

**A Presentation to the
Legislative Assembly of New Brunswick's
Select Committee on Wood Supply
Petitcodiac - November 21, 2003**

by the

**Southern New Brunswick Forest Products Marketing Board
Sussex, New Brunswick
Chairman: David A. Benson**

I would like to thank the Committee for the opportunity to make this presentation today. This is a very important issue for me and private woodlot owners throughout this province.

I am a woodlot owner and live in Sussex, Kings County in southern New Brunswick. But I like to introduce myself as a fisherman's son who married a farmer's daughter and became a lumberman. I am actively involved in the S.N.B. Forest Products Marketing Board and the S.N.B. Wood Co-operative Ltd. Together these organizations represent 1 million acres of forestland privately owned by 8000 individuals. In this presentation I am speaking on behalf of myself, the board of directors of the SNB Marketing Board and each of the individual woodlot owners in the SNB area.

I would like to commend woodlot owners Rick Murray and James McCrea. They did a great job in their presentations to this committee. I do not want to cover exactly the same ground that they did; however, I support their points and the recommendations they put forth to you.

As woodlot owners the management of crown land resources in this province is very important to us. The management of crown land directly affects private landholders in many ways.

We believe that private woodlots are managed in a sustainable manner and they do focus on multiple use management. Woodlot owners in southern New Brunswick have worked together through their organizations since the early 1960's. They strive to improve conditions for the betterment of the private woodlot sector and society. They have witnessed many changes in New Brunswick Crown Land Management. We have adapted to these changes and endured over the years for the benefit of our membership. The Vision Statement of SNB: *'Woodlot owners managing individually and collectively to provide sustainable, ecological, economic, employment, social and cultural opportunities for the benefits of themselves and future generations.'*

As an organization we are very supportive of a strong forest industry in this province and believe that woodlot owners will always be an integral part of that overall industry. Woodlot owners want to ensure a market for our forest products, which is stable and local, keeping jobs and associated benefits in the province. In order to ensure this, pricing must be competitive and we cannot be forced to compete with wood produced on crown land. It is important to note that private woodlot owners supply 25%

of the fiber to mills in New Brunswick. To evaluate the wood supply in New Brunswick as the JP Report has done without considering private woodlots now and in the future is an inadequate evaluation.

By nature of our ownership, the 41,000-woodlot owners in New Brunswick have many individual forest management objectives and operating techniques; as well as many different reasons for owning forested land. A tremendous amount of pressure has been put on woodlots in southern New Brunswick by industrial contractors working on private land and industry itself in purchasing stumpage and land from private owners. Historically, 30 percent of the province's forested land has been privately owned. It is our belief that this ownership has benefited the province through tax base, diversity of management, stabilizing wildlife populations, and overall health of the forest. The way crown land is managed in the future can have vast implications for private landowners. As a private landowner I am here today to state that the management of crown land must first and foremost ensure the viability of private woodlots into the future. We encourage government to consider incentives to private landowners to ensure that the private forest land base in this province is maintained.

In this province, the forest land base as it is today is comprised of 30% private woodlots, 20% industry and 50% Crown Land (PUBLIC). There is growing concern of how that could change in the next several years if the scales are not balanced right now. What we need to ask ourselves is: *What effect, and how, does Crown Land, industry, government policy and a fair tax system have?*

Crown Land today is a direct competition for private woodlots. If private woodlots have to continue to compete with Crown Land in relation to a fair market share and fair prices, as well as silviculture funding and multiple use for our woodlots then private woodlots will lose.

Basically, industry in this province currently has total control of Crown Land and they also own the mills where the wood supply flows. With this guaranteed wood supply, it is unfair for them to have a monopoly on one side of the scales while private woodlots are expected to operate under a free market system on the other side. This is not even close to balancing the scales fairly.

In 1982, industry received control of Crown Lands and private woodlots received Primary Source of Supply.

In 1992, government changed policy and weakened our position yet industry maintained total access to Crown Land. The trade off was supposed to be the taking away of Primary Source of Supply and the giving of Proportional Supply. Unfortunately for private woodlots, the mechanisms that were supposed to monitor the system to make sure it was fair for private woodlots did not work – as there was no timely measurement to ensure woodlot owners were receiving their fair share of the market access.

In New Brunswick, the average size of a private woodlot is 100 acres. Any small woodlot owner, not incorporated, is directly penalized for owning a woodlot and trying to properly manage it. He does not enjoy the same tax benefits. He cannot claim his expenses for improvement activities on his woodlot unless 50% of his income is derived

from it. When he harvests any wood, it is taxed in the year it is harvested. This is a disincentive for small woodlot owners to continue owning a woodlot. The government needs to enhance tax policies to encourage people to maintain private land ownership. (Such as how farmers can – they can own their farm, enjoy their livelihood, enjoy owning their farms, and when retirement age comes they have tax benefits to allow them to do so.) Private owners who have maintained their woodlots for a lifetime need those same benefits.

Fair tax incentives for private woodlots would improve and support better management, continued contribution to New Brunswick's economy as a whole and also provide better quality products to the forest industry.

In my opinion, if there is not a proper balance, we may well see a diminished private ownership land base in New Brunswick and end up with basically two landowners in this province. We must ask ourselves – *Is that what we want and is that what is best for the people and industry in this province?*

It is not good enough to have just balanced scales, we need it to be in favour of private woodlots. If it is not a benefit to own a woodlot, ownership of the forest landbase in this province will change drastically.

I would like to share with you a few stories on land personalities. Every piece of land has its own personality and each individual owner of that land develops that personality. This creates the diversity which enhances our lives here in New Brunswick. The four I wish to share with you are: Tall Timber, We Inherited, A Place of History and Matter of Pride.

The Jaakko Poyry Report (JP Report):

In this report, the proposed priorities of intensive farming of trees and fiber harvesting has the potential to negatively impact private woodlot owners. Today, the accumulated effects of past management including large cutovers and softwood plantations, have left out the hardwood – softwood diversity that should exist. Other uses of Crown Land should not be compromised while the Department of Natural Resources (DNR) ensures the quantities of fiber to industry.

The forecasted wood supply in the JP Report scares private woodlot owners. Today, more than ever, Crown Land fiber is our biggest competitor and limits the volumes, prices and delivery schedules we receive from the forest companies. Expansions of large corporations have seen smaller mills disappear: Bégin Hardwoods, Russell & Swim, Bathurst Sawmill, Juniper Lumber, Price Sawmill, Blackville Lumber, Couturier Lumber; and closures such as Lakeburn, Bayshore and Colter.

Security of Supply for Woodlot Owners

Woodlot owners are concerned that any increases in the softwood harvest levels on Crown Land will compete with private woodlot wood produced and lower our sales potential along with wood prices and delivery scheduling. As woodlot owners we are not opposed to some level of harvesting and tree planting on Crown Land as proposed in

the JP Report. However, it is critical to the private woodlot owners in this province that this level is managed in such a way that the market for our forest products is not affected.

Woodlot owners support the concept of Crown Land being the last residual wood supplier after all other sources have been utilized. Private woodlot owners must have fair access to supplying our forest products to wood using industries. In 1992-93, industry pressured the government to take away primary source of supply and subsequently, Crown Land fiber became the wood of choice and woodlot owners again returned to having great difficulty in selling their products (volumes, deliveries and pricing), as industry is no longer required to purchase wood from woodlot owners.

Silviculture:

On an annual basis only, yet no long term guarantees, the Provincial Forestry Agreement has placed \$8,000,000 out of a total 10,000,000 into the private woodlot silviculture management program. This is a very successful silviculture enhancement program for future wood supply. However, it is the fear of woodlot owners that if the changes in the JP report are implemented that this silviculture funding would be re-directed to crown land and less funding will become available for private woodlots.

The Provincial Forestry Agreement for private woodlots could immediately be doubled - increasing the levels of thinning and planting on some of the best sites in the New Brunswick forest. The allowable cut effect, which is the immediate increase in allowable annual cut from implementing silviculture programs such as thinning and planting, makes it favorable to invest in more silviculture on private woodlots. A good investment - more private land silviculture – more immediate wood supply.

Crown Land Management:

Crown Land must be protected as a multiple use resource. Economics dictates fiber as one use but this use must be integrated with other objectives such as wildlife management and public recreation. Because crown land is typically in large contiguous tracts it has, in the past, been managed in a way which has allowed clearcut of large areas. In some cases these areas are harvested before adjacent areas are sufficiently restocked and providing for other uses.

By virtue of private land ownership, the areas of no cutting, selection harvesting, tree planting, thinning and biodiversity will naturally occur. Some woodlots will never be harvested as that is not the goal of the owner. Most harvesting done on private woodlots by their owners is done on a small scale with attention to other resource values.

When the 10 Protected Areas were proclaimed in New Brunswick, there was a reason: protection of Crown Land for all New Brunswickers. In an effort to meet the 12 percent federal goal for protection these areas were chosen to represent the various forest types existing in the province. Protecting these areas meant fish, deer, martin, birds and other wildlife could thrive; and people had somewhere to go to enjoy the outdoors.

Woodlot Owners support the principle of multiple use on Crown Land for the benefit of all New Brunswickers present and future.

The Crown forestland base in New Brunswick has the potential to generate revenue in sufficient quantities to support education, health care, infrastructure and social programs if it is managed for that goal. Currently the legislation does not allow for prompt and effective penalties for infractions during forest harvesting on Crown Land. It is the opinion of the private woodlot owner that there are advantages to industry of harvesting timber on Crown Land that make it more favorable than purchasing wood from woodlot owners giving us an unfair disadvantage in the provincial forest industry.

We believe that:

Crown Land should be managed in such a way that it benefits all New Brunswickers not just a few.

We need a strong well-managed forest industry in this Province.

We need to put incentives in place to encourage private ownership of woodland in New Brunswick which will promote owners to sustainably manage these woodlots.

We RECOMMEND that:

- Our own government do a study to see how Crown Lands can be better utilized for the benefit to all of the people in this province.
- A study be carried out to see if the land base (ownership of the land) will look the same in 30 years time (30% private woodlots, 20% industrial and 50% Crown Land [PUBLIC], if not we may not like what we end up with.
- Government policy changes and tax reforms be put in place to encourage the private ownership of wood land which promotes the sustainable management of these woodlots.

Thank you for the opportunity to be here today representing the S.N.B. Forest Products Marketing Board. I would be pleased to answer your questions to the best of my ability.

Respectfully submitted:

David A. Benson, Chairman
S.N.B. Forest Products Marketing Board