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CANADA/ NEW BRUNSWICK

FORESTRY



FEBRUARY 17, 1975

CANADA-NEW BRUNSWICK
SUBSIDIARY AGREEMENT
FORESTRY

THIS AGREEMENT made this 15th day of October, 1974

BETWEEN:

THE GOVERNMENT OF CANADA
(hereinafter referred to as "Canada"),
represented herein by the Minister of
Regional Economic Expansion,

OF THE FIRST PART,

AND:

THE GOVERNMENT OF THE PROVINCE
OF NEW BRUNSWICK (hereinafter referred
to as "the Province"), represented
herein by the Premier of New Brunswick,

OF THE SECOND PART.

WHEREAS Canada and the Province signed a General Development Agreement dated April 23, 1974, (hereinafter referred to as "the GDA"), to achieve the objectives stated in section 3 thereof;

AND WHEREAS in pursuit of these objectives, Canada and the Province have agreed to seek to achieve a coordinated application of relevant federal and provincial policies and programs through the process of identifying development opportunities and assisting in their realization through the coordinated and concentrated application of relevant federal and provincial programs, including the provision of specialized measures required for such realization;

AND WHEREAS Canada and the Province have agreed that the economic importance of the forest base to the provincial economy merits special consideration and special measures to improve its long term contribution to the provision of improved and stable employment opportunities, having due regard to the preservation of environmental quality;

AND WHEREAS the Governor in Council by Order in Council P.C. 1974-10/2040 of the 17th day of September, 1974, has authorized the Minister of Regional Economic Expansion to execute this Agreement on behalf of Canada;

AND WHEREAS the Lieutenant Governor in Council by Order in Council No. 74-846 of the 8th day of October, 1974, has authorized the Premier of New Brunswick to execute this Agreement on behalf of the Province;

NOW THEREFORE the parties hereto mutually agree as follows:

DEFINITIONS

1. In this Agreement:
 - (a) "capital project" means any specific project, as determined by the Management Committee, in which construction or activities related to construction are involved;
 - (b) "eligible cost" means those costs defined in section 5;
 - (c) "Federal Minister" means the Minister of Regional Economic Expansion of Canada and includes anyone authorized to act on his behalf;
 - (d) "fiscal year" means the period commencing on April 1st of any year and terminating on March 31st of the immediately following year;
 - (e) "initiative" means the subject matter of this Agreement and includes any program, project or other activity designed to implement the objectives of the GDA;
 - (f) "Management Committee" means the committee referred to in section 8;
 - (g) "Ministers" means the Federal Minister and the Provincial Minister;
 - (h) "program" means a series of specific, related, individual activities;
 - (i) "project" means a specific activity forming a self-contained unit within a program; and
 - (j) "Provincial Minister" means the Premier of New Brunswick and includes anyone authorized to act on his behalf.

OBJECTIVES, PURPOSE AND SUBJECT MATTER

2. (1) Pursuant to section 3 of the GDA, the objectives of this Agreement are to enable Canada and the Province to jointly participate in measures directed toward the

attainment of maximum economic and socio-economic benefits from the forest resources of the Province of New Brunswick while at the same time maintaining a high level of environmental quality.

- (2) Pursuant to the objectives stated in subsection (1), contributions may be made for the purposes of undertaking certain activities designed to develop the forest resources in such a way as to encourage their utilization to provide increased economic and socio-economic benefits, increased job opportunities, and improved income levels and stability in forest and related industries.
 - (3) Schedule "A" attached to and forming part of this Agreement contains details of the programs and projects identified for implementation.
 - (4) Schedule "B" contains background and rationale for the programs and projects.
3.
 - (1) The Province shall take over, or arrange to be taken over, on completion, each capital project undertaken under this Agreement and shall accept full responsibility for its operation, maintenance and repair, except in cases where other federal-provincial arrangements may apply.
 - (2) The Province shall arrange for the takeover and acquisition of all lands and interests in lands that are required for program implementation.
 - (3) It is understood and agreed that where a project under this Agreement is to be undertaken by a municipality or other institution or agency under provincial jurisdiction, such arrangements as are necessary with respect to such undertakings shall be the responsibility of the Province.
4. No program or project shall be approved after the expiry date of this Agreement and, unless the Federal Minister otherwise agrees, no claim made in respect of any program or project or parts thereof under this Agreement shall be paid unless it is received by Canada within one year following the said expiry date.
5.
 - (1) Subject to subsection (3), the eligible costs of capital projects to be financed or shared under this Agreement in respect of the capital projects or portions thereof listed in Schedule "A" are:

- (a) all direct costs, including those relating to public information that in the opinion of the Management Committee have been reasonably and properly incurred by the Province for the implementation of the capital projects, but excluding administrative, survey, engineering and architecture costs; and
 - (b) ten per cent (10%) of the costs pursuant to paragraph (a) as an allowance towards the exclusions specified therein.
- (2) Subject to subsection (3), the eligible costs of non-capital projects to be financed or shared under this Agreement in respect of the projects or portions thereof listed in Schedule "A" are:
- (a) all costs reasonably and properly incurred by the Province under all contracts entered into in accordance with this Agreement by the Province with any person or corporation for the acquisition of equipment or the performance of work or services for the execution of the project; and
 - (b) the gross salaries, employer's share of contributions for Canada Pension Plan and Unemployment Insurance, and reasonable travel and removal expenses in accordance with applicable provincial regulations of those provincial employees determined by the Management Committee to be or to have been engaged in the implementation of projects; provided that such costs, as determined by the Management Committee, are incremental to the Province and are in addition to such staff, services and facilities as are normally available or already in existence within the Province, it being expressly understood and agreed that costs for accommodations in provincially-owned buildings and costs for regular provincial telephone and other utility systems and other services shall be excluded, except as otherwise agreed by the Management Committee.
- (3) The costs to be shared by Canada do not include any costs relating to the acquisition of lands or interests in lands, or costs arising from conditions of acquisition, except where otherwise specified in Schedule "A".
- (4) Subject to the approval of the Federal Minister, costs incurred for approved programs and projects by either party after June 1, 1973, are eligible if the date of

this Agreement is no later than six months after the date of the GDA. Should the date of this Agreement be later than six months after the date of the GDA, and subject to the approval of the Federal Minister, costs incurred on approved programs and projects by either party are eligible if incurred within twelve months prior to the date of this Agreement.

6. Notwithstanding anything in this Agreement, the total amount payable by Canada under this Agreement with respect to the programs listed in Schedule "A" shall not exceed eighty per cent (80%) of the total eligible costs up to an amount of \$46,423,200, which amount includes a fifteen per cent (15%) contingency allowance.
7.
 - (1) Unless otherwise agreed by the Ministers, the eligible costs of each program shall be limited to the estimated total costs specified in Schedule "A".
 - (2) If, at any stage of a program or project, it appears to the Province that the costs thereof will exceed the estimated costs specified in Schedule "A", the Province shall promptly so inform the Management Committee and state the reasons for such increase.
 - (3) Upon being informed, the Management Committee shall consider the circumstances which have contributed to the increase in the estimated costs and shall prepare and present a report and recommendations to the Ministers in respect of the action proposed to be taken if adjustments in program costs are required.
8.
 - (1) Canada and the Province shall through the Ministers appoint a Management Committee consisting of an equal number of representatives of each party.
 - (2) The Management Committee shall be responsible for the overall management of this Agreement and, in particular, for the following:
 - (a) approval of all programs and projects necessary for the implementation of this Agreement;
 - (b) submission for the approval of the Ministers annually, and no later than September 1, of the projected budget required for the subsequent fiscal year;
 - (c) coordination of all cost-shared programs and projects under this Agreement;

- (d) modifications necessary in the course of the fiscal year within the annual budget, following its approval by Canada and the Province;
 - (e) reporting to the Ministers its evaluation of the progress of this Agreement and its recommendations with respect to the progress of implementation;
 - (f) establishing at its discretion, in order to facilitate implementation, advisory, coordinating or steering committees consisting of representatives of the departments and agencies of Canada and the Province involved in the implementation of programs and projects under this Agreement;
 - (g) applying the procedures specified in section 11;
 - (h) recommending to the Ministers amendments to be made to this Agreement;
 - (i) performing any other functions that may be assigned to it by the parties hereto; and
 - (j) providing to the officials designated under subsection 9.2 of the GDA such information and advice as they may determine to be necessary for the performance of the functions assigned to them under the GDA by the Ministers designated therein.
- (3) (a) Except as otherwise specified in this Agreement or agreed by the Management Committee, the Province shall be responsible for operational program and project development and, under the overall supervision of the Management Committee, for implementing all cost-shared programs under this Agreement, and shall also ensure the provision of the staff and administrative machinery for the implementation of programs and projects under this Agreement assigned to the Province.
- (b) The Province, through its representation on the Management Committee, shall be responsible for liaison and program coordination between the agencies of the Province administering the programs included in this Agreement or whose activities affect the implementation of this Agreement.
- (4) The Department of Regional Economic Expansion, through its representation on the Management Committee, shall be

responsible for liaison and program coordination between the agencies of Canada administering the programs included in this Agreement or whose activities affect the implementation of this Agreement.

PAYMENT PROCEDURES

9. Subject to section 10, payments by Canada shall be made promptly to the Province on the basis of provincially audited progress claims setting out the eligible costs incurred and paid for eligible programs and projects, and submitted in a form and verified in a manner satisfactory to the Federal Minister.
10. (1) In order to assist with the interim financing of programs and projects, Canada may, if the Province so requests, make interim payments to the Province of one hundred per cent (100%) of Canada's share of claims submitted, based on estimates of costs actually incurred, certified by a senior officer of the Province.
- (2) The Province shall account for each interim payment by submitting to Canada, within the quarter following such payment by Canada, a detailed statement of the actual costs incurred and paid, verified in a manner satisfactory to the Federal Minister. Any discrepancy between the amounts paid by Canada by way of interim payments and the amounts actually paid by the Province shall be promptly adjusted between Canada and the Province.
- 10.1 Payment of claims under sections 9 and 10 shall be augmented by ten per cent (10%) for capital projects as provided for in paragraph 5(1) (b).

IMPLEMENTATION PROCEDURES

11. The financing by Canada of the programs and projects listed in Schedule "A" is conditional upon the following procedures being observed in the implementation of each of the programs and projects:

A - Capital Projects (Cost Exceeding \$20,000)

(1) Definition

The Management Committee shall establish a definition of the project for the purpose of identifying the work to be financed.

(2) Tenders and Contract Awards

- (a) Unless the Management Committee otherwise agrees, all construction, purchase and other contracts shall be reviewed by the Management Committee and shall be let pursuant to tenders invited by public advertisement acknowledging the financial participation of the parties hereto;
- (b) opening of all tenders shall be public and the Management Committee shall be supplied with copies of each advertisement for tender together with notice of the time and place for tender opening, in sufficient time to enable any member of the Management Committee or his representative to be present at all tender openings and to participate in the evaluation of tenders;
- (c) all contracts shall be awarded to the responsible and responsive tenderer who submitted the lowest evaluated bid, unless otherwise agreed by the Management Committee; and
- (d) all announcements of contract awards shall be made jointly by Canada and the Province.

(3) Construction and Implementation

- (a) All substantive amendments to contracts shall require the prior approval of the Management Committee;
- (b) any member of the Management Committee or his representative shall be permitted to inspect the project at all reasonable times for the purpose of verifying progress claims and obtaining any other information concerning the project which may be required by the Federal Minister or the Provincial Minister; and
- (c) the Province shall forward to the Management Committee a report as to the progress of the work, in such detail and at such time as may be required by the Management Committee.

B - Non-capital Projects

(1) Definition

The Management Committee shall establish a definition of the project for the purpose of identifying the work

to be financed, outlining the work program, method of implementation, types of services to be employed, equipment and materials required and estimates of cost.

(2) Implementation

- (a) All contracts for professional services in excess of \$25,000 shall be awarded and supervised in accordance with procedures to be established by the Management Committee, unless in its opinion it is impractical to do so;
 - (b) reports produced by consultants or resulting from projects under this Agreement shall become the property of both parties hereto; and
 - (c) the Province shall forward to the Management Committee a report as to the progress of the work, in such detail and at such time as may be required by the Management Committee.
12. Subject to the express provisions of subsection 5(4), contracts and purchases made and work done prior to the date of this Agreement in respect of projects listed in Schedule "A" may be accepted as complying with the provisions of this Agreement if they are consistent with the provisions of the GDA and if they are approved in writing by the Federal Minister on the recommendation of the Management Committee.

13. Public Information

- (1) Canada and the Province agree to cooperate in the development and implementation of a program of public information respecting implementation of projects under this Agreement, and further agree to supply, erect and maintain on the direction of the Management Committee:
 - (a) during the course of construction of capital projects, a project sign or signs specifying that the relevant project is a Canada-New Brunswick Regional Development Project financed by contributions by the Department of Regional Economic Expansion of the Government of Canada (and any other Federal agency, where relevant) and the Government of the Province of New Brunswick or such other wording to the like effect as may be agreed to by the Ministers; and
 - (b) where relevant upon completion of each project, a permanent sign or plaque to the effect set forth in (a).

- (2) Any public announcement of the measures covered by this Agreement, and any official opening ceremony for each project outlined in Schedule "A", shall be arranged jointly by the Ministers.

RECORDS AND AUDIT

14. Each of the parties hereto shall keep detailed and accurate accounts and records of its expenditures in respect of all programs and projects, the cost of which is to be shared between them under this Agreement, and shall make such accounts and records available at all reasonable times for inspection and audit by the other party. Any discrepancy between the amounts paid by either party and the amounts actually payable by it, as disclosed by any such audit, shall be adjusted by means of subsequent progress claims.

GENERAL

15. (1) The provision of financing by Canada and the Province for the implementation of programs under this Agreement is subject to the Parliament of Canada and the Province having provided funds for such financing for the fiscal year in which such financing is required.
- (2) No member of the House of Commons or of the Legislative Assembly of New Brunswick shall be admitted to any share or part of any contract, agreement, or commission made pursuant to this Agreement, or to any benefit to arise therefrom.
- (3) Any dispute between the parties hereto on any question of law or fact arising out of this Agreement shall be submitted to and determined by the Federal Court of Canada pursuant to the Federal Court Act of Canada.
- (4) Where one party hereto is responsible for the implementation of a cost-shared program or project it shall indemnify and save harmless the other party, its officers, servants and agents, against all claims and demands of third parties in any way arising out of the implementation of such program or project, except as such claims or demands relate to the act or negligence of any officer, employee or agent of the other party.
- (5) This Agreement shall terminate on March 31, 1979.
- (6) Subject to the terms and conditions of section 14 of the

GDA, this Agreement may be renewed for any further period agreed upon by the parties hereto, but such renewal shall be subject to the approval of the Governor in Council and Lieutenant Governor in Council.

- (7) The following conditions relevant to employment and the award of contracts shall apply in respect of all programs and projects carried out under this Agreement:
- (a) recruiting of labour shall be conducted through the Canada Manpower Centres unless the Management Committee considers that this service cannot reasonably be provided;
 - (b) in the employment of persons on a project, there shall be no discrimination by reason of race, sex, age, marital status, national origin, colour, religion or political affiliation; it being agreed, however, that the foregoing shall not prevent the implementation of special measures designed to benefit native people or disadvantaged groups;
 - (c) the provisions of the Labour Standards Arrangement proposed by the Federal Department of Labour in 1970 shall be applicable to this Agreement; and
 - (d) Canadian material and manpower shall be used in respect of all programs and projects to the extent to which it is procurable and consistent with proper economy and the expeditious performance of the initiatives.

EVALUATION

16. During this Agreement, Canada and the Province shall jointly effect an assessment of the programs listed in Schedule "A" with regard to the stated objectives. Annual progress reports shall be submitted by the Management Committee to the Ministers on or before the annual meeting of the Ministers as prescribed under subsection 9.1 of the GDA. In addition, Canada and the Province shall also jointly effect an evaluation of all the programs with respect to the general economic and socio-economic development objectives of this Agreement.

AMENDMENTS

17. (1) Substantive changes to this Agreement, and to Schedule "A" thereof, may be effected as agreed from time to time by the Ministers in writing. Each program added to Schedule "A" shall form part of this Agreement as if it

had originally been included in this Agreement. It is expressly understood and agreed, however, that any amendment to section 6 shall require the approval of the Governor in Council and Lieutenant Governor in Council.

- (2) Subject to subsection (1), the Management Committee may make adjustments during the fiscal year to the program in Schedule "A" to this Agreement provided, however, that such adjustments do not increase the total amounts of the Schedule nor conflict with the objectives of this Agreement.

REVENUES

18. Where revenues accrue through the operation of the developed initiative or through the sale, lease or otherwise of acquired and/or developed resources under this Agreement, such revenues shall not accrue to Canada and shall not form part of the calculation of shareable costs, excepting only that where experimental or demonstration equipment or machinery which is jointly acquired is sold, the full recovered cost of such equipment or machinery shall be considered as revenue and shall be shared in the same proportion as the contributions by both parties to this Agreement, provided that the relevant sale is effected within three (3) years from the date of expiry of this Agreement.

EXCHANGE OF INFORMATION

19. Canada and the Province shall freely share information relating to any and all aspects of the work undertaken under this Agreement.

FOREST LAND CONSOLIDATION

20.
 - (1) All lands on which costs are to be shared under Project 1.3(a) of Schedule "A" of this Agreement shall be appraised by an independent appraiser or in such other manner as may be satisfactory to the Management Committee.
 - (2) Actual costs of acquisition shall, in addition to the purchase price include appraisal costs, survey costs, legal fees and such other costs as in the opinion of the Ministers may be in accordance with the intent of this Agreement, except where in the opinion of the Federal Minister, the services to which these costs relate could be performed by provincial staff.

IN WITNESS WHEREOF this Agreement has been executed on behalf of Canada by the Minister of Regional Economic Expansion, and on behalf of the Province by the Premier of New Brunswick.

IN THE PRESENCE OF:

GOVERNMENT OF CANADA

Witness

Minister of
Regional Economic Expansion

GOVERNMENT OF THE PROVINCE OF
NEW BRUNSWICK

Witness

Premier of New Brunswick



CANADA-NEW BRUNSWICK
SUBSIDIARY AGREEMENT
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SCHEDULE "A"

Program Description	Estimated Cost of Program (\$'000)	Federal Share Including	
		(a) Direct Cost	(b) 10% Allowance (where applicable) (\$'000)
1. <u>Forest Management</u>	24,640		
1.1 Woodlands Inventory: The development of forest resources inventory data base for management including timber, wildlife, site productivity, aerial photography, forest cover maps on both crown and private forest lands and the implementation of research plots to develop data on new management concepts.			1,964
1.2 Silviculture:			
(a) Development of an increased supply of suitable genetic stock of tree seedlings including the establishment and maintenance of seed sources and orchards, tree nurseries and nursery plantations.			1,056
(b) Establishment and maintenance of tree plantations through reforestation and rehabilitation of existing forested areas by thinning and cleaning.			4,980

Program Description	Estimated Cost of Program (\$'000)	Federal Share Including	
		(a) Direct Cost	(b) 10% Allowance (where applicable) (\$'000)
(c) Investigate, compile, evaluate, and develop silviculture practices for hardwood tree species, as part of an overall hardwood management program.			80
1.3 Crown Land Consolidation: Land acquisition to consolidate and group crown holdings. The amounts shown represent 5/8 of the actual costs incurred and are considered as the eligible costs.			960
1.4 Resource Protection: Development and/or implementation of concepts for protection of forest resources (timber, fish and wildlife) from fire, insect, disease and other causes of depletion.			680
1.5 Multiple Use Development: Planning and development of integrated forest resource uses for recreation including camping and picnic sites, hiking and snowmobile trails, small parks, aesthetic improvements, fish and wildlife.			1,200
1.6 Forest Arterial Road System: Investigate, define and implement a system of forest arterial roads including conceptual planning,			

Program Description	Estimated Cost of Program (\$'000)	Federal Share Including	
		(a) Direct Cost	(b) 10% Allowance (where applicable) (\$'000)
establishment of standards, design and construction.			5,540
1.7 Private Woodlot Management: Investigation and assessment to determine potential and require- ments and implement steps to es- tablish a system of group action for small woodlot owners includ- ing such activities as protection, marketing, organization, extension, growing, harvesting and harvesting methods or systems; and develop and implement incentives programs to stimulate increased production of cultivated Christmas trees and improvements to woodlots.			3,252
2. <u>Resource Utilization</u>	16,090		
2.1 Forest Harvesting: Development of a systems approach to harvesting and transporting timber including assistance for technical and professional services, costs of equipment, tools, machinery and facilities.			1,092
2.2 Equipment Loan Fund: To provide a loan assistance fund to encourage the use of new, proven harvesting and transportation equipment consistent with the systems			

Program Description	Estimated Cost of Program (\$'000)	Federal Share Including	
		(a) Direct Cost	(b) 10% allowance (where applicable) (\$'000)
approach in 2.1			800
2.3 Industrial Development: Investigate, compile, evaluate and develop information on new and expanded markets, products and processes and assist in the implementation of its use.			800
2.4 Transportation: Investigate, evaluate, develop and implement construction or establish- ment of projects to improve forest resources or related transportation systems including provincial highways, resource railroad and water transport of both raw and finished materials.			10,180
3. <u>Manpower Development, Research and Public Information</u>	1,930		
3.1 Labour: Development of data on supply and demand; investigation, planning, and implementation of projects and programs for improved training, compensation, benefits, working conditions, facilities and recruitment of labour.			496
3.2 Education and Research: Investigation, development and implementation of new and expanded programs for professional and			

Program Description	Estimated Cost of Program (\$'000)	Federal Share Including	
		(a) Direct Cost	(b) 10% Allowance (where applicable) (\$'000)
technical education, research, public information and the initiation of conceptual planning and design of certain elements, core facilities and services for Centralized Forestry Education, Research and Administration Complex.			
(a) Education, research and public information.		800	
(b) Conceptual planning and design, Forestry Education, Research and Administration Complex.			248
19 4. <u>Administration</u>	3,985		
To provide professional and technical support for provincial government departments and agencies to implement this Agreement's programs including staff, equipment, facilities and other related expenses.			
(a) Operational		3,000	
(b) Conceptual planning and design of new facilities.			188
5. <u>Pilot Project</u>	3,815		
5.1 <u>Management:</u> To provide assistance for establishing and maintaining a management team to implement			

Program Description	Estimated Cost of Program (\$'000)	Federal Share Including	
		(a) Direct Cost	(b) 10% Allowance (where applicable) (\$'000)
the pilot project including staff, equipment, facilities and other related expenses.			1,116
5.2 Compensation: To provide assistance for purchase of depreciated assets of former holder of timber cutting license including forest arterial roads and logging camps. The amounts shown represent 5/8 of the actual costs incurred and are considered as the eligible costs.			416
5.3 Industrial Infrastructure: Site preparation and servicing including clearing, roads, water, sewage (collection and treatment), utilities, weigh scales and log storage area of an approximate 200 acres first stage development of a Forestry Industrial Park.			1,520
TOTAL PROGRAMS:	50,460		
DREE SHARE :	40,368		

CANADA-NEW BRUNSWICK
SUBSIDIARY AGREEMENT
FORESTRY

SCHEDULE "B"

Guidelines for Agreement Administration

BACKGROUND

New Brunswick's fortunes in the past have been interwoven with those of the forest industry. Because the Province has a high percentage of forest cover and a substantial fibre conversion plant, the historical relationship will continue. The role of public policy related to forest use and land and water management has undergone a profound change in the past decade.

Not only are governments interested in resource utilization and preservation. They are interested in the efficiency with which that process is carried out through time. This altered conception of the public role has meant intervening in what was heretofore regarded as a commercial process; the type, location, size, conversion efficiency and product mix of industrial plants are all legitimate government spheres of interest. The dimensions of value added, industrial integration and forest products utilization have been added by most governments as constraints on the private sector to improve the utilization of what is, in the case of the forested Crown Lands, a public resource.

The effective application of these new areas of government concern has been accompanied by increased employment opportunities, controlled growth and controlled geographic dispersion. Their application has also given government an active partnership with industry in development.

Simultaneously, there has been a public awareness of the needs for environmental preservation, coupled with a demand for a much wider access to provincial Crown Lands for outdoor recreational purposes. This public awareness and pressure for access has added requirements for the protection and preservation of fish, wildlife and aesthetic resources to what had formerly been a single purpose enterprise - the assurance of a perpetual yield of forest products.

This Agreement pursues a variety of measures which can be applied to respond to these complex needs. It deals with such matters as land use, wood harvesting and allocation, and forest-based industrial development. In addition, the Agreement provides for pilot test on the operational effectiveness of two major revisions to existing forest policy; the re-establishment by the Province of its control over Crown Lands, and

the institution of a new system for harvesting and allocating the Crown forest resource. The testing will be conducted in a pilot area shown in Schedule "C". The area selected contains approximately 1 million acres of publicly controlled lands which are presently under-utilized, with regards to both total harvest and species. It also possesses pulp and paper plants and the basic wood utilization elements to which new components may be added and new attempts in the direction of industrial integration effectively made. The duration of this pilot project will be a period of up to four years.

The growth of technology in harvesting, transportation and conversion has brought forward new educational, training and retraining requirements. There are likewise new and rapidly changing involvements for government to which a response is necessary. The woods labour force has changed in numbers, composition, skill requirements and alternatives. Initiatives will be taken to maintain a continuous supply of new entrants to this important element of the labour force.

There is also a need in the context of changing technology, for closer day by day association between the teacher, the researcher, the administrator and the entrepreneur so that pressing and relevant problems may be systematically approached.

This complex of problems and the opportunities they present has been reported upon in detail by the New Brunswick Forest Resources Study. The specific programs and projects outlined hereunder reflect some of the results of the Study and are designed to deal with particular elements to the provincial government's more complex role.

STRATEGY

The objectives referred to in section 2(1) of this Agreement will be achieved by:

- (a) increasing the production of commercial timber;
- (b) increasing the output, diversification, integration and value-added of manufactured forest products;
- (c) increasing the total use of the forest resource by developing uses other than for commercial timber;
- (d) developing a specialized education, research and training system suited to the needs of both a modern woods labour force and the government and commercial requirements for development;
- (e) increasing the Province's technical and administrative capability related to forest development; and
- (f) undertaking a pilot project to assess the operational

effectiveness of changes in public policy.

1. FOREST MANAGEMENT

1.1 Woodlands Inventory

A detailed data base is a critical requirement for any management policy. The information on species, diameter ranges, quantity, quality, location, soil types, cut-over areas, burnt-over areas, areas of infestation by insect, plant disease and wildlife all provide the basic information for decisions on forest management. This data base also lays out the pattern in terms of both timing and spatial distribution for new woods-using enterprises, as well as the nature, timing and distribution of an economic road system. This program element will involve aerial photography, analysis, the preparation of maps, implementation of research plots and the development of a data system related to present and future needs, as a tool for the management of all aspects of the resources related to forested lands.

1.2 Silviculture

This program element aims at fulfilling three basic needs. The first need is to substantially increase the supply of suitable genetic stocks of seedlings. This can be accomplished by increasing the size of existing tree nursery production facilities, by the establishment and maintenance of seed sources, orchards, tree nurseries and nursery plantations. The second need is the rehabilitation of existing forested areas by thinning and cleaning to promote quicker and more desirable growth and establishment and maintenance of plantations. The third basic thrust of this program will direct attention to the investigation and development of silvicultural practices for hardwoods.

1.3 Crown Land Consolidation

The Crown Land ownership pattern is now such that there are many fragmented holdings which cannot efficiently be utilized. The program contemplates acquisition through both sale or trade in order to make consolidation possible and facilitate the formulation of management units. The timing of consolidation is in part of particular importance to the newly formed New Brunswick Forest Authority. This Authority is to harvest and allocate wood resources in the Pilot Project. Its establishment results from the provincial government's decision to re-develop the Crown Land Tenure System by replacing the present cutting licenses with agreements of guaranteed wood supply.

1.4 Resource Protection

The basic role of forestry has altered to embrace resource protection as opposed to forest protection. It therefore can be said that the purpose of this program is to protect the forest resource and the fish and wildlife resources which live in association with it. The program includes a major spray project directed at the control of the spruce budworm. Part of this project is based on research carried out by the Department of Environment which had led to new control methods. The Department of Environment will continue to monitor and evaluate the effectiveness of the work and recommend new approaches and changes in techniques as required.

High equipment costs involved in protecting the forests against fire, insects and disease, indicate that new concepts and new methods of interprovincial cooperation to keep the costly equipment in use over a broader base should be examined. The first stage in a project of this nature will be the articulation of the concept and its costs and the discussion of possible working arrangements with other provinces.

1.5 Multiple Use Development

The concept of multiple use implies the use of forested lands for purposes other than forestry. Public pressure has been mounting for access and use of those large tracts of land comprising the public domain. This pressure is in the direction of recreational uses for wilderness areas, hiking trails and other forms of outdoor recreation. Indiscriminate use constitutes a hazard and interferes with harvesting operations.

It will be necessary to control the use through the development of use concentration areas in the form of camp sites, hiking trails, picnic sites or small parks and aesthetic improvements. It will also involve the control of activities related to fish and wildlife. These developments will be carefully planned and integrated with the overall plan for recreation and tourism development in the Province.

1.6 Forest Arterial Road System

Forest roads provide for the combined functions of harvesting, forest management, protection, access for fish and wildlife management and more recently, public access for recreational purposes. Although secondary uses will be considerations in determining standard and location, the prime function is related to harvesting. Because one of the greatest variables in the wood-using industry is still landed cost at the mill, this program will concentrate on cost reduction by relating road location and standards to the needs of new equipment,

time and distance, while maintaining due concern for environmental quality.

The construction phases of this program element will be preceded by a study phase which will establish network patterns on an area basis.

1.7 Private Woodlots

About twenty-five per cent (25%) of the productive forest is owned by small woodlot owners. The purpose of the program is to make this readily accessible and generally more highly productive resource, of greater use to the Province. This will be achieved by improving the effectiveness of the entire range of activities including growing, harvesting, protection, marketing, organization and extension. Initiatives in all these areas are contemplated.

The program will examine management requirements for small woodlots, identify a system of group action for small woodlot owners, and develop a systems approach to timber harvesting on private lots.

This program also provides for an incentive program to private growers in order to expand the Christmas tree industry and an incentive program for stand improvement on private woodlots.

2. RESOURCE UTILIZATION

2.1 Forest Harvesting

The harvesting system covers the spectrum from chain saw and horse or tractor, to mechanized feller, de-limber and tractor trailer hauling tree length logs. The economics of the combinations of various pieces of equipment and their performance as part of a unified system is unknown. Woods labour problems appear to be precipitating a faster movement into woods mechanization. This movement can be made most effective and economical with a full knowledge of the types of equipment best suited to special provincial needs.

The purpose of this program is to develop equipment systems related to topography, climate, environmental concerns, and other variables so that further incremental reductions can be made in the delivered cost of wood. Technological change will be a long term continuing one.

2.2 Equipment Loan Fund

The purpose of this program is to establish a special loan fund to encourage woods harvesting contractors and related smaller transportation companies to utilize the equipment which has proven most useful in the forest harvesting program outlined above. The loan fund will undertake various forms of experimental initiatives generally, but not necessarily exclusively, using the chattel mortgage principle of commercial machinery financing. Several alternative methods of loan costing repayment mechanisms and guarantees will be attempted.

The program would be financed on the basis of a fund in which the cash plus assets at any time would be the value of the fund. As loans are repaid, capital becomes free for further investment. A high loss rate would deplete the fund and a high success rate expand it.

2.3 Industrial Development

The development of new industrial plants and new employment opportunities generally arise through discovery of new markets, the expansion of existing markets, or the development and application of new technology. This program is designed to provide assistance for all purposes.

The type of market information required in this program is product specific and area specific, and of a type which is designed to lead to an exchange of letters of intent between entrepreneurs. Technical and other assistance will be provided to entrepreneurs in carrying forward activities under this program.

Although there are a number of industrial product development programs sponsored by federal and provincial governments available, there are still gaps related to plant modifications for new processes and the utilization of residual products. The industrial product development program element would contemplate the provision of technical and other assistance related to the adoption of new technology, the production of higher value-added products or industrial integration where satisfactory provision does not exist in programs of assistance.

2.4 Transportation

The transportation system serving the forest industry as it exists, and as it is used, is deficient in three basic respects:

- (a) in spite of the important role which the provincial highway system plays in wood and wood products transportation, there are constraints to the use of larger equipment. These include unimproved roads or roads of low carrying capacity, low capacity or narrow or low overhead clearance bridges and uncompleted forest arterial roads. These constraints are readily identifiable and can be rectified by a program of investigation and capital investment;
- (b) branch railway lines are not being effectively used for the transportation of unprocessed wood, wood residuals or provincial wood products. The nature of the resolution to this problem will require investigation, negotiation with the railway companies and possible financial assistance; and
- (c) the cost of moving finished products to markets is high. This can be reduced in a number of ways involving common use of ocean carriers, barge shipments and other means requiring industrial cooperation and the establishment of new mechanisms. The basis of an approach will require further detailed examination of shipping problems as they affect each industrial shipper as well as possible financial assistance.

The purpose of this program is to rectify these three basic deficiencies through investigation and capital investment and the provision of such financial assistance which will make the resolutions of the problems possible.

3. MANPOWER DEVELOPMENT, RESEARCH AND PUBLIC INFORMATION

3.1 Labour

The application of technology to harvesting and industrial production has modified the nature and composition of the labour force. Most seriously affected has been the woods labour force where problems range from recruitment and conditions of work to retirement benefits. Much work remains to be done on developing a suitable labour data system for government and corporate decision-making. Suitable arrangements for working conditions, compensation and fringe benefits must also be developed.

The present status of woods labour does not attract long-term entrants with the resulting high rate of turnover and wastage. Initiatives must be taken to change the status of this occupation so that the need for a long-term stable labour force and a satisfying occupation for the individual can be provided for.

This program is intended to deal with the entire labour problem as it affects the woods industry, including recruiting, supply, demand, working conditions, rates of pay, benefits and training.

3.2 Education and Research

The separate roles played in the past by teaching, research, extension, information, education, industry and government administration has produced fragmented results. New projects to improve technical and professional education as well as projects of public information and education to improve understanding and awareness of issues are included.

The program foresees, through the physical grouping of those concerned with teaching, research and government administration a method of rendering more effective service to the needs of the forestry sector in terms of rapid responses, by all related elements, to the changing requirements.

This program contemplates the grouping of key elements of teaching, education, information, administration and research together through the provision of accommodations for the Forestry Faculty of the University of New Brunswick, the Maritime Ranger School, the Maritime Forest Research Centre, the Forest Extension Service, the Fredericton Area Conservation school, the Department of Natural Resources, and an arboretum. The program would emphasize, through formal and informal training and day-to-day contact, the totality of the forest environment.

The program will initially undertake conceptual planning and design of common facilities and certain elements such as the Maritime Ranger School and the Forest Extension Service. Should the conceptual plan prove acceptable, and commitments given to its implementation, it is anticipated that further funding for capital construction and equipment for various elements contained within the concept may be provided through this program.

4. ADMINISTRATION

The implementation of the programs outlined in this Agreement implies a substantial input from provincial government departments and agencies. This can only be accomplished by a complementary increase in staff. In addition, there are special capital requirements for both buildings and equipment. The purpose of this program is to provide for the staff costs, expenses, and associated equipment; the conceptual planning and design of new facilities; and other associated costs not provided for elsewhere as specific program costs.

5. PILOT PROJECT

5.1 Management

The purpose of this program is to provide for staff, technical assistance, office machinery and equipment, vehicles, communications equipment, travel expenditures and all general management and administrative expenditures related to the pilot project. This capability is required because the Province has replaced the cutting license of the major resource user with a guaranteed wood supply, in order to regain effective control of the forest resources in the pilot area. A management team will be established to direct the pilot project and assistance will be provided to the New Brunswick Forest Authority which has been created by the Province to harvest and allocate wood to various users, to administer a wide variety of field activities including timber harvesting, transportation, access road construction and equipment testing.

5.2 Compensation

By replacing the cutting license in the pilot area, the Province takes over responsibility for the assets contributed to the Crown Lands by the former license holder. The purpose of this program is to provide assistance to the Province to purchase the depreciated assets of the former license holder. These assets include forest arterial roads and logging camps.

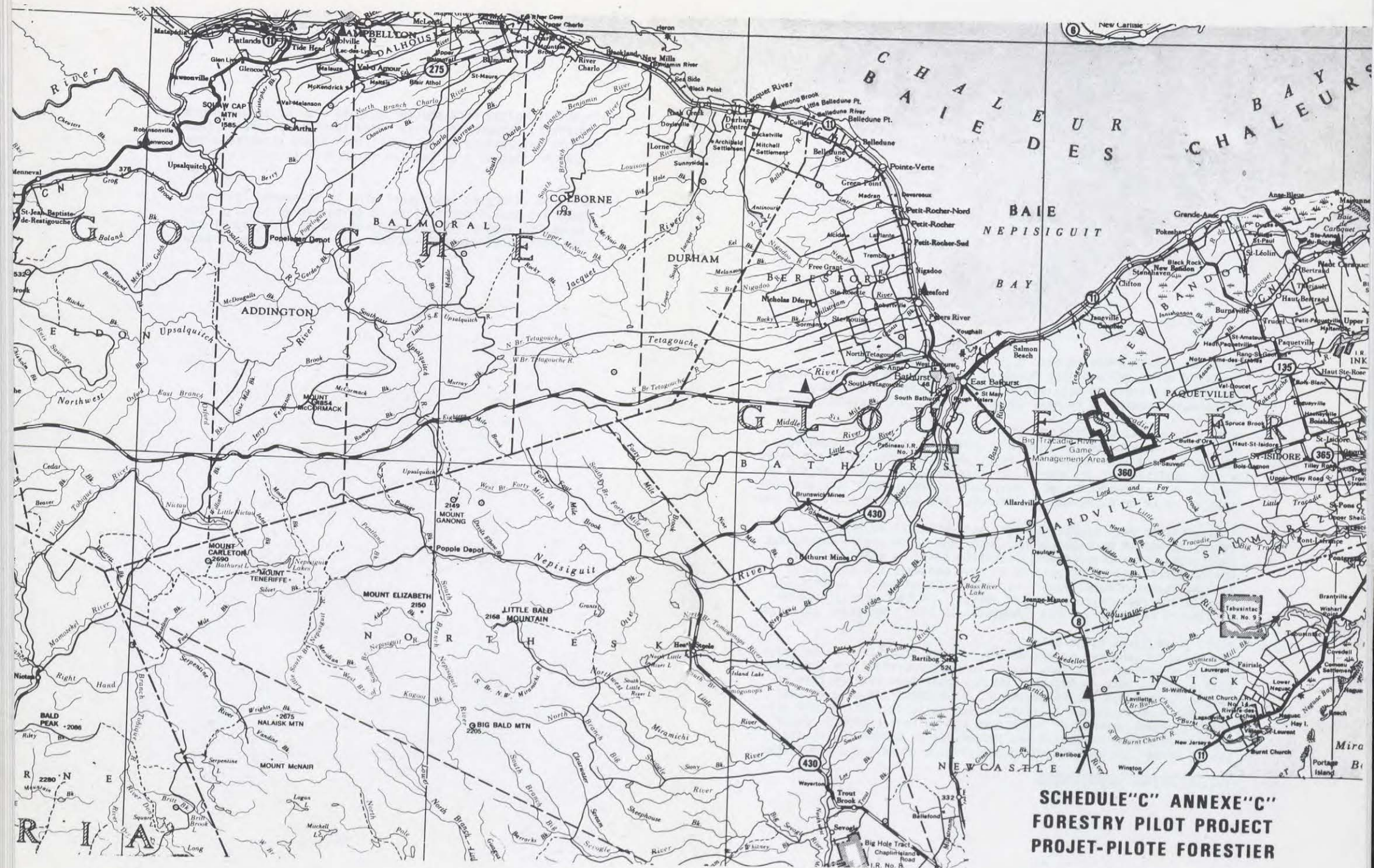
5.3 Industrial Infrastructure

Historically, woods-using industries have located in relation to the resource and each industry had basically a one-product output. This practice has led to both inefficient utilization and undesirable spatial distribution. Ideally, wood shipments would be centrally delivered to a concentration yard, sorted and distributed to sawmills, veneer plants, sash and door plants, and pulp and paper mills with each piece going to its highest and best use.

The purpose of this program is to establish a forest industries industrial park to achieve this ideal situation. The industrial park will contain the required infrastructure. By cooperation with industry, individual wood utilization enterprises will be located with the advantages of infrastructure, transportation, materials handling, bulk by-product utilization and bulk by-product disposal.

Expenditures in this program include site design and development, roads, industrial water services, sewage collection and treatment, power facilities, weigh scales, log storage and any other similar costs related to a project of this nature.

The first component of this industrial park will be a sawmill with a capacity exceeding 50 million board feet per year. The first phase of the development will occupy 200 acres of what is estimated to be a 700 acre forest industries park.



**SCHEDULE "C" ANNEXE "C"
FORESTRY PILOT PROJECT
PROJET-PILOTE FORESTIER**

