

2011-2012  
Annual Report

New Brunswick Forest Products Commission

Brian Mosher (Chairman)  
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November 1, 2012

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November 1, 2012

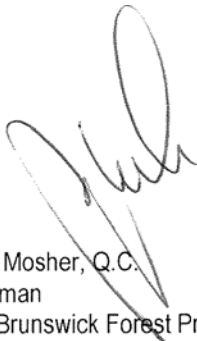
Hon. Bruce Northrup  
Minister  
Department of Natural Resources  
P. O. Box 6000  
Fredericton, NB  
E3B 5H1

Dear Sir,

*Re: New Brunswick Forest Products Commission – 2011-12 Annual Report*

On behalf of the New Brunswick Forest Products Commission, it is my honour to submit our Annual Report for the period April 1, 2011 to March 31, 2012. The report has been designed to highlight the activities and accomplishments of the Forest Products Commission for the fiscal year 2011-12, and to provide summary information regarding the forest product marketing boards.

Sincerely,

A handwritten signature in black ink, appearing to read 'Brian Mosher', is written over the typed name and title.

Brian Mosher, Q.C.  
Chairman  
New Brunswick Forest Products Commission

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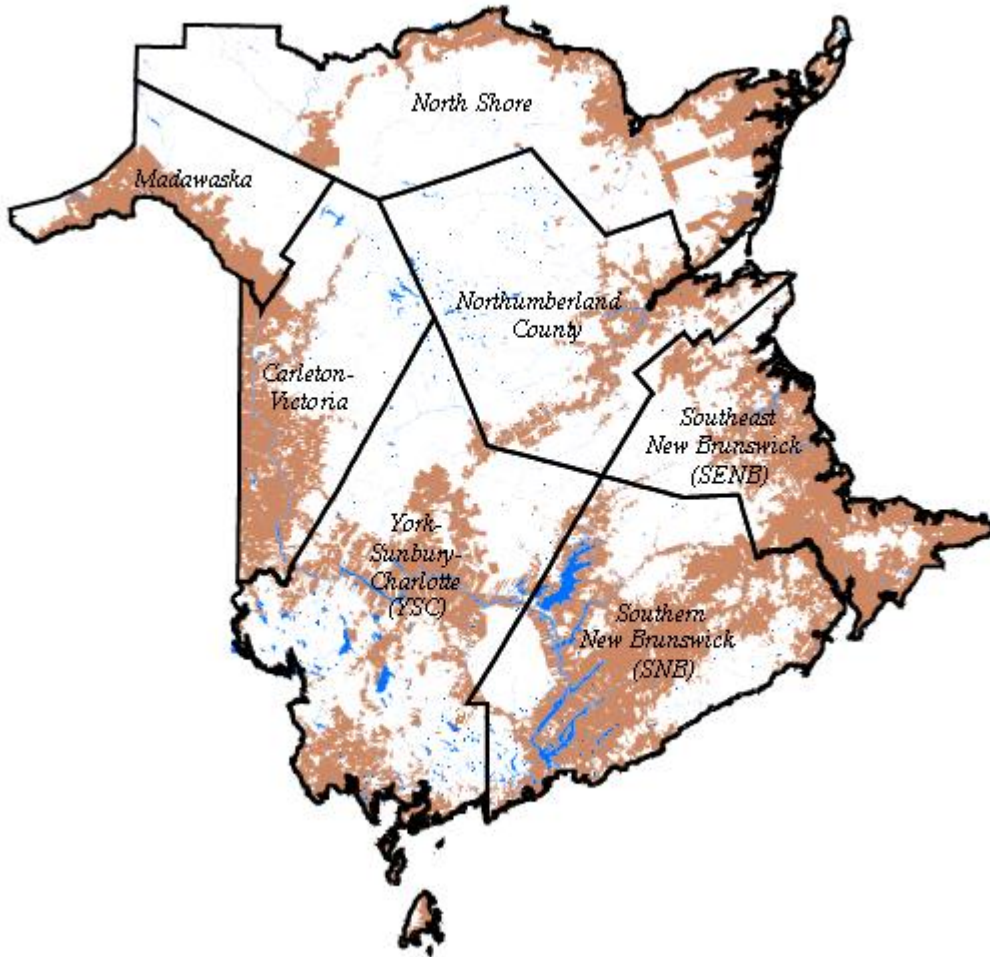
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Figure 1: Map of Private Woodlots and Marketing Board Areas

### New Brunswick's Private Woodlots By Forest Products Marketing Board



## 1.0 Background

Approximately 80% of the New Brunswick land base is “productive” forest land. The forest land totals 5.9 million hectares or 5% of the productive forest land in Canada. Of this area, 51% is provincial Crown land, 1% is federally-owned land, 19% is industrial freehold and 29% is owned by private woodlot owners.

It is estimated that there are between 35,000 and 39,000 private woodlot owners in New Brunswick. They own 1.8 million hectares of productive forest land (see Figure 1) and are served by the seven forest products marketing boards. At pre-2007 harvesting levels, it was estimated that about half of the woodlot owners were actively involved with the Marketing Boards. At 2011-12 harvest levels, there are indications that less than one quarter of owners are actively involved.

The New Brunswick Forest Products Commission (FPC), an independent agency established in 1971, oversees the marketing boards and is a liaison between the marketing relationships involving private woodlot owners, the seven forest products marketing boards, forest industries (pulp mills, sawmills and producers) and the provincial government. The Commission and marketing boards have authority regarding primary forest products from private woodlots. The Commission reports to the Minister of Natural Resources and to the Crown Corporations Committee, a standing committee of the New Brunswick Legislature.

## 1.1 Annual Reports

“The prime function of an annual report is to be the major accountability document by departments and agencies for the Legislative Assembly and the general public. It serves as the key public link between the objectives and plans of a government entity and the results obtained” (Administrative Manual System AD-1605). To the degree possible, Annual Reports are:

- (a) to give a clear account of goals, objectives and performance indicators.
- (b) to show the extent to which a program continues to be relevant, how well the organization performed, and how well a program was accepted by its client groups.
- (c) to include actual and budget financial information in summary form and narrative explaining major variances, as well as other aspects of financial performance.

In the Auditor General's 2008 Report, new CICA guidelines for annual performance reporting (May 2007) were recognized and are considered in preparing annual reports.

## 2.0 Commission Goals

In general terms, the Commission's main goals are:

- to facilitate an orderly market system for use by producers (woodlot owners),
- to ensure accountability within legislative authority – to producers, processors and consumers,
- to resolve disputes, preferably through mediation, and,
- to coordinate the collection and reporting of production, wood sales, silviculture information and transportation certificate data from the marketing boards.

To facilitate an orderly marketing system, the Commission conducts an annual review of the operation of each marketing board:

- to ensure that each marketing board holds an annual meeting of producers to review financial statements, as well as board activities, and,
- to ensure that marketing boards do not implement significant changes in policy without the prior approval of producers.

The Commission encourages cooperation among all industry stakeholders and promotes transparency both in its activities and those of the marketing boards. It strives to carry out its mandate with impartiality and fairness.

The Commission's role is essential to the forest products marketing system and complementary to the Department of Natural Resources (DNR) responsibility to encourage sustainable forest management on private lands.

## 2.1 Legislative Authority

The Forest Products Commission's authority and responsibilities are established in the *Forest Products Act* and the *Natural Products Act*. The Commission oversees the marketing relationship involving sawmills and pulpmills, marketing boards, private woodlot owners and producers, and, the provincial government. The scope of the Commission's activity in the forest industry is limited to the private woodlot sector, and the products under its mandate are primary forest products and all natural products of the forest. Although the legislation creates powers to regulate all market sales, the present marketing system provides woodlot owners with the choice of selling through the marketing boards contracts or through direct contracts which have to be approved by the Board.

The New Brunswick Forest Products Commission (FPC) was established in 1971. By 1983, seven forest products marketing boards and related subsidiary bodies (i.e. co-operatives for wood sales and forest management or associations for administration of the silviculture program) had been established:

Forest Products Marketing Board	Regulation/ Year Established	Co-operative or Association
Madawaska	(Reg. 2006-85, 2006-87) 1961	N/A
North Shore	(Reg. 2005-141, 2005-142) 1973	North Shore Forestry Syndicate Inc.
Northumberland County	(Reg.2005-143 & 2005- 144) 1974	Northumberland County Woodlot Owners & Pulp Producers Association Inc.
York-Sunbury-Charlotte	(Reg. 2005-147 & 2005-148) 1978	N/A
Carleton-Victoria	(Reg. 2005-139 & 2005-140) 1978	Carleton-Victoria Wood Producers Assoc.
Southern New Brunswick	(Reg 2005-145 & 2005-146) 1979	S.N.B. Wood Co-operative Ltd.
South East New Brunswick	(Reg. 2005-105 & 2005-106) 1981	N/A

The seven Marketing Boards are given specific powers by regulation and the role of the Commission is to verify they work within the scope of their marketing plans. In so doing, the Commission represents the interests of the private woodlot owners in their regulated area. Appendix B contains a description of the legal authority and potential powers of the Commission.

A legislative power for marketing boards to set and administer export levies was established in 2003 under the federal *Agricultural Products Marketing Act*. In 2008, the regulations under *Natural Products Act* were amended to make provisions for the implementation of the two-year Equitable Market Access Trial Agreement. Section 3.2 of this report will provide an update for 2011-12.

## 2.2 Structure of the Commission

The Commission's structure is defined by the *Forest Products Act*, and includes seven members appointed by the Lieutenant-Governor in Council. The Commission is designed to provide a fair representation of all segments of the forest sector. The current members and officials of the Commission in 2011-12 included:

Brian Mosher	Chairman and Independent Member
Raoul Charest	Department of Natural Resources Member
Ronald LeBlanc	Department of Natural Resources Member
Tim Fox	Producers' Member – Private Woodlot
Claude Pelletier	Producers' Member – Private Woodlot
Douglas Prebble	Industry Member – Sawmill
Pierre Lebel	Industry Member – Pulp and Paper
Linda Gould McDonald	Executive Director/ Secretary to Commission

The Commission meets on a monthly basis or as required and its operations are administered by the Executive Director/Secretary, with assistance from one full-time and one part-time administrative assistant. The Commission receives its funding from the Department of Natural Resources (DNR). The Commission's office is located in Suite 215 – Core Section, Hugh John Flemming Forestry Centre, Fredericton.

## 2.3 Role and Responsibilities of the Commission

The Commission is responsible for the overall conduct of the regulated forest products marketing system for private lands in New Brunswick. It is responsible for ensuring that the boards exercise the powers granted to them in the manner intended. The Commission:

- is the supervisory body to oversee the operations of the seven regulated forest products marketing boards.
- provides liaison and is the body of appeal for marketing boards, private woodlot owners, government and industry.
- lends assistance in resolving disputes between: woodlot owner, board, industry, contractor, broker, etc.
- facilitates the negotiation, conciliation, and arbitration between boards and industry.
- provides policy advice to the Minister of Natural Resources.
- recommends amendments to regulations pertaining to marketing boards and the marketing system.

The Commission attends most of the annual general meetings held by the individual marketing boards, and it also meets on a regular basis with each of the marketing boards. At least once a year, the Commission meets with representatives of all seven boards to discuss current issues.

## 3.0 Commission Annual Report

The Commission's annual report highlights its response to the Office of the Auditor General's (OAG) recommendations, market issues, the status of the marketing board system and private woodlot production, compliance issues relative to the Commission's oversight role, the Commission's activities and its financial statement. Financial, silviculture, production and wood sales data are summarized in Sections 4 and 5. Contact information, legislative authority, and a glossary are contained in the Appendices.

### 3.1 Response to Auditor General's Recommendations

#### Annual Accounting for Transportation Certificates Issued

According to data supplied by the marketing boards, nearly 32,000 and 55,000 Transportation Certificates were issued in 2010-11 and 2011-12 respectively. Over the two years, a combined thirty-three percent of the certificates issued were not returned to the marketing boards. Since the *Transportation of Primary Forest Products Act* requires that certificates be returned, the unreturned certificates are a clear indication of non-compliance with the Act. The Commission, DNR Forest Management and Enforcement Branches have worked with the Boards to resolve this issue. This collaboration has resulted in amendments to the legislation. Legislative changes came into force in July of 2012. Carleton-Victoria did not submit complete TC data since 2008-09. The Carleton-Victoria Board explained that the reporting issue was due to staff shortages.

Figure 2: Reported Transportation Certificate Information

	Certificates Issued	Total Used	Unused	Unreturned	Notes
2010-11	31,687 100%	22,009 69%	5,009 16%	4,669 15%	(6 of 7 Boards reporting; Carleton-Victoria Board not reporting.)
2011-12	54,892 100%	39,353 72%	5,589 10%	9,950 18%	(6 of 7 Boards reporting; Carleton-Victoria Board not reporting.)

Source: NB Forest Products Commission



## Management Info Systems

The OAG recommended that the management information systems being developed for the Commission and for the NB Federation of Woodlot Owners (NBFWO) complement each other and meet reporting needs of all parties. The commission's program has been developed to be compatible with the NBFWO system. The NBFWO has not completed their program and the Commission and the Federation continued in 2011-12 to work together to maintain information systems compatibility and the completion of the NBFWO program.

## Administration Expenses for the Private Land Silviculture Program

The Commission collects information from the Boards regarding silviculture program and administration expenses for the private land silviculture program and reports the information annually to DNR. All the Boards submitted their 2011-12 expense information by filing Schedule A – 2008-102 regarding financial year end for the private land silviculture program for their area.

## 3.2 Private Woodlot and Market System Challenges

Current challenges affecting private woodlots and the Marketing Board system include:

- continuing economic downturn; transportation, and energy costs
- mill closures; low pulpwood prices; exchange rate; reduced US housing market
- reduced wood sales and number of producers
- "equitable market access" for private woodlot owners
- sustainable forest management certification, procurement policies
- compliance with Transportation Certificate reporting and export levies

**Equitable Market Access Initiative:** The Equitable Market Access Trial, launched in 2008, continued through to the end of the 2009-10 fiscal year, as planned. For 2010-12, the stakeholders agreed to continue with the existing trial that contained the following agreements:

1. The New Brunswick Federation of Woodlot Owners agreed to suspend the proportional supply conditions (*Crown Lands and Forests Act*, 1992 Amendment), during the trial period.
2. All private woodlot wood is to be sold through the marketing boards (as exclusive agents).
3. Marketing boards and mills committed to and shared their harvest and purchase plans in order to facilitate increased sales of private woodlot wood.

In 2011-12, woodlot owners submitted plans to harvest 1 million m<sup>3</sup> for New Brunswick mills. Mill purchases totalled 700,000 m<sup>3</sup> by year end.

### Private Woodlot Harvest Volume Reporting:

The annual harvest from private woodlots is tracked using three different sources: Minimum Annual Production (MAP), Timber Utilization (TU), and Transportation Certificate (TC). Figure #3, below, shows the reported volumes for 2011 for each source. Although the data for each type of report is collected separately and is defined differently, the general relationship of the information is explained following Figure #3.

**Figure 3: Reported Private Woodlot Harvest Volumes from MAP, TU, & TC Methods**

Type of Loadslip	Woodlot Owner Sales through Marketing Boards to NB Mills & export destinations.	Woodlot Owner Direct Sales to NB Mills	Woodlot Owner Sales to inter-provincial and export destinations	Softwood Production (million m <sup>3</sup> )	Hardwood Production (million m <sup>3</sup> )
MAP 2011-12	✓	-	-	0.92	0.32
TU 2011-12	✓	✓	-	0.82	0.23
TC 2011-12	✓	✓	✓	1.17	0.38
2007 AAC Annual Allowable Cut	✓	✓	✓	1.9	1.7

Source: NB Forest Products Commission, DNR

**Minimum Annual Production (MAP):**

The MAP system reports the volume of wood from private woodlots sold through and/or reported to the Marketing Boards. It includes Board contracts with NB mills, export mills (ME, NS, QC), US brokers and direct sales with NB mills. It does not include fuelwood and some exports and wood sold to "small" sawmills and residential markets. Therefore, the MAP represents most but not all of the wood harvested from the marketing board areas. Significant direct export sales by NB woodlot owners near the border (e.g. from YSC, Madawaska and Carleton-Victoria Board areas) are not all captured in the MAP system. The TC system is designed to record the export information as well as the MAP.

**Timber Utilization (TU):**

The TU values are for roundwood consumed at New Brunswick mills. The volume data is submitted to and compiled by the Department of Natural Resources on an annual basis. The data accounts for mill inventories, and therefore is not directly comparable with the MAP data. Exports from marketing board areas are not captured in the Timber Utilization data.

**Transportation Certificate (TC):**

Both the MAP and TC reporting are required by law. The TC requirement is established under the *Transportation of Primary Forest Products Act*. The TC system is intended to capture all wood transported, including exports, and, the wood sold inside and outside the marketing board system. The Marketing Boards collect the TC and MAP data, and, enforcement of the TC reporting is a DNR responsibility. The TC system is improving in that estimates of truck volumes are now permitted in the reporting. The Transportation Certificate system was implemented in 2002-03.

**Annual Allowable Cut (AAC):**

The AAC is the volume of timber that may be harvested during a given time to maintain sustained production, and is based on forest inventory data. The production or harvest and AAC information is an essential part of monitoring sustainable forest management on private lands.

The AAC is based on forest inventory information and was updated in 2007. In spite of information limitations, past harvest data have indicated an over harvest of softwood, and the need for better compliance in the reporting system. In 2006-07, the reduced harvest reported brought the production below the new AAC.

The purpose of the TC tracking system and reporting is to provide a more accurate determination of the harvest level from private woodlots and to provide a deterrent to wood theft. The TC tracking will also assist marketing boards in collecting levies on wood sales, and, document the source of supply as required under forest management certification standards.

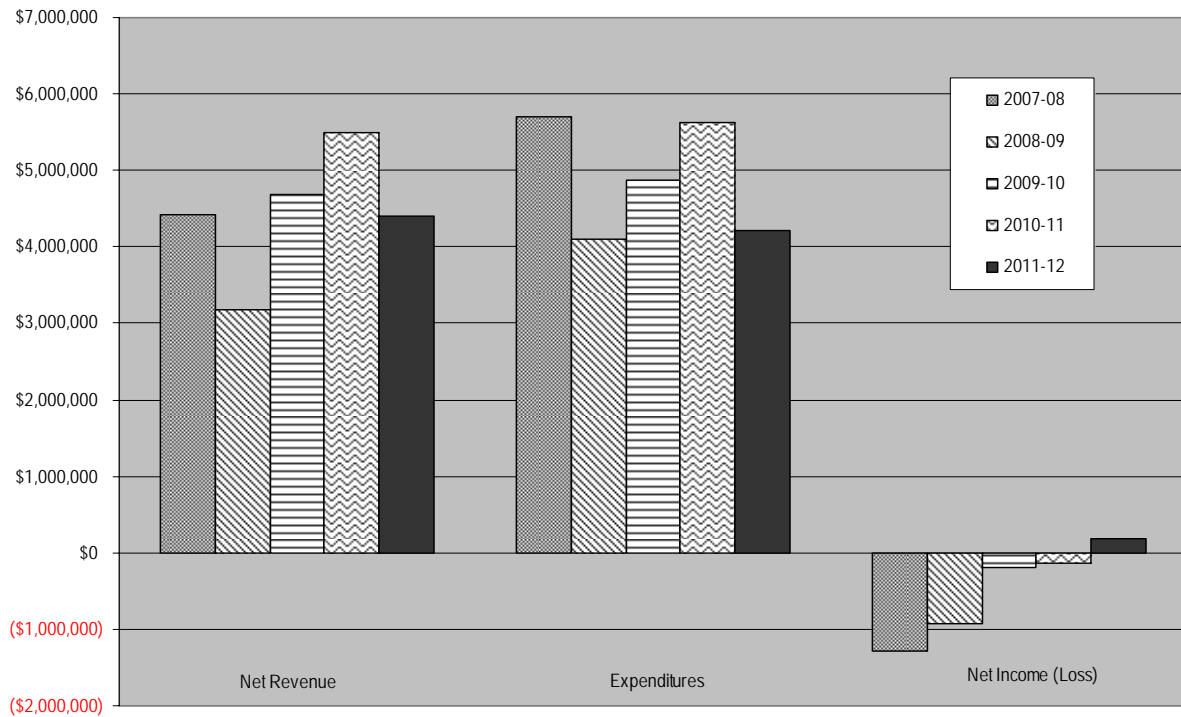
### 3.3 Status of Marketing Board System

#### 3.3.1 Financial Status

The 2011-12 financial statements for the Forest Products Marketing Boards have now been completed for the Commission as required by legislation. The Marketing Boards held combined assets of \$5.57 million in 2011-12, up 4% from the \$5.37 million level reported in 2010-11. The combined liabilities of the Boards have increased by \$255,653 from \$1.46 million in 2010-11 to \$1.62 million in 2011-12.

The combined net losses for the following years (2007-08, 2008-09, 2009-10 and 2010-11) were \$1,293,412, \$933,424, \$198,522 and \$128,442 respectively and a net gain in 2011-12 of \$185,478. Wood sales increased and other revenues decreased, and in 2011-12 expenditures decreased by \$1,409,752 to \$4.21 million. Summaries of the financial information over the last two years are provided in Section 4.0.

Figure 4: Five Year Financial Summary - Combined Boards



Source: NB Forest Products Commission, Marketing Board Financial Statements

#### 3.3.2 Wood Sales

Historically, a high proportion of the wood sales from private woodlots have been to sawmills, and so the private woodlot owners are significantly affected by the serious decline in the sector and the economy. An Annual Mill Operating Status Survey is conducted by the NB Forest Products Association. As of the 2010 survey, only 30 of New Brunswick's 61 sawmills (49%) were operating at capacity, and 21 had closed permanently, 2 were working on reduced shifts, 4 were on temporary shutdown and 4 were on total or indefinite shutdown. At the time of printing of this report the 2011 and 2012 NB Forest Products Association mill surveys are incomplete and does not allow an update to the 2010 survey data.

In 2011-12, the value of wood sales through the marketing boards was \$45.9 million, up from \$34.2 million in 2010-11. The wood sales (\$) and production data (m3) are collected through two separate methods so that linking the two is not appropriate.

It is important to note that wood sales reflected in the Board financial statements do not include the direct sales paid to a person, in that instance the only revenue included in the board information is the levy paid on behalf of that product. In certain board areas that can be in the millions of dollars of sales.

Figure 5: Combined Wood Sales through Marketing Boards 2007-2012

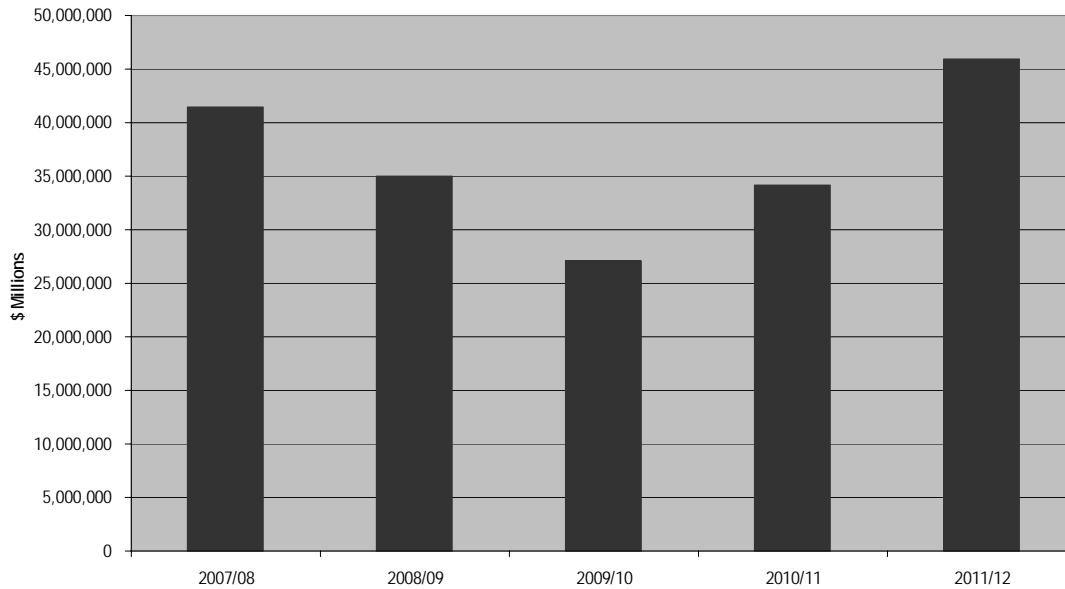
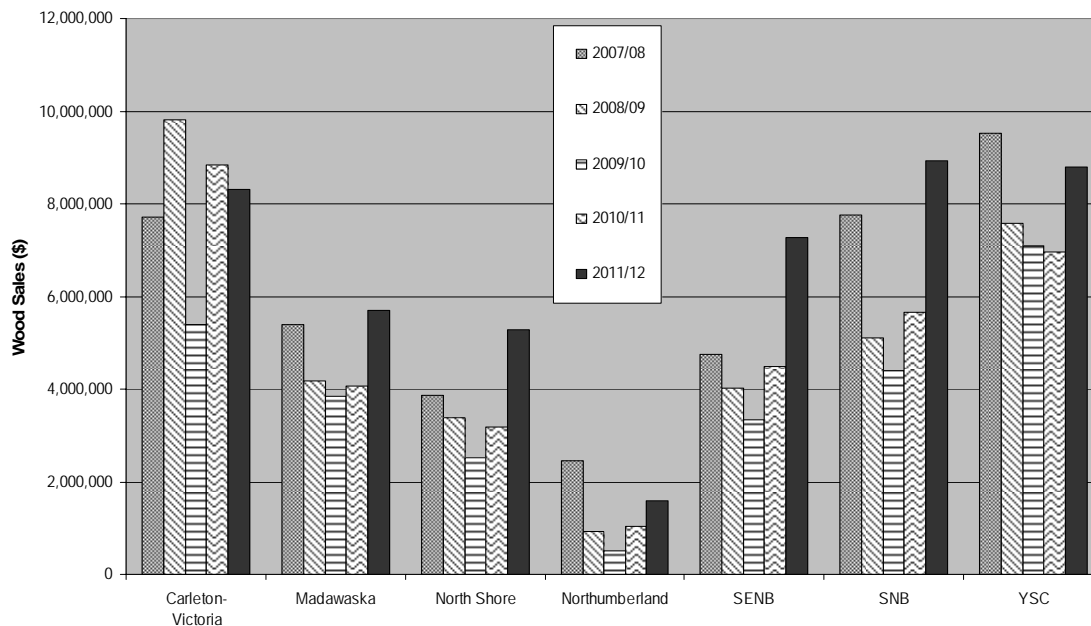


Figure 6: Wood Sales through Marketing Boards 2007-2012



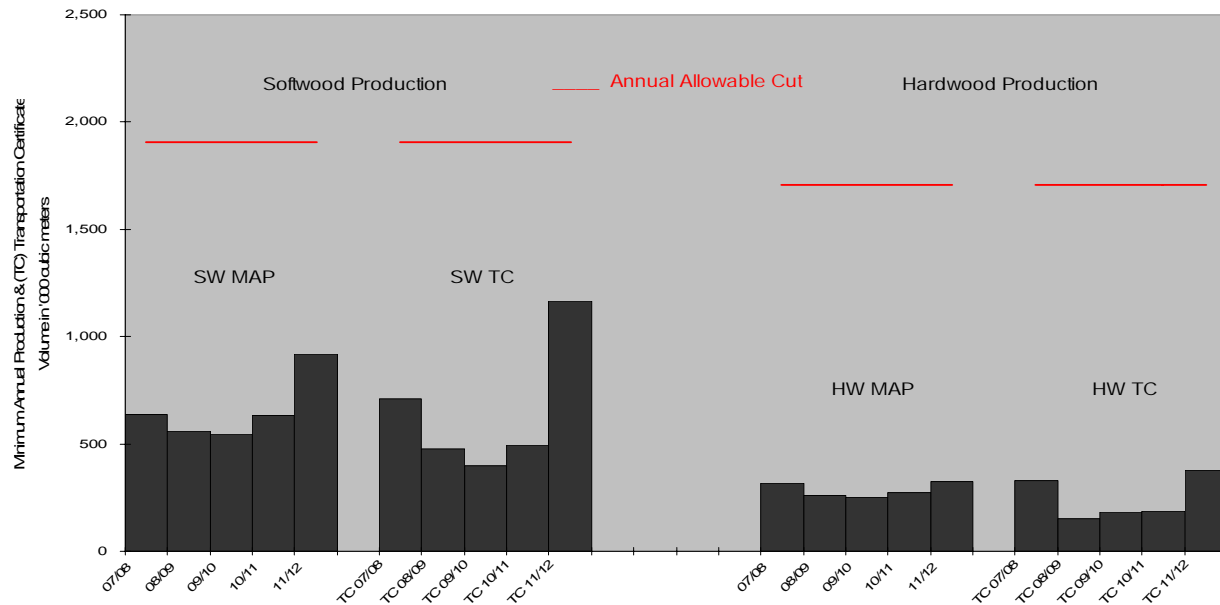
Source: FPC data

### 3.3.3 Production and AAC

For the combined Marketing Boards, the volume of wood harvested from woodlots, and, sold through and/or reported to the marketing boards in 2011-12 totalled 919,000 m3 of softwood and 324,000 m3 of hardwood. The softwood production (MAP) has increased by 45.2% and the hardwood production has increased by 19.1% relative to 2010-11.

**Figure 7: Private Woodlot Production (MAP and TC) 2007-2012**

*Caution: TC information is not complete.*



Source: Forest Products Commission

In 2007, new AACs were established for the Marketing Board areas. For the individual and combined Marketing Boards, the 2011-12 MAP and TC values for softwood and hardwood production were within the annual allowable cut (2007 AAC). The Carleton-Victoria Marketing Board did not complete the TC summary report due to staffing shortages. The Combined TC values are not reported due to this missing data.

**Figure 8: Production and AAC by Marketing Board (2011-12)**

*Caution: TC information is not complete.*

2011-12	Carleton-Victoria	Madawaska	North Shore	Northumberland	SENB	SNB	YSC	Combined
MAP Softwood ('000 m3)	123	99	134	27	168	265	103	919
TC Softwood ('000 m3)	123	112	117	27	310	331	147	1,167
<b>2007 AAC Softwood ('000 m3)</b>	<b>179</b>	<b>87</b>	<b>308</b>	<b>173</b>	<b>252</b>	<b>474</b>	<b>432</b>	<b>1,905</b>
MAP Hardwood ('000 m3)	80	48	57	6	23	63	47	324
TC Hardwood ('000 m3)	80	56	61	6	67	62	45	377
<b>2007 AAC Hardwood ('000 m3)</b>	<b>247</b>	<b>185</b>	<b>308</b>	<b>102</b>	<b>250</b>	<b>301</b>	<b>312</b>	<b>1,705</b>
MAP Total ('000 m3)	203	147	191	33	191	328	150	1,243
TC Total ('000 m3)	203	168	178	33	377	393	192	1,544

Source: NB Forest Products Commission

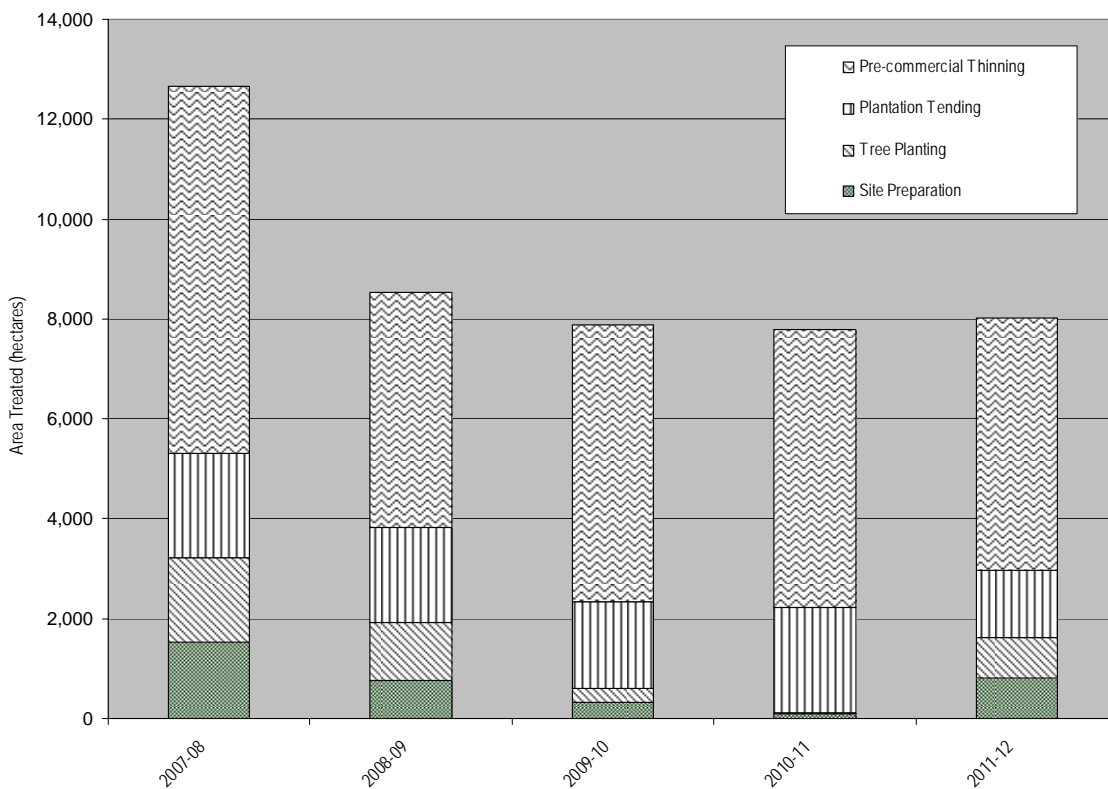
### 3.3.4 Private Land Silviculture

In 2008-09, the private land silviculture budget was adjusted to \$18 million over three years or \$6 million per year for three years. The province committed \$4 million per year and \$2 million per year was committed from the federal Community Development Trust. During the same year, the new agreement between the provincial government and the NB Federation of Woodlot Owners revised the cost-sharing ratio to 70:30. A monitoring mechanism to verify the 30% contribution from the woodlot owner was also established. In 2009-10 the cost-sharing ratio was changed to 90:10 in a new system to trigger cost-sharing ratios based on the previous year wood sales for Boards. The system was put in place to help Boards to create a relationship between the cost-sharing ratios and the wood market place. In 2009-10, there was also \$1.75 million per year for two years from the Atlantic Canada Opportunities Agency (ACOA).

All of the \$6 million in available provincial funding was accessed by the woodlot owners in 2011-12. The area treated under the provincial Private Land Silviculture Program increased from 7,791 hectares to 8,030 hectares – an increase of only 239 hectares. The government expenditure for this program remained constant at \$6 million in 2011-12.

The treatments include pre-commercial thinning, site preparation, plantation tending, and tree planting. Most of the silviculture work is pre-commercial thinning. DNR monitors and assesses the quality and compliance of the work performed using the procedures set out in the provincial private land silviculture manual. These procedures are used to assess both provincial and ACOA funded projects. In addition, DNR verifies the documentation of the woodlot owner participation which has been allocated a set non-monetary allowance under the program, while the Commission oversees the financial reporting and administration by the Marketing Boards.

Figure 9: Private Land Silviculture 2007-2012



Source DNR

### 3.4 Compliance issues:

In its oversight role, the Commission has identified several compliance issues. These issues adversely affect the quality of information and the ability to report on the status of the marketing board system, the marketing boards, the wood tracking system and the sustainability of the harvest from private woodlots:

1. The Carleton-Victoria Forest Products Marketing Board has not submitted complete information for the Transportation Certificate System.
2. According to surveys over the last two years, a combined thirty-three percent of the transportation certificates issued were not returned to the Boards as required under the *Transportation of Primary Forest Products Act*. This is a significant compliance and enforcement issue. DNR and the Commission continue to work on improvements to the wood tracking system, the completion of the computer tracking system being developed by the NBFWO and its compatibility with the NBFPC system are being addressed for a more reliable reporting process.
3. Instances of the MAP (sales through or reported to the board) exceeding the TC (all wood transported including exports) are noted in Figures 18 and 19. This figure helps to define the frequency and extent of the TC under-reporting and non-compliance.

### 3.5 Commission Activities 2011-12

- (a) **Data Collection:** The Commission collected information from the marketing boards regarding Minimum Annual Production, Wood Sales through the Marketing Boards, Transportation Certificates data, and, financial matters including those related to the Private Land Silviculture program.
- (b) **Auditing and Reporting:** The production data and audited financial information was compiled, standardized and assessed to provide reports and information to DNR. A financial review of the Provincial Private Land Silviculture program was also presented to the Minister of DNR verifying that no more than 20% of the provincial silviculture monies have been retained by the Boards for program administration costs and that Boards provide additional revenue detail for the 10% of the government funding level required in this fiscal year. The Commission also conducted a procedural audit of the Transportation of Primary Forest Products Certificates for all seven marketing boards based on an audit protocol developed by the Commission in 2006-07.
- (c) **Legislation:** Under the *Natural Products Act* amendments were made to the Regulations of the Marketing Boards. The completed and proposed amendments consisted of:
  - Prepared recommendations for amendments to the *Transportation of Primary Forest Products Act* and its Regulation and the *Forest Products Act* (effective end of June 2011)
  - Prepared amendments to the Commission regulation for the North Shore Board relating to eligibility requirements for members of the Board. (incomplete)
- (d) **Investigations:** Attempts were made to resolve issues raised by producers in three districts of the Northumberland County Forest Products Marketing Board regulated area. A group of producers wished to secede from the Northumberland County Board regulated area with options to join the Y-S-C Board area or to form another marketing board covering the three districts. The Commission declined to hold the requested plebiscite based on overall concern for the marketing structure in the province and so notified the concerned producers. The Northumberland County Board is in financial difficulty and all sales for regulated product are being paid via the Y-S-C Board. This situation is ongoing and work continues to try to find an equitable solution. The economic impact of mill closures in the Miramichi region has complicated the issues.
- (e) **Commission Meetings:**

The Commission held ten regular meetings during the year and Chairman James Mockler resigned in November 2011. Commission member Mr. Tim Fox took the position of Acting Chairman until Mr. Brian Mosher, Q.C. was appointed as Chairman on the first day of March 2012. The Commission's 2010-11 Annual Report was presented to the Minister of Natural Resources. The Commission was requested to present to the Crown Corporations Committee, a Standing Committee of the New Brunswick Legislature on the 13<sup>th</sup> of January 2012.
- (f) **Training and Special Projects:**

- Worked on the development of a new system to maintain records on the Transportation Certificate data and to ensure that the proposed Federation of Woodlot Owner program is compatible for reporting purposes. Market downturns have delayed the implementation of the Federation program therefore the Commission's system changes have been delayed until such time as the two are compatible.

*(g)* **North Shore Forest Products Marketing Board Administration by Commission:**

Effective the 28<sup>th</sup> of January 2010 the eleven Board members (directors) resigned which required the Commission to remove the powers of the North Shore Forest Products Marketing Board pursuant to Order No. 2010-510 and exercise those powers on behalf of the Board from the 3<sup>rd</sup> Day of February 2010 until further notice. This step was necessary to ensure the private woodlot owners in the northern region maintain the service and continuity of their marketing board. The Commission removed the powers of the North Shore Forest Products Marketing Board and exercised those powers on behalf of the Board from October 12<sup>th</sup>, 2005 until July 31<sup>st</sup>, 2007. The Commission conducted an investigation with the assistance of Mr. T. Quigley, as well as engaged the firm of Deloitte & Touche to conduct a forensic audit of the Board's activities. Information was turned over to the Bathurst City Police on January 10, 2006 to support their criminal investigation. A criminal proceeding has ensued.

Since January 2010 to current (as well as from the 12<sup>th</sup> October 2005 to 01 August 2007) the Commission:

- conducted regular meetings of the Board,
- responded as a co-defendant to four law suits, one of which has been settled
- supervised audits for the Board: audits to 31 March 2008, to March 2009, to March 2010, to March 2011 and to March 2012
- The Commission continues to administer the governance of the North Shore Board activities.



### 3.6 Commission Financial Statement

Figure 10: Forest Products Commission – 2011-12 Ordinary Budget and Expenditures

Statement of Expenditure – for the year ended March 31, 2012

	2011-12 Budget	2011-12 Expenditures	<i>Budget Variance</i>	2010-11 Ordinary
<b>Administration</b>				
Regular Payroll and Benefits	149,700	153,592	(3,892)	145,584
Administration Travel Expenses	10,600	3,325	7,275	1,032
Rent/Operating Expenses	26,700	24,013	2,687	23,338
Computer Equipment/ Software		204	(204)	310
Administration Sub-total	187,000	181,134	5,866	170,264
<b>Members' Expenses</b>				
Members' per diem	32,000	32,950	(950)	31,000
Members' Travel Expenses	10,800	10,152	648	6,119
Members' Meeting Expenses	2,000		2,000	254
Members' Sub-total	44,800	43,102	1,698	37,373
<b>Other Expenses</b>				
Hearings (travel, room rental)	0	0	0	0
Hearings (Member per diem)	0	0	0	0
North Shore	0	0	0	0
Inspection	0	0	0	0
Other Sub-total	0	0	0	0
General Program Sub-Total	231,800	224,236	7,564	207,637
<b>Special Allocation</b>				
Computer Compatibility Assistance	110,000	58,000	52,000	45,000
Other Services	37,500	37,500	0	0
North Shore Legal	15,000	11,608	3,392	267
Professional Services (T. C. Audit)	28,000	27,000	1,000	25,000
Special Allocation Sub-total	190,500	134,108	56,392	70,267
<b>Total</b>	<b>\$ 422,300</b>	<b>\$ 358,344</b>	<b>\$ 63,956</b>	<b>\$ 277,904</b>

Source: NB Forest Products Commission

## Notes to Financial Statement

### 1. Purpose of the organization

The Commission's authority is derived from the provincial *Forest Products Act* and the *Natural Products Act*. Two of the Commission's objectives are facilitating expanded markets and equitable prices for primary forest products, and, the effective utilization of private woodlot resources. The purpose and intent of the *Natural Products Act* in relation to the Commission is to provide "for the development, conservation and management of forestry resources on private woodlots in the Province." Legal authority is established for the promotion, control and regulation of the marketing and for the promotion of and research relating to farm products of the forest. The Commission oversees and supervises the marketing boards and related agencies. The scope of the Commission's activities includes financial and regulatory matters; negotiation, conciliation and arbitration processes; conducting investigations & hearings and providing advice and reports to the Minister of Natural Resources.

### 2. Absence of Balance Sheet

A Balance Sheet has not been prepared because the Commission draws its funding directly from DNR, according to an agreed upon budget, and DNR is its sole source of revenue. The Commission does not receive the funding as a grant, but operates directly from the DNR budget, with administrative support from the Department.

### 3. Significant accounting policies

It is the policy of the Commission to charge all fixed asset purchases to expense in the year in which the expenditure is incurred. The Commission is a body corporate, as determined by the Auditor General's Office. However, its sole source of revenue is the Department of Natural Resources (DNR), and its expenditures are included in and administered through the DNR budget. The Commission expenditures are also consolidated in the DNR Annual Report and financial statements.

### 4. Expenses not included in these financial statements

The Department of Natural Resources has assumed responsibility for the Commission's financial administration and associated costs.

### 5. Compensation and Travel Expenses

The Chairman of the Commission is paid \$25,000 annually and the other six members of the Commission who attend monthly meetings are paid a *per diem* (\$150 per day) while engaged in work of the Commission which is set by Order of the Lieutenant-Governor in Council. Reimbursement for reasonable travel expenses is in accordance with New Brunswick Government Travel Policy AD-2801.

### 6. Sources of financial data

Financial data is from the Forest Products Commission and the Department of Natural Resources.

## 4.0 Marketing Boards – Financial Information

Figure 11: Combined Marketing Boards – Two-Year Financial Summary

Two Year Summary	2011-12	2010-11
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### Balance Sheet

Assets	Current Assets	4,877,699	4,632,889
	Investments	102,144	170,978
	Capital Assets & Equipment	593,621	568,675
	Restricted Funds	0	0
<b>Total Assets</b>		<b>5,573,464</b>	<b>5,372,542</b>
Liabilities	Current Liabilities	1,227,161	1,084,310
	Long Term Liabilities	388,948	376,146
	<b>Total Liabilities</b>	<b>1,616,109</b>	<b>1,460,456</b>
Equity	Contributed Surplus	45,171	101,102
	Retained Earnings	3,912,184	3,810,984
<b>Total Liabilities and Equity</b>		<b>5,573,464</b>	<b>5,372,542</b>

### Income Statement

Revenue	Wood Sales through Board	45,891,808	34,202,755
	Less Cost of Wood Purchased	(45,324,091)	(33,787,158)
Net Sales		567,717	415,597
Fees, Levies & Other Revenues		3,827,033	5,074,985
Net Revenue		4,394,750	5,490,582
Expenditures		4,209,272	5,619,024
Net Income (Loss)		185,478	(128,442)

Source: NB Forest Products Commission

\* See notes at end of financial summaries.

Figure 12: Combined Marketing Boards – Changes from Previous Year

Change from Previous Year	2011-12	2010-11	Variance	% Change
Assets (\$)	5,573,464	5,372,542	200,922	4%
Liabilities (\$)	1,616,109	1,460,456	155,653	10%
Retained Earnings (\$)	3,912,184	3,810,984	101,200	2.7%
Net Revenue (\$)	4,394,750	5,490,582	(1,095,832)	-20%
Expenditures (\$)	4,209,272	5,619,024	(1,409,752)	-25%
Net Income/ (Loss) (\$)	185,478	(128,442)	313,920	244%
Wood Sales (\$)	45,891,808	34,202,755	11,689,053	34%
SW MAP ('000 m3)	919	633	286	45.2%
SW TC ('000 m3)	1,167	N/A	N/A	N/A
HW MAP ('000 m3)	324	272	52	19.1%
HW TC ('000 m3)	377	N/A	N/A	N/A

Figure 13: Marketing Boards – Financial Summary 2011-12

Year 2011-12	Carleton-Victoria	Madawaska	North Shore	Northumberland	SENB	SNB	YSC	Combined
<b>Balance Sheet</b>								
<b>Assets</b>								
Current Assets	374,293	903,831	1,164,754	52,064	515,016	284,603	1,583,138	4,877,699
Investments	-	-	-	-	-	102,144	-	102,144
Capital Assets & Equipment	7,016	11,076	497,686	2,923	71,361	-	3,559	593,621
Restricted Funds	-	-	-	-	-	-	-	0
<b>Total Assets</b>	<b>381,309</b>	<b>914,907</b>	<b>1,662,440</b>	<b>54,987</b>	<b>586,377</b>	<b>386,747</b>	<b>1,586,697</b>	<b>5,573,464</b>
<b>Liabilities</b>								
Current Liabilities	262,380	189,122	126,022	115,341	158,044	26,827	224,425	1,102,161
Long Term Liabilities	388,948	-	125,000	-	-	-	-	513,948
<b>Total Liabilities</b>	<b>651,328</b>	<b>189,122</b>	<b>251,022</b>	<b>115,341</b>	<b>158,044</b>	<b>26,827</b>	<b>224,425</b>	<b>1,616,109</b>
<b>Equity</b>								
Contributed Surplus	-	-	105,525	(60,354)	-	-	-	45,171
Retained Earnings	(270,019)	725,785	1,305,893	-	428,333	359,920	1,362,272	3,912,184
<b>Total Liabilities and Equity</b>	<b>381,309</b>	<b>914,907</b>	<b>1,662,440</b>	<b>54,987</b>	<b>586,377</b>	<b>386,747</b>	<b>1,586,697</b>	<b>5,573,464</b>
<i>Year End</i>	<i>Mar 31</i>	<i>Jan 31</i>	<i>Mar 31</i>	<i>Mar 31</i>	<i>Mar 31</i>	<i>Mar 31</i>	<i>Mar 31</i>	

**Income Statement**

<b>Revenue</b>								
<i>% of Board Wood Sales</i>	<i>18%</i>	<i>12%</i>	<i>12%</i>	<i>3%</i>	<i>16%</i>	<i>20%</i>	<i>19%</i>	<i>100%</i>
Wood Sales through Board	8,317,063	5,692,710	5,287,399	1,589,679	7,280,015	8,937,481	8,787,461	45,891,808
Less Cost of								
Wood Purchased	(8,287,954)	(5,564,949)	(5,273,979)	(1,589,679)	(7,278,812)	(8,736,614)	(8,592,104)	(45,324,091)
Net Sales	29,109	127,761	13,420	0	1,203	200,867	195,357	567,717
Fees, Levies & Other Revenues	181,517	1,134	76,297	1,224	251,831	1,967,299	1,347,731	3,827,033
Net Revenue	210,626	128,895	89,717	1,224	253,034	2,168,166	1,543,088	4,394,750
<b>Expenditures</b>								
Net Income (Loss)	6,557	(29,532)	(296,678)	(116,589)	37,948	396,426	187,346	185,478

*Note: SNB wood sales, cost of wood purchased, and net sales are from the SNB Co-op financial statements. SNB fees, levies & other revenues were calculated by subtracting SNB Co-op net sales from the SNB Board's net revenue.*

## Notes for Financial Summaries

### 1. Unconsolidated Financial Statements

Balance Sheet and Income Statement data is from the unconsolidated financial statements of individual marketing boards (that is, the Board statements were not consolidated with the statements of their agents (co-operatives or associations)).

### 2. Differences in Accounting Policies

In spite of efforts to standardize financial reporting and fiscal years, some differences in accounting policies and inconsistencies in reporting styles remain. Marketing boards are the exclusive agents for all marketing of primary forest product produced on private woodlots in New Brunswick. If a direct contract is negotiated then said contract must be approved by the Marketing Board and all sales reported. The sales through the marketing boards are reflected in the Board statements or in the financial notes to the Board statements. Direct sales dollars are not reflected in the board statements as the funds do not flow through the boards, only the levy associated with those sales are included.

### 3. Sources of Information

The financial information is from the Forest Products Commission and the Department of Natural Resources. Silviculture information is from the Department of Natural Resources. The Production Report data is from the Commission. New AACs were established in 2007. MAP and TC reports are collected through the marketing boards and are standardized and consolidated by the Commission. The MAP reports may not include all the woodlot production from private woodlots in a regulated area – in particular the total volume of wood exported from the woodlots is underrepresented. The TC system is being further refined to address concerns about compliance and completeness of data.

## 5.0 Marketing Boards - Silviculture, Wood Sales and Production Information

Figure 14: Private Land Silviculture Statistics (2011-12)

	Carleton-Victoria	Madawaska*	North Shore*	Northumber -land	SENB*	SNB*	YSC	Combined
<b>Private Land Silviculture 2011-12</b>								
GNB Funding 2011-12 (\$)	587,196	649,019	934,709	554,231	1,013,872	1,243,845	1,017,127	6,000,000
Board – Other sources	381,821	193,998	185,883	60,658	92,330	620,578	208,826	1,739,094
Site Preparation (ha)	104	155	127	0	22	410	2	819
Tree Planting (ha)	74	171	128	0	38	379	21	810
Plantation Tending (ha)	268	273	387	77	16	307	0	1,328
Pre-commercial Thinning (ha)	456	385	684	556	1038	839	1,114	5,073
Area Treated 2011-12 (ha)	902	984	1325	633	1,114	1935	1,137	8,030
Area Treated 2010-11 (ha)	857	927	1394	664	1,044	1717	1,190	7,791
Variance ('11/12 – '10/11) (ha)	45	57	(69)	(31)	70	218	(53)	239
Ratio (GNB\$ per ha)	\$651	\$660	\$705	\$876	\$910	\$643	\$895	\$747
Share GNB Silviculture Funding (%)	10%	11%	16%	9%	17%	21%	17%	100%
Share of Area Treated (%)	11%	12%	17%	8%	14%	24%	14%	100%

Sources: Forest Management Branch and Financial Services Branch, DNR FPC – Marketing Board report Schedule A 2008-102  
Private Land refers to private woodlots and does not include Industrial Freehold.

Figure 15: Forest Products Marketing Boards – Wood Sales 2010-2012 (Cdn \$)

Year	Carleton-Victoria	Madawaska	North Shore	Northumber - land	SENB	SNB	YSC	Combined
2010/11	8,847,112	4,055,273	3,186,222	1,032,016	4,483,899	5,646,943	6,954,290	34,202,755
2011/12	8,317,063	5,692,710	5,287,399	1,589,679	7,280,015	8,937,481	8,787,461	45,891,808
<b>Wood Sales Through Board – Change from Previous Year</b>								
Variance 2011-12 less 2010-11	(530,049)	1,637,437	2,101,177	557,633	2,796,116	3,290,538	1,833,171	11,689,053

Source: NB Forest Products Commission

**Figure 16: Private Woodlot Production  
Statement of Changes**

*Caution: TC information is not complete.*

Changes from Previous Year	Carleton- Victoria	Mada- waska	North Shore	Northum- berland	SENB	SNB	YSC	Combined
<b>Softwood Production ('000 m3)</b>								
2011-12 SW MAP	123	99	134	27	168	265	103	919
2010-11 SW MAP	167	75	76	15	93	130	77	633
<i>Variance SW MAP</i>	(44)	24	58	12	75	135	26	286
2011-12 SW TC	123	112	117	27	310	331	147	1,167
2010-11 SW TC	-	80	83	20	75	136	100	-
<i>Variance SW TC</i>	-	32	34	7	235	195	47	-
<i>Softwood AAC (2007)</i>	179	87	308	173	252	474	432	1,905
<b>Hardwood Production ('000 m3)</b>								
2011-12 HW MAP	80	48	57	6	23	63	47	324
2010-11 HW MAP	76	49	42	6	20	33	46	272
<i>Variance HW MAP</i>	4	(1)	15	0	3	30	1	52
2011-12 HW TC	80	56	61	6	67	62	45	377
2010-11 HW TC	-	63	25	7	20	27	45	-
<i>Variance HW TC</i>	-	(7)	36	(1)	47	35	0	-
<i>Hardwood AAC (2007)</i>	247	185	308	102	250	301	312	1,705
<b>Total Production ('000 m3)</b>								
2011-12 MAP Total	203	147	191	33	191	328	150	1,243
2010-11 MAP Total	243	124	118	21	113	163	123	905
<i>Variance MAP Total</i>	(40)	23	73	12	78	165	27	338
2011-12 TC Total	203	168	178	33	377	393	192	1,544
2010-11 TC Total	-	143	108	27	95	163	145	-
<i>Variance TC Total</i>	-	25	70	6	282	230	47	-

*Source: NB Forest Products Commission*



**Figure 17: Marketing Boards – Comparison of MAP and TC**

*Caution: TC information is not complete.*

Volume ('000 m3)	Carleton-Victoria	Madawaska	North Shore	Northumberland	SENB	SNB	YSC	Combined
2010-11 MAP Softwood	167	75	76	15	<b>93</b>	130	77	633
2010-11 TC Softwood	-	80	83	20	<b>75</b>	136	100	495
2010-11 MAP Hardwood	76	49	<b>42</b>	6	20	<b>33</b>	<b>46</b>	272
2010-11 TC Hardwood	-	63	<b>25</b>	7	20	<b>27</b>	<b>45</b>	188
2011-12 MAP Softwood	123	99	<b>134</b>	27	168	265	103	919
2011-12 TC Softwood	123	112	<b>117</b>	27	310	331	147	1,167
2011-12 MAP Hardwood	80	48	57	6	23	<b>63</b>	<b>47</b>	324
2011-12 TC Hardwood	80	56	61	6	67	<b>62</b>	<b>45</b>	377

*Source: NB Forest Products Commission*

*Dark shading in Fig. 17 above indicates Minimum Annual Production (MAP) exceeds Transportation Certificate (TC).*

**Figure 18: Combined Marketing Boards - Production Reports (2010-11 to 2011-12)**

*Caution: TC information is not complete.*

Two Year Summary		2011-12	2010-11
<b>Softwood ('000 m3)</b>			
Minimum Annual Production	MAP	919	633
Transportation Certificate*	TC	1,167	-
<b>Annual Allowable Cut SW</b>	<b>AAC</b>	<b>1,905</b>	<b>1,905</b>
<b>Hardwood ('000 m3)</b>			
Minimum Annual Production	MAP	324	272
Transportation Certificate*	TC	377	-
<b>Annual Allowable Cut HW</b>	<b>AAC</b>	<b>1,705</b>	<b>1,705</b>

*Source: NB Forest Products Commission*

\* Transportation Certificate values are incomplete for 2011-12. Carleton-Victoria Board MAP figures used in total TC data. MAP and TC data include exports.

## 6.0 Appendices

### Appendix A: Marketing Boards - Contact Information

**Carleton-Victoria Forest Products Marketing Board**  
151 Perkins Way, Florenceville, NB, E7L 3P6  
*Agent: Carleton-Victoria Wood Producers Association*

Chairman: David Reed  
Manager: Tim Fox  
Telephone: (506) 392-5584  
Fax: (506) 392-8290  
Email: [info@cvwpa.ca](mailto:info@cvwpa.ca)

**Madawaska Forest Products Marketing Board**  
870 Canada Street, P. O. Box 5  
Edmundston, NB, E3V 3X3

Chairman: Charles Albert  
Manager: Claude Pelletier  
Telephone: (506) 739-9585  
Fax: (506) 739-0859  
Email: [odvdm@nbnet.nb.ca](mailto:odvdm@nbnet.nb.ca)

**North Shore Forest Products Marketing Board**  
2807 Miramichi Avenue, P. O. Box 386  
Bathurst, NB, E2A 3Z3  
*Agent: North Shore Forestry Syndicate Inc.*

Chairman: Vacant  
Manager: Alain Landry  
Telephone: (506) 548-8958  
Fax: (506) 548-1165  
Email: [nsfpm@nbnet.nb.ca](mailto:nsfpm@nbnet.nb.ca)

**Northumberland County Forest Products Marketing Board**  
271 McMurdo Street, Industrial Park  
P. O. Box 494, Miramichi, NB, E1V 3M6  
*Agent: Northumberland Co. Woodlot Owners and Pulp Producers Assoc. Inc.*

Chairman: Jean-Guy Comeau  
Manager: Kevin Forgrave  
Telephone: (506) 622-7733  
Fax: (506) 622-6317  
Email: [woodlot@nbnet.nb.ca](mailto:woodlot@nbnet.nb.ca)

**South East New Brunswick Forest Products Marketing Board**  
P. O. Box 5074, Shediac, NB, E4P 8T8  
*(Site Location: 3384 re 132, Scoudouc, N.B. E4P 3S7)*

Chairman: Joey Murphy  
Manager: Marcel Maillet  
Telephone: (506) 532-1150  
Fax: (506) 532-6500  
Email: [senbmb@nb.aibn.com](mailto:senbmb@nb.aibn.com)

**Southern New Brunswick Forest Products Marketing Board**  
P. O. Box 4473, Sussex, NB, E4E 5L6  
*Agent: SNB Wood Co-operative Limited*  
*(Site Location: 13 Drury's Cove Rd, Sussex, N.B. E4E 4E4)*

Chairman: John Sabine  
Manager: Pam Folkins  
Telephone: (506) 433-9860  
Fax: (506) 433-3623  
Email: [pfolkins@snbwc.ca](mailto:pfolkins@snbwc.ca)

**York-Sunbury-Charlotte Forest Products Marketing Board**  
819 Royal Road  
Fredericton, NB, E3A 6M2

Chairman: Rick Doucett  
Manager: David Palmer  
Telephone: (506) 444-6644  
Fax: (506) 444-6630  
Email: [ysc@nbnet.nb.ca](mailto:ysc@nbnet.nb.ca)

## Appendix B: Legislative Authority

Under the powers vested in it through the *Forest Products Act*, the Commission may:

1. examine and consider data relevant to the production and sale of primary forest products;
2. conduct meaningful dialogue with producers and consumers and arrive at an equitable price for purchased primary forest products;
3. act as conciliator when requested in disputes arising between a producer association and a consumer of primary forest products;
4. conduct inquiries as to:
  - a) the cost of production, distribution and transportation
  - b) prices, markets and systems of classification, and,
  - c) any other matter related to marketing of primary forest products.

Under the powers vested in it through the *Natural Products Act*, the Commission may:

1. Investigate, arbitrate, adjudicate upon, adjust or otherwise settle any dispute between producers, processors, distributors or transporters of farm products or the forest, or between any two or more of such class or persons;
2. Investigate the cost of producing, processing, distributing and transporting any farm product, prices, price spreads, trade practices, methods of financing, management, grading, policies and other matters relating to the marketing of a farm product;
3. Recommend any marketing plan or the amendment of any plan to the Minister;
4. Require persons engaged in the marketing or production and marketing of a regulated product to register with the Commission or the Board;
5. Require persons engaged in the marketing or production and marketing of a regulated product to furnish information relating to the product, including the completing and filing of reports or returns on a periodic basis or otherwise as the Commission or board determines;
6. Require the furnishing of security or proof of financial responsibility by any person engaged in the marketing, production or marketing, or processing of a regulated product and provide for the administration and disposition of all money or securities so furnished;
7. With the approval of the Minister of Justice and subject to such terms and conditions as he/she imposes, appoint inspectors for the purposes of this Act;
8. Co-operate with a marketing board, local board, commodity board, marketing commission or marketing agency of Canada or any province in Canada for the purpose of marketing any regulated product;
9. Make orders and issue directives consistent with a plan or the regulations as are necessary to enforce the provisions of the Act or any plan.

The Commission may also investigate complaints in relation to the marketing of primary forest products, be informed regarding developments in the harvesting and marketing of primary forest products, and recommend to the Minister the institution of such marketing controls as may appear necessary or advisable.

## Appendix C: Glossary

**Agent** – Marketing boards may have a Co-operative *or Association* carrying out business on their behalf. Legislation establishes that marketing boards submit information to the Commission; the Commission must oversee the operations of the Boards, including the business the agents carry out for the boards (for example: wood sales and silviculture activities).

**Annual Allowable Cut (AAC)** - The volume of timber that may be harvested during a given time to maintain sustained production (Select Committee, 2004)

**Annual Report** – An annual accountability document containing financial and performance information regarding a Department or organization.

**Certification** – A designation earned for meeting environmental protocols established by a certifying body (e.g. CSA, SFI, FSC, Pan-European, and Pan Canadian). Certified operations are required to meet the established standards for sustainable forest management.

**Commission** – The New Brunswick Forest Products Commission (FPC).

**Conciliation and Mediation** – are two forms of dispute resolution. Conciliation uses an independent third party to make the decision, whereas mediation relies on a third party mediator to bring the two parties together to resolve the issue.

**Crown Corporations Committee** – A standing committee of the New Brunswick Legislature to review Crown Corporations' performance and information in the public interest.

**Crown Land (provincial)** – Lands owned by the Crown (held by the province of New Brunswick) and managed by the Department of Natural Resources under the *Crown Lands and Forests Act*. There are also federal Crown lands.

**DNR** – New Brunswick Department of Natural Resources.

**Equitable Market Access:** In July 2008, the provincial Department of Natural Resources, the NB Federation of Woodlot Owners, and the NB Forest Products Association initiated two year "Marketing Board Exclusive Agent Trial" with the ability to extend the trial for an additional two year period. The trial ended in March 2012. The Trial was designed to address the longstanding issue of equitable treatment of woodlot owners. Equitable treatment means that New Brunswick woodlot owners, in selling their forest products, should not face undue competition from wood from Crown land. Under the proposal, the marketing boards were enabled as exclusive agents for all wood sales from private woodlots. The mills would provide "private wood purchase plans" to marketing boards to facilitate an open business relationship, and the marketing boards would provide "harvest plans" in return.

**Forest Products** – Products made from trees or forest vegetation including lumber, pulp and paper, Christmas trees, ginger, maple products, etc.

**Harvest and Production** – Annual cut usually measured in cubic meters.

**Industrial Freehold** – Lands owned by mills and wood processors are commonly referred to as industrial freehold. The main goal for these lands is to maximize their value to the wood processing facilities. (Auditor General, 2000)

**MAP (Minimum Annual Production)** – The volume of wood harvested from private woodlots in a regulated area and sold through or reported to one of the seven marketing boards.

**Forest Products Marketing Board or "Board"** – a corporate entity established under the *Natural Products Act* to control and regulate the marketing of primary forest products, and to ensure that private woodlot owners have a fair and orderly market system for sale of their wood products.

**NAFTA** – North American Free Trade Agreement (US-Canada-Mexico trade agreement intended to encourage cross border trade and commerce).

**Pre-commercial thinning** – tree thinning carried out before commercial harvest.

**Primary forest products** - includes wood chips and biomass produced at or on the harvest site, and any unmanufactured product of forest trees of hardwood and softwood species, but does not include coniferous trees cut for sale as Christmas trees and products made from the sap of maple trees.

**Public Accounts Committee** – Standing Committee of New Brunswick Legislature that reviews all Departmental expenditures.

**Silviculture** – Growing and tending trees. Silvicultural activities can include tree planting, site preparation, thinning, herbicide applications and management planning.

**Softwood and Hardwood** – Softwoods are conifers (spruce and fir) and hardwoods are deciduous or broad-leaved trees – used mainly for lumber, paper making or other wood products.

**Softwood Lumber Dispute** – A trade issue between the US and Canada. The US claims that Canadian forest product production is subsidized by the Crown, creating an unfair advantage in the market. The Maritimes has an exemption from the softwood lumber tariff because of the amount of private land harvest and the way Crown timber royalties are set.

**Sustainable Forest Management** - Management of the forest in a manner to sustain the “forest” ecosystem, and, environmental, economic and social values.

**Sustainable Yield** – Sustainable Wood Supply – a continuing, stable supply of forest fibre.

**Timber Utilization (TU)**: The Timber Utilization values are for roundwood harvested from New Brunswick forests and utilized at NB mills. The load slips are collected at New Brunswick mills; the volume data is submitted to and compiled by the Department of Natural Resources. The data includes mill inventories and therefore is not directly comparable with the MAP data. Inter-provincial and export sales are not captured in the Timber Utilization data and the reporting of TU is voluntary.

**Transportation Certificate** – A document containing information related to source and destination, volume, etc., that is used to track all wood moving by road in New Brunswick. The certificate system is intended to include all wood from private woodlots sold through or outside the marketing boards and to include domestic as well as export sales. Review of the system indicates there are significant concerns that the information collected is not complete. The certificate system was established under the *Transportation of Primary Forest Products Act* (assented to 1999 -in force 2002-03). It was also intended to address wood theft, to determine total harvest levels and help marketing boards in collecting levies for wood sourced from private woodlots.

**Wood Sales** – Sales (value) of raw wood through the marketing boards. The MAP reports track the volume of private wood flowing through the marketing board system, and the Transportation Certificate records the volume of wood moving by road.

**Wood Supply and Demand** – Wood supply is how much wood is available to the market, and the demand is how much wood the mills utilize or can utilize. Sustainable wood supply refers to how much wood is available that allows for sustainable harvest in future or harvest in a manner that sustains economic, environmental and social values.