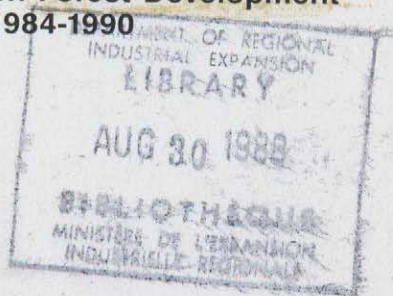


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## AGREEMENT

# CANADA QUÉBEC

Canada-Québec  
Subsidiary Agreement  
on Forest Development  
1984-1990



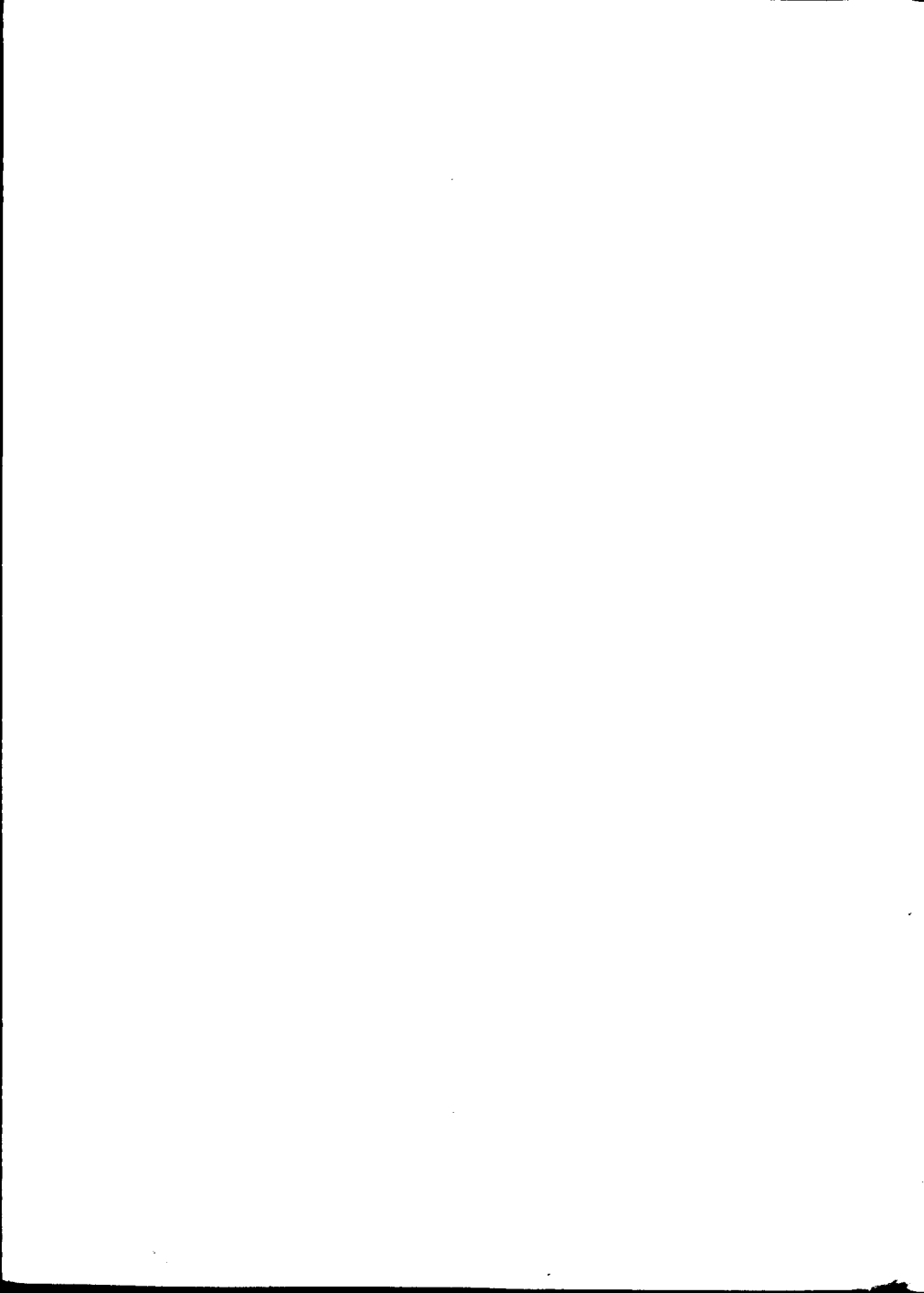
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des Ressources du Québec (Forêts)

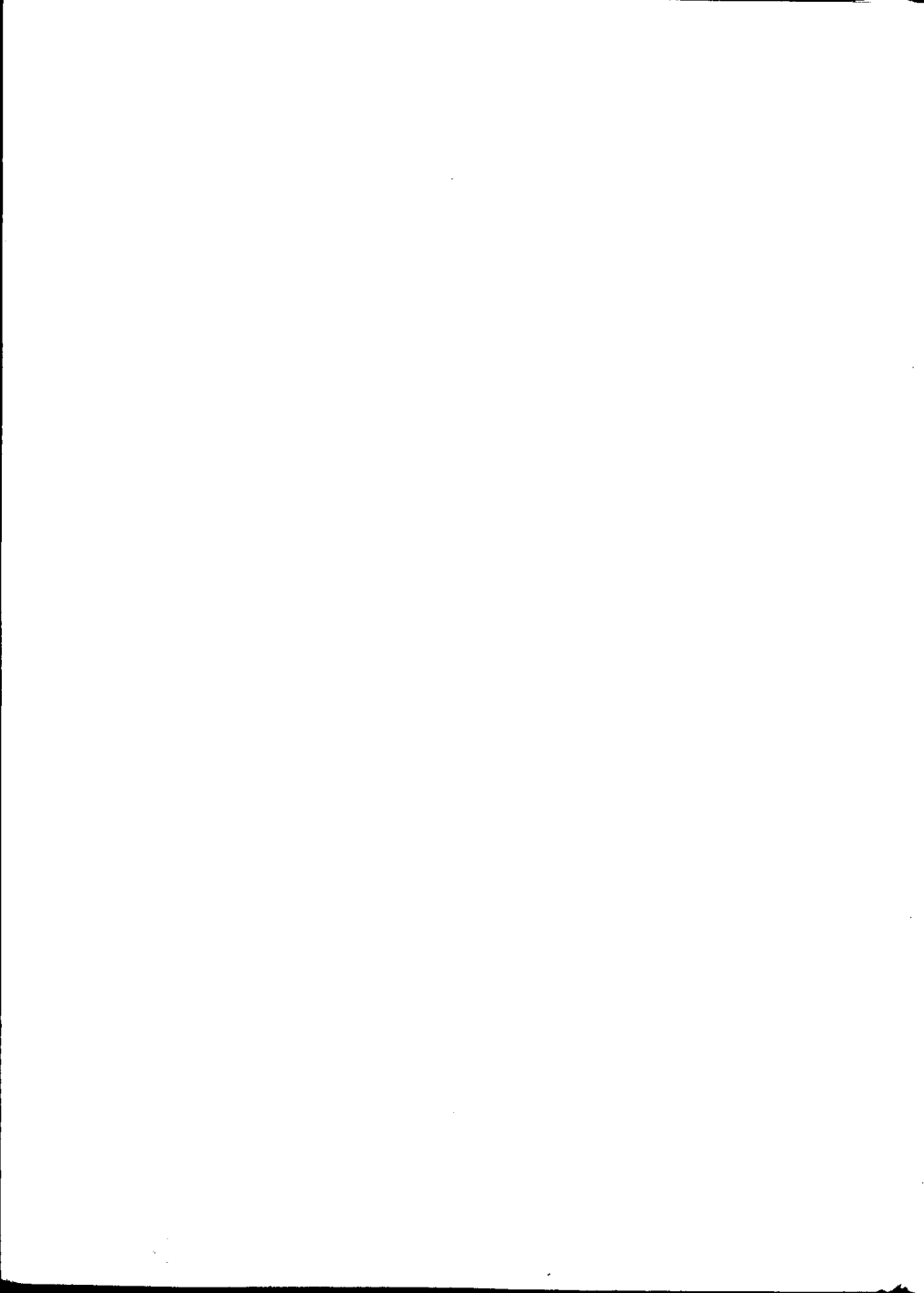
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# **CANADA-QUÉBEC FOREST DEVELOPMENT SUBSIDIARY AGREEMENT 1985-1990**

AGREEMENT made this 30 th day of April, 1985.

BETWEEN:

THE GOVERNMENT OF CANADA repre-  
sented by the Minister of Agriculture

OF THE FIRST PART

AND:

THE GOVERNMENT OF QUÉBEC repre-  
sented by the Minister responsible for Cana-  
dian Intergovernmental Affairs and the Min-  
ister Responsible for Forests

OF THE SECOND PART.

WHEREAS the Government of Canada and the Government of Québec have entered into an Economic and Regional Development Agreement dated December 14, 1984, to achieve the following objectives:

- a) to intensify the economic and regional development of Québec and to create an environment in which Québec and its regions can achieve their economic potential through, in particular, the enhancement of their own comparative advantages, the development and strengthening of productive enterprises and the growth of employment;
- b) to consolidate and improve opportunities for employment and income so that the population of Québec can contribute to and benefit from the economic and regional development of Québec, given that human resource development



is an integral element of economic and regional development; and

- c) to facilitate consultation and coordination of the economic and regional development policies, programs and activities of both governments, in order to allow for as many development opportunities as possible and to reduce constraints to such development.

AND WHEREAS recent analysis of problems in the forest sector, as set out in the document "La politique forestière du Québec, problématique d'ensemble" and the document "Forest Sector Strategy for Canada" show that the maintenance and rational use of forest resources are essential to the preservation and strengthening of the forest industry;

AND WHEREAS intensive management of private and public forests can contribute to the development of the forest industry and create employment in the regions concerned;

AND WHEREAS the Government of Canada and the Government of Québec agree that it is in the public interest to adopt and to implement, through their respective Ministries and agencies, coordinated measures in order to improve economic and regional development in Québec;

AND WHEREAS the Governor in Council, by Order-in-Council No. PC 1985-2/1041 dated March 28, 1985, has authorized the Minister of Agriculture to sign this Agreement on behalf of the Government of Canada;

AND WHEREAS the Minister of Agriculture on April 25, 1985, delegated to the Minister of State (Forestry) his authority to sign and administer this Agreement;

AND WHEREAS on the recommendation of the Minister for Intergovernmental Canadian Affairs and the Minister Responsible for Forests, the Government of Québec, in accordance with the Decree 404-85 dated March 6, 1985 has approved the terms of this Agreement;

IN WITNESS WHEREOF, the Parties agree as follows:

1. **Definitions**

1. In this Agreement:

- a) "Subsidiary Agreement" means the agreement entered into pursuant to Section 6.2 of the Canada-Québec Economic and Regional Development Agreement;
- b) "Schedule A" means the schedule attached hereto, forming part of this Agreement, and which defines the problems and objectives;
- c) "Schedule B" means the schedule attached hereto, forming part of this Agreement, and which sets out the description of the programs and activities;
- d) "Schedule C" means the schedule attached hereto, forming part of this Agreement, and which sets out the allocation of funds among the various programs and activities;
- e) "Schedule D" means the schedule forming part of this Agreement, which defines the criteria for evaluation of the programs and activities, and which will be developed pursuant to Section 10 of this Agreement;
- f) "Canada Minister" means the Minister of Regional Industrial Expansion or any person authorized to act on his behalf;
- g) "Québec Minister" means the Minister for Intergovernmental Canadian Affairs or any Minister authorized to act on his behalf;
- h) "Implementing Minister for Canada" means the Minister of Agriculture or any person authorized to act on his behalf;

- i) "Implementing Minister for Québec" means the Minister Responsible for Forests or any person authorized to act on his behalf;
- j) "Implementing Ministers" means the Implementing ministers for Canada and Québec;
- k) "Management Committee" means the committee formed pursuant to Section 4.1 of this Agreement and Section 6.3 of the Canada-Québec Economic and Regional Development Agreement;
- l) "Program" means a group of related activities carried out in order to attain one or more specific objectives;
- m) "Activity" means a subdivision of a program, corresponding to various phases of technical or administrative procedures, being groups of operations or one or more projects that form relatively significant, homogeneous and distinct entities;
- n) "Capital project" means any specific project, defined by the Management Committee, that provides for construction work or activities related to construction;
- o) "Eligible costs" means those costs outlined as eligible costs in Sections 7.5, 7.6, 7.7 and 7.8;
- p) "Direct costs" means those costs incurred pursuant to this Agreement for the provision of goods and services;
- q) "Indirect costs" means those costs incurred pursuant to this Agreement for the purposes of administration, research, surveys, engineering, architecture and work supervision;

- r) "Fiscal year" means the period commencing on April 1st of any year and terminating on March 31st of the immediately following year;
- s) "Term of the Agreement" means the period from April 1, 1985 to March 31, 1990;
- t) "Deadline" means March 31, 1990, the final date for authorizing work as provided for in Schedule "C"; and
- u) "Expiry date" means August 31, 1990, the final date for the termination of work as outlined in Schedule "C".

## 2. **Purpose**

The purpose of this Agreement is to promote cooperation and coordination between the Government of Canada and the Government of Québec in implementing measures intended to stimulate forestry development and to increase the economic impact of forestry activity in Québec, in accordance with the forest policies of the two governments and the programs policies of the two governments and the programs set out in Schedule "B" of this Agreement.

## 3. **Objectives**

The objectives of this Agreement are:

- a) to encourage and support forest management activities in order to increase the available supply of wood to better the viability and long term competitiveness of the forest industry in Québec;
- b) to put back into production, productive public and private forest lands, including federal lands, in Québec; and

- c) to encourage applied forest research activities related to the programs under the Agreement, and technology transfer and distribution of the results.

#### **4. Administration and management**

- 4.1 A Management Committee shall be appointed to administer and manage this Agreement. It shall be composed of an equal number of representatives of the Government of Canada, to be appointed by the Implementing Minister for Canada, and the Government of Québec, to be appointed by the Québec Minister. The Management Committee will continue to exist and operate for as long as necessary to meet the requirements of this Agreement.
- 4.2 The co-chairmen of the Management Committee shall be appointed by the Implementing Minister for Canada and the Québec Minister.
- 4.3 The Canada Minister and the Québec Minister may each appoint a representative as an ex-officio member of the Management Committee.
- 4.4 The Management Committee shall meet at least four times per year, at such places and on such dates as may be agreed to by the co-chairmen. A quorum for all meetings of the Management Committee shall be two members of whom one shall be the Québec co-chairman or a designate.
- 4.5 The Government of Canada and the Government of Québec agree to provide the Management Committee, through their respective representatives, all information and documents required for the performance of its duties.
- 4.6 The Management Committee shall have the following responsibilities:

- a) ensure that the intent, and the terms and conditions of this Agreement are carried out;
- b) evaluate and approve all cost-shared programs and activities to be carried out for the implementation of this Agreement;
- c) submit for the approval of the Implementing Ministers, annually and not later than October 1 of each year, the projected budget for the next fiscal year;
- d) submit for the approval of the Implementing Ministers, annually and not later than October 1 of each year, a status report of the progress of all the programs pursuant to this Agreement, accompanied by recommendations on ways to improve its implementation;
- e) during the fiscal year, make the necessary changes, in programs and program budgets, following the submission of status reports;
- f) establish technical and advisory committees
- g) establish standards and procedures as may be required for the efficient management of this Agreement;
- h) take steps at its first meeting to ensure the provision of the required services of a secretariat. This secretariat shall be headed by a representative of the Québec Minister, but one representative of each of the Implementing Ministers shall take part in the preparation of the agendas and minutes of the meetings. The operating procedures, roles and duties of the secretariat shall be determined by the Management Committee;

- i) recommend to the Implementing Ministers and to the Québec Minister amendments to be made to this Agreement, in accordance with Section 9;
  - j) establish an evaluation procedure by March 31, 1986 at the latest, and ensure that it is implemented, in accordance with Section 10 of this Agreement;
  - k) inform the public about work carried out pursuant to the Agreement in accordance to Section 12;
  - l) produce an annual report; and
  - m) perform any other duties that may be assigned to it by the Implementing Ministers.
- 4.7 Notwithstanding Section 9, the Management Committee may make financial adjustments in and between activities, provided that such adjustments do not increase the total funding of a program as specified in Schedule "C".
- 4.8 When the new Québec forest policy is adopted, or in no case later than March 31, 1986, the Management Committee shall propose to the Implementing Ministers, subject to sections 7.3 and 7.4, amendments to the programs described in Schedule "B" and "C" of the Agreement, if necessary, in order to take into consideration new priorities of the two governments and programs that may be implemented within the framework of such policies.
- 4.9 All decisions of the Management Committee will require the unanimous consent of the members attending the meeting. In those cases where the Management Committee is unable to reach an agreement, the dispute shall be submitted to the Implementing Ministers, whose decision shall be final, and the issue will be held in abeyance until it is resolved.

4.10 Each activity shall be described in an appropriate document which shall include, among other things, the activity name and description, the purpose and objectives of the activity, a detailed schedule setting out the content, methods and dates for completion of projects, costs, the share of costs to be borne by each of the parties, and evaluation of the income it may generate, and any other information that the Management Committee may need.

**5. Implementation procedures**

5.1 This Agreement shall come into effect on April 1 1985, and shall expire on March 31, 1990, or on another date to be agreed upon in writing by the Implementing Ministers and the Québec Minister.

5.2 During the term of this Agreement, the Government of Québec shall be responsible for the implementation of cost-shared projects approved by the Management Committee, in accordance with Section 4.6 (b), and for projects directly financed by the Government of Québec as set out in Schedules "B" and "C".

5.3 During the term of this Agreement, the Government of Canada shall be responsible for the implementation of projects directly financed by it as set out in Schedules "B" and "C".

5.4 The Government of Québec shall assume ownership of assets resulting from projects it has the responsibility of implementing, and shall assume responsibility for their operation and maintenance, except in the case of projects implemented on privately owned forest lands.

5.5 The Government of Québec shall take possession of goods, real and movable property it acquires under projects it has the responsibility of implementing.



5.6 The Government of Québec and the Government of Canada shall take possession of copyrights and patents that are developed as a result of the performance of this Agreement in proportion to their financial contribution to the said project.

5.7 The Government of Québec shall acquire all lands and all rights to land that may be necessary, in the opinion of the Management Committee, for the implementation of the cost-shared projects set out in Schedule "B", except for projects implemented on privately owned forest lands.

## **6. Tenders and contract awards**

6.1 All contracts for the implementation of cost-shared projects shall be awarded in accordance with contracting procedures in effect in the Government of Québec and the documents describing those procedures will be tabled at the first meeting of the Management Committee, as well as any subsequent amendment.

6.2 All specimen documents for plans and specifications and specimen clauses for contracts to be awarded for each activity according to the procedures in effect, shall be submitted to the Management Committee for approval at the beginning of each fiscal year or as may be necessary. All contracts to be awarded pursuant to this Agreement shall be available to the Management Committee, following a request by one of the parties, before the commencement of work, and a progress report shall be provided to the Management Committee.

6.3 All significant changes, such as the addition or deletion of a clause or those exceeding limitations as established by the Management Committee to contracts awarded pursuant to Section 6.2 shall be subject to the consent of the Management Committee.

- 6.4 All tender documents relating to cost-shared programs set out in this Agreement shall contain the following statement: "This development project is financed by the Canadian Forestry Service and the Québec Department of Energy and Resources" or such other statement having the same meaning as may be approved by the Management Committee.
- 6.5 Canadian materials and professional services shall be used in the performance of work, to the extent that they are available at a competitive price and that the work may be completed without delaying the completion date.
- 6.6 Any contract awarded in accordance with this Agreement shall include a clause providing that all reports, documents, plans, maps and other material prepared there under shall become the property of the implementing party.

## **7. Financial provisions**

- 7.1 The Government of Canada shall contribute financially to activities carried out under this Agreement subject to the appropriation of the necessary funds by the Parliament of Canada.
- 7.2 The Government of Québec shall contribute financially to activities carried out under this Agreement subject to the appropriation of the necessary funds by the Québec National Assembly.
- 7.3 The Government of Canada shall pay fifty per cent (50%) of the costs incurred pursuant to this Agreement, up to a maximum of one hundred and fifty million dollars (\$150,000,000).
- 7.4 The Government of Québec shall pay fifty per cent (50%) of the costs incurred pursuant to this Agreement up to a maximum of one hundred and fifty million dollars (\$150,000,000).

7.5 Subject to Section 7.6, the eligible costs for cost-shared programs under this Agreement are:

- a) for all capital projects, all direct costs reasonably and properly incurred and at a competitive rate for the performance of the work by the Government of Québec and any indirect costs deemed relevant by the Management Committee; and
- b) for any work that is not a capital project, any direct costs which, in the opinion of the Management Committee, are reasonably and properly incurred and at a competitive rate in its implementation.

It is agreed that, without the express consent of the Management Committee, the eligible costs do not include the costs related to salaries, wages or fringe benefits paid to indeterminate employees of the Government of Québec.

7.6 The cost of acquiring lands or any interests therein, and any costs resulting from terms of acquisition, shall not be eligible under the Agreement, unless the Management Committee decides otherwise.

7.7 The eligible costs under this Agreement in connection with projects or portions of projects directly financed by the Government of Canada shall include all expenses which in the opinion of the Canadian co-chairman of the Management Committee are reasonably and duly incurred by the Government of Canada under any contract entered into by the Government of Canada pursuant to this Agreement with any person, enterprise or agency for the acquisition of equipment, the performance of work or the provision of services for the implementation of the projects.

7.8 The eligible costs for funding under this Agreement in connection with projects or portions of projects directly financed by the Government of Québec shall

include all expenses which in the opinion of the Québec co-chairman of the Management Committee are reasonably and duly contract entered into by the Government of Québec pursuant to this Agreement with any person, enterprise or agency for the acquisition of equipment, the performance of work or the provision of services for the implementation of the projects.

## **8. Payment Procedures**

- 8.1 Subject to Section 8.4, the Government of Canada shall reimburse the Government of Québec, as soon as possible and in accordance with the proportions set out in Sections 7.3 and 7.4 of this Agreement, for any eligible costs incurred in connection with cost-shared work performed under a program, and upon submission of a claim by the Government of Québec in the form and manner agreed upon by the Management Committee. The Government of Canada shall not pay any expenses for cost-shared projects authorized after the deadline or performed after the termination date except with written authorization from the Implementing Minister for Canada following a written request from the Implementing Minister for Québec.
- 8.2 However, the Government of Canada may, at the request of the Government of Québec and upon the recommendation of the Management Committee, make progress payments as the work is being performed, corresponding to its share of the costs incurred in the said work. Such costs shall be assessed and certified by an authorized person from the Government of Québec.
- 8.3 No progress payment shall be made unless those made during the preceding fiscal year for the same activity have been accounted for by means of a claim for expenses incurred and paid, certified by an authorized person, and all outstanding amounts have been reimbursed or accounted for in a manner deemed satisfactory by the Implementing Minister for Canada.

- 8.4 The Government of Québec shall maintain proper accounts of any interim payments and shall submit to the Government of Canada, within one hundred and twenty (20) days of the interim payment, a detailed statement of expenditures in the form and manner agreed to by the Management Committee. Any discrepancy between the amounts paid by the Government of Canada as interim payments and the amounts actually payable shall be corrected as soon as possible.
- 8.5 All payments to the Government of Québec by the Government of Canada under Sections 8.1, 8.2, 8.3 and 8.4 shall be made to the consolidated fund of Québec.
- 8.6 The Government of Québec ensures that its own agencies maintain detailed accounts for each activity and undertakes to provide the Government of Canada, on request, with any accounting information needed to audit the claims relating to each of the activities undertaken under this Agreement.
- 8.7 Payments relative to the directly-financed programs shall be made by the Government responsible for their implementation.

## 9. **Amendments**

This Agreement, including the schedules, may be amended from time to time on written agreement by the Implementing Ministers and the Québec Minister. It is expressly agreed and understood, however, that any amendment to Sections 2, 3 and 7.3 must be approved by the Governor General in Council and that any amendment to Sections 2, 3 and 7.4 must be approved by the Government of Québec.

## 10. **Evaluation**

In accordance with Section 6.5 of the Canada-Québec Economic and Regional Development Agreement, the information deemed necessary by one of the parties to carry out a

socio-economic impact evaluation of the Agreement in terms of its objectives, will be made available upon request by the other party in accordance with the evaluation framework setting forth the evaluation criteria. This framework shall be drawn up by the Management Committee and appended to this Agreement in the year following its signature. Activities that are not cost-shared shall be evaluated by the Implementing party, which shall report on its evaluation to the other party.

#### **11. Inspection of work**

The Management committee shall establish guidelines allowing each of its members or designated representatives to inspect the work carried out under the Agreement.

#### **12. Public information**

12.1 The Government of Canada and the Government of Québec agree to work together in preparing and implementing a public information program with regard to the completion of the activities included in the Agreement.

12.2 In accordance with Section 7.3 of the Canada-Québec Economic and Regional Development Agreement, all official ceremonies and public announcements concerning the measures planned and the products arising from this Agreement shall be organized jointly and both parties shall be given equal opportunities to participate.

12.3 The Management Committee shall deem appropriate the posting of signs or other written materials to identify projects such that:

- (a) The Government of Canada and the Government of Québec may provide, install on the site and maintain throughout the duration of each project, one or several signs indicating that the project is a

forest resource development project undertaken under the auspices of this Agreement, or bearing any other such message approved by the Management Committee.

- b) The Government of Canada and the Government of Québec may provide and install, upon completion of projects, where feasible, a plaque or permanent sign bearing an appropriate inscription.

12.4 In accordance with Section 7.2 of the Canada-Québec Economic and Regional Development Agreement, the Government of Canada and the Government of Québec shall ensure that the public documents and publicity for projects provided for under this Agreement, including press releases, calls for tenders, contracts and all financial documents, deemed relevant by the Management Committee, reflect the financial participation of the parties.

### 13. **Planning and Coordination**

The Government of Canada and the Government of Québec agree to proceed with the preparation of a planning and coordination agreement concerning their forestry research programs.

### 14. **General**

14.1 The party responsible for the implementation of any project provided for under this Agreement shall indemnify and save harmless the other party, its agents, officers and representatives, from and against any claim or proceeding brought by a third party and arising from the performance of such project, except where the claim arises out of an act of omission or negligence on the part of an agent, employee or officer of the other party.

- 14.2 No member of the House of Commons of Canada or of the Québec National Assembly may be a party to any contract, agreement or commission arising out of this agreement, or derive any benefit therefrom.
- 14.3 This Agreement shall be administered and interpreted in accordance with laws in effect in Québec.

IN WITNESS WHEREOF the present Agreement has been signed, on behalf of the Government of Canada, by the Minister of State (Forestry) and, on behalf of the Government of Québec, by the Minister responsible for Intergovernmental Canadian Affairs and the Minister Responsible for Forests.

IN THE PRESENCE OF

GOVERNMENT  
OF CANADA

GOVERNMENT  
OF QUÉBEC

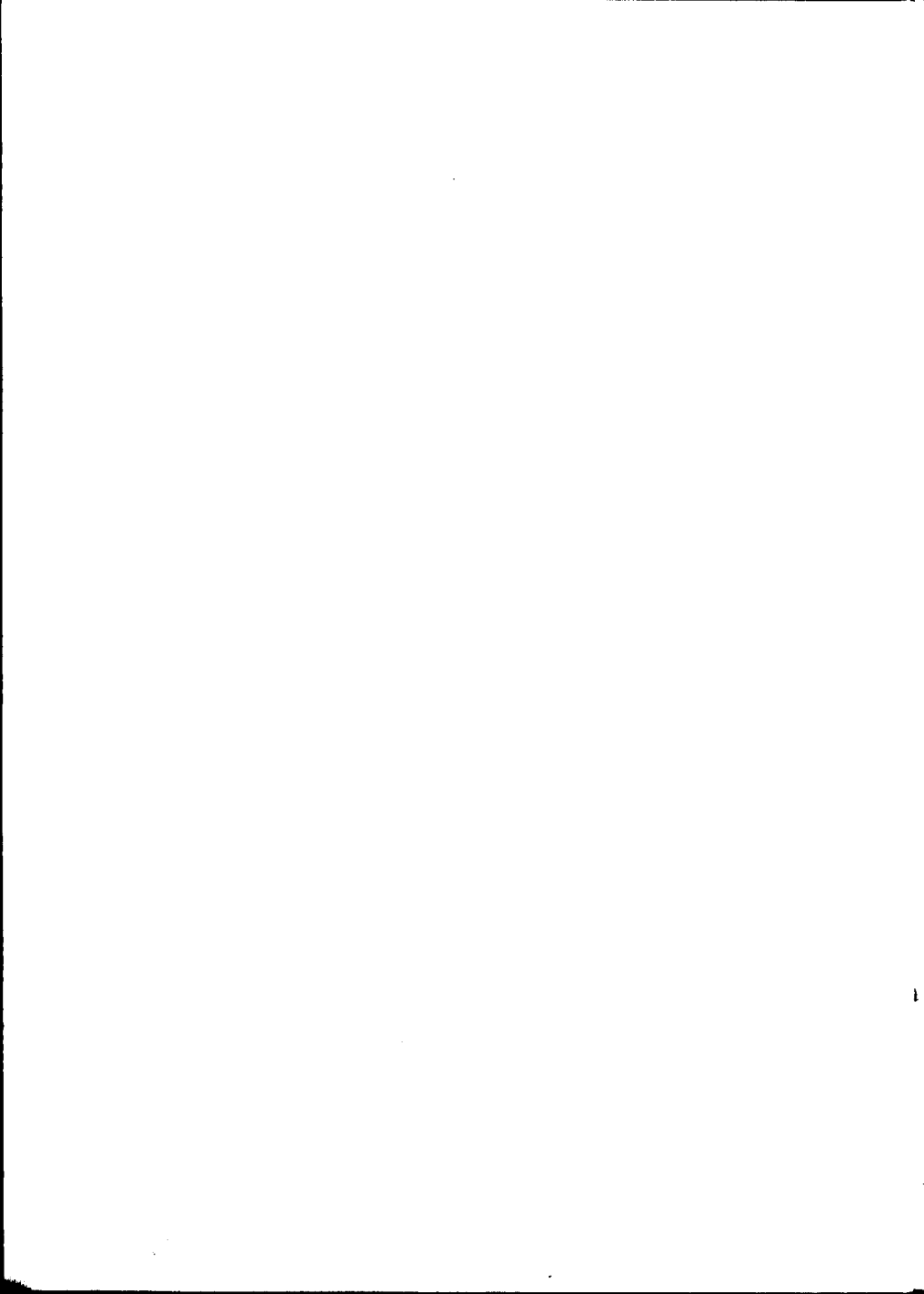
\_\_\_\_\_  
MINISTER OF STATE  
(FORESTRY)

\_\_\_\_\_  
MINISTER RESPONSIBLE  
FOR INTERGOVERNMENTAL  
CANADIAN AFFAIRS

\_\_\_\_\_  
MINISTER OF  
CONSUMER AND  
CORPORATE AFFAIRS

\_\_\_\_\_  
MINISTER RESPONSIBLE  
FOR FORESTS





## **SCHEDULE A**

### **CURRENT SITUATION AND OBJECTIVES**

#### **Introduction**

The purpose of this schedule is to outline the problems and to define the objectives and strategy underlying the terms of this Agreement on forest development between the Government of Canada and the Government of Québec.

The forest situation has changed considerably in Québec since the signing of the first Subsidiary Agreement on Forest Development in 1974. Following the application of the 1972 forest policy, which provided among other things for the revocation of timber licences, the major problem the 1974 Agreement addressed was one of accessibility to the resource. The amendments made to the Agreement in 1977 and 1979 followed upon the growing difficulties of the forest industry and were designed to reduce timber supply costs. These included a forest road building program to facilitate access to areas of mature forest and an appropriate forest management program to improve the quality of timber on the most productive lands close to the mills. Also, the scope of the Subsidiary Agreement was broadened to include forest development in general and more particularly reforestation and silvicultural work on provincial Crown and private forest lands. A "studies" component was also added to the program. Its main objective was to rationalize the allocation and use of available timber. The 1977 amendment raised the total funding of the Agreement to \$138.3 million dollars while the 1979 amendment, beside extending the agreement until March 1984, provided additional funds of approximately \$184.0 million, with \$110.4 million coming from Canada (60 per cent) and \$73.6 million from Québec, thereby bringing the total funding for the period 1974-1984 to \$322.4 million.

In 1984, the problems of timber accessibility and declining quality still existed but attention focused on the long-term availability of softwood and high-quality hardwood to the industry which had become a major problem.

## **Background**

The forest is a vital source of industrial activity for the Canadian economy as a whole and for Québec in particular. The forest sector provides employment for nearly a quarter of a million people; it is the economic base of a great many municipalities and of many rural regions. In 1982, forest product exports totalled \$3.4 billion, or 23 per cent of all exports from Québec, ranking first among manufactured products. Furthermore a recent estimate indicates that the Québec forest sector directly contributes approximately \$700 million, in about equal proportions, to the revenues of both levels of government.

The importance of the forest industry for Québec's development is no longer a matter of dispute. This importance may become even greater if Québec's forest industry is successful in profiting from the increasing worldwide demand for forest products. However, if the industry is to maintain its current level of employment while remaining competitive in international markets, it must be able to rely on a competitive long-term supply of high quality wood. Seventy-eight percent (78%) of current supplies are obtained from provincial crown forest land, while privately owned forests, which make up 11% of all accessible productive forest land, supply about 22% of the industry's wood requirements.

The gross marketable volume of productive public forests is 3.7 billion cubic metres, of which approximately 2.9 billion cubic metres is softwood and 776 million cubic metres is hardwood. Black spruce, balsam fir and white birch are the three main species in Québec in terms of volume; the latter two are the most prolific in regenerating. Spruce provides 61% of the softwood volume and white birch 40% of the hardwood volume. The average volume per hectare of a mature

softwood stand is about 105 cubic metres. The marketable volume from productive private forests in the wake of the spruce budworm infestation is 430 million cubic metres, of which 162 cubic metres is softwood and 268 million cubic metres is hardwood.

Are the mature or maturing wood reserves on the various forest lands sufficient to ensure the maintenance and growth of our industry?

### **The main problems**

The overall problem of the forest sector, as described by the provincial Ministry of Energy and Resources in its June 1984 document entitled "La politique forestière du Québec", is the increasing gap between the industry's needs and the current state of Québec's forest resources.

Though the wood processing industry remains vulnerable in Québec because of its lack of diversification and the age of some of its equipment, the most important limiting factor is still wood supply and its accessibility at competitive costs. During the last years the wood harvest has increased by more than 30%. However, forest regeneration on harvested areas has not occurred on as wide a scale as expected. Furthermore, the spruce budworm epidemic in Québec has significantly altered the industry's supply situation in a number of areas by causing wood losses that will, according to the most recent estimates, amount to more than 235 million cubic metres. This is equivalent to the total softwood volume processed by the sawmilling and pulp and paper industries in the last ten years.

As a result, the surplus wood supplies that existed in 1970 have disappeared and supply shortages are anticipated in the medium to short term if energetic actions are not taken on both public and private forest lands.

In some areas of Québec, wood shortages are already hindering industrial development or are preventing the estab-

lishment of new businesses. In other areas, companies can survive only by transporting large quantities of wood from remote areas. Elsewhere, problems of accessibility to remote, scattered forest resources often prevent the establishment of new mills. In concrete terms, the problem is balancing wood supply to meet demand.

Thus, based on the principle of sustained yield and on the assumption that the pulpwood zone remains inaccessible and that logging methods will not change, the potential softwood annual allowable cut, taking into account current forest management efforts, is 27 million cubic metres. If we consider the available volume of fir, spruce and pine, the allowable annual cut will reach a peak of 31.5 million cubic metres during the decade 1994-2003, and will subsequently decline to 29M, 24M and 14M respectively during the next three decades. The projection of industrial production until the year 2000 indicates that the anticipated annual harvest should gradually rise to 36 million cubic metres.

The solution to the problem of supply-demand imbalance will have to take into account a number of elements specific to the Québec forest sector:

- a) the recent spruce budworm epidemic has worsened supply problems: a surplus of wood available in the short term (the result of harvesting infested trees before they die) and a larger shortfall in the medium and long term;
- b) the existence in the provincial crown forests of a high proportion of mature or overmature softwood stands (almost 48% of the area) resulting in losses of wood (declining stocks);
- c) furthermore, forest management aimed at increasing softwood supplies has been made difficult by the continual increase in areas of hardwood regeneration. The percentage of hardwoods in Québec's forests is constantly increasing, while the existing hardwood suitable for groundwood is already greatly underused;

- d) more and more softwood supplies are situated further from mills and on less productive growing sites. Their exploitation is increasingly expensive and causes labour difficulties (availability and conditions of work);
- e) Current logging practices result in the loss of a significant quantity of wood, both in logging waste and underutilized stands, and are the cause of important regeneration problems affecting both quantity and quality of the new forest.

In this situation, the various economic agents in the forest sector must work together to facilitate access to wood reserves that are remote from the mills, and to create a new forest in the most productive areas close to the mills. Steps must also be taken to ensure that the existing and growing forests are adequately protected, and that the harvested areas will regenerate adequately, through use of appropriate silvicultural methods.

Finally, all these efforts must be based on ecological knowledge of the environment in question and on continual improvement of growing and planting techniques to gain the maximum possible benefits from these intensive forest management and silvicultural operations.

### **Objectives**

An analysis of the situation reveals that the major problem in the Québec forest sector is the availability of wood, which is needed not only to ensure the development of the forest industry, given its potential for growth, but also to support existing mills. Even though the resource may seem abundant in the short term, serious supply problems can be expected in the medium term, and these will become even more critical in the long term.

In view of the anticipated problems, the principal objective of this Agreement is to ensure a greater supply of wood for the industry, thereby satisfying the present and future needs of existing mills, and providing sufficient leeway in the

medium term to satisfy any increase in demand and the needs of new industries. The programs will therefore be geared mainly toward forest renewal.

### **Rehabilitation of forest lands**

The forest sector will face the most serious problems in the long term, when it is estimated that the forest resource will no longer be able to provide the industry with the required quality and quantity of wood. Given this situation, the main objective of this Agreement is to produce a forest for the future, to ensure sufficient supplies for industry after the depletion of the natural stands which constitute the current stock.

Among the possible alternatives, the preferred solution is the natural regeneration of stands. In the coming years, the forest industry will have to increase its participation in the attainment of this objective by adapting its harvesting methods.

However, it is estimated that regeneration will be inadequate over approximately 40% of the area harvested each year. Reforestation projects must be implemented to ensure that production is renewed as soon as possible in these forests as well as in areas already harvested or disturbed that are classified as not sufficiently restocked (NSR). Here, too, industry participation will be required for both the implementation and funding of the reforestation program in public forests.

By 1988, or once the program is in full swing, more than 120,000 hectares of productive forest land will have been replanted (mainly in the primary development forest zones) with a view to building the forest of the future.

### **Applied research**

This Agreement will promote applied research that can provide support for the various activities associated with forestry development.

## **Development of federal land**

The land under federal jurisdiction comprises 1,830 km<sup>2</sup> of productive, accessible forest, 1,000 km<sup>2</sup> of which is situated on Indian reserves. For many reasons, the forestry potential of these lands has not been developed. Among the problems involved are inadequate regeneration after harvesting, declining overmature stands, and spruce-budworm damage. These forests have certain advantages in terms of soil fertility, geographic location and, in comparison to private forests, they have not been subdivided into small parcels.

Given this situation, another objective of this Agreement will be the restoration and development of forest resources on Indian Reserves. To this end, this Agreement must first ensure increased awareness of this resource, provide for the preparation of the necessary management plans, and encourage the implementation of silvicultural, reforestation and protection projects.

## **Scope**

The availability of wood supply for industry is the major problem in the Québec forest sector. As such, the impact of reforestation projects in both private and Provincial forests will be determined on the basis of their ability to ensure long-term supplies of wood for industry by producing new wood fibre stocks.

The immediate implementation of the reforestation program, coupled with a surplus of mature growing stock, will allow us to maintain the industry's current supply level, and even to increase supplies to encourage the establishment of new mills. The renewal of forest land, whether it be done immediately after cutting or after a delay, represents a potential increase of some 7 million cubic metres annually.

Furthermore, increased availability over the long term (50 years) in primary development forest zones will result in reduced wood costs for mills. The spacing and improved



distribution of trees in the plantations will reduce harvesting costs, and the proximity of these new sources of wood to mills will reduce transportation costs. Lastly, by planting species with denser fibres and faster growth rates, we can increase final product output, which will represent a further cost reduction.

Finally, it is important to note the impact of this Agreement on job creation in rural regions with high unemployment. Reforestation projects will create an equivalent of 16,000 person/years of employment.

## **SCHEDULE "B"**

### **PROGRAMS UNDER THE AGREEMENT**

The main purpose of this Agreement is to increase the availability of wood to industry to meet the current and future needs of existing mills and, in the medium term, to have a sufficient supply to satisfy any increase in demand and any new industrial facilities.

The achievement of this overall objective means granting priority to the development of both public and private woodlands. This development can be achieved by implementing several priority management programs.

#### **1. *Crown Land Forest Management Program***

The Provincial Crown Woodlands Management Program is intended to create wood supplies for the future and to increase the supply of quality softwoods and hardwoods to the mills.

This program will be mainly geared to:

- basic reforestation in areas where adequate regeneration cannot be obtained by the adaptation of logging methods, and in areas already cut or disturbed and not (or poorly) regenerated (backlog);
- applied research on the various techniques used and necessary for implementing the forest management program and for optimizing its effects.

From a program aimed at the planting of 32 million seedlings on provincial Crown woodlands in 1984, it is planned to plant respectively 50, 100, 150, 200 and 200 million trees on provin-

cial Crown woodlands during the course of this Agreement. By 1990, the forest management program developed for provincial Crown forests will provide for the planting of 80 000 hectares per years.

Reforestation will involve the implementation of the following activities:

- 1.1 **Seed production** is currently based on the gathering of seeds from natural forest stands and, to a small degree, from selected stands (2% in 1984). The establishment of seed orchards (1500 ha are planned for by 1995) will make it possible, when in production, to meet 100% of seed requirements and to produce seedlings with improved characteristics. Approximately 120 ha of this type of orchards are currently established.
- 1.2 **The production of seedlings** will be distributed equally between the Québec Department of Energy and Resources, forest companies and private producers. The method of seedlings production has not been determined in all cases, but it is expected that about 25% of the production will consist of bare-root seedlings, whereas the production of seedlings in containers, whether in greenhouses or under tunnels, will be in proportions of 25% and 75% respectively. The use of these last two methods of production allows, compared to bare-root seedling production, greater flexibility of production, lower unit costs, extension of the annual planting period (up to three months), and a higher rate of success. It should not be forgotten, however, that container stock seedlings cannot be used in all circumstances, and it is precisely for this reason that production of bare-root seedlings is to be continued.
- 1.3 **Plantation** is the main reforestation activity and includes site preparation as well as planting.

Site preparation is the operation whereby the surface is freed of logging slash and humus which interferes with planting. At present, this operation is done mechanically, by means of devices such as the TTS disk trencher and the barrel and chain scarifier, pulled by heavy machinery. The integration of harvesting within the process of regenerating the cutover could possibly permit the finding of alternative methods.

The share of planting assigned to industry and to the private sector will gradually increase to a level where the Government may benefit from the productivity of these two sectors and have data on actual performance costs compared with work carried out by the government.

- 1.4 **Plantation maintenance** is important to obtain maximum productivity from plantations. Until now, the spreading of herbicides has been one of the most frequently used techniques in the maintenance of plantations. Because of environmental constraints, it will be necessary to develop new techniques that are equally as effective.

It is estimated that from 50% to 75% of the seedlings will need to be released from competition. In these same areas, depending on the methods used and the degree of competition, it is estimated that from one to three releases will be necessary to enable the stock to grow freely to maturity.

In plantations where the survival rate is not sufficient to take full advantage of the site's productivity, restocking operations are planned. As a result of the improvement of our knowledge on reforestation techniques and the use of stock that is better adapted to the stress caused by planting, such action will have to be taken in only a small percentage of cases.

- 1.5 **Applied research** should support activities under the forest management programs. It will help provide the knowledge and technology to effectively implement all the activities under the forest development programs on Crown and private woodlands.

The basic reforestation aspect will require intensive work in genetic improvement, studies of the morphological development of root systems and growing substrata, and research into plantation systems. Moreover, two areas that have remained relatively undeveloped to this point warrant special attention:

- the site preparation (clearing, preparing and soil improving, prescribed burning), and
- the tending and protection of plantations by mechanical, biological or even chemical means. In this connection, it will be necessary to test mechanical clearing devices, evaluate new herbicides for effectiveness and environment toxicity, and study natural biological methods of eliminating competing vegetation and pests.

Various activities are planned with respect to intensive forest growing methods. In order to make up for the lack of improved seed and accelerate the benefits of genetic improvements, new forest genetic techniques for growing stock must be developed. Genetically-improved seedling production techniques and short-rotation intensive cultivation systems are also needed.

Finally, the applied research activities will include a forest fire protection component, which will deal with fire prevention, detection and suppression.

In order for these research efforts to produce tangible results that can be applied, the transfer of technology to producers must be accelerated. It is therefore

important not only to publicize research results in the traditional way, but also to ensure extension and dissemination of the scientific and technical information.

## 2. ***Management of Private Woodlands Program***

The objective of this program is similar to that of the provincial Crown woodlands management program. However, given the area of private woodlands, the reforestation effort will be relatively more intensive there.

In fact, with 11% of the accessible productive woodland area and 29% of the area of the primary development zone, reforestation will occur on about 40 000 hectares per year by the end of the Agreement under the private woodlands management program, or one third (33%) of the overall reforestation effort.

In 1984, 48 million seedlings were to be planted on private woodlots and it is planned to gradually increase this effort to 50, 50, 70, 100 and 100 million seedlings in 1985, 1986, 1987, 1988 and 1989, respectively.

The implementation of the private woodlands reforestation program is currently based to a large extent on the activity of joint venture groups which carry out the work, on properties of landowners grouped together, required to ensure an adequate yield of plantations, from site preparation to plantation tending. They receive a fixed rate subsidy for each unit of area treated. This form of assistance to private woodland production is complemented by that aimed at non-grouped owners which takes the form of the provision of stock and technical advice.

## 3. ***Management of Federal Woodlands Program***

Of the 233 000 hectares of land under federal jurisdiction in Québec, approximately 183 000 hectares are

productive and accessible woodlands. Of those, Indian reserves will be considered first, and more intensive management of some 100 000 hectares of productive and accessible forest will thus be initiated.

The first step will be to overcome the poor knowledge of the forest resources on most reserves. This requires the preparation of a forest inventory and management plan for each reserve where these are lacking. Later on, or in the first year for reserves already having forest management plans, the emphasis will be on activities involved in bringing forest sites back into production. At the outset, the priorities will be the production and purchase of planting stock for reforestation, site preparation, the planting of the stock, and the tending of existing plantations and those to be developed under this Agreement. This range of activities may be expanded where the forest management plans identify other specific needs.

4. ***Greenhouse Infrastructure Program***

The purpose of this program is to complete the facilities for the greenhouses of the Québec Department of Energy and Resources. These facilities are intended for the production of the planting stock required in the reforestation program.

5. ***Administration, Communications and Evaluation Program***

This program consists of three distinct components, which support all the activities under this Agreement:

***Administration***

To ensure that the federal funds under the Agreement are allocated and disbursed properly, the Government of Canada will establish the organisational structure required to assume its responsibilities under the Agreement.

### ***Communications***

An overall communications and public information program will be developed to make the public and those working with forest resources aware of the importance of Québec's forests, the problems involved, and the financial and technical support provided by the government to the Québec forest sector.

### ***Evaluation***

Evaluation will be an important component of the program. In addition to the periodic evaluation exercises that will be done separately by both parties, an overall and systematic evaluation of the Agreement will be carried out by the Government of Canada, using an evaluation framework (methodology and criteria) approved by the Agreement's Management Committee.



# SCHEDULE « C »

## Canada-Québec forest development subsidiary agreement (1985-1990) Funds allocated to programs (\$ 000)

Programs	Federal		Provincial		Total
	Directly-financed	Cost-shared	Directly-financed	Cost-shared	
<b>1. Crown land forest management</b>					
1.1 Seed Production		650		650	1 300
1.2 Production of Seedlings		6 000		6 000	12 000
1.3 Plantation		79 750		79 750	159 500
1.4 Plantation Maintenance		4 500		4 500	9 000
1.5 Applied Research		4 100		4 100	8 200
<b>Total — Crown lands</b>		<b>95 000</b>		<b>95 000</b>	<b>190 000</b>
<b>2. Management of private woodlands</b>					
2.1 Site Preparation		20 400		20 400	40 800
2.2 Planting		24 600		24 600	49 200
<b>Total — Private woodlands</b>		<b>45 000</b>		<b>45 000</b>	<b>90 000</b>
<b>3. Management of federal woodlands</b>	4 000				4 000
<b>4. Greenhouse infrastructures</b>			10 000		10 000
<b>5. Administration, communications, evaluation</b>	6 000				6 000
<b>Total</b>	<b>10 000</b>	<b>140 000</b>	<b>10 000</b>	<b>140 000</b>	<b>300 000</b>

### APPROVED BY:

On behalf of the Government of Canada

On behalf of the Government of Québec

\_\_\_\_\_ Date \_\_\_\_\_  
Gerald S. Merrithew  
Minister of State (Forestry)

\_\_\_\_\_ Date \_\_\_\_\_  
Pierre-Marc Johnson  
Minister of Intergovernmental  
Canadian Affairs

\_\_\_\_\_ Date \_\_\_\_\_  
Michel Côté  
Minister of Consumer and Corporate Affairs

\_\_\_\_\_ Date \_\_\_\_\_  
Jean-Pierre Jolivet  
Minister Responsible for Forests

