (Secretary to/Executive Director)

December 1, 2013

Telephone : (506) 453-2196
P.O. Box 6000, Fredericton, NB, E3B 5H1

Hugh John Flemming Forestry Complex
Suite 215, 1350 Regent Street
Fredericton, NB, E3C 2G6

December 1, 2013

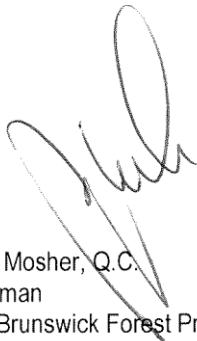
Hon. Paul Robichaud
Minister
Department of Natural Resources
P. O. Box 6000
Fredericton, NB
E3B 5H1

Dear Sir,

Re: New Brunswick Forest Products Commission – 2012-13 Annual Report

On behalf of the New Brunswick Forest Products Commission, it is my honour to submit our Annual Report for the period April 1, 2012 to March 31, 2013. The report has been designed to highlight the activities and accomplishments of the Forest Products Commission for the fiscal year 2012-13, and to provide summary information regarding the forest products marketing boards.

Sincerely,

A handwritten signature in black ink, appearing to read 'Brian Mosher', is written over the typed name and title.

Brian Mosher, Q.C.
Chairman
New Brunswick Forest Products Commission

Table of Contents

Letter of Transmittal	i
Table of Contents.....	ii
List of Figures and Appendices.....	iii
1.0 Background	1
1.1 Annual Reports	1
2.0 Commission Goals.....	1
2.1 Legislative Authority.....	3
2.2 Structure of the Commission.....	3
2.3 Role and Responsibilities of the Commission	4
3.0 Commission Annual Report	4
3.1 Response to Auditor General Recommendations.....	4
3.2 Private Woodlot and Market System Challenges.....	5
3.3 Status of the Marketing Board System	7
3.3.1 Financial Status.....	7
3.3.2 Wood Sales.....	7
3.3.3 Production and AAC.....	9
3.3.4 Private Land Silviculture.....	10
3.4 Compliance Issues.....	11
3.5 Commission Activities 2012-13	11
3.6 Commission Financial Statement	13
4.0 Marketing Boards – Financial Information	15
5.0 Marketing Boards – Silviculture, Wood Sales and Production Information.....	19
6.0 Appendices	22
Appendix A: Contact Information	22
Appendix B: Legislative Authority.....	23
Appendix C: Glossary	24

List of Figures:

Figure 1: Map of Marketing Board Areas	2
Figure 2: Reported Harvest Compared With AAC (Private Woodlots).....	5
Figure 3: Five year Financial summary Combined Boards	7
Figure 4: Combined Wood Sales through Marketing Boards 2008-2013	8
Figure 5: Wood Sales through Marketing Boards 2008-2013.....	8
Figure 6: Private Woodlot Production (MAP and TC) 2008-2013	9
Figure 7: Production and AAC by Marketing Board (2012-13)	10
Figure 8: Private Land Silviculture 2008-2013.....	10
Figure 9: Forest Products Commission – 2012-13 Ordinary Budget and Expenditures	13
Figure 10: Combined Marketing Boards – Two-Year Financial Summary.....	15
Figure 11: Combined Marketing Boards – Changes from Previous Year	16
Figure 12: Marketing Boards – Financial Summary 2012-13	17
Figure 13: Private Land Silviculture Statistics (2012-2013)	19
Figure 14: Forest Products Marketing Boards – Wood Sales 2010-2013.....	19
Figure 15: Private Woodlot Production – Statement of Changes	20
Figure 16: Comparison of MAP and TC.....	21
Figure 17: Combined Marketing Boards - Production Reports (2011-12 to 2012-13)	21

Appendices

Appendix A: Marketing Boards – Contact Information	22
Appendix B: Legislative Authority	23
Appendix C: Glossary	24

1.0 Background

Approximately 80% of the New Brunswick land base is “productive” forest land. The forest land totals 5.9 million hectares or 5% of the productive forest land in Canada. Of this area, 51% is provincial Crown land, 1% is federally-owned land, 19% is industrial freehold and 29% is owned by private woodlot owners.

From the Private Forest Task Force Report (2012), it is estimated that there are 41,909 private woodlot owners in New Brunswick. They own approximately 1.7 million hectares of productive forest land (see Figure 1) and are served by the seven Forest Products Marketing Boards. At pre-2007 harvesting levels, it was estimated that about half of the woodlot owners were actively involved with the Marketing Boards. At 2012-13 harvest levels, there are indications that less than one quarter of owners are actively involved.

The New Brunswick Forest Products Commission (FPC), an independent agency established in 1971, oversees the Marketing Boards and is a liaison between the marketing relationships involving private woodlot owners, the seven Forest Products Marketing Boards, forest industries (pulp mills, sawmills and producers) and the provincial government. The Commission and Marketing Boards have authority regarding primary forest products from private woodlots. The Commission reports to the Minister of Natural Resources and to the Crown Corporations Committee, a standing committee of the New Brunswick Legislature.

1.1 Annual Reports

“The prime function of an annual report is to be the major accountability document by departments and agencies for the Legislative Assembly and the general public. It serves as the key public link between the objectives and plans of a government entity and the results obtained” (Administrative Manual System AD-1605). To the degree possible, annual reports are:

- (a) to give a clear account of goals, objectives and performance indicators.
- (b) to show the extent to which a program continues to be relevant, how well the organization performed, and how well a program was accepted by its client groups.
- (c) to include actual and budget financial information in summary form and narrative explaining major variances, as well as other aspects of financial performance.

In the Auditor General’s 2008 Report, new Canadian Institute of Chartered Accountants (CICA) guidelines for annual performance reporting (May 2007) were recognized and are considered in preparing annual reports.

2.0 Commission Goals

In general terms, the Commission’s main goals are:

- to facilitate an orderly market system for use by producers (woodlot owners),
- to ensure accountability within legislative authority – to producers, processors and consumers,
- to resolve disputes, preferably through mediation, and,
- to coordinate the collection and reporting of production, wood sales, silviculture information and transportation certificate data from the Marketing Boards.

To facilitate an orderly marketing system, the Commission conducts an annual review of the operation of each Marketing Board:

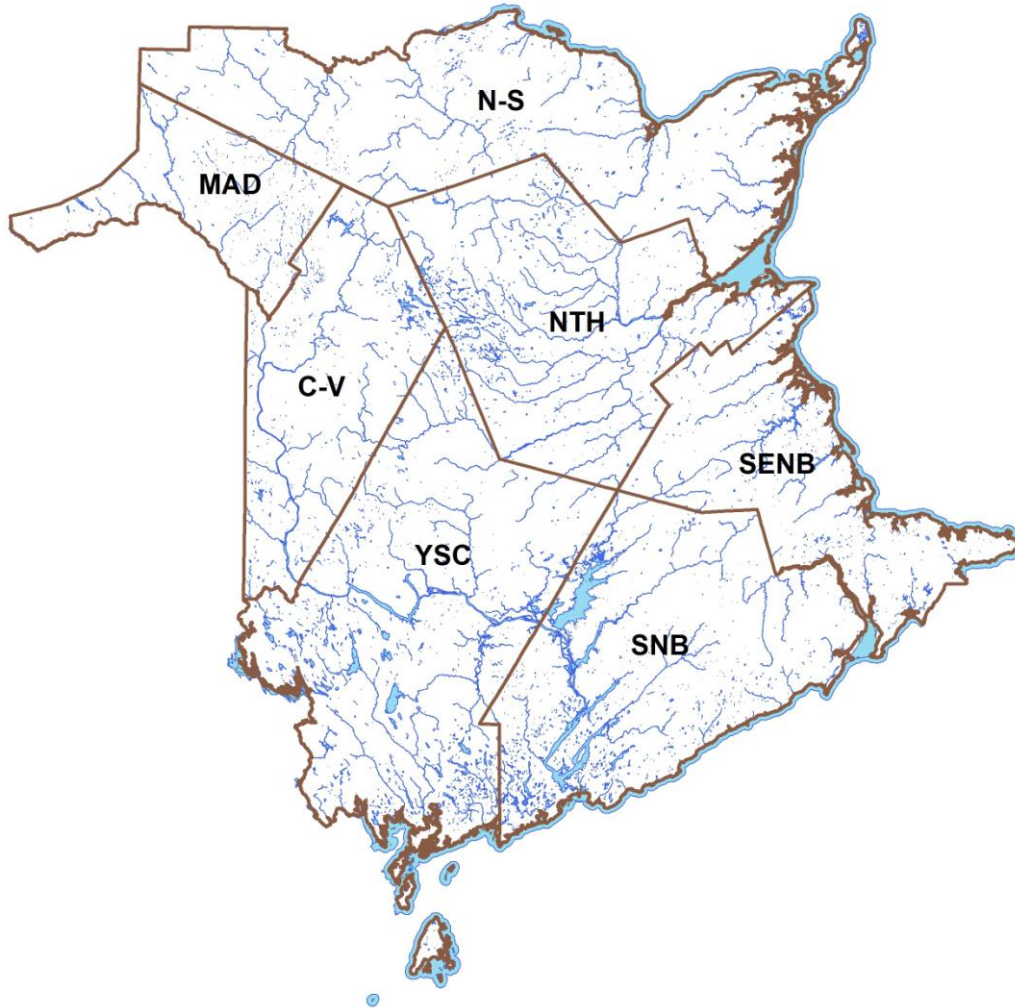
- to ensure that each Marketing Board holds an annual meeting of producers to review financial statements, as well as Board activities, and,
- to ensure that Marketing Boards do not implement significant changes in policy without the prior approval of producers.

The Commission encourages cooperation among all industry stakeholders and promotes transparency both in its activities and those of the Marketing Boards. It strives to carry out its mandate with impartiality and fairness.

The Commission’s role is essential to the forest products marketing system and complementary to the Department of Natural Resources (DNR) responsibility to encourage sustainable forest management on private lands.

Figure 1: Map of Marketing Board Areas

New Brunswick's Forest Products Marketing Board Regulated Areas



C-V – Carleton-Victoria
N-S – North Shore
SENB – South East New Brunswick
YSC – York Sunbury Charlotte

MAD – Madawaska
NTH – Northumberland
SNB – Southern New Brunswick

2.1 Legislative Authority

The Forest Products Commission's authority and responsibilities are established in the *Forest Products Act* and the *Natural Products Act*. The Commission oversees the marketing relationship involving sawmills and pulpmills, Marketing Boards, private woodlot owners and producers, and, the provincial government. The scope of the Commission's activity in the forest industry is limited to the private woodlot sector, and the products under its mandate are primary forest products and all natural products of the forest. Although the legislation creates powers to regulate all market sales, the present marketing system provides woodlot owners with the choice of selling through the Marketing Boards contracts or through direct contracts which have to be approved by the Board.

The New Brunswick Forest Products Commission (FPC) was established in 1971. By 1983, seven Forest Products Marketing Boards and related subsidiary bodies (i.e. co-operatives for wood sales and forest management or associations for administration of the silviculture program) had been established:

Forest Products Marketing Board	Regulation/ Year Established	Co-operative or Association
Madawaska	(Reg. 2006-85, 2006-87) 1961	N/A
North Shore	(Reg. 2005-141, 2005-142) 1973	North Shore Forestry Syndicate Inc.
Northumberland County	(Reg.2005-143 & 2005-144) 1974	Northumberland County Woodlot Owners & Pulp Producers Association Inc.
York-Sunbury-Charlotte	(Reg. 2005-147 & 2005-148) 1978	N/A
Carleton-Victoria	(Reg. 2005-139 & 2005-140) 1978	Carleton-Victoria Wood Producers Assoc.
Southern New Brunswick	(Reg 2005-145 & 2005-146) 1979	S.N.B. Wood Co-operative Ltd.
South East New Brunswick	(Reg. 2005-105 & 2005-106) 1981	N/A

The seven Marketing Boards are given specific powers by regulation and the role of the Commission is to verify they work within the scope of their marketing plans. In so doing, the Commission represents the interests of the private woodlot owners in their regulated area. Appendix B contains a description of the legal authority and potential powers of the Commission.

A legislative power for Marketing Boards to set and administer export levies was established in 2003 under the federal *Agricultural Products Marketing Act*. In 2008, the regulations under *Natural Products Act* were amended to make provisions for the implementation of the two-year Equitable Market Access Trial Agreement. Section 3.2 of this report will provide an update for 2012-13.

2.2 Structure of the Commission

The Commission's structure is defined by the *Forest Products Act*, and includes seven members appointed by the Lieutenant-Governor in Council. The Commission is designed to provide a fair representation of all segments of the forest sector. The current members and officials of the Commission in 2011-12 included:

Brian Mosher	Chairman and Independent Member
Raoul Charest	Department of Natural Resources Member
Ronald LeBlanc	Department of Natural Resources Member
Tim Fox – (until February 2013)	Producers' Member – Private Woodlot
Claude Pelletier	Producers' Member – Private Woodlot
Douglas Prebble	Industry Member – Sawmill
Pierre Lebel	Industry Member – Pulp and Paper
Linda Gould McDonald (until December 2012)	Executive Director/ Secretary to Commission
Tim Fox (since February 2013)	

The Commission meets on a monthly basis or as required and its operations are administered by the Executive Director/Secretary, with assistance from one full-time and one part-time administrative assistant. The Commission receives its funding from the Department of Natural Resources (DNR). The Commission's office is located in Suite 215 – Core Section, Hugh John Flemming Forestry Centre in Fredericton.

2.3 Role and Responsibilities of the Commission

The Commission is responsible for the overall conduct of the regulated forest products marketing system for private lands in New Brunswick. It is responsible for ensuring that the Boards exercise the powers granted to them in the manner intended. The Commission:

- is the supervisory body to oversee the operations of the seven regulated Forest Products Marketing Boards.
- provides liaison and is the body of appeal for Marketing Boards, private woodlot owners, government and industry.
- lends assistance in resolving disputes between: woodlot owner, board, industry, contractor, broker, etc.
- facilitates the negotiation, conciliation, and arbitration between Boards and industry.
- provides policy advice to the Minister of Natural Resources.
- recommends amendments to regulations pertaining to Marketing Boards and the marketing system.

The Commission attends most of the annual general meetings held by the individual Marketing Boards, and it also meets on a regular basis with each of the Marketing Boards. At least once a year, the Commission meets with representatives of all seven Boards to discuss current issues.

3.0 Commission Annual Report

The Commission's annual report highlights its response to the Office of the Auditor General's (OAG) recommendations, market issues, the status of the Marketing Board system and private woodlot production, compliance issues relative to the Commission's oversight role, the Commission's activities and its financial statement. Financial, silviculture, production and wood sales data are summarized in Sections 4 and 5. Contact information, legislative authority, and a glossary are contained in the Appendices.

3.1 Response to Auditor General's Recommendations

Annual Accounting for Transportation Certificates Issued

According to data supplied by the Marketing Boards, over thirty-three percent of the certificates issued were not returned to the Marketing Boards. Since the *Transportation of Primary Forest Products Act* requires that certificates be returned, the unreturned certificates are a clear indication of non-compliance with the Act. The Commission and DNR Forest Management Branch have worked with the Boards to resolve this issue. This collaboration has resulted in amendments to the legislation that came into force in July of 2012. Refinements to policies continue to be worked on to improve the compliance to this legislation in order to improve the accuracy of production information.

Management Info Systems

The OAG recommended that the management information systems being developed for the Commission and for the NB Federation of Woodlot Owners (NBFWO) complement each other and meet reporting needs of all parties. The Commission's program has been developed to be compatible with the NBFWO system. The NBFWO has not completed their program and the Commission and the Federation continued in 2012-13 to work together to maintain information systems compatibility and the completion of the NBFWO program.

Administration Expenses for the Private Land Silviculture Program

The Commission collects information from the Boards regarding silviculture program and administration expenses for the private land silviculture program and reports the information annually to DNR. All the Boards submitted their 2012-13 expense information by filing Schedule A – 2008-102 regarding financial year end for the private land silviculture program for their area.

3.2 Private Woodlot and Market System Challenges

Current challenges affecting private woodlots and the Marketing Board system include:

- continuing economic downturn; transportation, and energy costs
- mill closures; low pulpwood prices; exchange rate; reduced US housing market
- reduced wood sales and number of producers
- “equitable market access” for private woodlot owners
- sustainable forest management certification, procurement policies
- compliance with Transportation Certificate reporting and export levies

Equitable Market Access Initiative: The Equitable Market Access Trial, launched in 2008, continued through to the end of the 2009-10 fiscal year, as planned and was extended through 2010 to March 31, 2012, when it expired. During the trial, the agreement included the following conditions:

1. The New Brunswick Federation of Woodlot Owners agreed to suspend the proportional supply conditions (*Crown Lands and Forests Act, 1992 Amendment*), during the trial period.
2. All private woodlot wood is to be sold through the Marketing Boards (as exclusive agents).
3. Marketing Boards and mills committed to and shared their harvest and purchase plans in order to facilitate increased sales of private woodlot wood.

With the expiry of the agreement, the New Brunswick Federation of Woodlot Owners and the New Brunswick Forest Products Association had discussions to revise and renew the agreement but a new agreement had not been reached as of March 31, 2013.

Private Woodlot Harvest Volume Reporting:

The annual harvest from private woodlots is tracked using three different sources: Minimum Annual Production (MAP), Timber Utilization (TU), and Transportation Certificate (TC). Figure #2, below, shows the reported volumes for 2012-13 for each source. Although the data for each type of report is collected separately and is defined differently, the general relationship of the information is explained following Figure #2.

Figure 2: Reported Private Woodlot Harvest Volumes from MAP, TU, & TC Methods

Type of Loadslip	Woodlot Owner Sales through Marketing Boards to NB Mills & export destinations.	Woodlot Owner Direct Sales to NB Mills	Woodlot Owner Sales to inter-provincial and export destinations	Softwood Production (million m ³)	Hardwood Production (million m ³)
MAP 2012-13	✓	-	-	0.79	0.41
TU 2012-13	✓	✓	-	0.78	0.32
TC 2012-13	✓	✓	✓	1.23	0.31
2012 AAC Annual Allowable Cut	✓	✓	✓	1.3	1.2

Source: NB Forest Products Commission, DNR

Minimum Annual Production (MAP):

The MAP system reports the volume of wood from private woodlots sold through and/or reported to the Marketing Boards. It includes Board contracts with NB mills, export mills (ME, NS, QC), US brokers and direct sales with NB mills. It does not include fuelwood and some exports and wood sold to "small" sawmills and residential markets. Therefore, the MAP represents most but not all of the wood harvested from the Marketing Board areas. Significant direct export sales by NB woodlot owners near the border (e.g. from YSC, Madawaska and Carleton-Victoria Board areas) are not all captured in the MAP system. The TC system is designed to record the export information as well as the MAP.

Timber Utilization (TU):

The TU values are for roundwood consumed at New Brunswick mills. The volume data is submitted to and compiled by the Department of Natural Resources on an annual basis. The data accounts for mill inventories, and therefore is not directly comparable with the MAP data. Exports from Marketing Board areas are not captured in the Timber Utilization data.

Transportation Certificate (TC):

Both the MAP and TC reporting are required by law. The TC requirement is established under the *Transportation of Primary Forest Products Act*. The TC system is intended to capture all wood transported, including exports, and, the wood sold inside and outside the Marketing Board system. The Marketing Boards collect the TC and MAP data, and, enforcement of the TC reporting is a DNR responsibility. The TC system is improving in that estimates of truck volumes are now permitted in the reporting. The Transportation Certificate system was implemented in 2002-03.

Annual Allowable Cut (AAC):

The AAC is the volume of timber that may be harvested during a given time to maintain sustained production, and is based on forest inventory data. The production or harvest and AAC information is an essential part of monitoring sustainable forest management on private lands.

The AAC is based on forest inventory information and was updated in 2012 as part of the Private Forest Task Force Report. In that report it was recommended that AAC be used at a rate of 70% of maximum theoretical AAC in order to reflect woodlot availability and changes in owner's objectives. Since 2006-07, reductions in consumption by the forest industry have reduced private woodlot production to levels below the newly calculated AAC.

The purpose of the TC tracking system and reporting is to provide a more accurate determination of the harvest level from private woodlots and to provide a deterrent to wood theft. The TC tracking will also assist Marketing Boards in collecting levies on wood sales, and, document the source of supply as required under forest management certification standards. In the past, there have been deficiencies in the remittance of TC reporting back to the Marketing Boards. The Commission and Forest Management Branch of DNR are taking steps to assist in more timely remittance of TC information back to the Boards as well as better facilitate enforcement by DNR.

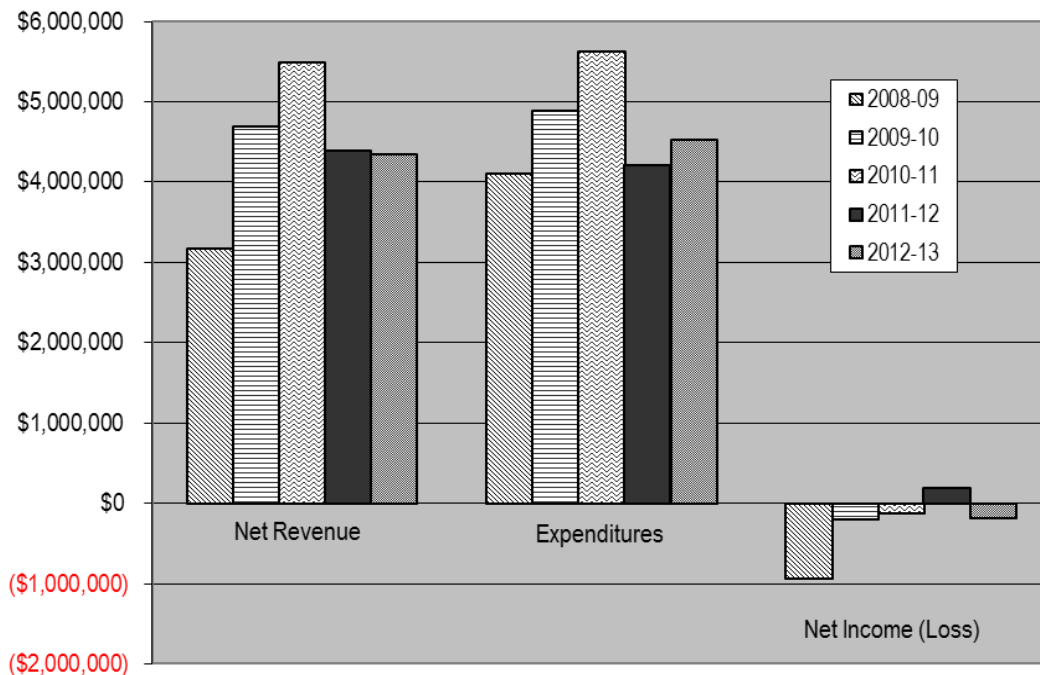
3.3 Status of Marketing Board System

3.3.1 Financial Status

The 2012-13 audited financial statements for the Forest Products Marketing Boards have now been completed for the Commission as required by legislation. The Marketing Boards held combined assets of \$5.83 million in 2012-13, up 4% from the \$5.57 million level reported in 2011-12. The combined liabilities of the Boards have increased by \$264,244 from \$1.62 million in 2011-12 to \$1.88 million in 2012-13.

The combined net losses for the following years (2008-09, 2009-10 and 2010-11) were \$933,424, \$198,522 and \$128,442 respectively, followed by a net gain in 2011-12 of \$185,478 and a net loss in 2012-13 of \$180,464. Wood sales increased and other revenues decreased, and in 2012-13 expenditures increased by \$313,266 to \$4.52 million. Summaries of the financial information over the last two years are provided in Section 4.0.

Figure 3: Five Year Financial Summary - Combined Boards



Source: NB Forest Products Commission, Marketing Board Financial Statements

3.3.2 Wood Sales

The private woodlot sector continues to be challenged by unsettled market conditions. In 2012-13, the value of wood sales through the Marketing Boards was \$50.5 million, up from \$45.9 million in 2011-12. This still represents 51% of the peak Marketing Board sales that occurred in 2004-05 of \$98.8 million. The wood sales (\$) and production data (m3) are collected through two separate methods so that linking the two is not appropriate.

It is important to note that wood sales reflected in the Board financial statements do not include the direct sales paid to a person, in that instance the only revenue included in the Board information is the levy paid on behalf of that product. In certain board areas that can represent millions of dollars of sales.

Figure 4: Combined Wood Sales through Marketing Boards 2008-2013

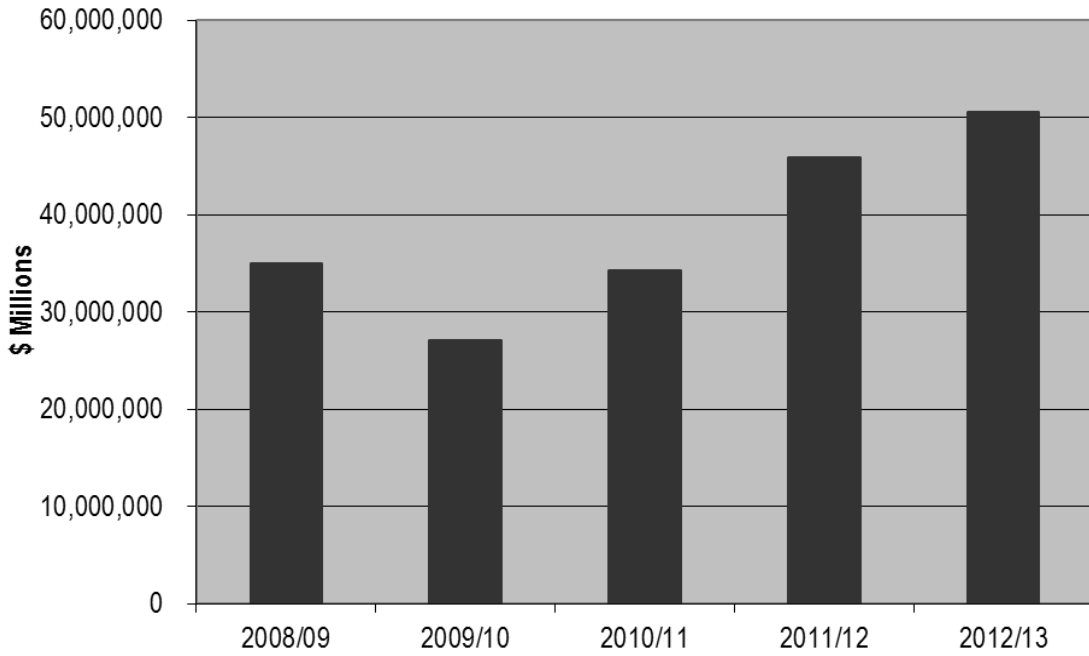
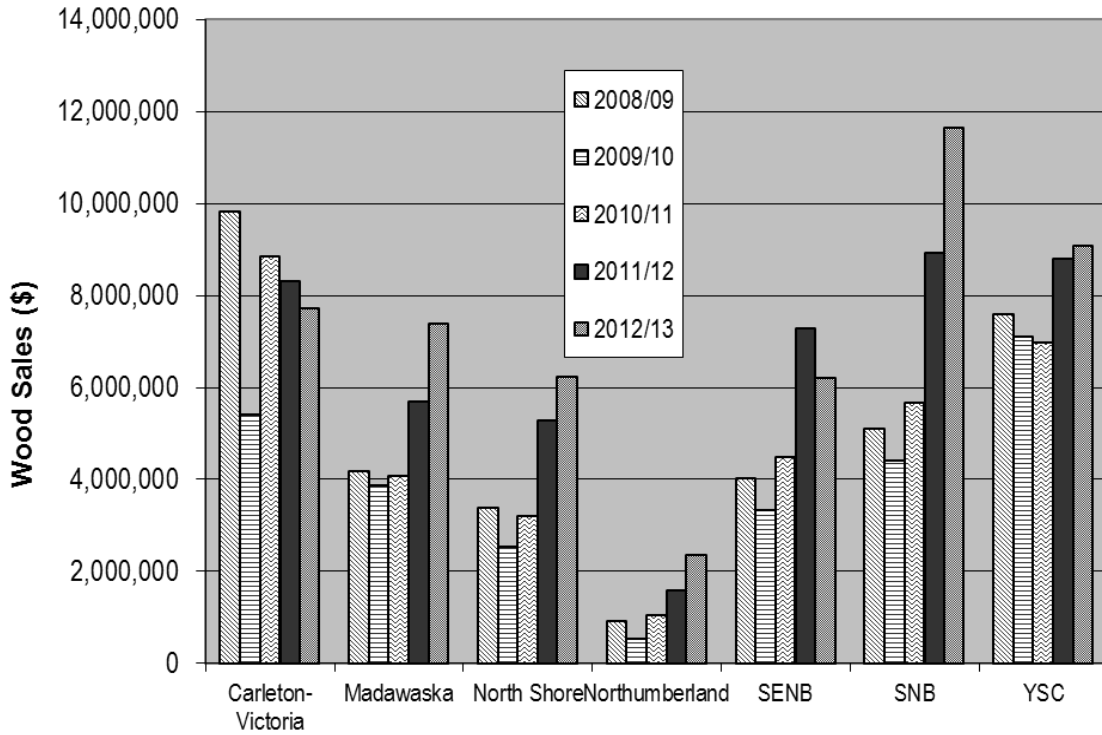


Figure 5: Wood Sales through Marketing Boards 2008-2013



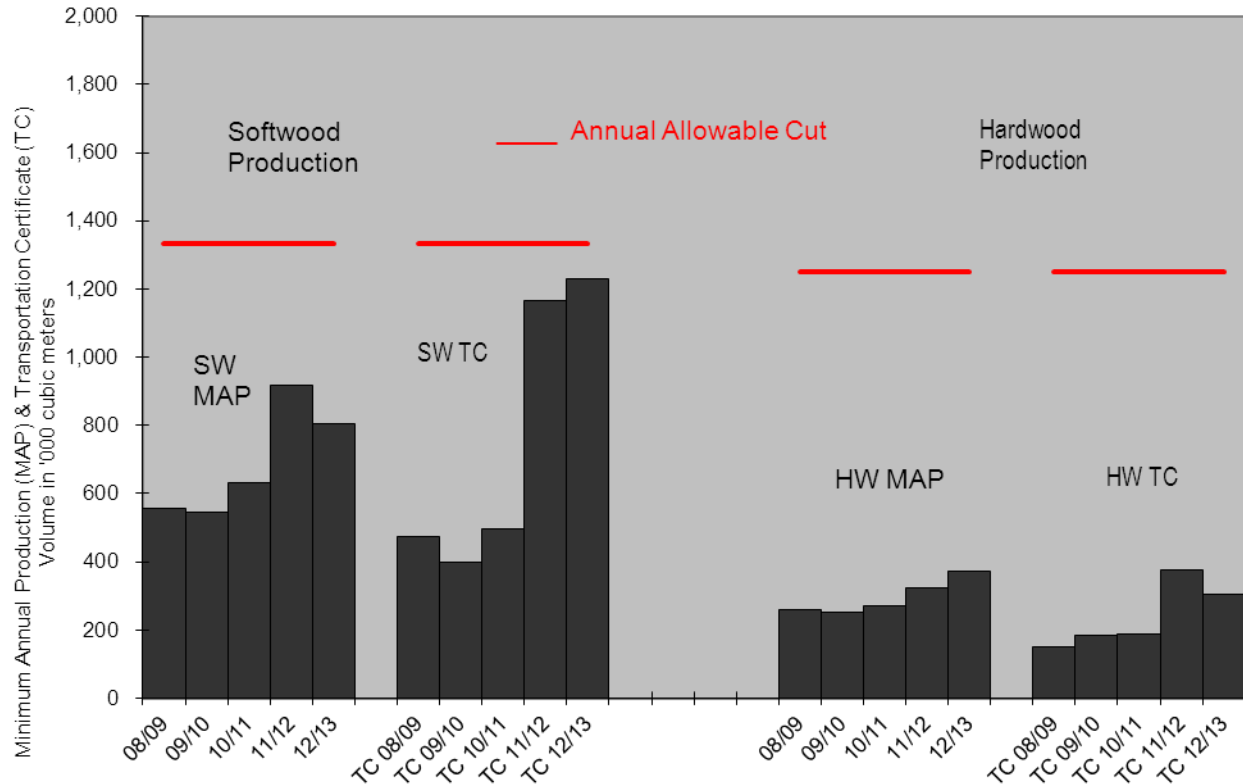
Source: FPC data

3.3.3 Production and AAC

For the combined Marketing Boards, the volume of wood harvested from woodlots, and, sold through and/or reported to the Marketing Boards in 2012-13 totalled 804,000 m³ of softwood and 373,000 m³ of hardwood. The softwood production (MAP) has decreased by 12.5% and the hardwood production has increased by 15.1% relative to 2011-12.

Figure 6: Private Woodlot Production (MAP and TC) 2008-2013

Caution: TC information is not complete.



Source: Forest Products Commission

In 2012, new Annual Allowable Cut (AAC) levels were established for the Marketing Board areas as part of the *Private Forest Task Force Report*. In the report, the authors recommended establishing the Annual Allowable Cut at a rate of 70% of the Maximum Theoretical Rate. This level was arrived at in order to meet the broad definition of sustainability that would compensate for the availability of woodlots at various times (or lack thereof) as well as allow for maintenance of old-forest habitats in the private woodlot forest. Using those AAC levels, some Boards are shown in figure 7 to be very close to the AAC (if not exceed) in softwood production. It is believed that with more accurate reporting that is being developed by the Commission and DNR, that better analysis will be allowed in the future. Figure 7 below compares minimum annual production (MAP) or Board production to the new AAC levels by Board region, as well as the transportation certificate (TC) reporting compared to the new AAC levels. It should be noted that improvements to the TC reporting and remittances to the various Marketing Boards were not implemented until after March 31, 2013 and therefore the TC reporting in this table should be considered to be incomplete.

Figure 7: Production and AAC by Marketing Board (2012-13)

Caution: TC information is not complete.

2012-13	Carleton-Victoria	Madawaska	North Shore	Northumberland	SENB	SNB	YSC	Combined
MAP Softwood ('000 m3)	100	129	135	29	99	217	94	804
TC Softwood ('000 m3)	100	141	107	31	622	211	116	1,230
2012 AAC Softwood ('000 m3)	100	75	180	120	250	345	265	1,335
MAP Hardwood ('000 m3)	67	65	64	12	41	75	49	373
TC Hardwood ('000 m3)	67	66	72	18	35	60	54	306
2012 AAC Hardwood ('000 m3)	125	95	215	90	185	305	235	1,250
MAP Total ('000 m3)	167	194	199	41	140	292	143	1,177
TC Total ('000 m3)	167	208	179	49	657	271	171	1,534

Source: NB Forest Products Commission

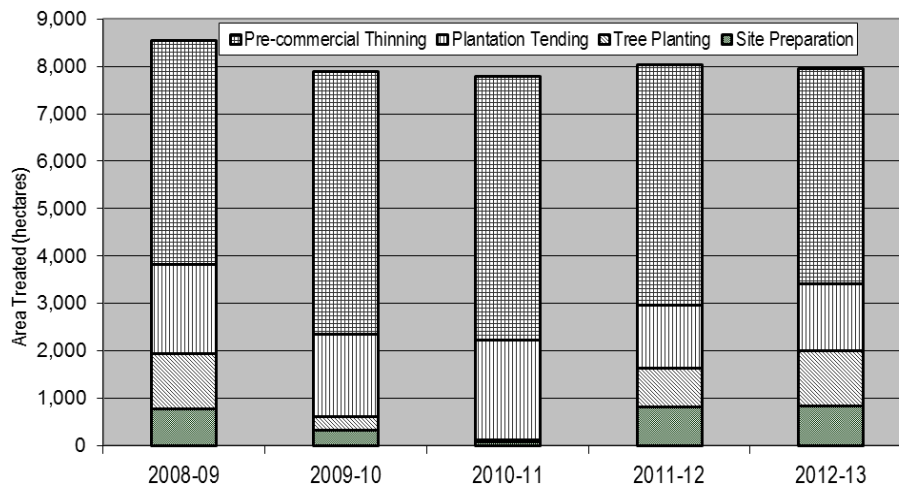
3.3.4 Private Land Silviculture

In 2012-13, a total of \$6 million was budgeted for silviculture treatments on private woodlots. The funding was based on a cost sharing model of 90% Government and 10% Woodlot Owner funding. The cost-sharing model is based on previous year Marketing Board production, where woodlot owner funding increase when Marketing Board sales increase and there are different cost-share levels for different ranges or thresholds in Marketing Board production and sales. The Private Land Silviculture program is designed to fund activities such as pre-commercial thinning, tree planting and plantation tending. The program also provides assistance for the development of forest management plans for woodlots and also, more recently includes a pilot project for funding activities such as commercial thinning and stand improvement harvesting.

Ninety-five percent of the \$6 million in available provincial funding was accessed by the woodlot owners in 2012-13. The area treated under the provincial Private Land Silviculture Program decreased from 8,030 hectares to 7,955 hectares – a decrease of only 75 hectares. The government expenditure for this program remained constant at \$6 million in 2012-13.

DNR monitors and assesses the quality and compliance of the work performed using the procedures set out in the provincial private land silviculture manual. These procedures are used to assess the provincially funded projects. In addition, DNR verifies the documentation of the woodlot owner participation which has been allocated a set non-monetary allowance under the program, while the Commission oversees the financial reporting and administration by the Marketing Boards.

Figure 8: Private Land Silviculture 2008-2013



Source DNR

3.4 Compliance issues:

In its oversight role, the Commission has identified several compliance issues. These issues adversely affect the quality of information and the ability to report on the status of the Marketing Board system, the Marketing Boards, the wood tracking system and the sustainability of the harvest from private woodlots:

1. The Carleton-Victoria Forest Products Marketing Board has not been submitting complete information for the Transportation Certificate System for the past several years. The Commission has worked with this Board and began receiving appropriate Transportation Certificate data for the 2012-13 year.
2. According to surveys over the last two years, a combined thirty-three percent of the transportation certificates issued were not returned to the Boards as required under the *Transportation of Primary Forest Products Act*. This is a significant compliance and enforcement issue. DNR and the Commission continued to work on improvements to the wood tracking system, the completion of the computer tracking system being developed by the NBFWO and its compatibility with the NBFPC system are being addressed for a more reliable reporting process.
3. Instances of the MAP (sales through or reported to the board) exceeding the TC (all wood transported including exports) are noted in Figures 16 and 17. This figure helps to define the frequency and extent of the TC under-reporting and non-compliance.
4. The Commission has engaged in development of policies that will assist DNR (and the Commission) with regards to compliance issues. New procedures have been developed in the Commission's audit of the Transportation Certificate system that will aid in identifying problem areas with respect to compliance to the *Transportation of Primary Forest Products Act*.

3.5 Commission Activities 2012-13

- (a) **Data Collection:** The Commission collected information from the Marketing Boards regarding Minimum Annual Production, Wood Sales through the Marketing Boards, Transportation Certificates data, and, financial matters including those related to the Private Land Silviculture program.
- (b) **Auditing and Reporting:** The production data and audited financial information was compiled, standardized and assessed to provide reports and information to DNR. A financial review of the Provincial Private Land Silviculture program was also presented to the Minister of DNR verifying that no more than 20% of the provincial silviculture monies have been retained by the Boards for program administration costs and that Boards provide additional revenue detail for the 10% of the government funding level required as "owner funding" in this fiscal year. The Commission also conducted a procedural audit of the Transportation of Primary Forest Products Certificates for all seven Marketing Boards based on an audit protocol developed by the Commission in 2006-07.
- (c) **Legislation:** As part of the Government's Smart Regulations initiative, the Commission began analyzing existing regulations and is making recommendations for regulation amendments to some of the regulations under the *Natural Products Act*.
- (d) **Northumberland County Forest Products Marketing Board:** Attempts were made to resolve issues raised by producers in three districts of the Northumberland County Forest Products Marketing Board regulated area. A group of producers wished to secede from the Northumberland County Board regulated area with options to join the Y-S-C Board area or to form another Marketing Board covering the three districts. The Commission declined to hold the requested plebiscite based on overall concern for the marketing structure in the province and so notified the concerned producers. The Northumberland County Board is in financial difficulty and all sales for regulated product are being paid via the Y-S-C Board. This situation is ongoing and work continues to try to find an equitable solution. The economic impact of mill closures in the Miramichi region has complicated the issues.
- (e) **Commission Meetings:**
The Commission held ten regular meetings during the year. The Commission's 2011-12 Annual Report was presented to the Minister of Natural Resources. Tim Fox resigned his position as a member of the Commission representing the private woodlot sector in order to accept the position of Secretary / Executive Director of the Commission in February of 2013. That position on the Commission remained vacant for the remainder of the fiscal year.

(f) **North Shore Forest Products Marketing Board Administration by Commission:**

Effective the 28th of January 2010 the eleven Board members (directors) resigned which required the Commission to remove the powers of the North Shore Forest Products Marketing Board pursuant to Order No. 2010-510 and exercise those powers on behalf of the Board from the 3rd day of February 2010 until further notice. This step was necessary to ensure the private woodlot owners in the northern region maintain the service and continuity of their Marketing Board. The Commission removed the powers of the North Shore Forest Products Marketing Board and exercised those powers on behalf of the Board from October 12th, 2005 until July 31st, 2007. The Commission conducted an investigation with the assistance of Mr. T. Quigley, as well as engaged the firm of Deloitte & Touche to conduct a forensic audit of the Board's activities. Information was turned over to the Bathurst City Police on January 10, 2006 to support their criminal investigation. A criminal proceeding has ensued.

Since January 2010 to current (as well as from the 12th October 2005 to 01 August 2007) the Commission:

- conducted regular meetings of the Board,
- responded as a co-defendant to four law suits, one of which has been settled
- supervised audits for the Board: audits to 31 March 2008, to March 2009, to March 2010, to March 2011, to March 2012, and to March 2013.
- The Commission continued to administer the governance of the North Shore Board activities throughout the 2012-13 fiscal year.

(g) **Negotiations between J.D. Irving Ltd. and SENB, SNB, and YSC Boards:**

The three southern Boards, SENB, SNB, and YSC established a single negotiating agency with J.D. Irving Ltd. whereby the three Boards would negotiate for wood supply agreements collectively. After several negotiating meetings, the two parties were unable to come to an agreement. The Executive Director of the Commission (Linda Gould McDonald) was requested to sit in on negotiating meetings between the two parties to observe. After several meetings, the two parties were still unable to come to an agreement. Mr. Fred Nott was appointed as a conciliator by the Minister and after several conciliated meetings, the two parties were still at an impasse. Attempts to negotiate an agreement were eventually abandoned by the three southern Boards.

(h) **Appeals Filed with Commission:**

The seven Forest Products Marketing Boards collectively issued directions to J.D. Irving Ltd. to submit stumpage agreements between JDI and private woodlot owners to the Boards for approval prior to harvesting. J.D. Irving filed an appeal with the Commission on the grounds that the Boards did not have authority to regulate stumpage agreements. Subsequently, in December, the seven Boards issued directions to JDI to submit prescribed information with regards to their harvesting activities on private woodlots to the Boards for approval prior to marketing taking place. JDI filed an additional appeal with the Commission on similar grounds as the first appeal. Neither appeal was heard by the Commission prior to March 31, 2013.

3.6 Commission Financial Statement

Figure 9: Forest Products Commission – 2012-13 Ordinary Budget and Expenditures

Statement of Expenditure – for the year ended March 31, 2013

	2012-13 Budget	2012-13 Expenditures	Budget Variance	2011-12 Ordinary
Administration				
Regular Payroll and Benefits	149,900	118,358	31,542	153,592
Administration Travel Expenses	10,600	3,666	6,934	3,325
Rent/Operating Expenses	54,700	48,397	6,303	24,013
Computer Equipment/ Software				204
Administration Sub-total	215,200	170,421	44,779	181,134
Members' Expenses				
Members' per diem	32,000	34,150	(2,150)	32,950
Members' Travel Expenses	10,800	10,342	458	10,152
Members' Meeting Expenses	2,000	1,523	477	0
Members' Sub-total	44,800	46,015	(1,215)	43,102
Other Expenses				
Hearings (travel, room rental)	0	0	0	0
Hearings (Member per diem)	0	0	0	0
North Shore	0	0	0	0
Inspection	0	0	0	0
Other Sub-total	0	0	0	0
General Program Sub-Total	260,000	216,436	43,564	224,236
Special Allocation				
Computer Compatibility Assistance	52,000	52,000	0	58,000
Other Services	0	0	0	37,500
North Shore Legal	18,000	0	18,000	11,608
Professional Services (T. C. Audit)	0	0	0	27,000
Special Allocation Sub-total	70,000	52,000	18,000	134,108
Total	\$ 330,000	\$ 268,436	\$ 61,564	\$ 358,344

Source: NB Forest Products Commission

Notes to Financial Statement

1. Purpose of the organization

The Commission's authority is derived from the provincial *Forest Products Act* and the *Natural Products Act*. Two of the Commission's objectives are facilitating expanded markets and equitable prices for primary forest products, and, the effective utilization of private woodlot resources. The purpose and intent of the *Natural Products Act* in relation to the Commission is to provide "for the development, conservation and management of forestry resources on private woodlots in the Province." Legal authority is established for the promotion, control and regulation of the marketing and for the promotion of and research relating to farm products of the forest. The Commission oversees and supervises the Marketing Boards and related agencies. The scope of the Commission's activities includes financial and regulatory matters; negotiation, conciliation and arbitration processes; conducting investigations & hearings and providing advice and reports to the Minister of Natural Resources.

2. Absence of Balance Sheet

A Balance Sheet has not been prepared because the Commission draws its funding directly from DNR, according to an agreed upon budget, and DNR is its sole source of revenue. The Commission does not receive the funding as a grant, but operates directly from the DNR budget, with administrative support from the Department.

3. Significant accounting policies

It is the policy of the Commission to charge all fixed asset purchases to expense in the year in which the expenditure is incurred. The Commission is a body corporate, as determined by the Auditor General's Office. However, its sole source of revenue is the Department of Natural Resources (DNR), and its expenditures are included in and administered through the DNR budget. The Commission expenditures are also consolidated in the DNR Annual Report and financial statements.

4. Expenses not included in these financial statements

The Department of Natural Resources has assumed responsibility for the Commission's financial administration and associated costs.

5. Compensation and Travel Expenses

The Chairman of the Commission is paid \$25,000 annually and the other six members of the Commission who attend monthly meetings are paid a *per diem* (\$150 per day) while engaged in work of the Commission which is set by Order of the Lieutenant-Governor in Council. Reimbursement for reasonable travel expenses is in accordance with New Brunswick Government Travel Policy AD-2801.

6. Sources of financial data

Financial data is from the Forest Products Commission and the Department of Natural Resources.

4.0 Marketing Boards – Financial Information

Figure 10: Combined Marketing Boards – Two-Year Financial Summary

Two Year Summary	2012-13	2011-12
------------------	---------	---------

Balance Sheet

Assets	Current Assets	3,914,146	4,877,699
	Investments	205,440	102,144
	Capital Assets & Equipment	559,417	593,621
	Restricted Funds	1,148,409	0
Total Assets		5,827,412	5,573,464
Liabilities	Current Liabilities	1,880,353	1,227,161
	Long Term Liabilities	0	388,948
	Total Liabilities	1,880,353	1,616,109
Equity	Contributed Surplus	1,493,482	45,171
	Retained Earnings	2,453,577	3,912,184
Total Liabilities and Equity		5,827,412	5,573,464

Income Statement

Revenue	Wood Sales through Board	50,543,289	45,891,808
	Less Cost of Wood Purchased	(49,865,554)	(45,324,091)
Net Sales		677,735	567,717
Fees, Levies & Other Revenues		3,664,339	3,827,033
Net Revenue		4,342,074	4,394,750
Expenditures		4,522,538	4,209,272
Net Income (Loss)		(180,464)	185,478

Source: NB Forest Products Commission

* See notes at end of financial summaries.

Figure 11: Combined Marketing Boards – Changes from Previous Year

Change from Previous Year	2012-13	2011-12	Variance	% Change
Assets (\$)	5,827,412	5,573,464	253,948	4.6%
Liabilities (\$)	1,880,353	1,616,109	264,244	16.4%
Retained Earnings (\$)	2,453,577	3,912,184	(1,458,607)	-37.3%
Net Revenue (\$)	4,342,074	4,394,750	(52,676)	-1.2%
Expenditures (\$)	4,522,538	4,209,272	313,266	7.4%
Net Income/ (Loss) (\$)	(180,464)	185,478	(365,942)	-197%
Wood Sales (\$)	50,543,289	45,891,808	4,651,481	10.1%
SW MAP ('000 m3)	804	918	(114)	-12%
SW TC ('000 m3)	1,328	1,167	N/A	N/A
HW MAP ('000 m3)	373	324	49	15%
HW TC ('000 m3)	372	377	N/A	N/A

Figure 12: Marketing Boards – Financial Summary 2012-13

Year 2012-13	Carleton-Victoria	Madawaska	North Shore	Northumberland	SENB	SNB	YSC	Combined
Balance Sheet								
Assets								
Current Assets	491,581	605,091	713,973	46,071	486,454	483,224	1,087,752	3,914,146
Investments	-	-	204,435	-	-	5	1,000	205,440
Capital Assets & Equipment	6,304	9,443	459,666	2,338	66,822	-	14,844	559,417
Restricted Funds	-	353,018	-	-	-	-	795,391	1,148,409
Total Assets	497,885	967,552	1,378,074	48,409	553,276	483,229	1,898,987	5,827,412
Liabilities								
Current Liabilities	770,383	258,161	139,783	139,638	132,822	20,522	419,044	1,880,353
Long Term Liabilities	-	-	-	-	-	-	-	-
Total Liabilities	770,383	258,161	139,783	139,638	132,822	20,522	419,044	1,880,353
Equity								
Contributed Surplus	(272,498)	709,391	-	-	-	-	1,056,589	1,493,482
Retained Earnings	-	-	1,238,291	(91,229)	420,454	462,707	423,354	2,453,577
Total Liabilities and Equity	497,885	967,552	1,378,074	48,409	553,276	483,229	1,898,987	5,827,412
<i>Year End</i>	<i>Mar 31</i>	<i>Jan 31</i>	<i>Mar 31</i>	<i>Mar 31</i>	<i>Mar 31</i>	<i>Mar 31</i>	<i>Mar 31</i>	

Income Statement

Revenue								
<i>% of Board Wood Sales</i>	15%	15%	12%	5%	12%	23%	18%	100%
Wood Sales through Board	7,708,280	7,365,283	6,209,351	2,341,227	6,195,271	11,643,389	9,080,488	50,543,289
Less Cost of								
Wood Purchased	(7,701,149)	(7,209,221)	(6,209,180)	(2,253,158)	(6,193,129)	(11,440,267)	(8,859,450)	(49,865,554)
Net Sales	7,131	156,062	171	88,069	2,142	203,122	221,038	677,735
Fees, Levies & Other Revenues	191,340	911	138,232	550,403	220,230	*See note. 1,322,747	1,240,476	3,664,339
Net Revenue	198,471	156,973	138,403	638,472	222,372	1,525,869	1,461,514	4,342,074
Expenditures								
Net Income (Loss)	(2,478)	(16,394)	(173,127)	(30,875)	(7,879)	9,893	40,396	(180,464)

Note: SNB wood sales, cost of wood purchased, and net sales are from the SNB Co-op financial statements. SNB fees, levies & other revenues were calculated by subtracting SNB Co-op net sales from the SNB Board's net revenue.

Notes for Financial Summaries

1. Unconsolidated Financial Statements

Balance Sheet and Income Statement data is from the unconsolidated financial statements of individual Marketing Boards (that is, the Board statements were not consolidated with the statements of their agents (co-operatives or associations)).

2. Differences in Accounting Policies

In spite of efforts to standardize financial reporting and fiscal years, some differences in accounting policies and inconsistencies in reporting styles remain. Marketing Boards are the exclusive agents for all marketing of primary forest product produced on private woodlots in New Brunswick. If a direct contract is negotiated then said contract must be approved by the Marketing Board and all sales reported. The sales through the Marketing Boards are reflected in the Board statements or in the financial notes to the Board statements. Direct sales dollars are not reflected in the Board statements as the funds do not flow through the boards, only the levy associated with those sales are included.

3. Sources of Information

The financial information is from the Forest Products Commission and the Department of Natural Resources. Silviculture information is from the Department of Natural Resources. The Production Report data is from the Commission. New AACs were established in 2012. MAP and TC reports are collected through the Marketing Boards and are standardized and consolidated by the Commission. The MAP reports may not include all the woodlot production from private woodlots in a regulated area – in particular the total volume of wood exported from the woodlots is underrepresented. The TC system is being further refined to address concerns about compliance and completeness of data.

5.0 Marketing Boards - Silviculture, Wood Sales and Production Information

Figure 13: Private Land Silviculture Statistics (2012-13)

	Carleton-Victoria	Madawaska*	North Shore*	Northumber -land	SENB*	SNB*	YSC	Combined
Private Land Silviculture 2012-13								
GNB Funding 2012-13 (\$)	506,452	656,474	937,022	428,136	1,008,234	1,137,664	1,014,770	5,688,752
Board – Other sources	52,987	170,582	95,038	82,281	103,491	536,356	128,187	1,168,922
Site Preparation (ha)	132	217	0	80	0	437	42	908
Tree Planting (ha)	253	293	0.2	81	2	461	61	1,151
Plantation Tending (ha)	239	122	437	68	12	466	8	1,352
Pre-commercial Thinning (ha)	255	420	719	366	1,063	642	1,079	4,544
Area Treated 2012-13 (ha)	879	1,052	1,156	595	1,077	2,006	1,190	7,955
Area Treated 2011-12 (ha)	902	984	1,325	633	1,114	1,935	1,137	8,030
Variance ('12/13 – '11/12) (ha)	(23)	45	(169)	(38)	(37)	71	53	(75)
Ratio (GNB\$ per ha)	\$576	\$624	\$810	\$720	\$936	\$567	\$853	\$715
Share GNB Silviculture Funding (%)	9%	12%	16%	8%	17%	20%	18%	100%
Share of Area Treated (%)	11%	13%	15%	7%	14%	25%	15%	100%

Sources: Forest Management Branch and Financial Services Branch, DNR FPC – Marketing Board report Schedule A 2008-102
Private Land refers to private woodlots and does not include Industrial Freehold.

Figure 14: Forest Products Marketing Boards – Wood Sales 2011-2013 (Cdn \$)

Year	Carleton-Victoria	Madawaska	North Shore	Northumber - land	SENB	SNB	YSC	Combined
2011/12	8,317,063	5,692,710	5,287,399	1,589,679	7,280,015	8,937,481	8,787,461	45,891,808
2012/13	7,708,280	7,365,283	6,209,351	2,341,227	6,195,271	11,643,389	9,080,488	50,543,289
Wood Sales Through Board – Change from Previous Year								
Variance 2012-13 less 2011-12	(608,783)	1,672,573	921,952	751,548	(1,084,744)	2,705,908	293,027	4,651,481

Source: NB Forest Products Commission

Figure 15: Private Woodlot Production
Statement of Changes

Caution: TC information is not complete.

Changes from Previous Year	Carleton-Victoria	Mada-waska	North Shore	Northum-berland	SENB	SNB	YSC	Combined
Softwood Production ('000 m3)								
2012-13 SW MAP	100	129	135	29	99	217	94	804
2011-12 SW MAP	123	99	134	27	168	265	103	918
<i>Variance SW MAP</i>	<i>(23)</i>	30	1	2	(69)	(48)	(9)	(114)
2012-13 SW TC	100	141	107	31	622	211	116	1,328
2011-12 SW TC	123	112	117	27	310	331	147	1,167
<i>Variance SW TC</i>	<i>(23)</i>	29	(10)	4	312	(120)	(31)	<i>161</i>
<i>Softwood AAC (2012)</i>	<i>100</i>	<i>75</i>	<i>180</i>	<i>120</i>	<i>250</i>	<i>345</i>	<i>265</i>	<i>1,335</i>
Hardwood Production ('000 m3)								
2012-13 HW MAP	67	65	64	12	41	75	49	373
2011-12 HW MAP	80	48	57	6	23	63	47	324
<i>Variance HW MAP</i>	<i>(13)</i>	<i>17</i>	7	6	18	12	2	49
2012-13 HW TC	67	66	72	18	35	60	54	372
2011-12 HW TC	80	56	61	6	67	62	45	377
<i>Variance HW TC</i>	<i>(13)</i>	<i>10</i>	11	<i>12</i>	(32)	(2)	9	<i>(5)</i>
<i>Hardwood AAC (2012)</i>	<i>125</i>	<i>95</i>	<i>215</i>	<i>90</i>	<i>185</i>	<i>305</i>	<i>235</i>	<i>1,250</i>
Total Production ('000 m3)								
2012-13 MAP Total	167	194	199	41	140	292	143	1,176
2011-12 MAP Total	203	147	191	33	191	328	150	1,243
<i>Variance MAP Total</i>	<i>(36)</i>	47	8	8	(51)	(36)	(7)	(67)
2012-13 TC Total	167	207	179	49	657	271	170	1,700
2011-12 TC Total	203	168	178	33	377	393	192	1,544
<i>Variance TC Total</i>	<i>(36)</i>	39	1	16	280	(122)	(22)	<i>156</i>

Source: NB Forest Products Commission

Figure 16: Marketing Boards – Comparison of MAP and TC

Caution: TC information is not complete.

Volume ('000 m3)	Carleton-Victoria	Madawaska	North Shore	Northumberland	SENB	SNB	YSC	Combined
2011-12 MAP Softwood	123	99	134	27	168	265	103	918
2011-12 TC Softwood	123	112	117	27	310	331	147	1,167
2011-12 MAP Hardwood	80	48	57	6	23	63	47	324
2011-12 TC Hardwood	80	56	61	6	67	62	45	377
2012-13 MAP Softwood	100	129	135	29	99	217	94	804
2012-13 TC Softwood	100	141	107	31	622	211	116	1,328
2012-13 MAP Hardwood	67	65	64	12	41	75	49	373
2012-13 TC Hardwood	67	66	72	18	35	60	54	372

Source: NB Forest Products Commission

Dark shading in Fig.16 above indicates Minimum Annual Production (MAP) exceeds Transportation Certificate (TC).

Figure 17: Combined Marketing Boards - Production Reports (2011-12 to 2012-13)

Caution: TC information is not complete.

Two Year Summary		2012-13	2011-12
Softwood ('000 m3)			
Minimum Annual Production	MAP	804	918
Transportation Certificate*	TC	1,328	1,167
Annual Allowable Cut SW	AAC	1,335	1,335
Hardwood ('000 m3)			
Minimum Annual Production	MAP	373	324
Transportation Certificate*	TC	372	377
Annual Allowable Cut HW	AAC	1,250	1,250

Source: NB Forest Products Commission

* Transportation Certificate values are incomplete for 2012-13. Carleton-Victoria Board MAP figures used in total TC data. MAP and TC data include exports.

6.0 Appendices

Appendix A: Marketing Boards - Contact Information

Carleton-Victoria Forest Products Marketing Board

151 Perkins Way, Florenceville, NB, E7L 3P6
Agent: Carleton-Victoria Wood Producer's Association

Chairman: Roy McLellan
Acting Manager: Linda Bell
Telephone: (506) 392-5584
Fax: (506) 392-8290
Email: info@cvwpa.ca

Madawaska Forest Products Marketing Board

870 Canada Street, P. O. Box 5
Edmundston, NB, E3V 3X3

Chairman: Charles Albert
Manager: Claude Pelletier
Telephone: (506) 739-9585
Fax: (506) 739-0859
Email: odvdm@nbnet.nb.ca

North Shore Forest Products Marketing Board

2807 Miramichi Avenue, P. O. Box 386
Bathurst, NB, E2A 3Z3
Agent: North Shore Forestry Syndicate Inc.

Chairman: Vacant
Manager: Alain Landry
Telephone: (506) 548-8958
Fax: (506) 548-1165
Email: nsfpmb@nbnet.nb.ca

Northumberland County Forest Products Marketing Board

271 McMurdo Street, Industrial Park
P. O. Box 494, Miramichi, NB, E1V 3M6
Agent: Northumberland Co. Woodlot Owners and Pulp Producers Assoc. Inc.

Chairman: Jean-Guy Comeau
Manager: Kevin Forgrave
Telephone: (506) 622-7733
Fax: (506) 622-6317
Email: woodlot@nbnet.nb.ca

South East New Brunswick Forest Products Marketing Board

P. O. Box 5074, Shediac, NB, E4P 8T8
(Site Location: 3384 re 132, Scoudouc, N.B. E4P 3S7)

Chairman: Joseph Murphy
Manager: Marcel Maillet
Telephone: (506) 532-1150
Fax: (506) 532-6500
Email: senbmb@nb.aibn.com

Southern New Brunswick Forest Products Marketing Board

P. O. Box 4473, Sussex, NB, E4E 5L6
Agent : SNB Wood Co-operative Limited
(Site Location: 13 Drurys Cove Rd, Sussex, N.B. E4E 4E4)

Chairman: John Sabine
Manager: Pam Folkins
Telephone: (506) 433-9860
Fax: (506) 433-3623
Email: pfolkins@snbwc.ca

York-Sunbury-Charlotte Forest Products Marketing Board

819 Royal Road
Fredericton, NB, E3G 6M1

Chairman: Rick Doucett
Manager: David Palmer
Telephone: (506) 444-6644
Fax: (506) 444-6630
Email: ysc@nbnet.nb.ca

Appendix B: Legislative Authority

Under the powers vested in it through the *Forest Products Act*, the Commission may:

1. examine and consider data relevant to the production and sale of primary forest products;
2. conduct meaningful dialogue with producers and consumers and arrive at an equitable price for purchased primary forest products;
3. act as conciliator when requested in disputes arising between a producer association and a consumer of primary forest products;
4. conduct inquiries as to:
 - a) the cost of production, distribution and transportation
 - b) prices, markets and systems of classification, and,
 - c) any other matter related to marketing of primary forest products.

Under the powers vested in it through the *Natural Products Act*, the Commission may:

1. Investigate, arbitrate, adjudicate upon, adjust or otherwise settle any dispute between producers, processors, distributors or transporters of farm products or the forest, or between any two or more of such class or persons;
2. Investigate the cost of producing, processing, distributing and transporting any farm product, prices, price spreads, trade practices, methods of financing, management, grading, policies and other matters relating to the marketing of a farm product;
3. Recommend any marketing plan or the amendment of any plan to the Minister;
4. Require persons engaged in the marketing or production and marketing of a regulated product to register with the Commission or the Board;
5. Require persons engaged in the marketing or production and marketing of a regulated product to furnish information relating to the product, including the completing and filing of reports or returns on a periodic basis or otherwise as the Commission or Board determines;
6. Require the furnishing of security or proof of financial responsibility by any person engaged in the marketing, production or marketing, or processing of a regulated product and provide for the administration and disposition of all money or securities so furnished;
7. With the approval of the Minister of Justice and subject to such terms and conditions as he/she imposes, appoint inspectors for the purposes of this Act;
8. Co-operate with a Marketing Board, local board, commodity board, marketing commission or marketing agency of Canada or any province in Canada for the purpose of marketing any regulated product;
9. Make orders and issue directives consistent with a plan or the regulations as are necessary to enforce the provisions of the Act or any plan.

The Commission may also investigate complaints in relation to the marketing of primary forest products, be informed regarding developments in the harvesting and marketing of primary forest products, and recommend to the Minister the institution of such marketing controls as may appear necessary or advisable.

Appendix C: Glossary

Agent – Marketing Boards may have a Co-operative or Association carrying out business on their behalf. Legislation establishes that Marketing Boards submit information to the Commission; the Commission must oversee the operations of the Boards, including the business the agents carry out for the Boards (for example: wood sales and silviculture activities).

Annual Allowable Cut (AAC) - The volume of timber that may be harvested during a given time to maintain sustained production (Select Committee, 2004)

Annual Report – An annual accountability document containing financial and performance information regarding a Department or organization.

Certification – A designation earned for meeting environmental protocols established by a certifying body (e.g. CSA, SFI, FSC, Pan-European, and Pan Canadian). Certified operations are required to meet the established standards for sustainable forest management.

Commission – The New Brunswick Forest Products Commission (FPC).

Conciliation and Mediation – are two forms of dispute resolution. Conciliation uses an independent third party to make the decision, whereas mediation relies on a third party mediator to bring the two parties together to resolve the issue.

Crown Corporations Committee – A standing committee of the New Brunswick Legislature to review Crown Corporations' performance and information in the public interest.

Crown Land (provincial) – Lands owned by the Crown (held by the province of New Brunswick) and managed by the Department of Natural Resources under the *Crown Lands and Forests Act*. There are also federal Crown lands.

DNR – New Brunswick Department of Natural Resources.

Equitable Market Access: In July 2008, the provincial Department of Natural Resources, the NB Federation of Woodlot Owners, and the NB Forest Products Association initiated two year “Marketing Board Exclusive Agent Trial” with the ability to extend the trial for an additional two year period. The trial ended in March 2012. The Trial was designed to address the longstanding issue of equitable treatment of woodlot owners. Equitable treatment means that New Brunswick woodlot owners, in selling their forest products, should not face undue competition from wood from Crown land. Under the proposal, the Marketing Boards were enabled as exclusive agents for all wood sales from private woodlots. The mills would provide “private wood purchase plans” to Marketing Boards to facilitate an open business relationship, and the Marketing Boards would provide “harvest plans” in return.

Forest Products – Products made from trees or forest vegetation including lumber, pulp and paper, Christmas trees, ginger, maple products, etc.

Forest Products Marketing Board or “Board” – a corporate entity established under the *Natural Products Act* to control and regulate the marketing of primary forest products, and to ensure that private woodlot owners have a fair and orderly market system for sale of their wood products.

Harvest and Production – Annual cut usually measured in cubic meters.

Industrial Freehold – Lands owned by mills and wood processors are commonly referred to as industrial freehold. The main goal for these lands is to maximize their value to the wood processing facilities. (Auditor General, 2000)

MAP (Minimum Annual Production) – The volume of wood harvested from private woodlots in a regulated area and sold through or reported to one of the seven Marketing Boards.

NAFTA – North American Free Trade Agreement (US-Canada-Mexico trade agreement intended to encourage cross border trade and commerce).

Pre-commercial thinning – tree thinning carried out before commercial harvest.

Primary forest products - includes wood chips and biomass produced at or on the harvest site, and any unmanufactured product of forest trees of hardwood and softwood species, but does not include coniferous trees cut for sale as Christmas trees and products made from the sap of maple trees.

Public Accounts Committee – Standing Committee of New Brunswick Legislature that reviews all Departmental expenditures.

Silviculture – Growing and tending trees. Silvicultural activities can include tree planting, site preparation, thinning, herbicide applications and management planning.

Softwood and Hardwood – Softwoods are conifers (spruce and fir) and hardwoods are deciduous or broad-leafed trees – used mainly for lumber, paper making or other wood products.

Softwood Lumber Dispute – A trade issue between the US and Canada. The US claims that Canadian forest product production is subsidized by the Crown, creating an unfair advantage in the market. The Maritimes has an exemption from the softwood lumber tariff because of the amount of private land harvest and the way Crown timber royalties are set.

Sustainable Forest Management - Management of the forest in a manner to sustain the “forest” ecosystem, and, environmental, economic and social values.

Sustainable Yield – Sustainable Wood Supply – a continuing, stable supply of forest fibre.

Timber Utilization (TU): The Timber Utilization values are for roundwood harvested from New Brunswick forests and utilized at NB mills. The load slips are collected at New Brunswick mills; the volume data is submitted to and compiled by the Department of Natural Resources. The data includes mill inventories and therefore is not directly comparable with the MAP data. Inter-provincial and export sales are not captured in the Timber Utilization data and the reporting of TU is voluntary.

Transportation Certificate – A document containing information related to source and destination, volume, etc., that is used to track all wood moving by road in New Brunswick. The certificate system is intended to include all wood from private woodlots sold through or outside the Marketing Boards and to include domestic as well as export sales. Review of the system indicates there are significant concerns that the information collected is not complete. The certificate system was established under the *Transportation of Primary Forest Products Act* (assented to 1999 -in force 2002-03). It was also intended to address wood theft, to determine total harvest levels and help Marketing Boards in collecting levies for wood sourced from private woodlots.

Wood Sales – Sales (value) of raw wood through the Marketing Boards. The MAP reports track the volume of private wood flowing through the Marketing Board system, and the Transportation Certificate records the volume of wood moving by road.

Wood Supply and Demand – Wood supply is how much wood is available to the market, and the demand is how much wood the mills utilize or can utilize. Sustainable wood supply refers to how much wood is available that allows for sustainable harvest in future or harvest in a manner that sustains economic, environmental and social values.