
Thursday, December 2, 2004.

11 o'clock a.m.

Prayers.

Pursuant to the provisions of the *Elections Act*, Hon. Mr. Harrison laid upon the table of the House the returns of votes polled in the electoral district of Shediac—Cap-Pelé in the by-election held October 4, 2004.

On motion of Hon. Mr. Lord, seconded by Hon. Mr. Green,
RESOLVED, that the returns be entered in the Journals of the House.
And they are as follows:

**RETURN OF THE BY-ELECTION
FOR A MEMBER OF THE
LEGISLATIVE ASSEMBLY
HELD ON THE 4th DAY OF OCTOBER 2004
SHEDIAC—CAP-PELÉ # 18**

Léo Doiron	PC	4,025
Victor E. Boudreau	L	5,042
Jacques Côté			
Returning Officer			

Mr. Victor Boudreau, member-elect for the electoral district of Shediac—Cap-Pelé, having previously taken the oath and signed the Roll, was introduced by Mr. S. Graham and took his seat in the House.

With leave of the House, and pursuant to the terms of the resolution appointing the Select Committee on Wood Supply (Motion 25), Mr. MacDonald, Member for Mactaquac, presented the Final Report of the Select Committee on Wood Supply which was filed with the Clerk of the Legislative Assembly and released on September 15, 2004, and it is as follows:

September 15, 2004.

To the Honourable
The Legislative Assembly of
The Province of New Brunswick.

Mr. Speaker:

Your Select Committee on Wood Supply has the honour to present its Final Report and commends it to the House. Your Committee was

appointed during the First Session of the Fifty-fifth Legislative Assembly by resolution of the House dated July 30, 2003.

The Committee wishes to extend its appreciation to the citizens who participated in the public consultation process. Each submission provided a unique insight into how New Brunswick Crown land should be managed. Numerous and varied visions for the Province's public forest were identified. However, common to all was the understanding of the importance of New Brunswick's forests to our environment, economy and culture.

It has been a challenging task, making recommendations now for a forest that will exist long into the future. Your Committee agrees we must maintain a viable forest industry. However, given the everchanging nature of our economy, we contemplated whether it is prudent to compete primarily on quantity of wood fibre, or if quality should play a more strategic role. Key to our recommendations is the need to manage for greater biodiversity to ensure the well-being of both our natural environment and the Provincial economy. Recommendations are made with the aim of maintaining the diversity of the Acadian forest, along with providing greater opportunities for public participation in the setting of objectives and increased public access to timber harvesting.

The Committee's mandate would never have been fulfilled were it not for the gracious and generous assistance of the dedicated staff of the Department of Natural Resources, especially Jennifer Dunlap, Scott Makepeace and Bob Dick; along with the external support from Don Logan and Thom Erdle.

Finally, I wish to thank all members of the Committee for the professionalism displayed throughout the deliberations.

This report effectively concludes the work of the Committee.

Respectfully submitted,

(Sgd. :) Kirk MacDonald, MLA
Chair

The full report of the Committee as presented follows:

Executive Summary

Background

In July 2003, an all-party Select Committee on Wood Supply was established and charged with conducting public consultation into the subject of wood supply in the province and to respond specifically to recommendations made in the report "New Brunswick Crown Forests: Assessment of Stewardship and Management" authored by Jaakko Pöyry Consulting.

In meeting its mandate, the Committee convened thirteen public hearings across the province in November and December 2003, with more than 200 speakers participating in the formal presentations. The Committee also received 121 written submissions and 131 form letters from various individuals. Finally, it heard technical presentations from experts on a variety of forestry-related issues encompassing social, economic, and ecological facets of forestry.

The overwhelming level of participation and interest in the public consultation process made clear to the Committee that New Brunswickers have a keen interest in their public forest, that they value it highly for many and diverse reasons, and that they expect it to be managed sustainably for the benefit of present and future generations. The content and diversity of views presented in the process made it equally clear to the Committee that the issues relating to management of that forest are complex, the alternatives many, and the choices difficult. The Committee sees that few issues are one-sided, for example:

- The Committee fully realizes the importance of the forest industry in providing wealth and employment in New Brunswick. It also fully realizes the importance of a healthy and diverse environment to ensure the forest can continue to be a source of wealth and jobs.
- The Committee clearly recognizes that New Brunswickers are the owners of the public forest and, as such, should be in control of its future. It also recognizes that New Brunswick is not an economic island, and that its industrial sector must survive in a world market characterized by rapid technological change, increasing efficiencies, stiff competition, and economic uncertainty.
- The Committee well understands the industry's desire for a secure wood supply future and the investment advantages this offers. It also understands the Government's role as trustee of the public forest and its responsibility to maintain management flexibility to accommodate future shifts in public values.

The Committee firmly believes that the public forest should be managed in accordance with public values but that such values vary significantly within society. It also believes that any such management must be founded upon the best available science - not simply on popular opinion - and that balance and compromise are essential management ingredients.

These and other issues make difficult the task of striking a reasonable balance amongst the many values identified in the public consultation process, including those relating to wealth creation and employment, culture, biodiversity and wildlife habitat, recreation, and raw material supply.

Response to Jaakko Pöyry Report

While the Committee does not claim to have all the answers to the difficult questions about managing New Brunswick's public forest, after careful deliberation, it does not view the Jaakko Pöyry report as a "go forward" document.

The Committee appreciates the value of the Jaakko Pöyry Report in stimulating a broad and open discussion regarding the future of forest management on Crown land. However, it believes management of the public forest is best served by a public vision, put forward by Government as trustees of that forest. In accordance with this belief, and after full and careful consideration of the various views presented in the public consultation process, the Committee forged the "go forward" strategy described in this report. The strategy attempts to capitalize on New Brunswick's forestry strengths, with the goal of maintaining the healthy forest environment and vibrant forest economy necessary to secure the social well-being of New Brunswickers today and tomorrow.

Principles

The Committee developed a guiding philosophy about managing the public forest and used this philosophy to guide its deliberations and to shape its recommendations. The philosophy is founded on the notion that the forest management strategy for New Brunswick must involve the public, and maintain both a healthy forest environment and a job-oriented, diverse forest economy. All of these elements contribute to the social wellbeing of New Brunswickers, today and into the future.

Further underpinning the philosophy are the following beliefs:

Public Involvement: Crown land and resources are a public trust. The Government is the steward responsible for these public resources and under no circumstances should this stewardship be relinquished. There must be processes in place to allow the public to participate in determining the principles and goals for Crown forest management. The public must be kept informed about what is done on Crown land and Government must ensure that management objectives are met.

Managing for a diversified forest: Flexibility is important to keep the Province's options open, so future needs of both the public and the forest industry may be met. A healthy, diversified forest will support a healthy, diversified economy. Both will position the Province to adapt to unforeseeable, but inevitable, changes in society's desires and the world economy. To achieve this diverse forest, forest management must be founded upon best scientific understanding of how the forest functions.

Commitment to Crown timber objectives. The strategic determination of wellfounded objectives is critical to allow for constructive development of the Crown forest. These objectives must include timber supply quantity and quality targets for all commercial tree species. Plans by which to attain those objectives must be prepared and the necessary financial support secured for their effective implementation. Innovative processing of the harvested timber goes hand-in-hand with this deliberate planning, and must be promoted to provide a more stable employment environment for the longer term.

Committee's Recommendations

The Committee believes the founding principles and structure of the *Crown Lands and Forests Act* continue to provide a solid foundation for Crown forest management in New Brunswick and it believes that all Committee recommendations can be effectively addressed in the context of existing forestry legislation.

The Committee does not recommend establishment of community forests on New Brunswick Crown land. Such a form of forest tenure was advocated by some at the hearings on the grounds that the current system allows too little public influence over management objectives, provides too few local employment opportunities, and stifles opportunity for innovative value-added and non-timber based economic enterprises. These three claims have merit and the Committee has attempted to address each in its recommendations. However, it has done so in a way which does not undermine the strengths of the *Crown Lands and Forests Act* and which does not introduce inherent difficulties it envisions with implementing community forests in New Brunswick.

The Committee hopes that the public participation process just completed signals the ushering in of a new era in New Brunswick forestry - one of more open and informed debate, where all parties interested in forest management are effectively engaged and their views given full and fair hearing. Such open and informed debate will never lead to a single management approach which fully satisfies all parties - the interests, values, and priorities within New Brunswick society are simply too diverse. However, it should lead to a more thorough exploration of management options, a better understanding of their likely consequences, and therefore to decisions which best serve New Brunswick, socially, economically, and environmentally. The Committee also recognizes that the recommendations made within this document must be considered in light of any advancement in the interpretation of Aboriginal and Treaty Rights.

The Committee submits this report to Government with the intent of shaping a better forest management future in New Brunswick and believes it will support the Minister of Natural Resources in fulfilling the Department's mission *to manage the natural resources of the Province in the best interest of its people.*

The Committee organized its 25 recommendations under four categories:

1. *Governance and Accountability;*
2. *Forest Management Objectives;*
3. *Allocation of the Resource and Distribution of Benefits; and*
4. *Provincial Wood Supply.*

In preparing its recommendations, the Committee weighed the benefit of acting in a timely and decisive manner with the risk of acting in haste, without due consideration of the full implications of proposed action. Recognizing the value of the former and the danger of the latter, the Committee attempted where realistic to be as detailed as possible in its recommendations and to provide specific guidance. Where the Committee felt precise recommendations could not be clearly and responsibly stated without further study, it set forth a general direction and provided examples of possible action to be taken.

The suggested timeframe for implementation varies between recommendations and is governed by their nature and complexity. The Committee classified each recommendation for implementation in the short-term (1-2 years), medium-term (3-5 years), and long-term (more than 5 years). Rationale and elaboration relating to each recommendation appears in the main text on the page numbers cited.

The Select Committee on Wood Supply recommends:

Recommendation	Time-frame	Page in text
Governance and Accountability		
[1] That DNR incorporate the Select Committee recommendations adopted as result of this report into Departmental policies, the 2007 and 2012 <i>Vision</i> documents, and the Forest Management Manual, where appropriate.	Short (S)	13
[2] That, by December 2007, DNR prepare a strategy for public participation, in time for 2012 management plan development.	Medium (M)	14

[3] That a public participation process similar to the one just completed by the Select Committee be undertaken on a 10-year cycle.	Long (L)	14
[4] That an individual (“The Coordinator”) responsible to co-ordinate implementation of the Committee’s recommendations and reporting to the Deputy Minister, be engaged for a five-year term, with possibility of extension.	S	15
[5] That, no later than April 2005, a Provincial Advisory Committee be established to provide advice to the Minister of Natural Resource on issues pertaining to Crown forest management.	S	15
[6] That as soon as possible, the purpose and function of the Licensee Stakeholder Committees be clarified and enhanced.	S	16
[7] That effective 2005, the Minister of Natural Resources report annually to the Legislature on the status of New Brunswick’s forest and its management.	S	16
[8] That DNR regularly provide objective and factually correct information to the public about forest management including the use of various harvesting and silvicultural techniques.	S	16
[9] That Crown operators’ performance be more widely reported and penalties for mismanagement be increased.	S	17
Forest Management Objectives		
[10] That DNR establish a process to develop quantifiable wood supply objectives for all commercial tree species.	S-M	18
[11] That the wood supply strategies and objectives identified above be developed with reference to the natural diversity of the Acadian forest in order to generate increasing yields of a wider variety of commercial tree species while maintaining important ecological features of the forest.	S-M	19
[12] That the amount of clearcut harvesting on Crown land be reduced.	S-M	19
[13] That, in order to promote the future benefits from the Crown forests, DNR modify existing silviculture guidelines for thinning and planting.	S	19
[14] That any reduction in the short-term supply of spruce/fir/jack pine be tempered to reduce the negative impact to the existing industry.	S	19
Allocation of Resources and Distribution of Benefits		
[15] That DNR continue to use adaptive, science-based decision making in setting management criteria for all special management areas and that no additional harvesting be permitted in special management areas at this time.	S-L	20

[16]	That, by April 2005, up to 10% of the total annual harvest volume of all species be made available for harvest by small, qualified contractors.	S	21
[17]	That, effective immediately, DNR implement wood allocation mechanisms to promote and stabilize local employment opportunities in the event that a mill ceases operation.	S	21
[18]	That for the 2007 operating plans, DNR facilitate mechanisms which encourage the harvest of other non-timber forest products should they be identified (e.g., balsam fir tipping).	M	22
[19]	That, in April 2007, 2% of the 2002 level AAC be made available for new, value-added wood processing initiatives.	M	22
[20]	That Licensees and Sub-Licensees report on employment levels and that these be considered when the Minister renews Crown allocations.	S	22
Provincial Wood Supply			
[21]	That the current negotiations concerning primary source of supply that DNR has been facilitating between the New Brunswick Forest Products Association and the New Brunswick Federation of Woodlot Owners be fully supported.	S	23
[22]	That the Crown base royalty rates be increased by an amount to reflect the extra value of a secure Crown wood supply and a credible third-party be engaged to estimate the magnitude of that extra value.	S	24
[23]	That, on a five-year basis, Government commit to the level of silviculture funding deemed appropriate to achieve desired timber objectives developed during the analysis stated in Recommendation 10.	S-M	24
[24]	That any increase in royalties (using 2004 as the base year) be deposited in a dedicated fund directed exclusively to the Crown silviculture program.	S	25
[25]	That DNR establish a minimum level of silviculture that must be conducted on Licensee and Sub-Licensee industrial freehold.	S	25

1.0 Introduction

In September 2001, the New Brunswick Forest Products Association (NBFPA) raised concerns about several issues related to management of the Crown forest, including the negative impact of non-timber objectives on softwood supply, and various aspects of the management system currently in place for Crown lands in New Brunswick. To examine these issues and evaluate the status of forest management in New Brunswick generally, the New Brunswick Department of Natural Resources and the NBFPA commissioned a study by Jaakko Pöyry Management Consulting. Jaakko Pöyry was charged with conducting a benchmark evaluation comparing New

Brunswick Crown forest management policies and practices of stewardship to those in other regions in North America and the Nordic countries and with identifying potential means for improving the forest management system in New Brunswick.

Jaakko Pöyry submitted its findings in the report 'New Brunswick Crown Forests: Assessment of Stewardship and Management' in November 2002.¹ On July 30, 2003, twelve Members of the Legislative Assembly (Appendix A) were appointed to the Select Committee on Wood Supply to review the findings of the Jaakko Pöyry Report and to make recommendations on the future direction of forest management of New Brunswick Crown lands. The committee was mandated (Appendix B) to consider, among other matters:

- *opportunities and strategies arising from Jaakko Pöyry Report to increase the available wood supply from Crown lands in New Brunswick; and*
- *opportunities and strategies for the future direction of Crown land forest management.*

This report presents the findings and recommendations of the Select Committee on Wood Supply. Recommendations are based upon the issues and ideas presented to the Committee, and upon the considerable deliberation and analysis that ensued as a consequence of the public hearings. The recommendations offered take advantage of opportunities to increase benefits from the Crown forest, and are intended to ensure sustainable management of the Crown forest and the provincial wood supply. The Committee's recommendations are intended to influence the future direction of forest management generally and more specifically, to influence the development of objectives for Crown land as captured in the document *A Vision for New Brunswick Forests: Goals and Objectives for Crown Land Management*² (herein referred to as the *Vision* document).

2.0 Process

The Committee conducted its work over the period from October 2003 to April 2004.

Thirteen public hearings were held in November and December 2003 (Table 1).

#	Date	Location	#	Date	Location
1	Nov. 18	Petitcodiac	8	Dec. 2	Edmundston
2	Nov. 19	Saint John	9	Dec. 3	Fredericton
3	Nov. 20	Saint John	10	Dec. 4	Fredericton
4	Nov. 21	Petitcodiac	11	Dec. 5	Miramichi
5	Nov. 25	Campbellton	12	Dec. 17	Fredericton
6	Nov. 26	Paquetville	13	Dec. 22	Edmundston
7	Nov. 27	Miramichi			

Table 1. Dates and location of the public hearings for the Select Committee on Wood Supply.

Typically hearings ran from 10:00 a.m. until 5:00 p.m. on the dates noted, with eight to twenty parties presenting daily. Some 200 speakers made formal presentations to the Committee (Appendix C). The majority of the speakers made prior arrangements to speak, but on several occasions individuals who presented themselves on the day of the hearing were able to address the Committee. One hundred and twenty-one written submissions and 131 form letters were received via email and traditional mail between early November and late December 2003 (Appendix D).

The Committee engaged the assistance of two advisors: Dr. Thom Erdle, Professor and Forest Ecosystem Management Program Director at the University of New Brunswick; and Don Logan, a former Regional Resource Manager with the Department of Natural Resources, now retired. Prior to the hearings, staff from the Department of Natural Resources provided pertinent background information including presentations explaining the key findings of the Jaakko Pöyry report and the current structure of the forest management system in New Brunswick.

Following the hearings, the Committee invited a number of individuals (Appendix E) to meet with them, to provide professional opinions on various relevant subjects. The Department of Natural Resources' *Staff Review of the Jaakko Pöyry Report* was also presented to the Committee for consideration.³ The DNR Staff Report presented staff viewpoints and recommendations based upon opinions expressed by 175 staff members during ten workshops held during May and June 2003, and the collective professional opinion of the members of an internal working group. The Atlantic Provinces Economic Council's report on the forest economy of New Brunswick was also presented to the Committee for consideration.⁴

The Select Committee considered the views, facts, perspectives, and arguments contained in the vast amount of information provided to it and followed a consensus-based approach. After careful assessment and discussion of all the materials and information before it, the Committee prepared the recommendations presented in this report.

3.0 Aboriginal and Treaty Rights

An important consideration with respect to the Crown forest is the rights of the First Nations of New Brunswick. Invitations to meet with the Committee were extended to all Chiefs in late October 2003.

Although no responses were received from individual Chiefs, a reply was received from the MAWIW Council of First Nations advising that the MAWIW Council had misgivings about the individual Chiefs meeting with the Select Committee, and that the Council would consider the invitation.

In January 2004, a second offer to meet was extended from the Chair of the Select Committee to the First Nation Chiefs. The MAWIW Council of First Nations and the Union of New Brunswick Indians responded that their organizations had ultimately decided against meeting with the Select Committee. Although this meant that no formal positions were brought forward, several First Nations people did participate in the public hearings and brought their unique perspective and concerns to the Committee.

The various courts continue to provide judgments related to Aboriginal and Treaty Rights vis-à-vis natural resources within New Brunswick. These decisions, as well as the on-going discussions between the First Nations and the governments of New Brunswick and Canada, will have a bearing on the future management of Crown land in the province. In light of these activities, the Select Committee is reluctant to offer any explicit observations or comments in regard to the First Nations' Aboriginal and Treaty Rights vis-à-vis the management of Crown forests. However, the Committee recognizes that the recommendations made within this document must be considered in light of any advancement in the interpretation of Aboriginal and Treaty Rights.

4.0 Background

New Brunswick's Forest Economy

The forest industry is a cornerstone of the New Brunswick economy, contributing \$1.7 billion to the economy in 2002.⁴ This amounts to about 9% of the provincial GDP, and emphasizes how critical this sector is to both the local and provincial economy. Wages and salaries amounted to \$705 million in 2002, and the forest industry provides 6.8 % of New Brunswick's total jobs (direct and indirect).

Today six large forestry companies manage the ten licenses into which the Crown forest is divided (Table 2) and another 80 smaller companies have an allocation of wood from Crown land (down from over a hundred in 1982). During the hearings many people commented on the negative aspects of consolidation, large corporate control and off-shore ownership. The Committee feels it is important to point out that the 80 smaller companies are located within New Brunswick's rural communities, are largely locally owned and operated. Approximately 55% of the total wood volume harvested from Crown land is used in locally-owned facilities.

New Brunswick's Forest Management System

The New Brunswick government implemented the *Crown Lands and Forests Act (CLFA)* in 19825. The Act authorized the Minister of Natural Resources to enter into Forest Management Agreements with timber companies that owned and operated wood processing facilities in the province. At that time, Crown land was divided into ten license areas. The companies that were assigned management responsibility for these areas became Crown Timber Licensees (*Licensees*). Smaller companies (mostly sawmills) obtaining wood supply from these same areas became known as Sub-Licensees.

License #	Licensee Name	Area (ha)	Sub-totals (ha)
1	Bowater Maritimes Inc.	427 580	427 580
2	UPM - Kymmene Miramichi Inc.	259 369	
3	UPM - Kymmene Miramichi Inc.	316 354	
4	UPM - Kymmene Miramichi Inc.	384 049	959 772
5	Weyerhaeuser Company Limited	71 590	71 590
6	J. D. Irving, Limited	631 351	
7	Irving Pulp & Paper, Limited	428 784	1 060 135
8	St. Anne-Nackawic Pulp Company Ltd.	252 027	252 027
9	Nexfor Fraser Papers (Carleton)	133 245	
10	Nexfor Fraser Papers	402 200	535 445
	Total area		3 306 549

Table 2. Crown land under Crown Timber Licenses, as recorded in the 2002 Forest Management plans.

The Minister is responsible for setting forest management goals, objectives and standards. The *Vision* document explicitly states the goals and objectives pertaining to timber and non-timber values (e.g., wildlife habitat, water, recreation), and is updated every five years. On the same five-year cycle Licensees are responsible for developing and implementing Forest Management Plans to meet the goals and objectives expressed in the *Vision* document. As these plans take considerable time and effort to prepare and approve, the *Vision* document is prepared two years in advance of the management plan submission date. This five-year planning cycle is critical in enabling Crown forest management to be responsive to changes in social values, economic situation, resource information, and knowledge about how the forest grows (Figure 1).

Figure 1. Timeline illustrating the Crown forest management planning process, particularly the setting of objectives for Crown forests (the 'Vision' document) and the creation of Forest Management Plans. (See Original.)

The standards established for forest management on Crown land are contained in the Forest Management Manual, which is amended as

needed by mutual consent of the Minister of Natural Resources and the Licensees.⁶ The manual contains detailed information about forest management implementation procedures, including such matters as road construction, stream crossings, Deer Wintering Area management, and plantation establishment. Day-to-day operations of the Licensees and Sub-Licensees are monitored by Department staff to ensure compliance with established guidelines. Detailed records on all aspects of Licensee activity are kept. Violations are recorded; penalties and/or remedial action are the consequences of failure to meet required standards or follow proper procedures. Every five years, Licensee performance is formally evaluated using criteria that were predetermined at the beginning of the previous five-year management period. Results of this evaluation are filed with the Legislature and posted on the Department's web-site.

New Brunswick's Wood Supply

Since the introduction of the CLFA, the harvest from Crown forest has been set at a sustainable level whereby a constant, non-declining volume of wood can be harvested for at least 80 years into the future. The Crown wood supply, termed Annual Allowable Cut (AAC), is governed in part by the size of the inventory stocks from which the harvest is drawn and by the rate at which those stocks are replenished by growth of the forest. The Forest Resources Study (1974) and several subsequent studies have forecast a future low point in inventory stocks to occur around 2030. This low point was factored into the determination of the softwood AAC which currently is set at 3.3 million cubic metres per year.

The Crown silviculture program, set at \$19 million for 2004, is paid for by government and implemented by Licensees. In 2003, an additional \$5 million were spent on DNR nursery and herbicide operations. The industry also contributed approximately \$4.8 million in the form of a silviculture levy. Under the present strategy, softwood inventory is forecast to build up in the future allowing the AAC to gradually increase in about 40 years time and then increase more significantly about 50 years from today (Figure 2). The 'Scenario 2' proposal made by Jaakko Pöyry, in which silviculture is increased, would result in a more significant softwood AAC increase in about 40 years.

Figure 2. (See Original) Projection of future softwood inventory under current management strategies (2002) and those proposed in the Jaakko Pöyry Scenario 2.⁷ (See original.)

The difference between outcomes of today's management strategy and those under the Jaakko Pöyry's Scenario 2 (where silviculture levels are increased to double softwood supply) is with respect to the

future wood supply increase (Figure 3). Under current (today's) management strategy, future softwood supply is forecasted to increase to 4.5 million cubic metres per year by 2047. The Jaakko Pöyry management scenario forecasts an increase to 6.8 million cubic metres per year by 2062. Worth noting is that the Jaakko Pöyry report did not fully consider the range of values articulated by the public during the hearing process, including: (a) economics, especially employment (b) cultural and historical; (c) biodiversity and wildlife habitat; (d) recreational opportunities; and (e) resource inventory (raw materials) upon the land base.

Under either management strategy illustrated in Figure 3, the level of annual allowable harvest can be increased beyond the year 2042. At that time, many feel there will be greater flexibility in setting objectives for both timber and non-timber. However, given the inventory stock low point around year 2030 (Figure 2), there will be no appreciable opportunity to increase the softwood AAC over the next forty years, no matter what decisions are made today.

Technology continues to improve efficiencies which help keep New Brunswick industries competitive, but also increases mill capacity, thus putting continuous upward pressure on the demand for wood, particularly softwood. In the view of some, this results in an insatiable industrial appetite for fibre which is unlikely to diminish over time. In the view of others, market forces dictate that industry must continue to invest, expand and improve its efficiency in order to remain competitive in the global market place. Regardless of market forces or the industry's desire to grow wood, there are biological limits to the amount of wood that can be grown in New Brunswick.

Figure 3. (See original.) Projection of future sustainable harvest levels under current management procedures (2002) and those proposed under Jaakko Pöyry's Scenario 2.⁸ (See original.)

The DNR Timber Utilization Survey indicates that both the Crown and Industrial Freehold land bases are harvested at sustainable levels.⁹ However, when all ownerships are considered, the New Brunswick forest industry currently consumes more softwood fibre than can be sustainably harvested from provincial forests under present management practices (Figure 4). The total harvest from the private woodlot land base has exceeded sustainable levels for the past several years. As a result, the Department of Natural Resources recently commissioned a study to examine the extent of this matter. In addition to the domestic supply, the forest industry imports a significant volume of fibre from adjacent jurisdictions (mainly Quebec, Maine, and Nova Scotia) to help meet the demand for softwood.

This unfavourable supply/demand scenario, which may worsen with increasing external competition reducing wood imports, underlies industry's desire to increase the sustainable harvest potential of Crown land in order to meet the forecast need for wood volume in the future.

In terms of total hardwood fibre, the sustainable harvest level from all New Brunswick forests is approximately equal to the industrial demand (Figure 5).⁹ Until recently, there has been an excess of hardwood fibre within New Brunswick. In response to new and/or expanded production capacities at some processing facilities, and the inclusion of more hardwood in softwood pulping process, the demand has increased quite dramatically. Sawlogs and veneer quality lumber continue to be in short supply.

It was within the context of the forest management and wood supply situation described above that the Jaakko Pöyry study was commissioned, and it is with full awareness of that context that the Select Committee conducted its work.

Figure 4. Supply and demand of softwood (million m³) within New Brunswick. (See original.)

Figure 5. Supply and demand of hardwood (million m³) within New Brunswick. (See original.)

5.0 Response to the Jaakko Pöyry Recommendations

In its report entitled *New Brunswick Crown Forests: Assessment of Stewardship and Management*, Jaakko Pöyry Consulting made the following six recommendations (p. 9):

- 1. timber supply objective should be set for each license area that would be binding on the Government and on the Licensees. Timber supply objectives should be set for the range of species harvested commercially from each license. This would include a feedback loop to evaluate timber supply implications of DNRE management changes.*
- 2. The industry and DNRE should jointly fund and support research and development of science-based forest management practices applicable in New Brunswick.*
- 3. The public should participate in reviewing the objectives of management for New Brunswick's Crown lands to provide a mandate for the direction and magnitude of change in forest management.*
- 4. The DNRE should reduce overlap in management and oversight of Crown lands. Ontario provides a model on how industry/government responsibilities have been streamlined.*
- 5. Special management zones should be critically reviewed and where possible additional harvesting permitted. These areas should be managed using the best science to meet habitat and timber supply objectives.*

6. *Conservation on private lands should be taken into account when evaluating the need for set asides and special management on public lands. This should include a process to establish a form of voluntary conservation designation on private industry lands (and woodlots).*

In addition, a key finding of Jaakko Pöyry (p. 11) was: “It is possible to almost double the long term softwood supply for industrial purposes while meeting the current non-timber objectives for Crown lands in New Brunswick.”

The Committee believes that the Jaakko Pöyry report was invaluable in initiating dialogue on the management of New Brunswick’s Crown forest. This was clearly evidenced by overwhelming and unprecedented response to the call for the public to participate in the Select Committee’s hearing process. However, after careful consideration and for reasons which will become clear later in this report, the Committee does not view the Jaakko Pöyry report as a “go forward” document; it does not fully support all of the Jaakko Pöyry recommendations, nor does it support the doubling scenario put forth in its report.

More specifically, the Committee fully supports:

- Recommendation 3 (Public Participation): The Committee agrees that more effective involvement of the public in forest management decision-making is highly important. Further, such involvement is clearly desired by New Brunswickers as evidenced by the response to the Select Committee process. Nine of the Select Committee recommendations further articulate the desire to see public involvement and reporting processes put into place in regard to the Province’s forest management system.
- Recommendation 2 (Research and Development): The Committee agrees that science and the best interpretation of research should be fundamental to forest management in New Brunswick. However, funding arrangements can be various and beyond the domain solely of DNR and industry. Existing research by industry and educational institutions should be made available and used wherever feasible in DNR’s decision making.

The Committee partially supports:

- Recommendation 1 (Timber Supply Objective): The Committee agrees with the need for a timber supply objective; however, it does not agree with setting binding timber objectives that would constrain the Department’s ability to accommodate societal demands for either new objectives or modifications to existing non-timber objectives.

- Recommendation 4 (DNR Staffing Levels): The Committee agrees that DNR should continuously seek ways to improve its efficiency, including reducing overlap in management. However, DNR, as steward of the public forest lands, is responsible to ensure that all practices conducted thereon fully comply with existing standards, guidelines, and policies. The Committee does not support curtailing DNR's monitoring role, or assigning monitoring responsibility to independent parties as recommended in the Jaakko Pöyry report.

The Committee does not support:

- Recommendation 5 (Special Management Zones): The Committee does not believe that current guidelines for management of special management areas should be modified with the objective of increasing harvest levels. The Committee believes that the best science is, and must continue to be used to meet habitat and timber supply objectives. However, the Committee acknowledges that as new research becomes available, harvest levels in special management areas may change.
- Recommendation 6 (Conservation on Private Lands): The Committee feels that private land conservation efforts should be considered additional to, and not a replacement for, conservation on Crown land. Inadequate assurance exists about the long-term status of private land conservation efforts to allow them to replace those on Crown land.
- The "Doubling Scenario": Given current knowledge, the Jaakko Pöyry proposal for doubling the area in softwood plantations is not supported by the Committee. As will become apparent later in the report, additional evaluation is necessary to determine the appropriate type and level of silviculture to be conducted on Crown lands in order to achieve the desired future forest. Such an evaluation should examine other possible scenarios, taking into consideration the social and environmental concerns expressed throughout the public hearing process.

Furthermore, the Committee feels that the Jaakko Pöyry report presented but one vision - albeit an important and informative one - and believes management of the public forest to be best served by a public vision, put forward by Government as trustees of that forest. Therefore, the Committee has opted to develop and present a "go forward" strategy. This strategy, embodied in the ensuing recommendations, is aimed at capitalizing on New Brunswick's forestry strengths and successes. Through its recommendations, the

Committee seeks to maintain a healthy forest environment and a vibrant forest economy, both ultimately contributing to the social well-being of New Brunswickers, today and tomorrow.

6.0 Findings and Recommendations

Summary of Hearings

The public consultation process was remarkable in a number of ways. The sheer number of presenters and written submissions was overwhelming. In response to the surge of interest, hearings were expanded from the seven originally planned to thirteen. This intense interest was likely due in part to this being the first opportunity for broad public input into New Brunswick forest management since the implementation of the *Crown Lands and Forests Act* in 1982. All presenters (of both oral and written briefs) displayed passion and a sense of conviction in expressing their positions. Presenters were thoughtful and sincere, and are to be commended for their contributions to the hearings. The management of New Brunswick's Crown lands is obviously of great significance and consequence to the people of New Brunswick.

The Crown Lands and Forests Act

After considering all the concerns brought forward during the public hearings, the Committee is compelled to comment on the *Crown Lands and Forests Act* (CLFA). The Committee believes the founding principles and structure of the CLFA remain valid today and continue to provide a solid foundation for Crown forest management in New Brunswick. Through the consultation process, several opportunities for enhancing Crown management became apparent to the Committee. It is the Committee's belief that all such opportunities can be effectively addressed in the context of the existing CLFA.

Community Forests

Given the concerns brought forward, the Committee is also compelled to comment on the concept of community forests. Establishment of community forest tenures on Crown land was proposed by some as a means to improve forest management and to provide greater benefit to New Brunswick society. The Committee spent much time discussing community forests and concluded that the call for their establishment stemmed largely from justified dissatisfaction with respect to three aspects of the current situation:

- (a) *the level of public influence over management objectives,*
- (b) *the level of local employment opportunity on Crown land, and*
- (c) *opportunities to procure Crown wood supply or other forest-derived raw material for small, value-added enterprises.*

The Committee addresses each of these three issues in its recommendations in ways which do not introduce what it sees as inherent difficulties and drawbacks of implementing community forests in New Brunswick and in ways which do not undermine what it sees as strengths of the CLFA. Over time, if it is determined that implementation of the Committee's recommendations has not adequately addressed the legitimate concerns surrounding public influence, employment and raw material access, then the community forests concept should be revisited, together with other tenure alternatives, as a means to achieve the desired outcomes.

Organization of Material

Viewpoints expressed to the Committee were many and varied. To facilitate dealing with such volume and variety, the Committee identified four overarching categories by which to organize and structure the content of submissions it received and its recommendations for improvement. These categories are:

- **Governance and Accountability.** This category deals with government acting as trustee for the public, ensuring quality control in implementation of forest management, and reporting outcomes to the public, the owners of the Crown land.
- **Forest Management Objectives.** This category deals with the nature of benefits sought from the forest and the nature of the forest deemed necessary to provide those benefits.
- **Allocation of the Resource and Distribution of Benefits.** This category deals with how raw material from the forest is allocated to, and utilized by, beneficiaries and how employment and related social benefits are distributed through society.
- **Provincial Wood Supply.** This category deals with issues unique to the fact that New Brunswick's forest comprises three ownership types, that significant interplay exists between them, and that they collectively shape the status of New Brunswick's forest.

This is an imperfect organizational structure; some categories overlap and not all issues heard by the Committee fit tidily into it. Nonetheless, the Committee feels this structure adequately captures the views it heard, and believes that advances in these four areas will result in a significant overall advance in New Brunswick forest management.

The following sections step through each of these four categories by first stating the key principles that emerged from the hearings; these provided the Committee a reference point to interpret the views expressed to it. Next stated are the issues, problems or opportunities which were raised in one or more submissions. Lastly stated are the

Committee's recommended ways for addressing issues in a way which conforms to, and is consistent with, the stated principles.

Wherever possible, the Committee attempted to be detailed in its recommendations, providing specific guidance to the maximum extent possible. However the Committee acknowledges the complexities and inter-connectedness of many of these issues and respective solutions. The Committee also fully appreciates that in some cases further analysis will lead to a better understanding of the implications and possible ramifications of its recommendations. Therefore, where the Committee felt precise recommendations could not be clearly and responsibly stated without further study, it provides general direction and examples of possible action to be taken.

Finally, the Committee makes its recommendations with deliberate consideration of the different short- and long-term circumstances. In the short to intermediate term, there will be no additional wood volume available in the province. This means reduced flexibility within an environment of increasing demand for the limited sustainable Crown wood supply. Many of the Committee's recommendations relate to this immediate timeframe. However, several very important recommendations are made to ensure greater variety of raw materials which provide long-term flexibility to better address unfolding economic and social opportunities.

6.1 Governance and Accountability

Principles:

1. The Government has delegated responsibility to the Department of Natural Resources (DNR) to manage the natural resources of the Province in the best interest of the people. The fulfillment of this mandate of public trust and stewardship can only be accomplished with meaningful input from the citizens of the Province.
2. The Government through DNR is responsible not only for setting Crown forest objectives but also for monitoring the implementation of management strategies, policies and procedures. Inspections and performance evaluation are fundamental tasks by which DNR ensures appropriate and high quality management of the public forest.
3. The public has the right to receive from DNR clear, comprehensive, and timely reporting about stewardship of the Crown forest and the nature and extent of public benefits which accrue from its management.
4. DNR has a responsibility to provide clear, objective, and unbiased information about forestry and forest management and otherwise contribute to public awareness and understanding of these subjects.

Based on the above principles, the Committee identified three related issues and formulated recommendations for each.

Issue 1: Public Engagement in Objective Setting

The number of presentations, and passion with which they were delivered, provided the Committee clear and ample evidence that the public wants a more active role in shaping New Brunswick forest management. Many New Brunswickers have profound connections to the forest and the natural environment. They live and play in the province's forests, and many earn their living because of the forest and the way it is managed. Many private citizens, provincial stakeholder groups and those with industrial interests wish to actively participate in determining the future direction of the public forest.

Currently the most structured mechanism for public participation in Crown forest management is through Licensee Stakeholder Committees that inform the public how objectives are being achieved. Individuals and groups also contact the Minister and their MLAs to voice their opinions on various subjects. However, no formal, structured and systematic mechanism exists in New Brunswick for the public to participate in the setting of objectives on Crown land. Canada's Forest Accord calls for such a process and New Brunswick is signatory to that Accord.

Recommendation 1: *That DNR incorporate the Select Committee recommendations adopted as result of this report into Departmental policies, the 2007 and 2012 Vision documents, and the Forest Management Manual where appropriate.*

Recommendations made by Select Committee are in response to the concerns and issues raised through the public hearing process. Some of the adopted recommendations will directly influence policies, the 2007 *Vision* document and the Forest Management Manual. Other recommendations may be more relevant to the next *Vision* document which will be drafted to guide development of the 2012 forest management plans.

Recommendation 2: *That, by December 2007, DNR prepare a strategy for public participation, in time for 2012 management plan development.*

DNR must engage both the public and the forest industry in the objective setting process with the goal of using the resulting input to establish clearly stated, measurable objectives for the management of the Crown forest. Greater transparency in setting objectives would allow the rationale behind decisions and related trade-offs to be more evident to all who participate.

The *Vision* document that specifies management objectives is prepared two years in advance of management plan implementation to allow Licensees sufficient time to prepare plans designed to meet those objectives. Therefore, to guide the 2012 plans the *Vision* document must be ready for release by December 2009. It then follows that it would be reasonable to require DNR to prepare a strategy for public participation by December 2007. This time frame links the public process to the development of management plans for Crown land and takes advantage of the adaptive nature of the planning process.

Recommendation 3: *That a process similar to the one just completed by the Select Committee be undertaken on a 10-year cycle.*

The Committee believes that a number of the recommendations contained in this report will lead to improved input from the public and increased accountability of and reporting by both government and industry. However, formal solicitation of public input regarding the forest management system that evolves over the next ten-year period is an important way to gauge success of any new strategies.

Extenuating or unforeseen circumstances may merit the sitting of the Committee sooner. However, since evaluating impacts of previous management actions can only be measured after passage of sufficient time, a shorter cycle is not recommended. This Select Committee process may become unnecessary as other recommended forms of public participation evolve and mature.

Figure 6 illustrates the relative timing or placement of the public processes identified in Recommendations 2 and 3.

Figure 6. Timeline illustrating the Crown forest management planning process, with the Select Committee's recommendations related to public participation included. (See Original.)

Issue 2: Departmental Responsibility, Accountability and Transparency

While Recommendation 2 addresses the need for public input into objective setting, few avenues have been available for the general public to influence the provincial forest management strategy once objectives are in place. This concern has been raised over the years and has led to the requirement that Licensees inform the public (usually through their Stakeholder Committees) about how Crown land objectives have been met. The Committee feels that this has not been completely effective and that more must be done in this regard. Improved communication and transparency between DNR, stakeholder groups and the general public are critical to help restore

citizens' confidence that resource management decisions are being made with consideration of their best interests.

It also became evident during the hearings that there was considerable variety of perspectives held by many who presented. This is due in part from the limited information which has been made available about forest management practices conducted on Crown land. In order to have effective public participation in the objective setting, the Department should be more active in informing the public about Crown-land forestry activities and the roles of Licensees and Departmental staff.

Recommendation 4: *That an individual ("The Coordinator") responsible to co-ordinate implementation of the Committee's recommendations and reporting to the Deputy Minister, be engaged for a five-year term, with possibility of extension.*

The person undertaking this critical function should be:

- (i) knowledgeable of natural resource management,
- (ii) objective, and
- (iii) a skilled manager and facilitator.

This individual would assist the Deputy Minister by coordinating implementation of recommendations adopted as a result of this report. Dedicating an individual to followup on all work falling out of this review will ensure that matters are given sufficient and timely attention. This person would supervise activities, and monitor and report on progress in a systematic, objective manner. Their responsibilities would also include chairing the Provincial Advisory Committee noted in Recommendation 5 that follows.

Recommendation 5: *That by April 2005 a Provincial Advisory Committee be established to provide advice to the Minister of Natural Resource on issues pertaining to Crown forest management.*

Under this process, the Minister of Natural Resources would invite representation from provincial-level organizations, including academia, environmental stakeholders, forest industry, woodlot owners, and First Nations to sit as members of the Advisory Committee. Initially the group would meet frequently as their mandate would include providing advice to the Minister regarding actions resulting from the Select Committee's report. The Provincial Advisory Committee would be given opportunities to provide comment on such things as the wood supply analysis and the subsequent setting of timber objectives and the development of the public consultation strategy.

By inviting the principal stakeholders together, it is anticipated that the interests of the people, or the common good, will become clearer to all parties. This forum would provide a setting whereby differing opinions and views may be heard as potential solutions are brought forward within the Department. Should the public wish to communicate with the Advisory Committee they could use traditional means, as well as electronically (email and internet). As current issues are resolved, the Minister may wish to periodically seek the counsel of this Advisory Committee on other emerging matters related to Crown forest management.

Recommendation 6: *That as soon as possible, the purpose and function of the Licensee Stakeholder Committees be clarified and enhanced.*

The goal of these committees is to identify local concerns and solutions within the bounds of approved management plans. Departmental staff should chair these meetings, creating an atmosphere where the industry participates as an active member, so other members feel more comfortable to freely voice their concerns or comments. The Licensee would act more as a resource to DNR by providing required information regarding its management plan. Issues that arise during stakeholder meetings should not only be recorded, but a commitment undertaken by the Licensee to address the matter. The Licensees' Annual Reports should reflect number of meetings, numbers in attendance, and issues raised and resolved.

Furthermore, the Coordinator should annually attend at least one of each of the Licensees' Stakeholder Committee meetings. This will provide an opportunity for the Coordinator to hear participants' views on the effectiveness of these committees.

Recommendation 7: *That, effective 2005, the Minister of Natural Resources report annually to the Legislature on the status of New Brunswick's forest and its management.*

This report would include such things as:

- (a) progress report from the Coordinator regarding the implementation of adopted recommendations;
- (b) timber royalties collected;
- (c) highlights from Licensees' Annual Reports (areas harvested, planted and thinned);
- (d) annual reporting of routine inspections of operators;
- (e) extent of public involvement in stakeholder meetings;
- (f) new, enhanced or expanded manufacturing facilities for wood products (or closures of facilities);

- (g) First Nations operations on Crown lands;
- (h) fire and insect/disease damage; and
- (i) wood theft statistics.

Recommendation 8: *That DNR regularly provide objective and factually correct information to the public about forest management including the use of various harvesting and silvicultural techniques.*

One example would be for DNR to produce educational materials outlining the risks and alternatives to, and the rationale for, herbicide application. The public also needs to be better informed on specific operational activities, such as the choice of harvesting methods (clearcutting, selection cutting, shelterwood, etc.), DNR inspections, and other practices.

The Committee feels that in view of the importance of forests to the province, greater emphasis must be placed on educating our youth about this subject. Departmental staff currently visit every Grade 4 class each year to provide students with general knowledge related to the Department's mandate and the province's natural resources. The Department should examine additional means by which forestry could be further included in the school curriculum.

Issue 3: Performance Evaluations of Crown Operators

Some presenters at the hearings alleged that sub-standard operations commonly occur, infractions go unchecked, and there exists a general lack of environmental conscience in woods operations on Crown lands. Standards and operational monitoring are in place; however, their existence and use are not well known, and sentiment prevails that the extent and frequency of monitoring and the magnitude of the penalties for infractions are inadequate. The Committee concluded that penalties for poor practise are insufficient and that the performance of the Crown operators, poor and exceptional alike, should be more widely reported.

Recommendation 9: *That Crown operators' performance be more widely reported and that penalties for mismanagement be increased.*

Companies which have good performance reviews should be recognized and that those which do not, penalized. For instance, current practice requires Licensees that fail to meet required silviculture levels to complete full remediation at their own cost. This practice should be formalized and embodied in Departmental policy. In addition, heftier penalties should be levied to provide a greater deterrent for non-compliance. Publication of the results of routine DNR monitoring would also provide greater accountability and public awareness regarding the Licensees, Sub-Licensees and

operators day-to-day performance. Monies generated through penalties should be directed to the dedicated Silviculture Fund (see Recommendation 24).

6.2 Forest Management Objectives

Principles:

1. *Crown land is a public resource, and as such, it should be managed in accordance with public values. However, public values are diverse and often conflicting, and may involve unavoidable trade-offs.*
2. *The forest is a complex biological system which operates on a long-term ecological timescale. Forest objectives must not only address public values, but must also be biologically sound and consistent with the best scientific understanding of how the forest functions.*
3. *There exist many possible future forests - in addition to those presented in the Jaakko Pöyry study - and responsible decision-making requires full consideration of those possibilities prior to choice of action.*
4. *It is desirable to have some level of wood supply security to foster industrial development, but equally desirable, and more important on public land, is the maintenance of management flexibility to allow reorientation of management objectives in response to changing markets, scientific knowledge, and social values.*

Based on the above principles, the Committee identified two related issues and formulated recommendations for each.

Issue 4: Developing Management Strategies

The Acadian Forest

Many presenters, using ecological and economic reasoning, argued for maintenance of the character and value of New Brunswick's Acadian forest. There were significant advantages stated for the higher level of biodiversity and greater variety of forest products available from the Acadian forest, particularly relative to a simplified forest as may result under the doubling wood supply scenario described in the Jaakko Pöyry report.

The current forest management strategy for Crown land does not explicitly consider the characteristics of the Acadian forest and focuses predominately on the spruce/fir/jack pine wood supply. This strategy does not generally promote the growth in forest areas supporting tolerant hardwoods, white/red pine, red spruce and eastern cedar which are key elements of the Acadian forest and which provide the diversity that may be critical to the long-term prosperity of New Brunswick's forest economy.

Clearcutting

There was also considerable public support for reducing the reliance on clear cutting as the harvest method of choice on Crown land. Clearcut harvesting can have undesirable ecological consequences if it significantly shifts forest types outside their natural range of structure and composition. The lack of explicit objectives for maintaining the character of the Acadian forest has led to, or allowed, a reliance on clearcutting in conditions where it is having this undesirable consequence. If it is desirable, for ecological and economic reasons, to retain the rich diversity of species and structures of the Acadian forest (a goal supported by a vast majority of presenters), then forest management objectives are needed which require that to happen.

As is proposed in the recommendations that follow, objectives to maintain the character of the Acadian forest should result in clearcutting being done in an ecologically appropriate way, in ecologically appropriate stand types. This will almost certainly reduce the prevalence of clearcut harvesting but some level of clearcut harvesting should continue because, properly implemented, it is an ecologically appropriate harvest method in certain conditions. Notwithstanding the ecological and economic considerations, many presenters felt that, for aesthetic reasons, clearcutting was inappropriate and should therefore be reduced.

Herbicide Spraying

There was also opposition to herbicide spraying. Some opposition may be attributed to differing views about the chemicals used and the situations where they are applied, as well as the regulations in place regarding their application. Opposition also stems from strongly-held ethical and philosophical beliefs. Herbicides are almost entirely used to control hardwood vegetation in plantations thereby protecting the investment made in establishing these plantations. The use of herbicides is carefully monitored and the best science will continue to be applied when making decision regarding its use.

Binding Wood Supply

The Committee strongly believes that explicit wood supply objectives should be formulated and management strategies implemented to achieve them, in the same way management has been designed and implemented to meet habitat objectives. However, under no circumstances should the stewardship of Crown resources be relinquished to industry through binding wood supply agreements extending beyond the current five-year AACs. The Committee views explicit wood supply objectives which guide management, but

without binding agreements which constrain future decision-making, as a socially responsible way to provide the industry meaningful assurance that New Brunswick is committed to maintaining a vibrant forest economy.

Recommendation 10: *DNR establish a process to develop quantifiable wood supply objectives for all commercial tree species.*

A strategic analysis is required to determine future Crown wood supplies for commercial species. Such an analysis must incorporate the four related recommendations that follow.

The Committee appreciates such an undertaking will take months to complete, but it believes that setting new objectives as soon as possible will bring the public's desire for change in forest policy to reality sooner. Therefore, if feasible, the Committee recommends that DNR undertake this work and adopt new objectives as quickly as possible. The earlier these objectives are adopted, the sooner New Brunswick's Crown forests will be ushered into a new era, creating greater future diversity and opportunity within the forestry sector. Dates referenced in the recommendations that follow are based on objectives not being incorporated until the 2012 *Vision* drafting which represents a later-case scenario, or fall-back position.

Recommendation 11: *That the wood supply strategies and objectives identified above be developed with reference to the natural diversity of the Acadian forest in order to generate increasing yields of a wider variety of commercial tree species while maintaining important ecological features of the forest.*

The prominent characteristics of the Acadian Forest should be maintained and used as the foundation for objective setting.

Strategies should be developed to include all commercial species/products currently allocated on Crown land, and to promote the supply of tolerant hardwood species, eastern cedar, red spruce and pines.

Recommendation 12: *That the amount of clearcut harvesting on Crown land be reduced.*

The Committee recognizes that the results of the strategic analysis in Recommendation 10 will almost certainly reduce clearcutting, but such reductions would only be implemented in the 2012 plans. The Committee feels that this recommendation should be acted upon more swiftly and therefore recommends that the exact magnitude of the decrease for the 2007 plans be determined by the Minister of Natural Resources. To assist the Minister in his decision, the Committee believes that a reduction in the order of 10-15% of the total current clearcut area would be reasonable.

The reduction in clearcutting should be directed to types that have the potential to be managed for quality hardwoods, pines, red spruce or eastern cedar. Stand types requiring non-clearcut harvesting should be broadened; for example, the current Crown Land Tolerant Hardwood Policy requires that stands qualifying for quality hardwood management must have at least 50% hardwood present. This should be modified so that stands with a minimum of 30% quality hardwood would fall under the Tolerant Hardwood Policy.

Recommendation 13: *That, in order to promote the future benefits from the Crown forests, DNR modify existing silviculture guidelines for thinning and planting.*

Multi-species thinning targets should be developed to better maintain and promote species diversity in pre-commercial thinning treatments. While this is already implemented on some Crown Licenses, the targets must be developed and applied to all New Brunswick Crown land. Similarly, criteria for planting eligibility should also be broadened to allow for more planting of sites which naturally support softwood. This would help partially offset long-term negative impacts to softwood volumes.

Recommendation 14: *That any reduction in the short-term supply of spruce/fir/jack pine be tempered to reduce the negative impact to the existing industry.*

When developing strategies to address Recommendations 10, 11 and 12, any negative impact to the softwood AAC should be tempered. The analysis suggested in these three recommendations will produce different wood supply outcomes. These outcomes should each be assessed and the trade-offs evaluated based upon the potential benefits; for example, jobs, revenues and the desired wood products and volume. The Committee believes that the Minister should ensure that net decline in softwood AAC should be restricted to 1.5 - 3.0 % of the 2002 softwood AAC. Final discretion must remain with the Minister of Natural Resources given that a modest reduction beyond this suggested range could potentially provide significant benefit.

Issue 5: Special Management Areas

Presenters at the hearings clearly indicated that the public does not wish to jeopardize the current non-timber values managed for on Crown lands. There was little support for increasing harvest levels in special management areas. Harvesting is currently allowed and required in special management areas in order to maintain certain stand structures important for habitat. The majority of concern during the public hearings was directed at harvesting in watercourse

buffers. The Committee feels that present guidelines are adequate and believes current restrictions do protect water quality and aquatic habitat.

This view was substantiated by the Department of Environment and Local Government's affirmation that existing watercourse buffers are achieving their goal of protecting water quality and fish habitat. Officials from that department advised the Committee that, based on water quality monitoring efforts to date, the portions of watersheds under forest management show good to very good water quality.

Recommendation 15: *That DNR continue to use adaptive, science-based decision making in setting management criteria for all special management areas and that no additional harvesting be permitted in special management areas at this time.*

Protection of water quality, aquatic and other habitats is the primary management objective for managing these areas; the extraction of wood volume is secondary. The Committee did not see convincing evidence at the hearings, nor was any presented in the Jaakko Pöyry report, to suggest that harvesting in such areas can be increased without compromising these objectives. The Department should continue its review of watercourse and wetland buffers in collaboration with the Department of Environment and Local Government.

6.3 Allocation of Resources and Distribution of Benefits

Principles:

1. The government should strive to attain the greatest possible value from the public forest by balancing economic, social, and environmental considerations.
2. Employment generated from use of the Crown resource is of primary economic benefit to the people of New Brunswick.
3. Within the finite provincial wood supply, the Crown volume must be allocated in a manner that maximizes the overall economic benefit to New Brunswick.
4. Notwithstanding advances in technology, those who benefit from security of wood supply from the Crown land are obliged and responsible to provide maximum employment benefit to New Brunswick society.

Based on the above principles, the Committee identified three related issues and formulated recommendations for each.

Issue 6: Local Community Employment in the Crown Forest

One general and common theme raised in the hearings was the need for Crown land to provide better and more equitable employment

opportunities for local communities. One of the most consistent themes that emerged from the hearings dealt with the decreased involvement that communities have on adjacent Crown lands.

Community level employment must continue to be one of the essential benefits derived from the Crown land. Opportunities for local employment must be made available through such activities as silviculture, harvesting, and processing of the Crown wood. Control over who is employed and the pace of change in employment levels on Crown lands rests predominantly with industry. The Committee acknowledges public opinion that this type of control has had a detrimental effect on individual and community employment levels. Efficiencies in processing and milling methods have reduced the number of worker per unit volume of wood.

In many cases the issue of local employment involves the small-scale woods worker with a chainsaw and skidder, who has felt displaced from Crown lands. These small-scale workers are seeking access and some employment opportunities. This is not a new issue. Mechanisms were included in the Forest Management Agreements in 1982 whereby Licensees were required to give employment consideration to independent forestry contractors. Even though independent contractors are currently employed, it is evident that the small-scale woods workers were displaced from the Crown forest. The Committee does not wish to artificially create a 'make-work' project, but instead would like a portion of the current harvesting on Crown land made available to these workers to help augment their livelihood.

Recommendation 16: *That, by April 2005, up to 10% of the total annual harvest volume of all species be made available for harvest by small, qualified contractors.*

The target for this initiative would be small-scale woods workers, located in proximity to these harvest blocks, who use chainsaws and other small equipment such as skidders. All operators would be required to comply with existing policies, including being certified under ISO 14001 and an acceptable sustainable forest management system. All such harvesting must also be conducted within the context of the approved forest management strategy for the Crown License area in question.

As the manner by which to achieve this goal requires consideration of many elements, the Committee believes DNR should determine the most feasible and equitable process for implementation. The Department should have direct contact with contractors to ensure transparency of this process and accountability for all participants.

The DNR should consider Section 14.2.2 in Forest Management Agreements as an existing structure to guide implementation of this recommendation. One option is the awarding of harvest blocks in a lottery style (similar to the moose draw). The system deemed most effective should be put into place by April 2005. In addition, the Committee feels the Coordinator should ensure that certification training is accessible to those requiring it.

Recommendation 17: *That effective immediately, DNR implement wood allocation mechanisms to retain and promote local employment opportunities in the event that a mill ceases operations.*

The Committee believes that wood allocations should be tied to local communities. For example, should a mill cease to operate in a community for whatever reasons, within a five-year period proposals would be invited to continue processing wood volume in that geographic area. Proposals which show the greatest economic return to the community should be given priority for wood allocation. Community efforts to stabilize employment at local levels should be encouraged. In the event that a proposal is on the table, and under active development, this timeline should be extended. Should the Minister wish to temporarily re-allocate the wood supply, mills in general proximity to the closed mill should be given priority, particularly those with lower percentages of Crown allocation.

Recommendation 18: *That for the 2007 operating plans, DNR facilitate mechanisms which encourage the harvest of other non-timber forest products should they be identified (e.g., balsam fir tipping).*

As an example, to the extent feasible, DNR should require pre-commercial thinnings of predominantly fir stands to be timed such that individuals working in the tipping sector would have ready access to fir boughs. Such opportunities would be communicated to the local communities by notices on DNR District office bulletin boards and posted more centrally on the DNR website. New activities would be integrated within the current existing management plans to ensure no detrimental impacts to existing operations.

Issue 7: Initiatives for Secondary Processing

Another concern voiced at the hearings was the difficulty experienced when attempting to access Crown wood for new initiatives. Little opportunity exists for secondary processors, whether industrial, individual, or community-based, to gain access to the Crown wood supply. This limits the development potential for value-added processing and results in little motivation for those with allocations to be more innovative or creative with respect to job-growth potential.

Recommendation 19: *That, in April 2007, 2% of the 2002 level AAC be made available for new, value-added wood processing initiatives.*

This wood volume should be made available in a publicly advertised manner, perhaps via Requests for Proposals. Successful initiatives would be selected based upon the intended use of the fibre, with particular emphasis on job creation and value created per unit volume. The success of this activity should be closely monitored. In future years, as considerably more volume becomes available, a greater portion could be offered for such initiatives. As with Recommendation 16, the details of implementation should be left with the Minister to establish. The Committee suggests that calls for proposal be requested in time to allow allocations to be made to successful bidders in the 2007 operating season.

Issue 8: Forest Industry Employment

As stated above, jobs are one of the most significant outputs linked to the forest sector and were a recurring theme at the hearings. The decline in jobs per unit wood volume processed was repeatedly cited as a failure of the present wood allocation scheme. Industrial access to the Crown wood supply must bring with it an obligation to provide stable employment for the people of New Brunswick. The Committee agrees that maximum employment benefits should be derived from Crown wood supply, but is also aware that the desire for maximum employment must be tempered with industry's need to remain competitive in a world market.

Throughout the public process, numerous figures were brought forward when discussing employment levels associated with the forest operations. To help meet the Committee's desire to promote a healthy forest-based economy, employment trends need to be monitored.

Recommendation 20: *That Licensees and Sub-Licensees report on employment levels and that these be considered when the Minister renews Crown allocations.*

All Licensees and Sub-Licensees will be required to report annually on the level of employment associated with their access to Crown wood. Industries must be more aggressive in maintaining and creating new opportunities for value-added employment. DNR should review the requirements of the Timber Utilization Survey 9, making it more comprehensive by including annual reporting by Licensees and Sub- Licensees of total employment levels, of both woodlands and processing.

6.4 Provincial Wood Supply

Principles:

- 1. All forests in New Brunswick, regardless of ownership and management objectives, should be managed in a sustainable and environmentally responsible manner.*
- 2. Crown land should be the residual source of wood supply. Wood from Crown land should not unfairly compete with wood from private lands.*
- 3. Except for supply from industry's own freehold, Crown wood supply represents the most secure source of supply and this security has an associated value.*
- 4. Forest management is a long-term proposition and requires a long-term commitment, including required funding for silviculture. The Government should provide a stable and dependable source of revenue to maintain silviculture programs on Crown land.*

Based on the above principles, the Committee identified four related issues and formulated recommendations for each.

Issue 9: Private Woodlot Management

Private wood supply is important to the provincial economy. Ensuring a sustainable supply of wood from private lands will be challenging; however, the Committee believes that it is a critical consideration for all New Brunswickers - land owners, citizens and industry alike.

There was considerable concern expressed by private land owners and some Marketing Boards appearing before the Committee, regarding the positioning of Crown wood in relation to the market for private land wood. Some private land owners do not believe they are getting fair access to markets or receiving fair value for their wood. The perception exists that Crown wood is in direct and substantial competition with wood from private land.

During the hearings, support for the concept of primary source of supply was often voiced as a means to address the private sector issues. "Primary supply" became government policy more than twenty years ago when there was an oversupply of wood to the market place. It was intended to ensure private wood was purchased first by processors and that Crown wood was reserved as the supply of last resort.

Today, the rationale in support of primary supply is linked more to the lingering issues of scheduling and pricing than to the ability to flow wood from private lands to processing facilities.

Recommendation 21: *That the current negotiations concerning primary source of supply that DNR has been facilitating between the New Brunswick Forest Products Association and the New Brunswick Federation of Woodlot Owners be fully supported.*

The discussions currently underway between these three parties are crucial to resolving the long-term wood supply dilemma and the dissatisfaction experienced by woodlot owners. Every effort should be made by all parties to see them succeed.

Issue 10: Crown Royalty Rates

That royalty for Crown wood is less than fair market value is often cited as short-changing the owners of Crown land (the public) and as creating unfair competition for wood from private lands. The loss of woodlots as “primary source” has also fostered an atmosphere of mistrust and a perceived lack of fairness in the marketplace for private wood. However, in contrast to these perceptions, both Crown stumpage rates and Licensee overhead charges are evaluated periodically (every 3-5 years) and adjusted based on these analyses. Overhead charges are operational costs that Licensees incur as part of their management responsibilities, over and above those typically associated with management of smaller scale operations. Crown royalty rates (fair market stumpage minus agreed upon overhead costs) are calculated to include operating costs normally paid for by the land owner. Royalty rates are also adjusted between formal market evaluations on the basis of observed changes in product selling prices (using the product selling price indices).

As explained earlier Crown land is managed under 25-year Forest Management Agreements, for an annual allowable cut that is sustainable over an 80-year timeframe. A comprehensive process is in place to review and adjust the objectives on a five-year cycle. The resulting wood volumes and product allocations are guaranteed for a five-year period. In comparison to free market wood sources, this system provides security of quality and supply to those who receive wood from the Crown lands. Providing Recommendations 10 to 14 are also implemented, the supply will be further secured and therefore it would be appropriate to charge a premium to better reflect this higher level of security.

Recommendation 22: *That the Crown base royalty rates be increased by an amount to reflect the extra value of a secure Crown wood supply and a credible third-party be engaged to estimate the magnitude of that extra value.*

For the short-term, until such time as an objective analysis of premium value is undertaken by an accredited third-party, it is

recommended that, over and above any planned increments, the royalty rates be increased by 1 % per year until such time as the third-party study is completed. This would be over and above the normal increment associated with product selling price indices.

The third-party analysis should be conducted within twelve months. Once the increased royalty rate is established, the Minister should use a phased-in approach to allow companies to adjust to this additional operating cost.

Issue 11: Funding Crown Land Silviculture

Funding currently directed to Crown silviculture is significant and expenditures must be justified against other budgetary demands. Funding at present or increased levels was questioned during the hearings, on the grounds that direct benefits accrue primarily to the companies harvesting and processing the additional wood volume made available through such investment. Regardless of source, long-term secure silviculture funding is necessary to implement actions required to attain specified forest objectives. Greater long-term certainty in silviculture funding levels is one way to signal to industry the Government's commitment to a prosperous future forest economy.

Recommendation 23: *That, on a five-year basis, Government commit to the level of silviculture funding deemed appropriate to achieve desired timber objectives developed during the analysis stated in Recommendation 10.*

Once various scenarios are evaluated and the options for silviculture treatments identified, better-informed decisions can be made. The type and timing of interventions will be dependent upon what is needed to achieve desired outcomes. Once this analysis is completed, budget implications could be responsibly examined and a decision made regarding the affordable level of silviculture investment required to meet the objectives. Once this decision is made, the silviculture budget should be fixed for that five-year period.

Recommendation 24: *That any increase in royalties (using 2004 as the base year) be deposited in a dedicated fund directed exclusively to the Crown silviculture program.*

As explained under Issue 10, Crown royalty rates are reviewed periodically, and increase with market trends. Between these formal evaluations, royalties are reviewed annually in relation to the product selling prices. It is recommended that revenues generated as (a) a result of the "premium" noted in Recommendation 22 and (b) the regular increases based on the

market trends, be deposited into a dedicated silviculture fund. Over time, this account would grow in magnitude. It is further recommended that any surplus in the dedicated account be carried over to the following year and used to off-set the cost of the pre-determined, base silviculture level.

Issue 12: Management of Industrial Freehold Lands

Industrial lands are not all being as intensively managed as the Crown. Industrial freehold represents 18% of the productive forest area of the province. While some industrial land owners have aggressively implemented silviculture programs on their own lands, others have not. Intensive management should be supported on all lands where the primary goal is fibre production. This requirement should be linked to Licensees' and Sub-Licensees' access to Crown AAC.

Recommendation 25: *That DNR establish a minimum level of silviculture that must be conducted on Licensee and Sub-Licensee industrial freehold.*

This will provide evidence of the commitment that industry has to increased wood production by increasing silviculture on their lands. Under Sections 40 and 45 of the CLFA, each company would be required to report the level of silviculture implemented on their freehold lands on an annual basis to the Minister. DNR may deem it appropriate to inspect some of this property under its monitoring program.

7.0 Conclusions

After conducting 13 hearings across the province and reviewing the considerable material submitted to it, the Select Committee on Wood Supply believes its recommendations responsibly respond to the key concerns and issues raised by the public in relation to the management of the public forest. It further believes that its recommendations address many of the wood supply issues raised in the Jaakko Pöyry report.

The Committee does not view the Jaakko Pöyry report as a 'go forward' document, but considers it a major stimulus that helped bring about unprecedented discussions on the future direction of Crown forest management. Furthermore, the Committee feels that the Jaakko Pöyry report presents but one vision - albeit an important and informative one - and believes management of the public forest to be best served by a public vision, put forward by Government as trustees of that forest.

The public consultation process, the first such process since the adoption of the *Crown Lands and Forests Act*, was remarkable in a

number of ways. The number of presenters and written submissions was tremendous; the range of positions and values that the public associate with Crown forests was diverse. The management of New Brunswick's Crown lands is obviously of great significance and consequence to the people of New Brunswick.

Through the course of the Committee's deliberations, a number of pertinent facts became clear. Concepts fundamental to sound management of the public forest are as follows:

- *The Government is entrusted with the stewardship responsibilities for the Crown forest. Under no circumstances should the stewardship of these Crown resources be relinquished. Management flexibility must be retained to adapt to changes in the forest and to changing social values.*
- *There must be processes in place to allow the public to participate in determining the principles and goals for Crown forest management. The public must be kept informed about what is done on Crown land and Government must ensure that management objectives are being met.*
- *The forest management system, and the objective setting process, must be biologically sound and consistent with the best scientific understanding of how the forest functions.*
- *The character of the Acadian forest should be promoted and maintained. Objectives to do this must be determined, including explicit wood supply objectives. However, when developing forest management strategies, negative impacts to current supplies of traditional forest products must be tempered.*
- *Community level employment must continue to be an essential benefit derived from the Crown forest. Employment levels must be included as a factor when considering the allocation of Crown wood supply. A more diversified forest industry is desirable, as greater diversity within the forest industry will buffer the industry, as a whole, against market forces and will provide a more stable employment environment. Innovation, in primary and secondary wood processing must be encouraged, as it will form the cornerstone of future employment opportunities within the forest industry.*
- *All land bases, with their related management strategies, are important contributors to the provincial wood supply.*
- *Silviculture is an integral part of the Crown management strategy. A commitment should be made to ensure that once the desirable level of silviculture on Crown land is determined, funding will be available for the duration of that particular management period. Equally important is ensuring that basic silviculture is conducted on industrial freehold held by Licensees and Sub-Licensees.*
- *A premium to reflect the extra value associated with the five-year commitment of quality and quantity of Crown wood, under the 25-year forest management agreements, should be applied to Crown royalty rates.*

Increments to Crown timber royalties should be deposited to a dedicated Crown silviculture fund.

The Committee built upon input received during the public consultation process to develop and present what it sees is a “go forward” strategy. This strategy is aimed at capitalizing on New Brunswick’s forestry strengths and successes, and the public’s desire to have involvement in the future of the Crown forest. The Committee’s goal is to provide a strategy that involves the public, maintains a healthy forest environment and a joboriented, diversified forest economy, all ultimately contributing to the social well-being of New Brunswickers, today and into the future.

The Committee respectfully submits this report to Government with the intent of shaping a better forest management future in New Brunswick, firmly believing it will support the Minister of Natural Resources in fulfilling the Department’s mission *to manage the natural resources of the Province in the best interest of its people.*

In summary, the Select Committee on Wood Supply makes the following 25 specific recommendations:

Governance and Accountability

- [1] That DNR incorporate the Select Committee recommendations adopted as result of this report into Departmental policies, the 2007 and 2012 *Vision* documents, and the Forest Management Manual, where appropriate.
- [2] That, by December 2007, DNR prepare a strategy for public participation, in time for 2012 management plan development.
- [3] That a public participation process similar to the one just completed by the Select Committee be undertaken on a 10-year cycle.
- [4] That an individual (“The Coordinator”) responsible to co-ordinate implementation of the Committee’s recommendations and reporting to the Deputy Minister, be engaged for a five-year term, with possibility of extension.
- [5] That, no later than April 2005, a Provincial Advisory Committee be established to provide advice to the Minister of Natural Resource on issues pertaining to Crown forest management.
- [6] That as soon as possible, the purpose and function of the Licensee Stakeholder Committees be clarified and enhanced.
- [7] That effective 2005, the Minister of Natural Resources report annually to the Legislature on the status of New Brunswick’s forest and its management.
- [8] That DNR regularly provide objective and factually correct information to the public about forest management including the use of various harvesting and silvicultural techniques.

- [9] That Crown operators' performance be more widely reported and penalties for mismanagement be increased.

Forest Management Objectives

- [10] That DNR establish a process to develop quantifiable wood supply objectives for all commercial tree species.
- [11] That the wood supply strategies and objectives identified above be developed with reference to the natural diversity of the Acadian forest in order to generate increasing yields of a wider variety of commercial tree species while maintaining important ecological features of the forest.
- [12] That the amount of clearcut harvesting on Crown land be reduced.
- [13] That, in order to promote the future benefits from the Crown forests, DNR modify existing silviculture guidelines for thinning and planting.
- [14] That any reduction in the short-term supply of spruce/fir/jack pine be tempered to reduce the negative impact to the existing industry.

Allocation of Resources and Distribution of Benefits

- [15] That DNR continue to use adaptive, science-based decision making in setting management criteria for all special management areas and that no additional harvesting be permitted in special management areas at this time.
- [16] That, by April 2005, up to 10% of the total annual harvest volume of all species be made available for harvest by small, qualified contractors.
- [17] That, effective immediately, DNR implement wood allocation mechanisms to promote and stabilize local employment opportunities in the event that a mill ceases operation.
- [18] That for the 2007 operating plans, DNR facilitate mechanisms which encourage the harvest of other non-timber forest products should they be identified (e.g., balsam fir tipping).
- [19] That, in April 2007, 2% of the 2002 level AAC be made available for new, value-added wood processing initiatives.
- [20] That Licensees and Sub-Licensees report on employment levels and that these be considered when the Minister renews Crown allocations.

Provincial Wood Supply

- [21] That the current negotiations concerning primary source of supply that DNR has been facilitating between the New Brunswick Forest Products Association and the New Brunswick Federation of Woodlot Owners be fully supported.

- [22] That the Crown base royalty rates be increased by an amount to reflect the extra value of a secure Crown wood supply and a credible third-party be engaged to estimate the magnitude of that extra value.
- [23] That, on a five-year basis, Government commit to the level of silviculture funding deemed appropriate to achieve desired timber objectives developed during the analysis stated in Recommendation 10.
- [24] That any increase in royalties (using 2004 as the base year) be deposited in a dedicated fund directed exclusively to the Crown silviculture program.
- [25] That DNR establish a minimum level of silviculture that must be conducted on Licensee and Sub-Licensee industrial freehold.

Endnotes

1 Jaakko Pöyry Consulting. 2002.

New Brunswick Crown Forests: Assessment of Stewardship and Management. 60 p.

2 NB Department of Natural Resources and Energy. 1999.

A Vision for New Brunswick Forests: Goals and Objectives for Crown Land Management. 44 p. Available on line at: <http://www.gnb.ca/0078/vision-e.asp>

3 NB Department of Natural Resources. 2004.

Staff Review of the Jaakko Pöyry Report. 57 p.

4 Atlantic Provinces Economic Council. 2003.

The New Brunswick Forest Industry: The Potential Economic Impact of Proposal to Increase the Wood Supply. 31 p.

5 Crown Lands and Forests Act; Chapter C-38.1, Acts of New Brunswick, 1980.

Consolidated to March 31, 2003 and available on line at: <http://www.gnb.ca/0062/acts/acts/c-38-1.htm>

6 NB Department of Natural Resources and Energy. 1994.

Forest Management Manual for Crown Land. 82 p.

7 NB Department of Resources and Energy. 2002.

Derived from forest stand models. Internal analysis.

8 NB Department of Natural Resources. 2004.

Derived from the Jaakko Pöyry Consulting. 2002.
New Brunswick Crown Forests: Assessment of Stewardship and Management.

9 NB Department of Natural Resources and Energy. 2002.

Timber Utilization Survey for the Year 2001. Internal report.

His Honour, the Lieutenant-Governor was announced, and having been bidden to enter, took his seat in the chair upon the Throne.

His Honour was pleased to close the session with the following speech:

Mr. Speaker and Honourable Members of the Legislative Assembly:

I want to commend you for your hard work and dedication to the public business of New Brunswick during the First Session of the Fifty-fifth Legislative Assembly.

This session marked the first stage of implementation of your government's policies and platform entitled *New Brunswick: Reaching Higher. Going Further*, designed to bring greater prosperity to all New Brunswickers.

Your government made a commitment in *Reaching Higher. Going Further* to lower auto insurance rates and make insurance more fair and accessible for New Brunswick motorists. The reforms introduced during this session to the auto insurance system improve accessibility, increase affordability and promote fairness within the system and have lowered rates for many New Brunswick motorists.

During this session, your government put in place *Healthy Futures*, a four-year provincial health plan to secure the province's health care system and make it sustainable well into the future.

In fulfilling a commitment made in the health plan, legislation was introduced to protect New Brunswickers from second-hand smoke. As a result, New Brunswick went smoke free as of Oct. 1 of this year.

Another honour was bestowed upon our veterans this session in adding Remembrance Day to the list of paid public holidays covered by the *Employment Standards Act* effective this year.

As part of your government's work towards municipal reform, amendments were passed this session to lengthen the term of office for municipal councils, district education councils and regional health authorities to four years from three years. These changes give council members a greater chance to make a difference to our communities.

Fulfilling another commitment of your government, a modern *Securities Act* was enacted to enhance New Brunswick's business environment and make our province competitive in global securities activities. The new act and the Securities Commission have created greater investor confidence and better protect investors against fraud, market manipulation and illegal trading.

Your government is committed to balanced budgets. It promised to bring in a balanced budget for 2004-2005 and is on track with that projection. This year's budget continues your government's commitment to invest in the top priorities of New Brunswickers: health and senior care, education and children, jobs and prosperity while reinforcing its commitment to fiscal responsibility and living within its means.

Your government also recognized the aging nursing home infrastructure in our province had to be addressed. It did so this session by making a major investment of over \$90 million to construct a new 75-bed nursing home, replace three nursing homes and renovate six nursing homes throughout New Brunswick.

The work done by legislative committees is an essential part of our democratic system. These committees spend many hours holding hearings, examining legislation and other issues of importance to all New Brunswickers.

On behalf of the government and all members of this House, I want to thank the members and chairpersons of the legislative committees and all legislative staff for their hard work and their diligence throughout this session.

The business of the First Session of the Fifty-fifth Legislative Assembly was very productive. With the business of this session completed, it is my privilege and responsibility to issue the command of Her Majesty that the Legislature stand prorogued.

May Divine Providence continue to guide and bless the people of New Brunswick.

The Clerk of the Legislative Assembly, Loredana Catalli Sonier, then said:

It is His Honour the Lieutenant-Governor's will and pleasure that the Legislative Assembly be prorogued until 3 o'clock p.m. today, and this Legislative Assembly is hereby prorogued accordingly.

The House prorogued at 11.21 o'clock a.m.

The following documents, having been deposited with the Clerk of the House, were laid upon the table of the House, pursuant to Standing Rule 39:

Annual Report 2003-2004, Atlantic
Health Sciences Corporation

July 12, 2004

Annual Report 2003, Algonquin Properties Limited and Algonquin Golf Limited	July 12, 2004
Annual Report 2003-2004, Atlantic Lottery Corporation	July 13, 2004
Annual Report 2003-2004, New Brunswick Power Corporation	August 20, 2004
Annual Report 2003-2004, New Brunswick Advisory Council on Seniors	August 25, 2004
Annual Report 2004, Municipal Statistics for New Brunswick	September 1, 2004
Annual Report 2004, Aboriginal Affairs Secretariat	September 14, 2004
Annual Report 2002-2003, Legal Aid	September 20, 2004
Annual Report 2003-2004, Service New Brunswick	September 30, 2004
Annual Report 2003-2004, NB Investment Management Corporation	October 18, 2004
Annual Report 2000-01, 2001-02, 2002-03, 2003-04, Forest Protection Limited	October 22, 2004
Annual Report 2000-2003, New Brunswick Credit Union Deposit Insurance Corporation	October 25, 2004
Annual Report 2003-2004, Le Centre communautaire Sainte-Anne	October 25, 2004
Annual Report 2003-2004, New Brunswick Highway Corporation	October 26, 2004
Annual Report 2003-2004, Labour and Employment Board	October 27, 2004
Annual Report 2003-2004, Public Safety	October 29, 2004
Annual Report 2003-2004, Office of Human Resources	October 29, 2004
Annual Report 2003-2004, New Brunswick Advisory Council on Youth	November 1, 2004
Annual Report 2003-2004, Natural Resources	November 2, 2004
Annual Report 2003-2004, Transportation	November 4, 2004
Annual Report, 2003-2004 Premier's Council on the Status of Disabled Persons	November 5, 2004
Annual Report, Public Accounts for the fiscal year ended 31 March 2004 (Volume 1 Financial Statements)	November 8, 2004
Annual Report, 2003-2004 Maritime Provinces Higher Education Commission	November 8, 2004

Annual Report, 2003-2004 Lotteries Commission of New Brunswick November 12, 2004	
Annual Report, 2003-2004 Training and Employment Development	November 25, 2004
Annual Report, 2003-2004 New Brunswick Human Rights Commission	November 26, 2004
Annual Report 2003-2004, Family and Community Services	November 29, 2004
Annual Report 2003-2004, Supply and Services	November 30, 2004
OTHER	
Brief presented by the New Brunswick Advisory Council on the Status of Women to the New Brunswick Commission on Legislative Democracy - <i>Women and Electoral Reform in New Brunswick</i>	July 21, 2004
Public Disclosure Statements filed pursuant to subsection 20(7) of the <i>Members' Conflict of Interest Act</i>	October 15, 2004
Report of the Auditor General of New Brunswick - Volume 1 - 2004	October 26, 2004
Planning for Prosperity - Business New Brunswick's Strategic Plan (2004-2007)	November 1, 2004
Legislative Activities 2003	November 12, 2004
Members Expense Report for the 2003-2004 fiscal year	November 16, 2004