

HANSARD

NOVA SCOTIA HOUSE OF ASSEMBLY

COMMITTEE

ON

RESOURCES

Thursday, March 20, 2014

RED CHAMBER

**Forest Products Association of Nova Scotia
Industry Overview**

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Resources Committee

Mr. Gordon Wilson, (Chairman)
Mr. Keith Irving, (Vice-Chairman)
Mr. Lloyd Hines
Mr. Bill Horne
Ms. Margaret Miller
Mr. Alfie MacLeod
Mr. John Lohr
Hon. Sterling Belliveau
Ms. Lenore Zann

[Mr. Bill Horne was replaced by Mr. Stephen Gough.]

In Attendance:

Ms. Kim Langille
Legislative Committee Clerk

WITNESSES

Forest Products Association of Nova Scotia

Mr. Jeff Bishop - Executive Director
Ms. Cassie Turple - President (Ledwidge Lumber)
Mr. Rick Archibald - 1st Vice-President (Northern Pulp Nova Scotia)
Mr. Kent Dykeman - 2nd Vice-President (LP Canada)
Mr. Kari Easthouse - Immediate Past President (Nova Scotia Landowners
and Forest Fibre Producers Association)



House of Assembly
Nova Scotia

HALIFAX, THURSDAY, MARCH 20, 2014

STANDING COMMITTEE ON RESOURCES

9:00 A.M.

CHAIRMAN
Mr. Gordon Wilson

MR. CHAIRMAN: I'd like to call the meeting to order. My name is Gordon Wilson, chairman of the Standing Committee on Resources. The committee will be receiving a presentation from the Forest Products Association of Nova Scotia today. The witnesses will be more formally introduced shortly.

I'd ask the committee members now to introduce themselves for the record by stating their name and riding.

[The committee members introduced themselves.]

MR. CHAIRMAN: I'd also like to acknowledge the members of the public who have attended to observe the proceedings and thank them for coming. Also, quickly, I'd like to review the evacuation procedures. Should there be a need to evacuate the building, please leave the Red Room and proceed down one flight of stairs to exit through the doors onto Granville Street. Gather in the parking lot across from Province House and please remain in the parking lot until further instructions are provided.

I'd also like to remind those in attendance to please have their phones on vibrate and don't bend the microphones.

We will be trying to wrap up, I believe, by 10:40 a.m. if that's possible, to proceed on to committee business at that point in time.

At this time, I'd like to welcome the officials from the Forest Products Association of Nova Scotia and I'd like to ask them to introduce themselves. I'd also like to ask the committee, if they could, to please have their questions pointed and short in all respect to the committee and allow as much time as we possibly can for them to answer the questions. At this time I'd ask them to introduce themselves and start their presentation.

[The committee witnesses introduced themselves.]

MR. CHAIRMAN: Thank you very much. The floor is yours.

MR. JEFF BISHOP: Thank you very much, Mr. Chairman. We're going to walk through a relatively quick presentation. I believe each of you has a hard copy of it and we'll also be flipping through on the screen back here to my right. It's designed to give you a little bit of an overview of the Forest Products Association of Nova Scotia and what our priorities currently are within the industry.

We're a large organization of over 600 members across the province. We coined a phrase a number of years ago that we are the voice of the forest industry in Nova Scotia and celebrated, in January of this year, our 80th annual general meeting here in the province.

Our membership is quite diverse. If you look at our sister organizations across the country, they are often more focused to a particular portion of the forest industry. We believe that our makeup comes mainly from our history here in the province and our age. Our membership is made up of everything from small, private woodlot owners and Christmas tree growers, maple product producers, silviculture harvesting and trucking contractors, sawmills, pulp and paper mills in the province - a wide spectrum of the industry and reflective of all parts of the industry.

One piece that is often overlooked within our membership, actually about 87 per cent to 88 per cent of our membership is actually small, private woodlot owners within the province so it's an important part of the voice within the industry. They also sit at our table, if you will.

As you can see, we're comprised of a volunteer board of directors that works to set the strategy of the organization. Underneath that board of directors are a number of committees that are more technical in nature if you will: communications, environment, and forest management which look at the actual technical issues or concerns that we have; transportation is a big issue from the stump to final product production, and is a big part of our industry; strategy - that's if we need to focus the board on specific strategies; economic/value added/energy - one of our focuses of that committee coming this year will be the electricity and energy production review that the province is undertaking; and there's one committee for our annual meeting.

We have a relatively small staff: myself as executive director, a full-time office administrator, a finance person, and two part-time road inspectors that help us facilitate the Gas Tax Access Road Construction Program and one that is finishing up another private lands road infrastructure program that we ran on behalf of the province a couple of years ago.

You'll see the other organizations that are listed below; they're sister organizations, if you will. Some of them are sort of children of the Forest Products Association. A number of years ago, one of our committees was Safety and Training, as safety is a top priority within our industry, and that was the rationale for having a committee. It gained such notoriety and importance within the industry that we felt it was important for the Forestry Safety Society of Nova Scotia itself to actually form and take on that role - to be able to lead that on a full-time purpose. That's the focus of the Forestry Safety Society, it's just that: safety within our industry.

The Association for Sustainable Forestry was born somewhat similar. It provides silviculture funding on private lands across the province. It is a funding arm, if you will, for silviculture, but also does the oversight of those who have made application for that silviculture funding, and there are field staff that go out and look after that to ensure that silviculture is being done to the standard that we within the industry and the provincial government want to see on the grounds.

The Nova Scotia Forestry Association has also been around for a number of years and focusing on education about the forest industry. It actually had its birth back in the days of Smokey the Bear, when forest fires were a significant issue across Canada and here in Nova Scotia. That was their main role when they began: talking about forest fire prevention. Continued today, we manage the association; there's currently one staff member who works on that. The focus of that organization is to work on the provincial Envirothon program, which is a program for students, particularly junior and senior high students, to learn about natural resources education and opportunities. They are also working with us on an outreach program. Our staff person works with administrators and teachers on how to integrate things like mill site tours or active operation tours or talks about forestry within their community - bringing that into the classroom.

The mission of the Forest Products Association is to promote sustainable forest management and the viability of the forest industry, and to act as its official voice. The association represents a dynamic and renewable industry of the future, and is working to conserve the productivity of our forest lands, sustain natural forest ecological processes, and provide continuing employment and recreational and cultural benefits to Nova Scotia. Those three pieces are vital to the future of this province and to our industry. We're not solely focused on the economic side because we realize as an association and as an industry that that balance is important and vital to our continuance within the province.

Last year we went through a bit of a strategic planning process to realign, reassure ourselves of our focus and where we wanted to be putting our efforts as an association, and developed three priorities under which our work for the next few years will be following. The first area is advocacy, the second is industry competitiveness, and the third is environment and sustainable forest management.

Under advocacy there are two real focuses of what we do. Education, as I was mentioning with the Nova Scotia Forestry Association, is an important piece of what we need to be doing for the future of forestry within the province. It's reminding Nova Scotians of the importance of the industry here in the province, both in terms of the health of the growing forests that we work within every day and economically what that also means.

There are a few programs that we are a part of, as I mentioned, the Envirothon program; the flipside of that is the Atlantic Teachers' Tour. We're a partner in that with a few other organizations where we take somewhere between 20 to 30 teachers every year in the summer, they volunteer their summers off - so if any of you know teachers that's not an easy task to get them to volunteer some summer time. We take them into the woods and look at live, active operations and we talk about the science behind forestry and we go to the sawmills and talk about the economic impact within certain communities and what those jobs mean to, particularly the small and more rural-based parts of our province.

We need to be talking a little bit more about that importance of industry to the economy here in the province and we need to be talking to Nova Scotians. That's something that we're focusing on over the next year, to be looking at how we do that. How do we remind Nova Scotians that there's a rich history of this industry here in the province? We firmly believe that there is and it's going to be a rich part of our future, particularly within the rural parts of the province.

One part of the education piece is getting the facts out there because sometimes it's easy, the facts around forestry are often touted as being black and white, but there's an awful lot of grey. As any of you know that may work within a science-based industry, there's sometimes a lot of grey that's out there and the black and white isn't always the easiest answer yes or no on a given issue. Part of our work is to make sure that we're able to share that with Nova Scotians, with elected officials like yourselves, to be able to be best armed to make decisions for the future of our industry and the forests of our province.

We're also a supporter in Atlantic WoodWORKS program which is primarily focusing on non-residential construction use of wood within the Atlantic Region and part of a WoodWORKS national program led by the Canadian Wood Council. Ninety-five per cent of residential construction in Canada is wood-based, it's a pretty easy thought, most people think I'm going to build a house; it's going to be a wood frame construction.

It is not the same case within non-residential, so think hospitals, community centres, health centres, schools, all of those sorts of things that are constructed and far too

often - it just about killed myself and our former executive director as we would drive to work in the morning in Hilden and drive by the new hospital and community centre site and see all of those steel studs that were going into those buildings. They didn't need to be steel studs that aren't made in Canada; they could have been wood studs that were coming from right here in the province. So that's just part of the change in perception that is out there from the construction and architectural design side of things, to remind folks that wood is an option when doing non-residential construction.

Under the area of industry competitiveness there are a few areas which we're focusing on; red tape reduction is one. A few years back we had Peter Duinker and Bill Lahey with Dalhousie University look at the amount of red tape that is within our industry and what could possibly be done. They also did a bit of a comparative analysis of that with other jurisdictions of similar size and made a number of recommendations. We've been sitting down with our partners in the Department of Natural Resources - and actually another one that is just making its way, the Department of Transportation and Infrastructure Renewal - and looking at whether there are possibilities around regulations or legislation that could reduce the amount of red tape, helping business operate more fluidly within the forest industry here in the province.

As I mentioned transportation issues, ask any of my colleagues here around the table, transportation is a big piece of the cost of business every day. Any opportunity to allow for new technologies even that enable us to make savings within the transportation section of the industry and efficiencies and making a lower impact on the environment itself through those new technologies are big pieces of what we're looking for within the transportation issues that we currently face within the industry.

We know a portion of our industry around the value-added side of the industry is one that we need to foster and build a little bit more here in the province. We know that coming out of the downturn we have a strengthening wood product - lumber and pulp and paper - side of our industry here in the province. Having a strong base of those two portions of the industry is essential to building a value-added industry in the province. To have that strong base is necessary to be able to develop new technologies.

We were talking this morning about the announcements with CelluFuel, for example, in Brooklyn yesterday. That is a technology that without using a by-product, if you will, from lumber and the pulp and paper industry, cutting wood straight from there and going straight into the CelluFuel process that they're looking at, which is looking at developing a biodiesel from woody biomass, the costs are too high so they need to sort of sit on top, if you will, of a primary production facility or part of our industry.

Developing a wood supply objective within the province is something that we've been taking about with our colleagues in the Department of Natural Resources for a while now and we believe it's important. Many of you may have seen that your counterparts in New Brunswick have just released their latest timber supply objective. What that does is gives some assurance to industry players, that particularly from a Crown point of view, that

there is a certain amount of wood that will be coming to industry from Crown lands and, hand in hand with that, what is possible from private lands within the province.

By setting that objective it enables the companies to be able to make investments in their future, in the mill sites and in their harvesting equipment and in their people, to be able to ensure that there's a future for them. When we know sustainably within the province that we can harvest "x" amount of fibre, of wood within the province, then we're able to work towards those targets and keep not only the forests on a sustainable harvest level but also sustain our industry.

There are a few pieces - you'll see the bullets that are under that wood supply objective piece - that we think make up what could lead to us forming our wood supply objective here in the province. So how do we increase private wood fibre supply in the province? With just under 70 per cent now of the land holdings in the province being privately held, it plays a very important part in the fibre supply of the province.

We have a number of particularly smaller private woodlot owners in the province that have disengaged, for one reason or another, in their part of the supply of fibre to the industry. There are a number of reasons why that is happening. Some of it has to do with age. Changing demographics is a piece that we're paying attention to in terms of what it is. For example, mom and dad may have owned a large farm and on the back end of the farm was a couple of hundred acres of wood. Mom didn't go to work but she ran the books for the farm and for the forestry part of their property and that wood, every winter that they cut, paid mom's salary, if you will, and also went into an RRSP or even an RESP when it was time for one of the kids to go to school. Sometimes you cut some wood and there are some dollars that help them go on to university.

We're seeing that change in demographics that as those folks get older, they don't necessarily want to be cutting their wood because there can be an impact on their income supplements. Sometimes the land has changed hands to the kids now and they're perhaps married and have kids of their own and both members of that family do work outside of the house and don't need that income off of the woodlands. Some folks have decided that they don't want to cut their trees; they would like to leave it and let it go natural. It's all of those issues combined that we are seeing a decrease over the last decade of wood that comes from private lands and we need to figure out how we encourage those folks to be managing their lands properly again. Just by managing their lands will provide an amount of fibre on the market for industry.

We believe there's space for silviculture funding to be increased by the government - an investment by government in the future of the forest. We are one of - if not the only - jurisdiction in Canada that there is an obligation by the industry to pay a heavy burden of the silviculture funding within the province and it adds to the cost of production. We look at our neighbours just next door in New Brunswick and beyond. There is already an added cost to every cubic metre of fibre that we're harvesting and growing here in the province because of that obligation, and the importance of the western Crown lands that have not to

any great amount produced any fibre since they were purchased by the provincial government from Bowater.

The human resources sector council is something we've been working with the Department of Labour and Advanced Education to establish, a sector council to be able to focus on human resource issues here within our provincial industry - everything from training and retention to training programs and the like within the industry. We are no different than any other industry within the province that is struggling to find people to fill the jobs that are within mills and within the forest, within our industry. We're currently working towards doing some planning for that, which is going to set out just what issues we need to focus on within the human resources purview of our industry.

Under the focus of environment and sustainable forest management, we believe we need to reassess the silviculture funding categories and criteria that are within the province. I don't think it would be a surprise to anyone who has been involved with the industry that we think there are some areas for improvement in some areas of the criteria and categories that exist within. We need to be able to reassess those to ensure that we are investing silviculture dollars in the right area for what is growing in our forests today and what is going to be growing in those forests tomorrow.

The Forest Ecosystem Classification is a science-based classification system that allows us to use the - it lets the land base tell the managers what needs to be happening on that land base - put very simply because I know Kari knows far more about this than I do but I'm trying to take it down to a really simple base of what it is: basically you look at the soils - what's growing there now, what could be growing there in the future, what's the water table like, everything from trees to vegetation to wildlife and determining what is best for that site.

As I mentioned before, the black and white issue, it isn't that simple when you're managing lands. It's impossible to say, for example, an area shouldn't ever be clear-cut, that we should never use clear-cutting here in the province. That is as - I'll use the word - "silly" as saying that we should always use clear-cutting on every stand in the province. Either end of those spectrums don't work when you're looking at managing land based on the science, so using that FEC model allows our land managers to be able to manage for what is there now and is going to be there in the future.

We're working with our partners in the Atlantic Region and federal government partners around deregulating the brown spruce longhorn beetle. We have not seen significant movement of that pest within Nova Scotia or within the Atlantic Region and we believe it is cause for a move to deregulate that. Currently there is what's referred to as the "beetle zone" where wood is not easily able to flow out of or across. That was designed to stem any possible movement of the brown spruce longhorn beetle. It has worked but we believe it needs to move to a point where we're not restricting that wood flow because the pest itself is not making its move. We're talking about that with our federal and provincial partners where that can move.

The last item under this is to prepare for the spruce budworm. Many of you may remember the last time it was around - in the 1970s, into the 1980s, and in some places into the 1990s - it's on its way again. It crossed the border between Quebec and New Brunswick last summer and if it follows its usual path, it will be here in two and a half or three years from now when we will be seeing the effects of it.

The effects of the last infestation were substantial to the industry within our region and within our province. In Cape Breton alone, with the last infestation - only wood affected in Cape Breton - it was equal to 10 years. So if you look at our total provincial harvest last year, it is worth 10 years of that - the wood that was lost the last time the beetle came through. It gives you just an idea of what the economic impact is likely to be for a number of small rural communities when the spruce budworm makes its way here again.

We are working with our partners within industry, within the region - and also with our government partners within the region - to look at different ways. In the past there were programs to focus when the infestation got to a certain level, that's where you would intercede with either spraying or with harvesting methods. Now one of the techniques that's going to be tried, particularly with New Brunswick at the lead, is to not allow that infestation to get to the levels of before, so targeting both harvesting and spraying of new products that will not allow that infestation level to reach levels for higher mortality.

That's where I will end and sort of throw things back to you, Mr. Chairman, to guide us through some questions.

MR. CHAIRMAN: Thank you very much, Mr. Bishop. As the chairman, actually I don't have the opportunity to ask questions but I just briefly want to state, as I did to you folks when you came in, I'm a Maritime Forest Ranger School graduate, Class of '76 and quite proud that I worked 30 years very closely with the industry, and as probably most of you have, watched the ups and downs and the state that we're in today. I eagerly anticipate some very good questions, I believe, from our group here.

I also want to thank you very much - and also the clerk for the extremely well-prepared and informative package they put together for us today to prepare for this, a lot of good information. If there's one thing I can say, the industry certainly does track a lot of data as far as production and where it comes from, that kind of stuff. Thank you very much for that and thank you for your time. We'll start off the questioning from the floor from members. Mr. Hines.

MR. LLOYD HINES: Thank you. I might like to say, starting out, that when you sit as an MLA you do have some privileges and one of them is to get close to industries that are very important to the province, and that certainly is the case here today. I want to thank you folks for coming and sharing your knowledge with us because I think we've got a good cross-section of people who know - we're going to find out what you know - about this industry, which is of vital importance to everybody in the province.

Having said that, I just have two quick questions. One is, on the statistical information that was provided to us in the preamble to the process there, I couldn't find anything of a breakout of the value of the work being done by county in silviculture. There are lots of other statistical tables in there, but I don't know if that information is available - the silviculture work by county in the province. If it isn't, that's fine; we'll leave that there if we could.

MR. RICK ARCHIBALD: I would say to you that information could be available because when silviculture work is submitted, it's submitted by job site and that is linked, so you could query the database to get that information. It may not be in a polished report that comes out on an annual base, but I would believe that could be gathered.

MR. HINES: It would be nice if that were provided to us, but I just want to ask you if you would comment on the sustainability of the present biomass demand in Nova Scotia. I'm thinking in terms of the 670,000 tons per annum that the wood-fired boiler at Point Tupper is going to demand. Do you have a comment on the sustainability of the present biomass demand, because there are lots of operations around the province?

MR. KARI EASTHOUSE: I guess it depends on how you define sustainability, like most things. A couple of comments around that, and I don't have an exact answer for you, but I can provide some context at least. In terms of the Crown land portion of the wood that's going there, I can't comment about that other than to say there has been a lot of work done on determining what's sustainable there.

Private supply is a much different picture. Every woodlot owner has the right to harvest whichever way they want, and choose to harvest or not, and so on, so in terms of defining what a sustainable supply would be from private land is very hard to do. There is an opportunity provided through it to provide a lot of forest enhancement, so if the harvesting that occurs to provide biomass is done appropriately, it's a tremendous opportunity to get some good work done on private land. Other than that, as I say, it's hard to determine on private land exactly what is sustainable because every woodlot owner is different.

MR. BISHOP: It's important to remember that harvesting for biomass itself is almost negligible within the province. If you've ever been to a harvest site, if you will, when you come out to the end of the road where the trucks come to meet the forwarders and porters, there are a number of piles at the end of that road; biomass is essentially another pile that's at the end of the road and another market for wood that is growing. Because of the changing demographics of our industry, particularly within the newsprint side of our industry, there's an abundance of wood that in past years would have gone to produce newsprint, that same quality of wood that is now able to be used for that biomass market and to fill in that gap that's there.

Kari mentioned harvesting for biomass - there is an opportunity for that to actually improve a stand, where you go in somewhere where it's a stand that's 70 years old, nothing

is bigger around than your arm and you can barely walk through them; there's lots of that in Nova Scotia. The opportunity for a landowner to make a decision to say okay, what we need to do is harvest this area - clear-cut the area, if you will - and plant a new forest and manage and maintain that forest. The fibre that did come off of that, because nothing is bigger around than my arm, the number-one market for that would be for biomass. But in most cases, in a large portion of the cases, it's another pile at the end of the road that is sitting beside the sawlogs and stud wood and pulpwood that's sitting there. It allows the landowner to have another market, instead of leaving that pile sitting there, and they are able to have a market to be able to sell that into the biomass market within the province.

MR. CHAIRMAN: Mr. Belliveau.

HON. STERLING BELLIVEAU: Thank you, Mr. Chairman. Mr. Bishop, my questions are short and brief, we've been encouraged to keep it that way so I'll try my best to get as many in as possible. First of all, welcome to all your colleagues here. Today we live in an industry in Nova Scotia that in order to remain competitive in the global marketplace and help to continue to employ thousands of Nova Scotians, certainly in rural areas, it is a simple, good business practice to always improve efficiency and increase productivity, which we are doing. Certainly enhancing our technology allows the industry to make more efficient use of each piece of raw material, thereby reducing the amount of waste in the industry.

The forestry is a living, breathing natural resource - that is a given - and can certainly be a sensitive resource. You mentioned it in your presentation, and it's a word that I always go to - "balance". Balance, certainly as I know it from the industry that I come from, is a fine line between the evermore productivity, technologies, and certainly keeping a natural resource valuable for future generations. Can you expand upon the balance that your association certainly is doing on behalf of all Nova Scotians?

MR. BISHOP: I think one of the areas - it almost starts at the stump, Mr. Belliveau. Making those decisions, as we said, encouraging more parts of our industry to be managing their lands based on that FEC model, which allows the land to dictate what should be happening on given lands, but also remembering that a piece of that balance is also the wants and needs of the landowners themselves. As I mentioned before, sometimes it's like an RESP. Although managing land in a given way may mean a certain portion of dollars over a number of years, perhaps financially a lump-sum payment for a harvest is more amenable to their needs at a given time.

So it's balancing all of those - it's looking at the land and what it tells you that you need to be doing but it's also looking at what your needs are as a landowner, too, and what you want for the future of that land.

MR. ARCHIBALD: If I may add a couple of comments to that. The balance is critical and it's something that is always dynamic and moving. Our group tries, to the best of our ability, to make sure that balance is there and a lot of our advocacy is behind that.

When you look at it you're really looking at three elements. You're looking at the environment, which is social values and forest protection; you're looking at economics, which is industry competitiveness; and then you're looking at your sustainable forests, managing and growing that sustainable forest so you have a forest for the future.

Nova Scotia, with its land ownership being so different than the rest of Canada, has 65 per cent private lands and 35 per cent Crown; the rest of Canada runs close to 90 per cent. It throws a challenge out to us that we have to work very hard in order to get this balanced right.

On the sustainable forest side we've put a lot of work in that recently because we have to balance growing that forest. We're going to set a lot of land aside for forest protection which is very important to Nova Scotians; we've heard that loudly. We were part of the Colin Stewart Forest Forum where industry, NGOs, and government all got together to work toward that goal of reaching forest protection. We have to make sure that as we take land away, we've got to mitigate those impacts by allowing sustainable forestry silviculture practices. In our advocacy we have said that we need to increase that, and if we want a sustainable forest, we do have to practise more intensive silviculture and more silviculture. I just wanted to make that comment.

MR. CHAIRMAN: Thank you, Mr. Archibald; good question by the way, Mr. Belliveau. Did you have a follow up on that?

MR. BELLIVEAU: Certainly, I have another question.

MR. CHAIRMAN: You were looking at me like you - yes, go ahead.

MR. BELLIVEAU: Well, I still have another question. Do you want me to continue?

MR. CHAIRMAN: Sure.

MR. BELLIVEAU: Thank you for those comments. Today, with advances in construction engineering, it has certainly allowed the construction industry to utilize smaller - I repeat, smaller - lumber for construction purposes, which is now replacing the need for larger construction lumber. This also means that smaller trees can be utilized to meet the needs of the construction industry. As a result of this intense management and shorter rotation, less forest acreage is needed to produce this viable resource, and this in turn leaves more forest acreage for the many uses such as recreational use.

If this is the case, with advances in technology which we described earlier, the industry markets - and last week we heard New Brunswick increasing their cut allotment for such a sustainable percentage; my understanding is it was by 20 per cent - can you explain that to the ordinary Joe Public that if we can do much more with less, why are we actually asking for more like in New Brunswick?

MR. EASTHOUSE: I can take a crack at that anyway. When you look at a forest there's a limited amount of volume that can be produced and it can either be produced in a whole bunch of small trees or in a few larger trees, but relatively the total amount that's produced on an acre of land kind of remains the same. So even though there's smaller wood being used today, which is kind of a function if you look at our wood supply, our forest inventory over time, we're at a low point in it because a lot of the past investments in silviculture haven't been seen yet. The total volume that's produced off the land itself is relatively fixed, and then through silviculture we're able to try to grow it into fewer larger trees or many smaller trees.

MR. KENT DYKEMAN: I guess the other point is that the land for recreation is the land that is active forests. The land that's protected has generally been moved to the Department of Environment and then the access is restricted. The recreation land is the same land the silviculture and the active forestry is on. In your comments it sounded like they're two separate things, but we're sharing the land with the recreation people and provide the roads and the rest of the recreation activities; it's the 12 per cent land that's now the land that people can't go on.

MR. CHAIRMAN: Mr. MacLeod.

MR. ALFIE MACLEOD: Thank you for your presentation. About four million hectares of Nova Scotia is forestry product. The industry generated somewhere around \$575 million into our economy last year. I can't really always get a grasp on it - although we have all of that, 75 per cent of our land is forestry, how much is actually accessible to go in and do a harvest where it's feasible? I'm thinking about Cape Breton - you've got side hills, you've got all kinds of other issues. So even though 75 per cent of our land has got forestry, how much of that land is actually accessible to harvesting?

MR. BISHOP: If my memory serves me correctly, it's somewhere in the order of 45 to 50 per cent of land - of that base - is actually useable for forestry. You have to back out, if you will, a number of categories of land - federal lands, we've backed those out to a large extent. Any protected areas that are backed out of that - watersheds - depending on the watershed and the level of management that's done on those. Then you start to back out stream buffers and road-front buffers, wildlife habitats, legacy clumps that are left within harvest sites, and species-at-risk areas. When you back all of those out, the number significantly starts to creep downward, and that puts that extra pressure, if you will, of what I was talking about when we talk about the importance of that private land - the fiber that comes from private land because not all of those pieces that I just referenced are Crown holdings.

There are good portions of them that are on private industry holdings and on private individual company or person holdings within the province. It does make the pie smaller and smaller as you look at all of those areas. That doesn't even get into areas that are just inoperable based on - it's the side of a mountain; it's a slope that you can't possibly reach

into with equipment to do that. All of these folks who are in the woods and work with folks hands-on that are in the woods on a day-to-day basis know that even better than myself.

MR. ARCHIBALD: That's a very good question and one that we've asked ourselves numerous times and have done some analogies or some work on. On private lands you also enter into the realm of where - what's the objective of the private woodlot owner, but if you set that aside and look at some of the Crown holdings, Crown lands - when you take the total Crown areas and you look at what is available for forest management after you set aside for forest protection and other social values where it's not available for any forest management activities, over 50 per cent is set aside for managing other values and for the forest industry, if you want to say it that way.

Then of the remaining areas you enter into all your non-timber values that are always incorporated into your forest management planning, which sometimes looks like not much, but there is. If you saw a map of how many layers of what you manage for, excluding normal regulatory things like special management zone, machine exclusion zones, wildlife clumps, coarse weed debris - if you exclude the normal regulatory things, but look at the non-timber values that are socially important - and it could be species at risk, which I can tell you each one in itself is a huge exercise to build plans around - you could be down around the 20 per cent mark of what is truly available to operate on when you take away all the values you manage for socially and everything else. That number could be a low of 15 to 20; it could be a high of 30.

MR. DYKEMAN: I guess the other one you have to look at in Nova Scotia is history. Nova Scotia was cut a lot and made into agricultural land in the 1890s and 1900s, so that land has grown back but mostly grown back in an unplanned way. So your silviculture practices and the rest of the things you're looking at in private land are at what point did that become unused farmland which is still quoted as all this unused farmland in Nova Scotia and eventually has come back to forests but as an unplanned, regrown forest.

That's really something you see in the private land as to how you plan because you're not starting from a wild base, you're starting from okay, it grew back, it's too thick - small trees close together - how do you start that back into the process and make it useful again? I think you have to sort of throw that in when you're looking at the land and where it is in that changeover. Do you have people looking at their land and still think it's an old farm, or do they actually realize they might have a woodlot if they took care of it?

MR. MACLEOD: Thank you all for the answer. It generates a whole lot of questions in my mind. There's another place I wanted to go and if I have time later, I'll come back to some more questions. When you made your presentation, Jeff, you talked about how wood supply and transportation were big factors and a cost for the operators of the different mills and so on.

I drive back and forth from Cape Breton every week and it never ceases to amaze me that when I'm driving this way, I meet tractor-trailer upon tractor-trailer heading

towards the causeway and going across the causeway to the Port Hawkesbury paper mill. When I'm driving back to Cape Breton, I meet tractor-trailer after tractor-trailer coming off Cape Breton Island, going to Pictou County, to Northern Pulp. So if transportation is a challenge and a cost and if supply is a challenge and a cost, why is it we have truckers who actually load up in Pictou County or other areas - Cumberland County - drive to Cape Breton, unload the wood that came from Cumberland County there, then go to Richmond County, load up a tractor-trailer there and haul it to Pictou County?

That makes no sense to me. If transportation is a cost and wood supply is a cost, why would you double the area that you have to haul the wood and, at the same time, here the contractors tell me they're still making the same money they made 20 years ago. There's something wrong with that scenario, from a novice point of view, because I'm actually thinking about buying a little truck and starting to haul stuff back and forth because I'd have loads both ways and anybody who is in the trucking industry knows that's what you want, you want loads both ways.

Why is that happening? How can it be justified in an industry that tells us time and time again that we need more supply, we need a constant supply but transportation costs are killing us? It doesn't make any sense.

MR. CHAIRMAN: Ms. Turple, I believe they're nodding towards you.

MS. CASSIE TURPLE: I have just one point I would make on that, actually you should pay attention to what is on the trucks because often it is different product. It looks the same, it does to the normal person, but if you look closely you would have pulpwood going to Port Hawkesbury and then stud wood coming back. So you might look and see which trucks are doing those runs because a lot of the time they do a backlog, so they might be taking pulpwood from a facility like ours to the pulp mill and then bringing back stud wood for us to make into lumber. They are different products; as we said earlier, there's product for the pulp mill, there's product for the lumber mill, there's product for the energy plant, the chips and the barks and everything. That is what is often happening.

We're getting smarter in that sense, where you do have product coming from different areas all over the province and even into the other provinces to facilities like ours and again, that depends on price, on who is paying what. A lot of the situations are that they are actually taking pulpwood there and stud wood back, so a lot of the truckers are doing backlogs. I think Rick has something he wants to add to that too.

MR. ARCHIBALD: You're correct in what you're saying, although the industry is trying to improve on that. What you have is each mill has a different end product that they are using. There is some overlap but sometimes - let's say that Port Hawkesbury uses a different product than what Northern Pulp is using, although in some places it does overlap. What we call round trip, or backhauling, we do some of that. We believe there are opportunities to increase it much more. We've had discussions with industry players to try

to work together on doing that and they're still in those discussions to try to keep increasing that, but it is certainly an avenue where you can improve on cost structures.

A fair amount of that, as Cassie said, goes on just by truckers on their own because they can go down, they know where there's stuff and bring it back. It does happen, but there's still room for more improvement in that area. It's a very complex one to address because it's different products, different sources, and different landowners.

MR. DYKEMAN: I guess the other point is that there's an overlap because there has to be competition. People have to feel there are two or three prices competing, that they aren't just being taken by one large company. This is a free enterprise economy; you do have to have two or three players. Ideally, everybody would go the shortest distance and get the best return, but no one feels like they've gotten the best deal unless they've compared at least two prices. So I think there's some overlap in that too.

MR. CHAIRMAN: Mr. Irving. I hope that doesn't affect your business plan.
(Laughter)

MR. KEITH IRVING: Thank you for sharing your knowledge with us here today. I'm interested to know about competitiveness of our industry in Nova Scotia with respect to innovation and technology. It might be a bit unfair to ask you for a report card on yourselves, but in terms of where we are relative to other jurisdictions, in terms of use of technology and innovation - are we a modern industry here in Nova Scotia? Are we limited by our size or the diversity of our woodlot owners, et cetera? Where are we on the kind of innovation and technology end in the industry? Can you shed some light on what is happening in that regard?

MR. BISHOP: I'll start and I know these folks will have other areas to be able to add to this. I would say the intervention of technology and scientific advancement within the industry starts from the seedling to the final end product in this province. Some of the issues, like you mentioned, around land ownership can be difficult when you look at the level of technology at the harvest level that might be different because of a small given patch site that a particular landowner owns, relatively small chunks of land in our private holdings in Nova Scotia. There are some 24,000 private woodlot owners in Nova Scotia, so you take that chunk of land that is privately owned and divide it by 24,000, you start to think how small some of those parcels are that are managed. There are some technological pieces there at the harvest level that can't be optimized like they would be on a larger harvest level.

But as I say, it's starting from the seedling looking at using growing stock to produce the future growing stock that we want within the industry and for the wants of the landowners that own that fiber that will be growing to the mechanized capabilities within the harvesting equipment.

It's fascinating to sit inside the cab of some of that new gear, to sit in an air-conditioned environment in some of them, with a seat more comfortable than at my desk, and this fellow is sitting there with two joysticks, a couple of computer screens in front of him, and each time he'll reach out with the harvester and cut the tree. The second that head grabs the tree, it tells him how big around it is, and as it then de-limbs the tree, it knows how long it is and it calculates how many pieces of sawlog are on that one tree. In a matter of seconds he knows to look down at his screen and he knows the tree is X number of metres tall and he knows he's got three pieces of pulpwood and two sawlogs - a piece of stud wood and a sawlog - that are going to come out of that. So then he knows where to pile it as he's done with it, he can manoeuvre to be able to pile that as he goes, and the forwarder behind him knows where to come and pick that up and what pile to put that on at the end of the road. It's amazing to see the level of technology that's there.

That's also being able to track harvest of what is actually going on, so someone can be sitting back at the office and look at a live operation and see what's being cut. They can tell what's being fed by satellite to get back. Then the company owner can look and see exactly what the productivity level is of each operator that's sitting within those machines.

There are some amazing capabilities that are there. They're not all being used to their fullest extent. Some of it is just because it might be the given size of a harvesting contractor and he knows he wants productivity numbers, but he isn't necessarily looking at all the other data that's there, but we're trying to encourage that within the contractor base to be able to look and see what's there.

We're looking at things like a partnership. We are working with the Department of Transportation and Infrastructure Renewal on a pilot project that we're going to be looking at - central tire inflation systems for logging trucks within the province. Right now we don't have the regulations to be able to allow those to work here in Nova Scotia and that's why we're sort of excited to see a test pilot for those to be able to operate here. Essentially what that does, it's an on-board computer system within the truck that allows the air pressure within the tire system on the tractor and the trailer to be regulated based on road conditions and the schedule of road that the trucker is actually going to be on; the weight and potential speed of what the trucker is carrying on that given truck; and based on the configuration of the truck and trailer themselves. It enables everything from better movement within the woods, in particular.

You're able to deflate the tire system on the truck and trailer and actually have lower impact on those roads - especially if you think of a thawing time of year or wet time of year when someone gets in there with a hard, rigid tire that's maybe inflated to that width, a foot wide, but if it's a wet spot and they need to be able to try to get more traction, they can lower it down to widen the tire base and be able to give themselves more traction to get out.

Once they get out onto the roads, they're able to decrease the impact that's on pavement and gravel roads, those public roads that are out there, and at the same time,

weighing off what can actually be carried on a given truck and trailer configuration in terms of weight so that if there is a certain percentage more that can be carried by asking the trucker to slow down by - I'm making up a number because I don't know the actual - I'll say five kilometres an hour, based on the weight on the truck and trailer and the load that it's hauling, the computer will tell them to slow down by five kilometres an hour, drop your tire pressure by X number of pounds. Then that allows you to travel over a given schedule of road with a minimal amount of damage that's there.

That increase in capacity that the trucker also gains by doing that allows them to do fewer hauls in a given day. So if you're gaining 10, 15, 20 per cent on your load capacity that's there, that's fewer trips that you have to do to haul the same amount of product, fibre, from the woods to the mill. That also means that if you're burning less fuel with fewer trips, that's a better impact on the environment, that we're able to lessen that fuel. Again, tied right back to the costs, because if we're talking about cost of transportation, who doesn't want one less trip a day, down and back, by their trucker? You take into what it costs for that person to be in the seat alone and the upkeep of the truck and trailer, and the fuel that they're saving to be able to take out maybe one trip a day. There are really interesting things that are happening there.

MS. TURPLE: In terms of the sawmill facilities within the province - and we'd love to have any of you down for a tour sometime - we're all family businesses with long histories in the province, but we're also very modern facilities. Our sawmill in Enfield actually was the first in North America to install the saw line that it did in 2007 - our second saw line. The one good thing about a recession is that you become very, very efficient, so our lumber recovery is something that we always watch very closely. It's hard to explain unless you actually see it in person and when you bring someone in for a tour, you just see everybody go, oh, I didn't realize the technology that's involved in a sawmill facility today. They're all family businesses, but they're all very up-to-date, very efficient facilities.

MR. ARCHIBALD: Just to what Cassie said, she's correct. If you go right to the stump, the contractors and the equipment, if you look across the country, we utilize - Nova Scotia, with our climate, our trees grow very densely together, just the way we're so close to the ocean so unless you do a lot of silviculture, which is compared to a garden like carrots, you have to thin them out.

Our trees come up very thick - not really tall, but very thick - so we have what we call high piece size. Our contractors, as a rule, work in small piece size, and when you look at what they recover from a tree, compared to the rest of Canada, we're right there. Actually, I feel a lot of contractors are better than a lot of the guys out West for what they leave on the forest floor. They do a very good job and still leave the course with debris and to manage all that. So from a forest utilization perspective and the technology to recover the forest products, we're doing very well. We are not sitting satisfied with that though, because the government has been very proactive in trying to put process improvement programs together to further enhance that. We have small piece size and we have to work very efficiently at that.

When you go to the mills - the paper mill in Port Hawkesbury, the sawmills, the pulp mill - because we're working with small piece size, they have moved to very efficient technologies. You can always keep improving, you have to keep improving, but the technologies and things like that are very efficient, very modern.

What challenges us as an industry is the unique land ownership with so much private wood and then having to pay what landowners feel they need to have in order to sell their forest products. We pay high stumpage rates in this province. I will tell you we're the highest in Canada bar none, and that's good for the landowners, but we are forced into being extremely efficient in other ways. The landowners need good returns - you've got to do that, but we are forced into being very efficient in other ways.

The other challenge we have is our fibre supply overall. Unless you're in a value-added niche, you have to run a double shift to try to make it - you can be as efficient as you want, but you need to run that double shift to make it work. The challenge is on the fibre supply end to be able to do that, because if you don't do that, you can be as efficient as you want, unless you're in - the value-added niche businesses are very important, very good, but you can't sustain a whole industry just on that. You have a backbone to work with; you have a niche business and you've got your biofuel business, which as Jeff said can't be based on all of the roundwood products. It's lower down on the food chain for your value products. We're competitive, but the supply and technology is a big part of that, but it's a whole picture to make it work, not just one piece.

MR. CHAIRMAN: Mr. Lohr.

MR. JOHN LOHR: Thank you, Jeff, for your presentation. I'm interested in your comments on silviculture in your presentation and was wondering if you could give us maybe an idea of the impact of silviculture on forest productivity and maybe a report-card grade on how we're doing. I think you referenced other provincial governments. What is it that you're interested in seeing the Province of Nova Scotia do vis-à-vis what other provincial governments are doing, that sort of thing?

MR. EASTHOUSE: I can start off, at least, just to speak to the importance of silviculture here, I guess, and then maybe, Jeff, you could take it further than that.

As Rick was saying, here in Nova Scotia we grow a lot of small trees. Naturally that's the way our forests would grow if we don't do anything differently. Being able to get in and do thinning, weeding the carrots, pulling the carrots, is very, very important here. Without it you don't get the tree size or the piece size that Rick's talking about, so it's absolutely essential.

In terms of the industry itself, it's very important; it employs a lot of people in a lot of small communities. I also believe it's very important in terms of landowners and getting landowners engaged back in forest management, so it's a way of easing them back into it, learning about forestry, becoming involved with their woodlot again or the way their

parents were. It's absolutely essential for a number of reasons, both for industry and woodlot owners and everybody in the province.

MR. BISHOP: It is approximately a \$13 million investment each year by industry into silviculture within the province, to ensure that we are growing the future that we need as an industry, particularly when you think of privately-held lands for industry but also for the future for those private individual lands, that it matches what they want on their lands. As Kari said, it is sometimes used as a way to encourage folks to understand what the investment at harvest time means of what they'll be able to grow in the future and being able to come back and not just simply leave the trees to grow at free will there, as they will.

Rick and Kari both mentioned that we're going to end up with those smaller trees but if we're able to go back 10 and 15 years later, to do some weeding and then even beyond that, depending on the intensity that a given landowner wants to manage their land, the amount of silviculture that is done then proportionately grows larger trees on that given land, everything from the initial spacing and then weeding that's done to the possibility of further spacing down the road and fertilization, all of those sorts of things that can play a part in the level of intensity, if you will, that a given land base is managed on.

MR. LOHR: I'm just wondering if I could have a follow-up. If I think of silviculture, obviously the silviculture you do today, in theory, you would see the results of that maybe 60 years later, right - or 70 years?

MR. BISHOP: You start to see the first in 10 to 15 years. You're going to go back into a given site and you're going to start to see the investment you make.

MR. LOHR: But you would harvest that land. Okay, maybe it isn't that long a cycle but I guess if you think about that, how much land - where are we right now? The work done 20 years ago, are you reaping the benefit of that or are we sort of at the beginning, where you're saying we need to start working now on silviculture to get the yields? Where in that continuum of silviculture are we?

MR. EASTHOUSE: It depends a lot on where you are in the province and what land base and so on. Basically, silviculture started to a large degree in the 1970s here in Nova Scotia and we're really one of the first across Canada to adopt it on a significant scale. So we're just now entering the stage where we're starting to see benefits. There are some areas that are being harvested that were treated in the past, a lot more, though, that are of an age - so if we do it, let's say if we weed our carrots or we do a thinning at 15 years old, at about 30 years of age we can do what's called a commercial thinning, so at that point you've now got trees that are large enough, you can thin them again but actually remove some of the volume and have volume that's beneficial or usable within industry.

We're at sort of the cusp of seeing the benefit of that but I guess the point is that there's a stale-date on it, if you will. As a stand matures there's a window of opportunity when you can get in and do these types of things, but if that window is missed, it really

limits the opportunities in the future. It's not the kind of thing you can play catch-up on; it needs to be a continual investment and effort.

MR. CHAIRMAN: Ms. Miller.

MS. MARGARET MILLER: Thank you very much for your presentation today. I really enjoyed listening to it, some I've been familiar with. My husband and I farmed for 25 years and after that got into the forestry industry, so a little bit of this is what I've heard and I've been really pleased to hear Mr. Archibald's comments about reforestation. As farmers we felt that the forest needed to be treated as a crop the same way as a farm field, and it's nice to hear that coming from you in different words, of course, that the reforestation has to be a vital part of that.

Also you mentioned about the high stumpage rates that you're paying to private woodlot owners; that's what we were, private woodlot owners. I want to add though to the other point, we would find it very frustrating to go into a woodlot and do an evaluation or give an appraisal on the value of the wood, to find out that it had peaked 20 years before and you'd go in and all of a sudden the wood is only good for biomass, when the landowner thinks he has a fabulous product because it has been there for 100 years, when really it should have been harvested many years before that and they get very frustrated when you tell them that and all they can do basically is cut it, clean it off, replant, and hope for the best in the future.

As to the stumpage rates my question is, how do those rates on private woodlots compare to what you would pay on Crown lands for stumpage? I really feel personally that the Crown land stumpage on that is a valuable asset of the government for the people of Nova Scotia, and in this economic climate it's something that should be determined. Is it a comparable price?

MR. ARCHIBALD: Obviously speaking to the department would give you the rate. My understanding what the department does is they do an assessment of stumpage prices across New Brunswick and Nova Scotia and I believe it might even go to Prince Edward Island. They do the surveys every so often and that is used as the benchmark to set the pricing for Crown stumpage, those surveys across the provinces of what contractors are paying for stumpage and it's done periodically. I think it has to be that way because of the softwood lumber agreement to show that you're exempt from that or not part of that, so in order to show fair market value for stumpage.

MR. DYKEMAN: I think the comments on the Crown stumpage rates is more in terms of how they compare with the other provinces in Canada, particularly the posted rate versus what's allowed to be deducted for roads, silviculture, administration, and other things. If you compare Nova Scotia to New Brunswick on that basis there's quite an advantage to New Brunswick or Quebec or farther west in those rates which is where it's 90 per cent Crown land in those provinces, and that is a huge economic advantage to the players in those provinces. I think that's really the basis of the comment.

MR. CHAIRMAN: Mr. MacLeod.

MR. MACLEOD: The Province of Nova Scotia announced this morning that they're granting six-month licences to 15 Nova Scotia sawmills to produce about 185,000 metric tonnes of fibre. How will that affect your industry? Will it have a positive impact or is it a short-term solution to a long-term problem?

MS. TURPLE: That's a short-term solution to something that we've been requesting since the Bowater lands were purchased. Many of us had fibre agreements with Bowater, so since that closure we've seen an obvious drop in the fibre supply. We've been pushing for the Crown to get moving on getting those lands managed and allow us to get in to get some fibre back into the mills. I'm assuming that's what that announcement is, that there's a short-term allocation for sawmills to get some fibre that is much needed, especially this time of the year with Spring breakup, just while I think they're still figuring out exactly how the western Crown is going to be allocated in the long term. I assume that's a short-term solution for the issue that we have right now with Spring breakup and trying to get fibre to the mill.

MR. MACLEOD: So it's a good thing.

MS. TURPLE: It's a good thing, yes. It would have been good to have that a little while ago, but it's great that it's happening now.

MR. BISHOP: It's somewhat similar to - although on a much shorter term scale - the show of interest that your partners in New Brunswick have made towards the industry and increasing the amount of wood coming off of Crown lands in that province. What it does - we saw almost immediately a particular company in that province make investments within their harvesting capacity and their sawmills and pulp mills within the province, knowing that there is a consistent supply. One of the big pieces of the Crown fibre supply within any province is a consistent supply to the industry.

When I talked a little bit in the presentation about timber objective, if we know how much wood is going to come off annually from Crown land and we know as an industry what that's going to mean to supply, from that understanding what is growing in the province, we understand how much stud wood and sawlogs are going to come off that, how much biomass is going to be produced in that, how much pulpwood is going to be produced within that given allotment that's there.

It gives the businesses - sawmills, pulp mills, the harvesting contractors, the trucking - the ability to know, okay, here's where the base is that's being supplied from those Crown lands that we're able to make new investments to say, okay, I know I'm going to be operating in my neighbourhood so maybe I'll pick up some work doing some harvesting for a local sawmill. That means I'm able to hire maybe two extra guys this year. The mills know that means they're able to put on a second or third shift, upgrade equipment, everything within that.

It's a nod of confidence by the people of Nova Scotia to use the fibre that's growing on those lands and allows the industry to make those further investments, keeping jobs in those local communities, and managing the lands to the standards that the province sets out on those lands - that our industry is managing those lands to those standards for the future.

It bothers me sometimes when you hear someone say it's just a cut-and-run operation - they're just here to get our wood and then they're going to leave. Look at the history of the industry in this province: some of them have been operating in excess of 100 years; some of them generations of families have been operating in those communities. They're not here to cut and run, if you will. They're here to build those communities and build their business - they are a business, absolutely. They are part of the economy of the province and I don't see anything wrong with that, but they are also there to support those people and employ those people, and keep those rural communities vital in particular.

I think if we saw anything from the Ivany report that was recently released - the importance of industries that are still operating within the rural parts of this province to be able to give us the best foot forward that we can have of any industry that's going to be able to operate. We've been there for generations, to be able to have that best foot forward to keep those rural communities surviving and growing, as we know our industry will.

MR. CHAIRMAN: Thank you, well said. I believe Mr. MacLeod had a short follow-up on that.

MR. MACLEOD: I heard you say \$13 million was invested in silviculture by the industry.

MR. BISHOP: Annually - each year.

MR. MACLEOD: Annually, yes. Every time that wood is sold to a mill, then, or a sawmill there's a certain portion that goes back into silviculture. How much is invested by the province into silviculture on top of that?

Secondly, does that include reforestation planting? Is that a program that's being used a lot these days to rebuild our forest?

MR. ARCHIBALD: I'll try to answer that. I'd have to let the department answer how much they are spending. I've heard numbers but I don't remember.

Silviculture in the province, as Kari talked about, the thinning of trees and the planting - we were probably one of the first ones, started in the 1970s through to the 1990s. In the 2000s we kind of have been trying to find our equilibrium of what we should do. The balance we talked about earlier between environment - I know our tree nursery grows 10 million trees a year - did grow 10 million trees a year in the 1990s and into the early 2000s. We now are down to 6 million - last year, 6.2 million.

My tree grower came to me yesterday and said, Rick, I'm not sure if we're even going to hit 6 million this year because you have to seed a year ahead. I don't want to say that plantations are the only way, there are a number of silviculture tools, and as Kari talked about, each site dictates what should be done.

Pre-commercial thinning, which is a natural weeding of trees - young, healthy stands - that's a very good treatment that, if you do it today, you can be in there in 10 years, 15 years and do another treatment on it. The other site says planting. It's the right mix of these and it's critical, given that we've made the commitment to put a lot of land into forest protection. We probably are leaders in that area, yet we backed off on our silviculture commitments. That means we're growing less wood.

If you look at the mean annual increment, what we're growing per year, it is less, so we need to put more money back into silviculture to grow plantations, pre-commercial thinning. Those treatments are just critical if we want to grow and sustain the business, the industry. I don't know if I've answered your question.

MR. CHAIRMAN: Thank you. I think just to follow on that, there have been a few questions on silviculture that maybe, as chairman, I'll make sure that the clerk follows up to get those answers. They are questions that probably the province, the Department of Natural Resources, could better answer. We'll follow up and make sure that those get to the committee.

MR. ARCHIBALD: Our company spends \$3.5 million a year on silviculture - our own money, every year, a low of \$3.2 million to a high of \$4 million, and have for a number of years.

MR. CHAIRMAN: Thank you. Mr. Belliveau.

MR. BELLIVEAU: Thank you, Mr. Chairman. First of all, my observation - you talked in your opening remarks regarding safety and training. In my observation your industry has come a long way in the last several decades. I just wanted to acknowledge that.

My question, in the conclusion of your presentation you talked about the spruce budworm, basically two and a half years out in coming to Nova Scotia for a visit. Help me out here but to me it's like going to my family doctor and getting some kind of a diagnosis. You're going to help me out trying to understand that, is that something that I dread to get that report or is it something that can be managed? How is that going to be managed in two and a half years, three years out?

MR. BISHOP: Those are the discussions that we are having as an industry right now, particularly with our government partners, about what we need to be doing to prepare for that and looking at what is going to be, as I mentioned, tested, if you will, in New Brunswick, in particular around managing in a different way than it was in the past and

trying to keep the amount of the spruce budworm from reaching certain levels that it doesn't then balloon or bloom into an epidemic level.

The spruce budworm is always here, it's always in our region. It's present, we know, because of the trapping regime, if you will, that the provincial government and industry partnered on, to be able to track that and that's what allows us to know when a certain pest is starting to cycle up.

Part of looking at what we've talked about is an enhanced level of that trapping as a possibility with our government partners to be able to better track exactly where the pest is coming. There are some mitigation measures that can be taken, everything from a pre-harvest, if you are growing - I know it's called the spruce budworm, but they love fir trees so if we're able to harvest fir in given areas that could potentially almost be like a fire line, if you will, that would potentially stop or impede the spread in a given area.

Looking at some non-chemical biological sprays that could be used at certain levels to keep that level of the infestation before it blooms at an epidemic level, those are all the sorts of things and more that are potentially being looked at and considered. It's difficult. It's a natural phenomenon and we don't know - it could come across the border and turn right instead of turning left as it has the last few times, but given its history, that seems to be what it does. It comes down and heads for Cape Breton. It must know the good land up there in Cape Breton. I don't know if anyone else has anything more to add to that.

MR. CHAIRMAN: Mr. Gough.

MR. STEPHEN GOUGH: I'm just wondering, with regard to the demographics of the industry, are many young people making careers in this industry? What are some of the incentives for young people who choose to make a career in this industry? I do have a little history personally in the woodlot. We have a woodlot in Sackville and I remember back in the day we did our work with the horses and everything like that, so I can connect. When I see the way the forest is being harvested now, it can go night and day. What incentives, if there are any, for our younger people?

MR. BISHOP: As I referenced in our presentation, we're looking at forming a human resources sector council that's going to look at just that. We know that the demographics within our industry - particularly if you look at the harvesting contractor side of things - it's an aging demographic. There are an awful lot of the folks who are left within that portion of our industry who are at or near or past retirement. They'd like to be able to retire. How do we reinvigorate that? How do we make investments to allow young folks who want to stay in this province to be able to buy gear?

If you look at the harvesting contractor side of things, I couldn't imagine the investment to go out today and buy a harvester, a forwarder, a processor. It's a mortgage and more, absolutely. So how do we help young people make that business decision? They

need to see a strong industry is one of the pieces there. We need to work with our investment and loan industry within the province too.

Unfortunately, during the downturn if you went into a bank and said that you wanted some money to invest in your forest industry, no matter if you were a mill or a harvesting contractor, they would promptly show you to the door. They did show some people to the door. So we need to reinvigorate that level of interest and confidence from that portion of sector to be able to allow young people - well, people of all ages - within the industry to make new investments within their business.

Looking at everything, it sort of stems to the outreach towards education that we are doing within the forestry association - our sister organization - to remind kids that there is an opportunity for you to work within this industry, a high-tech industry here in your own province. We have to learn how to better talk to people, we have to better educate our parents not to keep telling our kids to go west to find a job; there are lots of jobs here in Nova Scotia. We need to invest in the future of those kids to allow them to stay here and to build businesses. Nothing's going to build wealth in our province like encouraging people to stay here and build their own businesses and better secure for the future both economically and socially what we're going to be able to do.

It's looking at everything from how we tell - because oftentimes a trucker is a trucker and it doesn't matter whether they're hauling carrots or bitumen or lumber, but we have to be able to provide something that's going to entice them to stay here in Nova Scotia. Maybe you're going to be home every night by six o'clock with your family or you're only going to have to work one weekend shift a month - it's how we change our own perceptions within the industry of how we're hiring and what we're offering. We're not going to get operators who are going to work 80 hours a week, because (a) it's potentially not safe, but (b) those days are gone where you get someone who's going to put in a work week like that.

It's a truth and a reality of the workforce that is there; it's changing. It's not bad or good or one being better than the other. It's just a changing face of the workforce that we have and we need to be better able as an industry to fill those vacancies that are here - that if we have a strong industry, we will have people who are able to be an active part of it.

MR. CHAIRMAN: Ms. Turple, did you have . . .

MS. TURPLE: I was just going to speak to what a lot of us are hoping is going to come out of this HR sector council: the retention factor. It's very expensive for a company to invest in people in training for this harvesting equipment, and then for them to take off for bigger wages. The retention is a big factor in trying to invest in people here and then keep them here. Hopefully we're going to come up with some excellent solutions with that council that appeals to this generation. Like Jeff said, it's a different generation. It's not to work 80 hours - work, work, work - that's what you do. It's a very different situation, and

that's a big challenge today. I know Rick has a lot of experience with trying to invest in people and then keep them here.

MR. CHAIRMAN: Well, unfortunately our time we had set for 10:40 a.m., we're at 10:40 a.m. It's kind of ironic and nice that we did end on a question that I think has some positive opportunities in the employment area. I know certainly that's what we're all (Interruption) Even the truckers agree. (Laughter)

Thank you very much for coming here today and, Mr. Bishop, if you'd like a minute to wrap up.

MR. BISHOP: Mr. Chairman, thank you very much. On behalf of our executive team and our members, thank you very much for having us. I also want to offer to each of you that if you have any questions concerning anything to do with forestry, please feel free to contact myself, and then if it's a technical question, I can make sure that we have someone who is much more capable in answering those than myself. That's the value of our association and our industry of being as broad as it is - we can put the right people in front of you to help answer those questions that you may have.

We are there as a resource for each and every one of you that if you need to reach out and ask questions, I encourage that. Hopefully, I'll have a chance to sit down and meet with each of you in the coming months to talk about things such as we've discussed today as the industry continues to grow here in the province.

MR. CHAIRMAN: Thank you. Yes and also, if you don't mind, could we provide all of your contact information to all of our caucus offices?

MR. BISHOP: Absolutely.

MR. CHAIRMAN: Thank you very much again. Maybe we'll take a short recess, and come back in about three or four minutes and we'll reconvene. Thanks again.

[10:40 a.m. The committee recessed.]

[10:47 a.m. The committee reconvened.]

MR. CHAIRMAN: I'd like to call the meeting back to order. Next on the agenda is Committee Business. We have some correspondence, I believe, that was circulated to everybody in regard to the Department of Agriculture, re the Community Shared Agriculture program. Now I believe there is a bit of a problem in having them come as a witness. I believe we also have a group that was brought forward, the Christmas Tree Council of Nova Scotia, they were tentative.

So in light of those two, if everybody wouldn't mind, we did plan on having another witness-schedule meeting coming up down the road. We only set witnesses for six

meetings so if everybody is in agreement, maybe in June, which would be two meetings from now, hopefully, we would have a witness meeting then.

If we can have somebody else maybe to come, other than the Community Shared Agriculture program, which might be the Christmas Tree Council of Nova Scotia, I would leave it up to everybody to start maybe preparing a wish list for witnesses for June. If there's anybody not in favour of that, let me know. Okay, thanks, so maybe that's the way we'll handle that.

As far as correspondence, you did also receive information from the Lobster Summit, I believe, that we had asked for.

With that said, I would also like to ask if we could have a motion from the floor in regard to the information from Natural Resources on silviculture. Mr. Hines.

MR. HINES: Mr. Chairman, I move that the committee petition the department to find out the amount of dollars that the province puts into silviculture annually in the province.

MR. CHAIRMAN: Thank you. That would be the Department of Natural Resources.

MR. HINES: That's right.

MR. CHAIRMAN: Would all those in favour of the motion please say Aye. Contrary minded, Nay.

The motion is carried.

So the next order of business is our meeting date of May 15th. Now we do know that the House is going to be sitting and we had agreed to sort of wait until the House rose to sit. I don't know if that date of May 15th is going to be too aggressive or not. In saying that, we had always set the next week as our backup, so if it favours everybody to maybe keep the May 15th date, we'll know a week or so before that what the flavour of the House is and where we are with business. If we can meet that date, fine; if we can't, then maybe push it to the week after - that might be more reasonable.

Are there any objections to that? Mr. MacLeod.

MR. MACLEOD: Keeping the same time, Mr. Chairman?

MR. CHAIRMAN: Yes, keeping the same time, from 9:00 a.m. to 11:00 a.m., on a Thursday.

MR. MACLEOD: Sounds reasonable to me.

MR. CHAIRMAN: So that will be the Nova Scotia Mink Breeders Association, tentatively for May 15th but potentially the week after.

I see no other business here, so I adjourn the meeting and thank everybody very much for their attendance.

[The committee adjourned at 10:51 a.m.]