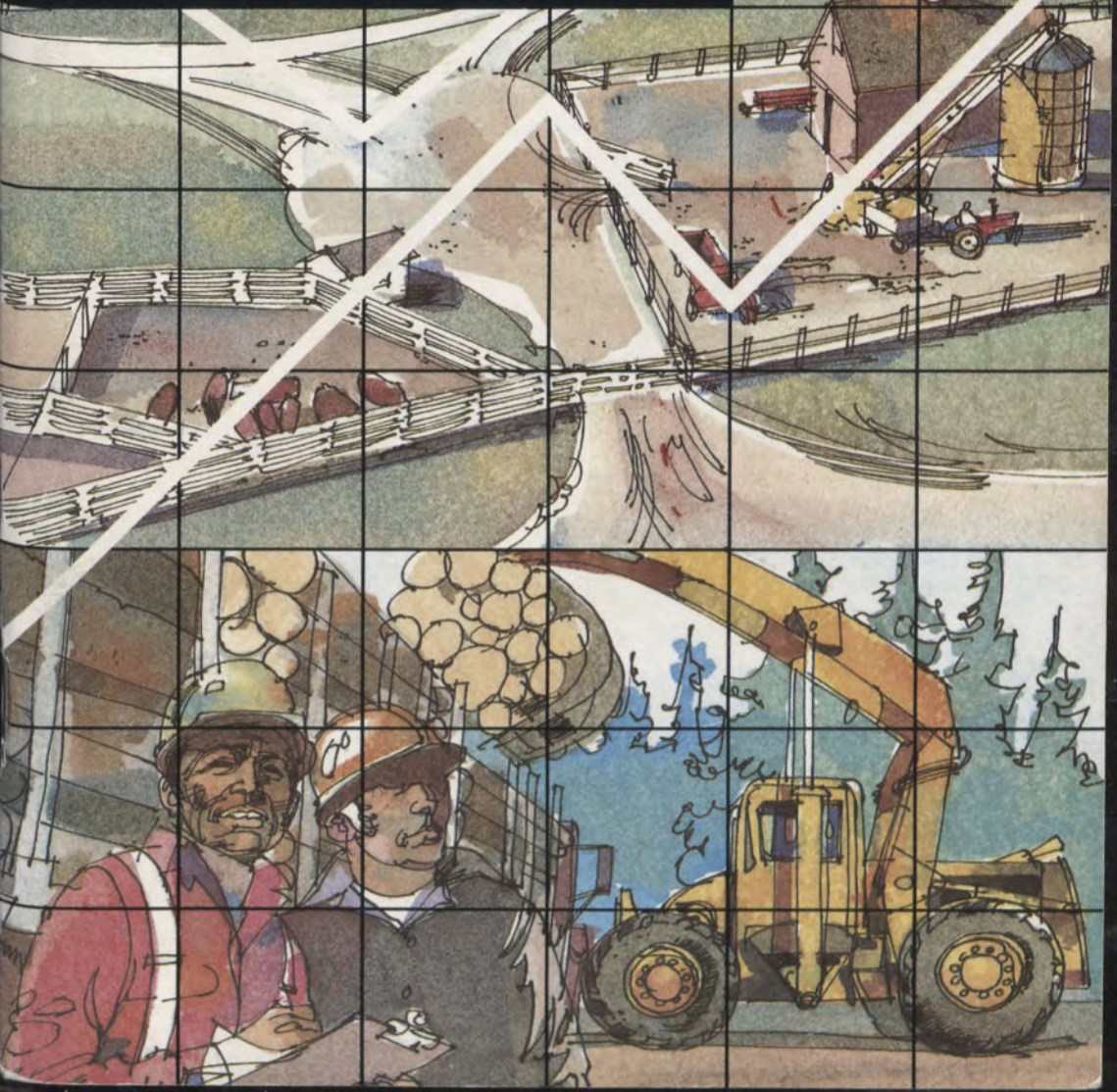


QUEEN  
SD  
568  
.S3  
S8  
1979

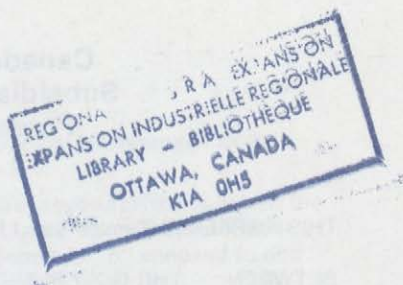


Saskatchewan

# Canada — Saskatchewan subsidiary agreement for Forest Development



subsidiary  
agreement  
May 17, 1979



Canada-Saskatchewan  
subsidiary agreement  
for forest development



Canada



Saskatchewan

## **Canada-Saskatchewan Subsidiary Agreement For Forest Development**

THIS AGREEMENT made this 17th day of May, 1979.

**BETWEEN:** THE GOVERNMENT OF CANADA (hereinafter referred to as "Canada"), represented by the Minister of Regional Economic Expansion and the Minister of the Environment,

OF THE FIRST PART,

**AND:** THE GOVERNMENT OF THE PROVINCE OF SASKATCHEWAN, (hereinafter referred to as the "Province"), represented by the Minister of Tourism and Renewable Resources, the Minister of Industry and Commerce, the Minister of Northern Saskatchewan, and the Minister of Highways and Transportation,

OF THE SECOND PART.

WHEREAS Canada and the Province have entered into a General Development Agreement dated February 11, 1974, (hereinafter referred to as "the GDA") for the purpose of facilitating joint co-operation in respect of economic and socio-economic development in the province to achieve the objectives set forth in section 2 thereof; and

WHEREAS in pursuing the said objectives, the parties have agreed to seek a co-ordinated application of relevant federal and provincial policies and programs; and

WHEREAS the parties have identified a new development opportunity to increase aggregate economic growth through strengthening the Saskatchewan forestry sector; and

WHEREAS the Governor in Council by Order in Council P.C. 1979-13/1358 of the 2nd day of May, 1979, has authorized the Minister of Regional Economic Expansion and the Minister of the Environment to enter into this Agreement on behalf of Canada; and

WHEREAS the Lieutenant Governor in Council by Order in Council No. 721/79 of the 15th day of May, 1979, has authorized the Minister of Tourism and Renewable Resources, the Minister of Industry and Commerce, the Minister of Northern Saskatchewan, and the Minister of Highways and Transportation, to enter into this Agreement on behalf of the Province;

NOW THEREFORE the parties hereto agree as follows:

## **SECTION 1 — DEFINITIONS**

### **1.1 In this Agreement:**

- (a) "Board" means the joint federal-provincial Management Board established pursuant to subsection 3.1;
- (b) "development opportunity" means the several initiatives which the Ministers have agreed to implement under this Agreement and which are more fully described in Schedule "A" annexed to and forming part of this agreement;
- (c) "Directorate" means the Implementation Directorate established pursuant to subsection 3.6;
- (d) "Federal Ministers" means the Minister of Regional Economic Expansion and the Minister of the Environment, and includes any person authorized by them or either of them to act on his or their behalf;
- (e) "fiscal year" means the period commencing April 1 of any year and terminating on March 31 of the immediately following year, both dates inclusive;
- (f) "Ministers" means the Federal Ministers and the Provincial Ministers;
- (g) "program" means a principal component of the Agreement as outlined in Schedule "A" to this Agreement;
- (h) "project" means any specific activity which by itself or together with other activities constitutes a subdivision of a program;
- (i) "principal Federal Minister" means the Minister of Regional Economic Expansion and includes any person authorized by him to act on his behalf;
- (j) "principal Provincial Minister" means the Minister of Tourism and Renewable Resources and includes any person authorized by him to act on his behalf; and
- (k) "Provincial Ministers" means the Minister of Tourism and Renewable Resources, the Minister of Industry and Commerce, the Minister of Northern Saskatchewan, and the Minister of Highways and Transportation, and includes any person authorized by them or either of them to act on his or their behalf.

## **SECTION 2 — OBJECTIVES AND SUBJECT MATTER**

### **2.1 The primary objectives of the development opportunity are:**

- (a) to plan for the long-term development of the forest industry;
- (b) to identify industrial opportunities in forestry, particularly in the underutilized species of aspen and elm, and conduct market and feasibility analyses, and apply known technology to existing or new industrial applications;
- (c) to upgrade forest management and silvicultural practices in Saskatchewan, in order to ensure a continuing supply of timber for the industry;



- (d) to undertake site specific planning for the development of commercial forest areas; and
  - (e) to improve the cost competitiveness of the industry in domestic and export markets and to maximize total utilization of the forest resource by upgrading and constructing access roads and by identifying and making improvements to the harvesting and distribution system.
- 2.2 While additional time is required to plan a detailed long-term development strategy for Saskatchewan forests, Canada and Saskatchewan agree that it is desirable to undertake certain projects which can be immediately identified as integral parts of any long-term development strategy.
- 2.3 Subject to subsection 2.1 and unless otherwise specified by the Management Board, the Province shall undertake directly, or arrange to be undertaken, the following sectors as outlined in Schedules "A" and "B":
- A. Opportunity Identification and Technological Advancement;
  - B. Forest Management and Silvicultural Practices;
  - C. Forest Harvesting Logistics and Productivity Improvement; and
  - D. Implementation, Evaluation and Information.

### **SECTION 3 — ADMINISTRATION AND MANAGEMENT**

- 3.1 The parties shall promptly establish federal-provincial management Board (hereinafter referred to as the "Board"), comprised of at least three representatives from Canada and three representatives from the Province whose function shall be to oversee the planning and implementation of the programs specified in Schedule "A" within the allocation of funds set out in Schedule "B" and to fulfill responsibilities identified for the Board elsewhere in this Agreement.
- (a) The principal Federal Minister shall appoint the Director General of Regional Economic Expansion for Saskatchewan or his designate as Federal Co-chairman, and two other federal members including a representative from the Department of the Environment; and
  - (b) The principal Provincial Minister shall appoint a senior official of the Department of Tourism and Renewable Resources or his designate as Provincial Co-chairman, and at least two other provincial members.
- 3.2 The Board shall be responsible for the overall management and administration of this Agreement, and its duties shall include the following:
- (a) ensuring that the intent and the terms and conditions of this Agreement are carried out;
  - (b) approving projects under this Agreement;
  - (c) recommending to the principal Ministers any changes in the financial limit between the sectors as shown in Schedule "B";

- (d) recommending annually to the Ministers a work plan and estimates of expenditures concerning proposed programs and projects to be undertaken under this Agreement for the subsequent fiscal year;
- (e) providing a progress report to the Ministers prior to the annual GDA meeting;
- (f) establishing advisory and co-ordination committees as required, or requesting the presence of representatives from other departments, agencies, or nongovernmental bodies, where it is considered that their presence would contribute to the effectiveness of the Board;
- (g) establishing standards and procedures required for the approval and efficient implementation of projects and such other procedures as may be required for the administration and management of this Agreement; and
- (h) establishing an Implementation Directorate as outlined in subsection 3.6 to insure the effective and co-ordinated implementation of projects as approved by the Board.

3.3 A decision of the Board shall be valid only if both Co-chairmen agree with the decision. In those cases when the Board is unable to reach a decision or both Co-chairmen do not agree with a decision, the relevant matter shall be referred to the Principal Ministers. Where the Principal Ministers, after consultation, agree on a decision with respect to the matter, that decision is final.

3.4 The signature of the Co-chairman of the Board shall be sufficient verification for the purpose of this Agreement or for any recommendation or decision made, or approval given by the Board.

3.5 Each project under this Agreement shall be submitted for the approval of the Board and shall be described in an appropriate document which shall include the project name and description, the purposes and objectives, an outline of how the project is to be carried out and progress reported, the anticipated completion date, performance data as appropriate, the total cost and the share of the cost to be borne by each of the parties involved, and whether revenue accruing from the project is shareable between Canada and the Province, and if so, in what proportion, and such other information as may be required by the Board.

3.6 To ensure the effective and co-ordinated implementation of projects within the annual work program, which have been approved by the Board an Implementation Directorate (hereinafter referred to as the "Directorate") shall be established by the Co-chairmen of the Board and shall consist of a Provincial Implementation Administrator and a Federal Implementation Administrator who shall report to and take direction from the Board and shall be responsible for approving specific activities undertaken within projects.

3.7 The duties and responsibilities of the Provincial Implementation Ad-

ministrator shall include:

- (a) the co-ordination of the activities of the provincial departments and agencies which may be designated to carry out projects under programs approved by the Board;
- (b) the day-to-day administration of the provincial responsibilities under this Agreement;
- (c) the financial management of provincial aspects of this Agreement; and
- (d) other duties and tasks assigned by the Board.

3.8 The duties and responsibilities of the Federal Implementation Administrator shall include:

- (a) co-ordination of the activities of other federal departments and agencies involved in the Agreement;
- (b) co-ordination of the financial management of federal aspects of this Agreement; and
- (c) other duties and tasks assigned by the Board.

3.9 The Directorate, in consultation with the Board, may establish sub-committees or working groups to advise it and to assist it in its work, whose members may include persons who are not members of the Directorate or of the Board.

#### **SECTION 4 — IMPLEMENTATION PROCEDURES**

- 4.1 This Agreement shall commence on and take effect from the date on which it is signed by the Ministers and shall terminate on March 31, 1982, or such earlier date as may be agreed to in writing by the Ministers. No project may be approved after the termination date of this Agreement and no project completion date shall extend beyond December 31, 1982, and no claims shall be paid by Canada after March 31, 1983.
- 4.2 During the term of this Agreement the Province shall undertake either directly or shall arrange for the undertaking of programs as approved by the Board described in Schedule "A".
- 4.3 The Province shall acquire or arrange for the acquisition of all lands or interest therein that are required for projects under this Agreement.
- 4.4 Upon completion of each project for the implementation of which the Province is responsible, the Province agrees to accept full responsibility for the project's operation, maintenance and repair, except in cases where other federal-provincial arrangements specifically apply.
- 4.5 All contracts shall be awarded in accordance with procedures recommended by the Directorate and approved by the Board and, unless in the opinion of the Directorate it is impractical to do so, shall be let pursuant to tenders invited by public advertisement and awarded

to the qualified and responsible tenderer submitting the lowest evaluated bid. All contracts and invitations to tender shall carry an acknowledgement of joint federal-provincial funding and such other provisions as are deemed necessary by the Board.

- 4.6 In the awarding of contracts pursuant to the recommendation of the Board, Canadian materials, machinery and equipment, and services of firms or individuals shall be used in respect of all work under this Agreement to the extent to which it is practical and consistent with economy and efficiency.
- 4.7 All announcements of contract awards shall be made jointly by Canada and the Province.
- 4.8 Any contract awarded pursuant to this Agreement shall be awarded in accordance with procedures to be approved by the Board and shall provide that:
  - (a) all reports, documents, plans, maps and other material prepared thereunder shall become the property of the parties hereto;
  - (b) any member of the Board or his duly authorized representative shall be permitted to inspect the subject matter of the contract at all reasonable times;
  - (c) recruiting of labour shall be conducted through the offices of the Canada Employment and Immigration Commission (CEIC) unless, the Board considers, after consultation with CEIC, that this service cannot reasonably be provided;
  - (d) in accordance with Human Rights Legislation of Canada and the Province, there shall be no discrimination by reason of race, sex, age, marital status, national origin, colour, religion or political affiliation in the employment of persons on a project; and
  - (e) with regard to the applicability of labour standards, the parties agree that there shall be the following minimum standards:
    - (i) rates of pay shall be those prevailing in the area of employment for each classification of work, subject to the minimum wage specified in the provincial legislation;
    - (ii) in building construction, the rate of pay for overtime shall be time and one-half the specified prevailing rate of pay after the hours stipulated for purposes of overtime payment in the relevant provincial standards, which shall in no case be more than 48 hours per week;
    - (iii) in road and heavy construction, the rate of pay for overtime shall be time and one-half the specified prevailing rate of pay after the hours stipulated for purposes of overtime payment in the relevant provincial standards, which shall in no case be more than 50 hours per week; and
    - (iv) labour conditions shall be specified in all tendering documents



and contracts and shall be posted conspicuously in the work place;

it being expressly understood and agreed that to the extent to which there are higher provincial standards applicable to particular occupations or regions, these higher provincial standards shall apply.

## **SECTION 5 — FINANCIAL PROVISIONS**

- 5.1 Subject to the appropriation of funds by the Parliament of Canada the maximum contribution by Canada in respect of jointly-approved programs shall not exceed twelve million dollars (\$12 000 000).
- 5.2 The total contribution of Canada to eligible costs of approved projects shall not exceed fifty percent (50%) as outlined in Schedule "B" and implemented pursuant to the terms and conditions of this Agreement.
- 5.3 The provision of contributions by the Province for the implementation of projects under this Agreement is subject to the Legislative Assembly by the Province of Saskatchewan having provided funds for such purpose for the fiscal year in which such financing is required.
- 5.4 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 the terms or conditions of such acquisition.
- 5.5 Subject to subsection 5.4, the eligible costs of projects are all costs that in the opinion of the Board have been reasonably and properly incurred and paid by the Province, but do not include any cost in respect of the salaries or related expenses of any permanent provincial public servant.

## **SECTION 6 — PAYMENT PROCEDURES**

- 6.1 (1) Subject to subsections 6.1(2) and 6.1(3) payments by Canada for approved projects shall be made promptly to the Province on the basis of progress claims setting out the eligible costs actually incurred and paid. Claims shall be submitted in a form satisfactory to the principal Federal Minister and the principal Provincial Minister, bearing a provincial audit certificate, and certified by a senior officer of the province.
- (2) In order to assist with the interim financing of Canada's share of the projects under this Agreement, Canada may, upon the Province's request, make interim payments to the Province on a quarterly basis, of Canada's share of claims submitted, based on estimates of costs actually incurred and paid, certified by a senior officer of the Province and approved by the Federal Implementation Administrator.
- (3) The Province shall account for each quarterly interim payment received by submitting to Canada, no later than the last day of the

immediately following quarter, a detailed statement of expenditures actually incurred and paid, submitted in a form and verified in a manner satisfactory to the principal Federal Minister and principal Provincial Minister and certified by a senior finance officer of the Province. Any discrepancy between the amounts paid by Canada by way of interim payments and the amounts actually payable shall be promptly adjusted between Canada and the Province.

- (4) No interim payment shall be made in a subsequent fiscal year until the interim payments made in the previous fiscal year have been liquidated by claims for expenditures actually incurred and paid, certified by a senior officer of the provincial Department of Finance and bearing a provincial audit certificate, and any outstanding balance of the payment has been repaid or accounted for in a form or in a manner satisfactory to the principal Federal Minister.

6.2 The Province shall maintain proper and accurate accounts and records relating to the cost of projects undertaken pursuant to this Agreement and shall make such accounts and records available at all reasonable times for inspection and audit by Canada.

6.3 Any discrepancy between the amounts paid and amounts actually payable as disclosed by any such audit shall be promptly adjusted between the parties.

#### **SECTION 7 — EVALUATION**

7.1 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 Board to the Ministers on or before the annual meeting of the Ministers as prescribed under subsection 9(1) and section 10 of the GDA.

#### **SECTION 8 — CO-ORDINATION**

8.1 Canada and the Province shall apply existing federal, provincial and federal-provincial programs to assist in the effective implementation of this Agreement, subject to the provision of such programs and the availability of funds.

#### **SECTION 9 — MONITORING**

9.1 Any member of the Board or his representative shall be permitted to inspect any 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 Ministers or the Provincial Ministers.

#### **SECTION 10 — PUBLIC INFORMATION**

10.1 Canada and the Province agree to co-operate in the development and implementation of a program of public information respecting implementation of projects under this Agreement. Canada agrees to

supply, erect and maintain on the direction of the Board:

- (a) during the course of construction of jointly funded capital projects, a project sign or signs consistent with federal-provincial identity graphics guidelines, and in both official languages, specifying that the relevant project is a Canada-Saskatchewan Regional Development Project, financed by contributions from the Government of Canada and the Government of Saskatchewan, or such wording to the like effect as may be agreed upon by the Ministers; and
- (b) where relevant, upon completion of each project, a permanent sign or plaque to the effect set forth in 10.1(a).

10.2 Any public announcement of the measures covered and of the projects undertaken by this Agreement, as well as any official opening ceremony for any jointly funded project under this Agreement, where such ceremony is indicated and appropriate, shall be arranged jointly by Ministers.

## **SECTION 11 — ENVIRONMENTAL ASSESSMENT**

11.1 The intent of both the federal Environmental Assessment and Review Process and the provincial Environmental Impact Assessment Policy shall be followed for all projects or groups of projects jointly funded under this Agreement. All projects or groups of projects shall be reviewed in the early planning stages according to the Screening Guide provided by the Chairman, Environmental Assessment Panel, Canada Department of the Environment and the screening criteria of the Department of the Environment, Saskatchewan. If review indicates possible adverse environmental effects, the procedures specified in the federal Environmental Assessment and Review Process or the procedures of the provincial Environmental Impact Assessment Policy shall be adhered to for further evaluation of project impact.

## **SECTION 12 — GENERAL**

12.1 Where parties fail to resolve a dispute which arises between them, and the dispute is a controversy within the meaning of the Federal Court Act, either party may submit the dispute to the Federal Court of Canada.

12.2 Where a party is responsible for the implementation of a cost-shared project under this Agreement, 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 project, except as such claims or demands relate to the act or negligence of any officer, employee or agent of the other party.

12.3 Contributions by Canada under this Agreement to any jointly financed equipment or facility do not vest in Canada any proprietary interest in such equipment or facility, which shall be and remain the property of the Province.

12.4 No member of the House of Commons of Canada or of the Legislative Assembly of Saskatchewan 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.

12.5 The terms and conditions of the GDA shall apply to this Agreement.

12.6 This Agreement may be amended in writing from time to time by the principal Ministers. It is expressly understood and agreed, however, that any amendment to subsections 5.1 or 5.2 shall require the approval of the Governor in Council and the Lieutenant Governor in Council.

IN WITNESS WHEREOF this Agreement has been executed on behalf of Canada by the Minister of Regional Economic Expansion, and the Minister of State (Environment), and on behalf of Saskatchewan by the Minister of Tourism and Renewable Resources, the Minister of Industry and Commerce, the Minister of Northern Saskatchewan, and the Minister of Highways and Transportation.

In the presence of:

GOVERNMENT OF CANADA

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Minister of  
Regional Economic Expansion

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Minister of Environment

GOVERNMENT OF THE PROVINCE  
OF SASKATCHEWAN

---

Witness

---

Minister of  
Tourism and Renewable Resources

---

Witness

---

Minister of  
Industry and Commerce

---

Witness

---

Minister of  
Northern Saskatchewan

---

Witness

---

Minister of  
Highways and Transportation

# **CANADA-SASKATCHEWAN SUBSIDIARY AGREEMENT FOR FOREST DEVELOPMENT**

## **SCHEDULE "A"**

### **INTRODUCTION**

In February, 1974, Canada and Saskatchewan signed a 10-year General Development Agreement in order to facilitate joint federal-provincial co-operation in initiatives for the economic and socioeconomic development of Saskatchewan. The Agreement's objectives are to accelerate economic development and to encourage socioeconomic development required to provide an effective opportunity for people throughout Saskatchewan to contribute to and participate in the benefits from economic development.

Regarding forestry, the Agreement stated:

"The forest resources of Saskatchewan offer a number of economic development opportunities. Substantial growth in the region will expand already significant demand for lumber, furniture and other wood-based products. In addition, expanding export markets exist internationally for wood-based construction materials and for pulp. The development strategy in the forestry sector therefore includes the development and utilization of not only the coniferous resources, but the significant and largely undeveloped hardwood resources. This will allow for more effective use of wood byproducts, reduce the cost of forest harvesting operations, enhance the management of forest resources including reforestation measures and create jobs in a geographic portion of the province where few other employment opportunities exist."

### **CIRCUMSTANCES**

In contrast to the grain fields of southern Saskatchewan, large forest areas in central and northern Saskatchewan cover over 50 percent (50%) of the total provincial land area. Stands of timber presently being commercially utilized occupy a strip of land roughly 200 miles wide stretching diagonally across the central area of the province. The southern boundaries of this area begin south of Meadow Lake in the west and run southeast to Hudson Bay near the Manitoba boundary.

For several hundred miles north of this area, forest lands vary from regions of potentially valuable commercial timber to the sparse woods near the Northwest Territories border.

The commercial utilization of Saskatchewan's forest began in the 1870s and increased sharply with the addition of the province of Saskatchewan to Confederation in 1905. The depression and drought of the thirties brought new pressure for land settlement and forest clearing. By the war years of 1939-45, forest development was centred on the use of small, portable sawmills. This approach to the use of forestry resources remained unchanged until the 1960s. In 1968, federal and provincial assistance aided the establishment of a major pulp mill at Prince Albert.



At the present time, the Saskatchewan timber industry remains centred on the kraft pulp mill operated by Prince Albert Pulp Co. Ltd. (PAPCO) at Prince Albert and sizeable mills producing studs, waferboard and plywood at the two secondary centres of Hudson Bay and Meadow Lake. Smaller, dimensional lumber mills are located in Bodwin and Carrot River.

The Government of Saskatchewan continues to operate small sawmills in a number of northern communities primarily to create local employment. In total, the industry directly employs approximately 4 500 people in its manufacturing, harvesting or wood operations.

The Saskatchewan mills are primarily users of softwoods, such as pine and fir, for which reliable technology and secure markets exist. The hardwoods, such as aspen, are used relatively little, due to technical difficulties in manufacturing and a correspondingly weak market.

Overall, a relatively low proportion of the allowable annual cut is being used particularly in the more remote northern areas of the forest zone where access is limited, a lack of adequate inventory information exists and the general quality of trees is lower. In contrast, some overcutting of softwoods tends to occur in areas adjacent to existing mills.

In total, only 50 percent (50%) of the allowable softwood and 17 percent (17%) of the allowable hardwood cuts are being utilized annually.

The total gross value of forest products produced in Saskatchewan in the 1977-78 fiscal year reached \$115 million. This compares favourably to the \$11 million figure reached eleven years previously. In the overall Saskatchewan economy, the forestry industry remains a small contributor. However, it is a significant source of economic wealth and employment in the less developed northerly areas of the province.

The Government of Saskatchewan regulates and manages the forest resource in the province through the Department of Tourism and Renewable Resources. The department issues allowable cut permits to the major companies and to Saskatchewan Forest Products, a crown agency, usually with a related requirement for regeneration activities.

In 1971, the Province introduced an integrated forest development policy designed to maximize the utilization of forest resources. In effect, the policy requires all companies to clear out all forest stands, use the larger diameter logs in the appropriate mills and ship the chip byproduct and smaller materials to the PAPCO pulp mill for conversion to pulp. It has been possible to implement only part of this policy to date, due to high transportation costs.

## **OPPORTUNITIES AND CONTRAINTS**

The Canadian forest industry is heavily dependent upon the export market. In 1976, Canadian producers exported 88 percent (88%) of their newsprint, 63 percent (63%) of their lumber and 35 percent (35%) of their wood pulp production. However, the nation's share of world forest products declined from 28 percent (28%) in 1961 to 19 percent (19%) in 1974 due

to increased export capabilities of other countries, notably the United States, the Scandinavian nations and certain developing countries.

Saskatchewan producers export wood products largely to the mid-western United States, Manitoba, eastern Canada and western Europe. Virtually all Saskatchewan pulp production is exported to the U.S.A.

Strong markets potentially exist for Saskatchewan forest products, especially as studies show the U.S.A. will require increased imports of wood products over the longer term.

The expansion of export sales can be expected to increase employment and stabilize the industry through diversification of markets. Attaining this improved position is dependent upon Saskatchewan producers improving their competitive position, primarily through the reduction of costs in delivering wood to the mills, and the development and use of new products and technologies. A product with particular potential for increased export production is waferboard, produced from aspen, a hardwood which Saskatchewan has in abundance. This product is now gaining slow acceptance in the U.S.A. as it can compete strongly with plywood as sheeting in construction. Other potential uses of aspen include pulp production, stud manufacture, furniture components, animal feed and as a feedstock for fermentation processes.

The use of elm in the furniture industry also holds export potential.

Four major areas of immediate constraint to the expansion of the Saskatchewan forest industry exist. The first area of constraint is the lack of an adequate road network. The provincial forest strategy of maximizing value added from the forest resource has recognized the critical need to integrate the Saskatchewan industry. The implementation of this strategy requires the movement of raw products from cutting areas to the mills and the intermill transfers of wood chips, pulpwood the saw timber to be more effective and efficient. In effect, this means that pulpwood and chips from the cutting areas and sawmills would be transported to the pulpmill for conversion to pulp. In return, large diameter logs from the pulpmill logging areas would be shipped to the saw and plywood mills for processing.

Such an integration would assist the Saskatchewan forest industry to remain competitive in national and international markets by reducing wood cost to the mills. While certain transfers are presently taking place, costs to producers with the current road network and transportation equipment are relatively high. Road construction or improvement is required for access roads to commercial and potentially commercial timber and highway linkages between forest mills to facilitate intermill transfers.

In addition, three other areas of constraint exist. An inadequate information base on the existing forest resource hinders the development of long term utilization plans and the identification of potential forest development projects. A lack of activity in the development and use of new technology and new products causes a dependence upon traditional markets. Finally, the effort devoted to regeneration of the forest resource is insufficient to meet long term supply needs for an expanded forest industry.

## **STRATEGY**

Programs under this Agreement are designed to encourage the forest industry in Saskatchewan to develop an improved cost competitiveness by upgrading the efficiency of the industry, the development of new products and new technology and greater utilization of the forest resource. In addition, programs will assist the long term viability of the forest resource through expansion of the information base and silviculture practices.

Key program areas will include the following:

The construction or upgrading of high priority access roads, highway linkages and heavy-use roads of the transportation network to allow a greater integration of the industry and provide access to potentially commercial timber stands.

The conducting of industrial planning studies to identify opportunities for aspen and other underutilized tree species. Market and feasibility studies will be conducted under the Agreement and where positive, be marketed to potential investors.

Where appropriate, pilot projects will be funded in order to test appropriate technology under Saskatchewan conditions. If the feasibility of such pilot projects were demonstrated, industry will be encouraged to adopt such technology. Financial assistance to the industry may be provided under one or more of the existing federal and provincial industrial assistance programs.

Upgrading of the information base on the forest resource will be assisted through photographing and mapping of both existing and potentially commercial forest areas. A number of associated programs to analyze and evaluate the resource base will also be supported.

Expansion of the Government of Saskatchewan silvicultural practices will be aided through assistance to cone collection, scarification projects, tree planting, the establishment of seed production areas and the construction of cone and seed storage facilities.

## **DEVELOPMENT OPPORTUNITIES**

Within the context of the approach outlined the programs included in this Agreement can be categorized into the four sectors of:

- A. Opportunity Identification and Technological Advancement;
- B. Forest Management and Silvicultural Practices;
- C. Forest Harvesting Logistics and Productivity Improvement;
- D. Implementation, Evaluation and Public Information.

These sectors, particularly B. and C. which stress forest management, productivity and transportation considerations, are supportive of the recommendations contained in the Report of the Consultative Task Force on the Canadian Forest Products Industry.

The on-going design and implementation of these programs will require the co-ordinated actions of several federal and provincial government agencies. The following outline describes the programs which will be implemented under the terms of this Agreement within the financial allocation presented in Schedule "B".

## **SECTOR A — OPPORTUNITY IDENTIFICATION AND TECHNOLOGICAL ADVANCEMENT**

The objective of this sector is to determine industrial opportunities in forestry, particularly in the underutilized species of aspen and elm, conduct market and feasibility analyses and transfers known technology to an existing or new industrial application.

This sector is the fundamental work required to provide the information and analyses necessary to assist in the planning for the long term development of the forest industry.

### **Program 1.0: Opportunity Identification and Analysis**

The objectives of this program are to identify new opportunities in forestry, to analyze markets, plant feasibility and infrastructure requirements, to promote identified opportunities and to apply known technology to an existing or new industrial application. Pilot projects, where this technology transfer can be tested under actual plant conditions in Saskatchewan, may be supported.

Projects will include opportunity identification and studies for specific forest related industrial opportunities, particularly for underutilized species such as aspen and elm. Research will include overall marketing, analysis and the preparation of reports identifying the needs and costs of required infrastructure for forest related opportunities. Viable opportunities will be promoted to the forest industry.

## **SECTOR B — FOREST MANAGEMENT AND SILVICULTURAL PRACTICES**

The objective of this sector is to assist Saskatchewan in upgrading its forest management and silvicultural practices to ensure that allowable cut estimates are based on adequate data; to ensure a continuing supply of timber for the industry; to plan for the development of the potentially commercial forest areas; and to help make decisions on future plant locations or expansions.

### **Program 1.0: Forest Management**

The objectives of this program are to assist Saskatchewan in upgrading its forest management practices and to improve utilization of the forest resource. This program may include the following projects:

#### **Block Inventory**

The present inventory must be made more specific to reflect the physiographic differences throughout the provincial forest.

In the Commercial Forest Zone aerial photography and remapping are required for about 10 percent or 14 350 km<sup>2</sup> annually to reflect changes in the forest since the latest previous photography. Extensive field work must be carried out in conjunction with new photography to ensure good correlation between the map information and actual conditions on the ground.

In the Potentially Commercial Forest Zone, forest inventory data and maps are not available. A reconnaissance level inventory would provide forestry maps, forestry statistics and a computer accessible data base for land management planning.

### **Growth and Yield Surveys**

The growth and yield surveys monitor the growth of the forest and should be conducted on a continuous basis for full knowledge of the effects of climate, weather, depletion and reforestation of its growth.

### **Growth Simulation**

With the rapid development of computer technology, it is becoming practically feasible to simulate the changes in the standing forest. Given knowledge of the present stand structures (species distribution, stem frequency, size distribution, volume), it is possible to apply known or estimated growth parameters and predict future stand structures over time interval. If the predicted future stand conditions are reliable, then, on a stand-by-stand basis, it is possible to determine the optimum harvest time plus the quantity of accruing products at that time. In addition, it would be possible to evaluate economically the effects of harvesting at non-optimum times.

### **Stem Analysis**

This project would develop and maintain accurate tree taper and volume equations in conjunction with the Block Inventory.

### **Ecological Studies and Age Classification**

The composition and rate of change in the standing forest are dependent upon a great many factors. The majority of these factors have been identified (e.g., soil, drainage, climate, etc.); however, they are extremely difficult to quantify. These ecological factors are relatively constant for a given forest site, and the effects of the factors must be evaluated intensively in order to predict probable future changes in the forest structure.

Age is a stand characteristic that is more or less independent of forest site, but has a significant effect on the rate of change of forest structure. Age data combined with ecological factors, plus present stand structure data would provide a very reliable data base for short and medium-term management planning.

### **Forest Economic Analysis**

The present forest firms are separated by large mileages and a costly

intermill distribution system of sawlogs, pulplogs, and pulp chips. Stumpage dues are paid either on a flat basis or on a market selling price. Neither of these methods reflect an economic ability to pay as stumpage dues should probably recognize costs as well as revenues.

The services of a Forest Economic Consultant may be required to determine the longer-term economic impact of current forest policies.

### **Computerized Mapping**

In conjunction with metric conversion and in response to demands for more information, computerized mapping would significantly improve the mapping system. Arithmetic values for cover type, stand and stock data can be stored and manipulated in a computer and plotted in map format.

### **Map Updating**

In order to keep forest inventory maps current, between reinventory surveys, a map updating project to photograph and delineate cut-overs, burn-overs and other forest disturbances, is desirable. The information obtained from this project is incorporated into the regular forest inventory data base.

### **Area Volume Checks**

In order to confirm allowable annual cut estimates for localized areas, there is a need for intensified field cruising to meet the needs of industry for precise knowledge of the timber resource available. As the computer mapping program proceeds and all data and other relevant information have been provided to the computer, the need for area volume checks will diminish. Eventually, the computer mapping will supply all data and information required for local areas.

### **Program 2.0: Silvicultural Practices**

The objective of this program is to upgrade Saskatchewan's silvicultural facilities to ensure a continuing supply of timber for the industry. This program may include the following projects:

#### **Scarification**

This project involves preparing the denuded forest areas to facilitate tree planting and to provide disturbed forest floor for natural or artificial seeding.

#### **Tree Planting**

Reforestation of denuded forest land has been undertaken by the province for many years. The public have become more aware of resource renewal in recent years and governments and industry have committed themselves to increased activity and expenditures on forest renewal. The number of trees planted per year will be substantially increased.



## **Industrial Reforestation Assessment**

This project will examine reforestation work carried out by industry in the province and would involve the establishment of survival plots in planted areas and subsequent monitoring of those plots to determine success or failure of industrial planting.

### **Cone Collection**

This project would provide the means for the province to obtain cones from known origin and thereby ensure that seed used for direct seeding and for provincial nurseries is of the best quality possible.

### **Stand Improvement**

One of the responsibilities of modern silviculture is the tending of natural forest stands and forest plantations to improve the growth and quality of the trees. Silvicultural tools employed in such stand improvement work are thinning, pruning, fertilization and spraying for insects and diseases.

### **Access Roads to Tree Planting Areas**

In some areas, forest harvesting leaves roads that can be used to facilitate reforestation activities. However, in 80 percent of the instances, roads used for timber extraction are just cleared trails cut in the winter, and are impassable during the spring, and summer months. This fact makes reforestation of these cut-overs very difficult, particularly in terms of access.

Better access by an improved road system would speed up the movement of trees, equipment and people, thereby allowing the maximum number of trees to be planted in the short planting seasons of spring and fall.

### **Regeneration Surveys**

This involved the survey of denuded forest areas to determine whether natural regeneration is occurring and to what extent; if no natural regeneration, recommending areas for treatment and possible method of treatment.

### **Seed Production Areas**

As reforestation programs increase, there is a greater demand for tree seed, of both jack pine and white spruce, for nursery production and seeding programs. By establishing seed production areas, timber stands can be cleaned of undesirable trees, thinned and even fertilized to induce cone production.

By having these areas in the forest, better quality cones can be collected from known good quality trees. This, in turn, would provide good quality seed that will be used to produce better nursery stock and more successful seeding operations.

## **Nursery Facilities**

This would likely involve a seed extraction and seed and cone storage complex at the Prince Albert Nursery and a tree packing and refrigerated storage facility at the Big River Nursery.

## **Forest Extension**

This project would promote interest in the development of farm woodlots to increase farm employment, to provide an alternate source of income to farmers and to educate the public in general concerning the forestry operations sponsored by this Agreement.

## **SECTOR C — FOREST HARVESTING LOGISTICS AND PRODUCTIVITY IMPROVEMENT**

The objective of this sector is to improve the cost competitiveness of the existing industry by reducing the cost of wood supply to plants by identifying and making improvements to the harvesting and wood distribution system and by improving forest access roads.

With a larger network of forest access roads, fire protection can be enhanced and improved forest management and silvicultural practices encouraged.

The provincial government has recently approved a new Timber Transportation Policy which is complementary to the integrated forest policy discussed in the circumstances section. The stated objectives of this policy are to:

1. Introduce a timber transportation policy that complements the government's stated intention to achieve an integrated forest development program;
2. Assist the forest industry to remain competitive in national and international markets;
3. Enable the forest industry to move raw products in a more efficient manner; and
4. Provide guidelines for the Department of Highways and Transportation administration when forest based companies make application for higher allowable vehicle weights and dimensions.

Experiments are being conducted with a new seven axle vehicle for the transportation of tree length wood. This experimental unit is showing very good potential for increasing the payload of roundwood transport by up to 50 percent with relatively small increases in operating costs. (Current equipment carried 18 cords in winter months and this new equipment can carry 26 and 30 cords of wood, within the prescribed limits, dependent on the type of material being hauled). The industry is also looking at seven axle truck and trailer equipment for the movement of wood chips and peeler and stud bolts. For chips this new equipment will increase the payload capacity from the current 22 tons to approximately 37 tons. For stud and peeler bolt material it

may increase the capacity from existing 16-17 cord loads to 26-30 cord loads again dependent on the type of material being shipped.

There is a need to develop a year round link between all the mills. This will entail strengthening some of the existing structures to accommodate the heavier loads and new summer volumes as well as constructing new alignments which will reduce the distance between the mills.

Equally important, is the need to provide more access to commercial timber stands so that mills can retain viable levels of throughput and avoid, or at least minimize, overcutting the forest in currently accessible areas.

**Program 1.0: Forest Roads**

The objective of this program is to construct and upgrade roads and bridges built to assist the forest industry.

The program will provide for assistance to construct approximately 100 miles of access roads to commercial forest areas and to upgrade approximately 70 miles of existing roads to improve the movement of raw wood materials between mills.

**SECTOR D — IMPLEMENTATION, EVALUATION AND PUBLIC INFORMATION**

The objective of programs in this sector is to provide for the administration of this Agreement, the evaluation of the program impact, public information and a mechanism for the Canadian Forestry Service to provide technical assistance.

**Program 1.0: Administration and Co-ordination**

The objective of this program is to provide for the administration and co-ordination of all programs under the Agreement and to ensure the effective involvement of all agencies and government departments with related responsibilities concerning forestry development.

Activities will include the preparation of detailed proposals for cost sharing under programs and projects of this Agreement, the preparation of annual work plans and program budgets and the monitoring of progress of the work undertaken for consideration by the Management Board.

**Program 2.0: Evaluation**

The objective of this program is to provide funds for a review and assessment of cost-shared programs and projects prior to the expiration of this Agreement, and for the detailed evaluation of programs and projects as required.

The program will provide for data to be collected on the progress of implementation of all programs and projects on a regular basis and will be compiled into an annual progress report on all programs under this Agreement.

**Program 3.0: Public Information**

To encourage the participation of Saskatchewan residents in the development opportunities described in this Agreement, Canada and the Province agree that information regarding the purpose, objectives, progress and future directions of initiatives under this Agreement shall be made available regularly to the residents of Saskatchewan and other interested Canadians.

This program will provide funds to carry out such information activities.

**SCHEDULE "B"**

**CANADA-SASKATCHEWAN**

**AGREEMENT FOR FOREST INDUSTRY**

**Summary of Costs of Federal-Provincial Cost Shared Programs**

**(\$ 000's)**

	<b>Canada</b>	<b>Saskatchewan</b>	<b>Total Costs</b>
Sector A Opportunity Identification and Technological Advancement .....	500	500	1 000
Sector B Forest Management and Silvicultural Practices . . . .	7 175	7 175	14 350
Sector C Forest Harvesting Logistics and Productivity Improvement .....	4 150	4 150	8 300
Sector D Implementation, Evaluation and Public Information . .	<u>175</u>	<u>175</u>	<u>350</u>
	12 000	12 000	24 000

