

HANSARD

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COMMITTEE

ON

RESOURCES

Thursday, October 15, 2015

LEGISLATIVE COMMITTEES OFFICE

Medway Community Forest Co-operative

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Resources Committee

Mr. Gordon Wilson (Chairman)
Mr. Terry Farrell (Vice-Chairman)
Mr. Stephen Gough
Mr. Bill Horne
Mr. Derek Mombourquette
Hon. Pat Dunn
Mr. John Lohr
Hon. Sterling Belliveau
Ms. Lenore Zann

In Attendance:

Ms. Monica Morrison
Legislative Committee Clerk

Mr. Gordon Hebb
Chief Legislative Counsel

WITNESSES

Medway Community Forest Co-operative

Mr. Will Martin,
Board Chairman

Ms. Mary Jane Rodger,
Forest Manager



House of Assembly
Nova Scotia

HALIFAX, THURSDAY, OCTOBER 15, 2015

STANDING COMMITTEE ON RESOURCES

9:00 A.M.

CHAIRMAN

Mr. Gordon Wilson

MR. CHAIRMAN: I'd like to call the meeting to order. This is the Standing Committee on Resources; I am Gordon Wilson, the Chair. Today we'll be receiving presentations from the Medway Community Forest Co-operative.

Again, just the simple reminders. During the proceedings, everybody please turn their phones off. We're going to welcome everybody to the new committee room also. The washrooms and copier are outside, down in the back, a little different in this building. In case of an emergency we're going to proceed right through to the Granville Street entrance and up to the Grand Parade, by St. Paul's Church. That's the new process for this meeting room.

I also remind members to wait until Hansard recognizes them before speaking. A little light will come on there so that you can be recorded. We're going to hopefully wrap up questioning today around 10:35 a.m., as usual, to proceed with the regular committee business that we have.

I'd ask everybody to introduce themselves and their constituency.

[The committee members introduced themselves.]

MR. CHAIRMAN: Just one last final thing, we have the annual report that everybody needs to sign before they take off at the end of the meeting, so we'll go over that. We've had times in the past where we've missed that.

I'd like to welcome the witnesses and ask them to introduce themselves. The floor is yours.

MR. WILL MARTIN: Good morning. Thank you, Mr. Chairman, and honourable members of the committee. It's a great opportunity for us to get the chance to present to you this morning, and I'm looking forward to sharing the good work that we're doing in developing the Medway Community Forest Co-operative.

Just to give a brief introduction, my name is Will Martin and I'm the forest technician and environmental planner. I work as an independent forestry consultant. I've been involved in developing the move for a community forestry model in Nova Scotia for the past number of years and have worked with this particular initiative from the very beginning. I'll have Mary Jane Rodger introduce herself.

MS. MARY JANE RODGER: Hi, my name is Mary Jane Rodger. I've been working with the Medway Community Forest Co-operative for about 10 months now as the forest manager. I originally come from Ontario, I hold a master's in forest conservation, and I'm really excited to begin this new initiative in Nova Scotia.

MR. MARTIN: We have a brief presentation to go through this morning and then looking forward to hearing your questions on what we're doing.

Just to begin with, it's worth looking at where community forestry comes from and why we would set out to do this in the first place. I think it can be fairly well acknowledged that our forests are not as healthy as they once were and that the communities that depend on our forests are declining. It's also true that the forest industry is really struggling to maintain a viable business model amidst global competition and a constrained wood supply.

This particular development of community forestry in Nova Scotia came on the heels of the closure of the Bowater mill on the South Shore. That was a very interesting moment. That closure could have either been viewed as the end of something or really as a call for something new - a call for us to explore and reinvent what the future of the forest industry in this province could be.

How community forestry fits into all of this is really based on four key principles, and these are principles that come from community forests that have been developed in many other parts of the world. There's an active community forestry movement in British Columbia, and there are some community forest type licences in Ontario and in many other countries, but they all have these four common themes: generally speaking, the community forest has direct management by community members; the economic benefits of managing that forest area are shared within the local community; forests are typically managed for multiple values; and there is usually a very strong commitment to environmental

stewardship. Those four patterns are consistent across all community forests where they have been developed.

From those four key principles, the Medway Community Forest was formed really around a mission to support the local community through sustainable and ecologically based forest management. Really for us we want to be clear from the outset that this is economic development. It's looking at economic opportunities for the rural community and it needs to be understood from the perspective of really seeking to develop a new business model - a model that will integrate open tenders for Crown land wood supply, building capacity to support private woodlot management, to develop new recreation opportunities, explore non-timber forest products, as well as a number of education, outreach, and community engagement activities. These are really the key objectives of what we've developed here as the Medway Community Forest.

MS. RODGER: Building on what Will just talked about on our mission objectives, what we've addressed as what the local community will benefit from the Medway Community Forest is really an opportunity to benefit and participate in local forest management decisions - really engaging the community and management planning. We also hope to supplement a wood supply and a forestland base for economic opportunities for local contractors; base our management values and planning on multiple value systems; and demonstrate a high level of environmental stewardship in our operations.

To address the MCFC area, as you can see in this map here, the darker shade is the existing or old Bowater freehold lands. That was about 550,000 hectares of land that was purchased by the province from Bowater. I've outlined in red here the general area that the community forest is in in Annapolis County, between Caledonia and Annapolis Royal.

Here is our formal area - the boundaries that were generated by the DNR. As you can see, our area is in purple. We're sandwiched between a wealth of natural resources, both for ecotourism as well as for wilderness. We're adjacent to the Tobeatic Wilderness Area. If you could see kind of in the yellow shade, that's the new Medway Lakes protected area, as well as Kejimikujik National Park.

MR. MARTIN: In order to run a community forest, we had to develop an appropriate organizational structure. We registered as a for-profit co-operative. Again, the choice here to develop as a for-profit co-operative is to make clear the signal that this is an economic activity, but also to be clear that when we are generating profits in this business, the community members are the shareholders. So those benefits, those profits from operating the community forest will get cycled directly back into the community.

The shareholders are local community members, members of Nova Scotia. After all, this is a public land base shared by all Nova Scotians so really anyone who has an interest in this can be a shareholder. We have set the share price at a nominal value of \$25 so that everyone has the opportunity to be part of this. Really the organizational structure

is driven by those shareholders who make up the membership of the co-operative, and then those members can run to be elected to the board of directors and also can participate in the development of our activities.

Our board has been deliberately structured also to maintain a balance of different interest groups. Central to the community forest is this is not an initiative that came from just an environmental interest group or just an industry interest group, its success really depends on integrating the multiple sort of values and interests that people have for this area. So the board is structured with a balance of seats for environmental interests, economic interests, community interests, as well as members at large.

We have employed one full-time manager, who is here with me today, and we are contracting out technical work for local forestry professionals. Over the course of the pilot phase of community forestry we anticipate supporting up to four full-time employees - not necessarily direct employees but equivalent to full-time employees.

We are also using a committee structure to develop our activities. Currently our committees include forestry operations, community outreach, governance, and business development and finance.

A few times this morning I've highlighted that this is an economic venture and I want to circle back to that, in particular to talk about the business plan here. Really the business model we're trying to develop is to generate a value-added timber supply and new business opportunities from a working forest. This means a wood supply to existing and new markets. It also means we'll be managing this area as a multi-value land base and seeking those new forest-based businesses.

Our focus for the pilot phase is it's not so much that we have the perfect business model today, it's to spend the time to figure out a new model for managing Crown lands, a model that really moves us beyond simply a fibre supply, to support the many values that the general public has for our lands and our forests in Nova Scotia, so how can we operate an economically viable forest area that recognizes the diversity of values and interests people have.

MS. RODGER: So to begin in recognizing these different opportunities we are conducting forestry operations this year. Our forest management is aimed to focus on promoting the restoration of the Acadian forests. The government has provided us with an annual allowable cut of 20,000 tons of harvest per year. This is based on our land base and the existing forest structure within the land base.

Our management, planning, and operating procedures are focused to maintain a forest stewardship council certification as well as certification from the sustainable forestry initiative. This year we do have tendered timber sales - we currently have one tender open for approximately 13,000 tons for harvest this Spring as well as this winter.

In addition to our land-based forestry operations we hope to expand woodlot partnerships. There's a huge area in Annapolis and Queens Counties that is owned by private woodlot owners. We hope to really develop the Crown land management capacity to support local woodlot owners in achieving good forestry and expanding their ability to access markets. We hope to do so by building an aggregated supply that creates price efficiencies and helps with value-added sorting so woodlot owners are really getting the best price for their wood. We also hope to help small-scale local contractors to build their operations, to be able to do sustainable forestry and partial harvesting, as well as partner with the new group called the Western Service Area group, which is several interest groups from our area that are really working together to help private woodlot management.

We've also identified ecotourism and recreation as being a very viable business opportunity based on where our land base is situated. We hope to partner with the nearby protected areas, especially the new Medway Lakes protected area, and really provide access points or infrastructure for those seeking access within the protected area. We also have the opportunity to benefit local businesses such as Milford House and the Mersey River Chalets for tourism, ecotourism, guiding - outfitting those kinds of things. We also have partnered this year with Bicycle Nova Scotia and applied for a grant to develop five to seven kilometres of mountain bike trails. We should be finding out the results for that any day now, which is exciting.

We also hope to partner with motorized vehicles in the area either to alleviate some of the pressure on protected areas and to really partner and develop opportunities. We've spoken to Crossburn Snowmobile Club, as well as ATVANS for these.

MR. MARTIN: So just to run through some of our accomplishments to date, it's worth acknowledging that although I've personally been working on this for a couple of years now, we actually only signed our Forest Utilization Licence Agreement on January 30th of this year, so we've moved very, very quickly here. It's also worth pointing out that that licence agreement really was a new template for Nova Scotia; we've never had a community forest before in this province, so really had to design and develop a new style of agreement appropriate to community forestry. Along with that agreement we were able to secure generous support from the Province of Nova Scotia and definitely want to acknowledge that support for this exciting initiative.

A key aspect of our agreement and this whole process, because it is a new venture, is there are many things to learn from it. Right from the outset we developed a robust evaluation structure; it actually is made up of over 52 indicators to monitor our progress, and those indicators will be reported on an annual basis.

We are a legally registered entity as a for-profit co-operative. Currently we have approximately 50 community shareholders, and we held the first general meeting of the members this Spring and elected the board of directors. There has also been significant community engagement, a number of meetings held to allow the local community to

understand what community forestry is, as well as directly participate in the management planning and decision making on this forest. We've also created the model for open-tender, open-bid sales of Crown land timber which has never happened before in this province.

Some of the challenges that we wanted to highlight for you as we worked through the development of community forestry here, our agreement is based on a three-year pilot phase and it has to be acknowledged that three years is a very tight window to develop a brand-new business venture and a brand-new model for Crown land management in Nova Scotia. We are a very dedicated and committed group of people, but that is a short time frame. It also challenges us in the fact that without long-term tenure to the land base or clear options to expand the area, it's going to be very difficult for us to secure investment capital for any of these new business ventures. We basically have no assets to leverage in raising that capital so, again, this is a big challenge for us that we are working through.

Finally, it has become increasingly apparent that the model we have in Nova Scotia for Crown land stumpage payments, those sort of royalties that are paid on timber sales - certainly benefits need to go back to the people of Nova Scotia from Crown land timber sales, but the current pricing model is really designed for a context of a mill having direct allocation to that volume and their sort of internalized cost structure. The margins really don't support a third-party manager who is attempting to care for the land base over the long term and develop a multitude of community values. So the Crown land stumpage pricing is a significant challenge for us and may actually lead us to focus more on private land, private woodlot management over the long run, particularly on Crown lands.

MS. RODGER: To talk about some of the opportunities we've addressed in the past year, immediately what we've addressed as being one of our most significant financial opportunities is developing a firewood business, so within our latest tender for forestry we've actually asked for roadside costs for all of the firewood, fuel wood, and hardwood that would be coming off our land. From this we hope to develop a new business, as well as supply a contract with Kejimikujik National Park in supplying them with all their firewood. Also, as many of you know, there is a fuel shortage in these areas, particularly in the South Shore, for local residents and we would like to really benefit the community in this way.

Also, as I mentioned earlier, with the Western Service Area group we hope to develop private land services and really facilitate good management on private woodlots. We also hope to use our firewood business as an ability to aggregate wood supply and support local markets, as well as supporting value-added forest products.

In the long term we hope to perhaps facilitate a wood energy partnership. This is a new market outlet for low-quality by-product wood that would really be a product of forest improvement activities such as silviculture or thinning. It's not in this slide but we have explored a possible partnership with the combined heat and power plant that will be going

up at Bowater, because it's very local to us and could be a good outlet for low-quality wood that would otherwise be shipped very far distances.

There is also the possibility to invest in local wood boiler contracts by providing heat to the municipalities that are local to us. We've also addressed the possibility of exploring carbon offset credits. This has been explored in different areas; there's a group in New Brunswick that has really developed a model for voluntary carbon credit sales. We would really see this as an opportunity to act as a broker for private woodlot owners, giving them the ability to act as an adviser for working conservation land easements and how they could build and manage their woodlot really to enhance the carbon capture on their land bases.

MR. MARTIN: At this point that's the general overview of what we're up to. As you can see, there's a lot of detail in there. We've been working very hard on this so I'm quite curious and looking forward to the questions that you have for us.

MR. CHAIRMAN: Thank you very much. If you guys wouldn't mind, I have just one quick question on your harvest that you are doing; I think it was 12,000 tons, or something like that, that you mentioned. You don't have that broken down in the old-school kind of FBM and cords, you wouldn't know roughly what your breakout there of what your harvest would be?

MR. MARTIN: Are you asking specifically the split between saw-able material and what would go for firewood or pulpwood?

MR. CHAIRMAN: No, just logs to pulpwood - ballpark.

MR. MARTIN: I'm trying to do a conversion here for you. Just give me one moment, I'll do a quick calculation for you.

MR. CHAIRMAN: When I went to ranger school, we were not metric.

MR. MARTIN: Yes, and normally I'm a little quicker on the draw with conversions here. So just to picture this, that's about 400 tractor-trailer loads of material travelling down the highway.

MR. CHAIRMAN: Good answer, thank you. I just wanted to put it into perspective for not only myself, but everybody else here.

I'll open the floor to questions. Mr. Belliveau.

HON. STERLING BELLIVEAU: I hope I have a few minutes here. I appreciate you, first of all, acknowledging that three years is not very long for dealing with this project. In your presentation, you talk about local community benefits being a key thing

there and that this is an economic venture. Also, I was curious, you talked about the government's Crown land of 20,000 tons per year was allocated, I'm interested in seeing a breakdown of that, of where is that actually going?

My question is, and I've raised this so many times, the Chair actually knows what I'm going to say here in the next few minutes. In the last 18 months we've seen foreign companies, people who use hardwood to make beautiful floors, literally go out of business across Nova Scotia. We see wood chips leaving our coast of Nova Scotia and going to foreign countries, and yet we have people who use wood pellets in their stoves who cannot get enough supply in Nova Scotia. We've seen this in the last year and a half, and contractors are still telling me that they cannot get wood supply to supply firewood in Nova Scotia.

Given that scenario, to me, here is a project to try to address these issues. You clearly say it's for community benefit and for economic venture. To me, it's a simple question - why can't these issues be addressed? Contractors in southwestern Nova Scotia say we cannot get access to firewood. The price keeps going up. To me, this is a simple solution - get the people around the table and address this and you have an opportunity through this project to try to do that. Can you give me some insight into why? I look forward to your answer.

MR. MARTIN: Thank you for that question. I think it's really a vital question around our forest policies in Nova Scotia because it hits people right at home. Perhaps rather than commenting on the broad provincial level perspective and the many players and the shift in usage from our forest products, there are a couple of factors that we're looking at specifically there. Certainly on the Crown land base itself - traditionally in this province Crown lands have been licensed directly to primary users of forest products. So that supply, although it meets a very important economic need for those businesses, that volume isn't flexible or dynamic to respond to other opportunities or other needs that the community may have. So by selling our timber through an open-bid model, the basic premise is the person who has the most important, most valuable use of that material is likely the one who's going to get it.

Having said that, we also wanted to address specifically this concern around firewood supply and so in our latest tender, we've asked bidders just to provide us with a price for putting all firewood material roadside, and we will market and sell that material as a firewood supply for the local residents. Just from this year's activity we'll generate about 2,000 cords of firewood.

To put our area into context, 5,000 hectares is the total licence area, which may sound like a lot - that's about 40,000 acres - it sounds like a large area, but in industrial forestry terms it's fairly small. So 2,000 cords of firewood is hopefully a good achievement.

Another piece of that part of the firewood shortage is this shift in contracting capacities so the small-scale local contractors who used to work on woodlots or access firewood - those folks are fewer and fewer on the land base, and the people who are left are much larger contractors with a more expensive equipment set who really are dedicated to working for the bigger mills and they have to dedicate their time to supplying those mills. So as a community forest, we would like to use our area as a host for redeveloping a smaller scale contracting capacity tailored to meeting the needs of private woodlot owners, and that in turn would generate increased firewood supply.

MR. BELLIVEAU: Could I just have a quick follow-up?

MR. CHAIRMAN: Yes, certainly.

MR. BELLIVEAU: Just quickly, and this is the one that really irritates me - to me, there's a flawed process in that the primary users right now are permitted access to Crown land. The contractors who supply firewood are not at that level of the primary permitting. That is the problem. I would like for you to acknowledge that and say that that permitting process is flawed and it needs to be addressed because there are actually contractors who - to me, on a large scale, 3,000 or 4,000 cords of wood a year is a large contractor who needs to be addressed at that level. There's the problem. Would you acknowledge that - that the permitting process is flawed?

MR. MARTIN: I certainly acknowledge that the existing system we have has many challenges. I'm not yet certain what the exact solution is and, in fact, that is the purpose of this community forest - to create an environment where we can test and explore some of these issues at greater detail. The issues around how we are managing our Crown land resources for the long term and meeting the needs of Nova Scotians in a variety of benefits and interests that they have, including firewood - it's not easy to do.

Actually, the model - I don't think we're there yet, but I am confident as a community forest, we've built a board with a sort of diverse representation of people who are part of the industry and also part of the community and also have their eyes on the environmental concerns, and I believe this is a group of people who collectively hold the intelligence to come up with new solutions that we have not had in this province previously.

MR. CHAIRMAN: Mr. Lohr.

MR. JOHN LOHR: Thank you for the presentation. I just have a lot of different questions floating around in my head too. I'm wondering if you could drill down into the Crown land stumpage price issue a bit more. What is the actual stumpage pricing issue? You didn't actually say, but I presume from what you said that stumpage was too low and that you couldn't make a margin on it. What is the actual value of stumpage and just sort of give some of the actual numbers in that stumpage question?

MR. MARTIN: The way that stumpage prices are set in Nova Scotia is by product class; they are sort of determined throughout regional surveys. In principle, it's intended so that Crown land supply doesn't compete with a private woodlot owner's supply.

The challenge for us, the pricing on some product classes, particularly softwood sawlog material, when you take in the cost of harvesting, especially if you are pursuing more alternative harvesting methods or a partial harvest, which is certainly something in this province that we want to move to in a greater percentage of our overall harvest, the cost of harvesting and what that wood is worth at the end of the day, there's really very little left for the long-term management of that land base. If you were a private woodlot owner the price would be fine, because you would be paying most of those management costs within your budget. But for us as a community forest, we are paying that money to the Province of Nova Scotia, which we're happy to do because that's important for our tax and revenue base in the province, but there's not enough margin left.

MR. LOHR: What is the stumpage price? Maybe there's a variety of numbers there - I just want to know the actual numbers or the range.

MR. MARTIN: On the softwood sawlogs the price is around \$37 per ton, and that's actually after a theoretical \$2 administrative cost allowance. The prices just went up this Spring and we found just in our own planning that there was a slight increase, but that slight increase really represented the margin that we had in our original business plan, so it's extremely challenging for us to adapt to that.

MR. LOHR: So what you're saying is you, the Medway Community Forest, pay the province stumpage?

MR. MARTIN: That's correct. We pay the same stumpage prices as any other licensee in Nova Scotia.

MR. LOHR: So if I wanted to cut wood on your land then I would have to pay stumpage to you and you pay - so you're saying stumpage should be lower then?

MR. CHAIRMAN: That question was interesting. (Interruptions)

MR. MARTIN: It's worth acknowledging that in other provinces where community forestry has been developed, there are different stumpage rates for a community forest. It's been recognized that the benefits of managing that land base stay within the community and it's managed for multiple values, so it's not quite appropriate to charge the same pricing structure to a community forest as you would charge to a primary user.

MR. LOHR: Thank you.

MR. CHAIRMAN: Mr. Farrell.

MR. TERRY FARRELL: I appreciate many of your concepts here and the idea that you can put sustainability and profitability together in one model on one piece of land is very encouraging to me. I think too often we see those two things as being mutually exclusive and they don't come together.

This should be pretty quick,- what do you mean when you refer to non-timber forest products?

MS. RODGER: Non-timber forest products are essentially anything from the forest that is not timber, so mushrooms, berries. We have one possible licensee who is actually developing a business for a moss rescue, so at pre-harvest he's going in and harvesting moss and then selling it to a local landscaper. Maple syrup would be another one. Just all of those things that come from the forest that aren't necessarily timber.

MR. FARRELL: Are those just examples of things that might exist and that you might be able to obtain, or do you have some specific data on any of those items?

MS. RODGER: Other than being approached by this one man for the Medway moss business, we haven't been approached by anyone. It's fairly difficult to develop a licensing system when it's already fully accessible for the public to access Crown lands and access these materials off Crown lands. This will be something we'll have to build on in the future, but there is opportunity there if we were to refine products or package them - such as maple syrup, yes.

MR. FARRELL: So is part of your agreement with the province so that you have the exclusive use of the property or is it still wide open to public access?

MR. MARTIN: The licence agreement gives us exclusive use for the timber resources, but as a Crown land area, it's open for public access. Our licence agreement is written in a fashion to be enabling of other sub-licences, so something like the harvesting of moss or the development of a maple syrup licence for a hardwood area - that is certainly possible within our agreement, but we'd have to develop a sub-licencing structure. We have that opportunity but it has not been developed to date.

MR. FARRELL: Can I continue?

MR. CHAIRMAN: Can we come back?

MR. FARRELL: Sure, okay.

MR. CHAIRMAN: Mr. Dunn.

HON. PAT DUNN: You mentioned in your earlier comments about significant community involvement. My question is, did you have any difficulty or differences in opinion with regard to how to use the land, in your initial stages?

MR. MARTIN: Certainly the level of community engagement has been critical to this entire effort. Just to highlight some of the steps we've taken, there was a series of open, public meetings just to generate sort of community interest, allow people to explore the idea. We also called together a stakeholders' group that had about 22 members representing different organizations to gather that input. We also had a series of public meetings, and even within our first general meeting we spent half of that day as an open workshop in management planning.

The reason we've done all of that is because there are differences of opinion. We actually believe that's a benefit to us rather than a constraint, that it's in that sort of diversity of perspectives that we will be able to develop creative, new solutions that so far have escaped us in this province. We welcome the contrast and welcome working through those challenges. I like to say there has to be something better than occasionally throwing stones at each other through The Chronicle Herald, so let's bring in those conflicts, those diversities of opinion around how our forest resources should be managed. Let's bring it in, welcome it in, and actually design for it. These are hard questions and we need to create a structure and a governance model for managing our resources that can accommodate that diversity of opinion.

MR. CHAIRMAN: Mr. Horne.

MR. BILL HORNE: Thank you for coming here today, I appreciate it. I'm interested in actually how the operation is going - is it working out now? You're seeing a future, I see you have lots of opportunities or you are looking at opportunities for the future. How far do you see your community forest continuing - five years, 10 years, longer or shorter? You must have some feelings on that.

MR. MARTIN: As the eternal optimist, maybe I'll let Mary Jane answer this one first. As our "boots on the ground" she'll be able to give you a direct picture.

MS. RODGER: I think a lot of how successful we'll be in at least the upcoming year is how this tender that's out for bid right now comes back. We didn't actually release one tender earlier on this year, it was a much smaller amount of wood, only about 2,000 tons over about 30 hectares; whereas the 13,000 tons is over more like 125 hectares of land. The first tender came back and based on what the stumpage price was, we weren't able to award a winner because, simply, there was no - you know, based on a few road upgrades that were needed, we were either at a loss or at a very marginal profit.

With that said, I think with the development of this firewood business we definitely have some feasibility of being successful and almost, you know, not quite self-sufficient,

but at least providing a large supplement to the funding we are getting from the government. Continuing on and building this will be essential, as well as collecting more supply from private land will assist in our profitability and acting as a broker and manager in the area and assisting the community.

For the long term, the partnerships such as Bicycle Nova Scotia, that gives me a lot of hope that if we're providing an outlet for ecotourism in the area that provides more than economic return, as seen by the province. It's providing intrinsic benefits and really a different kind of value to the forest and as long as we continue on these ventures, I think we could be successful for many, many years to come.

MR. CHAIRMAN: Mr. Lohr.

MR. LOHR: I was just wondering, when I look at the map of your area, you're clearly in a very sensitive area. I mean there's a lot of recreational - I've been down through that area many times, and you've got a lot of land right on Route 8. To me, you haven't said anything about the sort of general state of the forest there. The forest you're managing, to me, hasn't been overly cut from what I've seen going through there. Can you just comment on what the state of that forest is in general or how much has been cut or clear-cut and that sort of thing? I'm just curious.

MR. MARTIN: I think one of the interesting challenges we have in taking this community forest on is, it needs to be acknowledged that that land base was managed for a set of objectives primarily based around feeding a pulp mill enterprise for the past 60 years. So the state of the forest, the forest structure, really is one that was tailored to that objective. Now as we take on the stewardship of that area as a community forest with a wider set of objectives - perhaps an interest in a diversity of products, maybe a longer lived forest, a more diverse species mix - there is certainly going to be a lot of what we would call sort of restoration work or quality improvement work to help shift that forest structure toward a more diverse, natural composition.

Bowater was a well-respected manager for the area and they were very effective in meeting the objectives that they had for that land, but the objectives are changing both because the community forest has a wider set of interests, but also I think we're seeing the general public in Nova Scotia has an expanded set of interests for how our forest resources are to be managed and we have to adapt our forestry, our management approach in response to that.

MR. LOHR: So you're saying there was mostly just spruce there, it was managed for one species mainly?

MR. MARTIN: Just to give you an example, when we did some of the initial analysis in trying to find the right boundaries for the community forest, it became apparent that over 60 per cent of our forest area is younger than 40 years old, so the age class

structure has shifted to a much younger forest which is going to be difficult for us in meeting some of the other objectives that we have.

MR. CHAIRMAN: Mr. Farrell.

MR. FARRELL: Just a little bit about your business model. It sounds like your goal is to be a profit-oriented enterprise, and I presume that would then benefit the shareholders or the members of the co-operative. I'm kind of wondering, with the nominal share price that you've put out there if you're not missing out on a couple of things. One of them would be - in business, one of the incentives that people have is the risk that they put forward on their own that would give rise to the will to succeed. The other part is the capitalization that regular businesses get from the contributions of their shareholders or the owners of the business. So are you kind of missing an element of a successful, well-capitalized business by basically giving away the farm at day one?

MR. MARTIN: That's a really important question and one that we continue to ask. There are a couple of things I would highlight in sort of what we've done so far. Again, to refer back, this is entirely an experiment. The outcome of especially the first three years is learning. The outcome is to find that business model. It's not necessarily that we have it today.

As I said earlier, I'm kind of an eternal optimist so I think it's actually very useful that we know from the outset if we rely only on Crown land timber sales, we'll go bankrupt. So from day one we know that we have to develop other businesses and be quite creative about the business models and the ways in which we raise financing for those businesses.

The share pricing and the structure there in our bylaws and in the shareholder terms, profits are actually not distributed as dividends to shareholders. They are instead reinvested or they're put into a community investment fund. So rather than any of us individually as shareholders receiving a somewhat modest cheque in the mail on an annual basis, if we pool that return in a community like Caledonia or Annapolis Royal or New Germany, a pot of even say \$50,000 a year of seed capital money for local businesses has a much greater impact than any of us getting that benefit personally. That's part of the justification for the nominal share price.

In terms of other opportunities to invest and raise capital, there are certainly great programs in Nova Scotia like the CEDIF model. We have considered that, but we would likely pursue a community economic development funding structure for a specific project. Mary Jane mentioned earlier we are looking at wood boilers for small school and institutional users. There's a business model there to develop and perhaps a CEDIF would be raised around a specific opportunity like that. That's where we're at with it, but it's quite a critical question and I take your point.

MR. FARRELL: It sounds more like you're a trust or a benevolent organization with the goal of encouraging business?

MR. MARTIN: Our goal is economic development for the communities that depend on this forest resource. So how we can manage the resource base so that it generates a diversity and really a maximization of economic opportunities for the local community, and rather than the community forest co-operative itself as an entity to focus on its own benefits, it's to distribute those benefits for a broader impact.

MR. CHAIRMAN: Mr. Belliveau.

MR. BELLIVEAU: Certainly in your presentation, one thing that kind of jumped out at me is that this agreement of your proposal is for three years. Earlier you said that we've already gone through one year of that time frame. I'm concerned about the overall length of that because three years isn't very much. I also recognize that you're there to create a local community benefit.

I'm interested in that time frame. If you recognize that there's a problem here with some of these suppliers - and you mentioned firewood and I'll use that as an example - in the past, contractors have said, yes, there have been tenders made available, but because of a difficulty of building roads and the construction cost of getting there, it just simply did not create an economic benefit for those contractors to participate in that.

What I'm asking is, if you acknowledged here today what I thought you said, there is a flawed process in the permitting process that we have now. Are those problems going back to your board and being acknowledged and is there some way of the board writing a report and saying that we need to address these? Three years is going to expire very quickly and we're going to continue having these issues that we have today, they haven't been addressed.

If you understand my question, how can we do that and address these issues in some kind of a relatively speedy fashion?

MR. MARTIN: Thank you for the question. To give the government some credit, I believe we do have to acknowledge that community forestry has never been done before in this region - not just Nova Scotia but anywhere in this region. In that context, it's sort of untested so sort of a pilot phase, I can certainly see the logic in it. It also is extremely challenging for us, it puts a lot of pressure on what we're trying to do and also potentially stands in the way of some of those investment opportunities that we would be seeking.

The best we could do to deal with this challenge, as a board, was from the outset to approach government and say okay, if you are going to hold us to a three-year time frame, we need to know at the outset, what are we going to be evaluated on when you make your decision whether or not to extend this agreement for a long term? So from the beginning

we collaborated with the Province of Nova Scotia, senior staff in the Department of Natural Resources, to develop our evaluation criteria.

As I mentioned earlier, there's 52 indicators on that evaluation. We are trying to be as transparent as possible, not only publishing that evaluation on an annual basis but we actually make all of our board minutes available to the general public on our website and any of our decisions. Everything is shared so that collectively, as citizens of Nova Scotia, we can evaluate whether this model is going to work in the province and whether there's an appetite to expand it, apply it on a larger land base or on other areas, or to give a longer term licence. That's how we've dealt with the challenge but we would certainly - we are calling it out as an issue for us that we will have to work with and will need some level of political support to see if this model is appropriate in a longer term.

MR. CHAIRMAN: Mr. Mombourquette.

MR. DEREK MOMBOURQUETTE: Thank you for the presentation. Earlier on - and this goes to comments from Mr. Lohr, the stumpage fees - you mentioned that there are different models around Canada. Can you provide some of those examples? Are some better than others? I'm curious for you to elaborate on that.

MR. MARTIN: I would say that British Columbia likely has the most well-developed system for community forestry, it's the most mature anyway. There are quite a number of community forests in British Columbia and they have a clear sort of enabling legislation around community forestry and a pricing structure for Crown land royalties or stumpage prices that are appropriate to the objectives of community forestry.

Perhaps in Nova Scotia the challenge has been certainly in a context where softwood lumber agreements are being renegotiated and there are tensions around trade tariffs, there's a certain amount of caution around adjusting the way our Crown land timber is priced, that it may be seen as an unfair benefit to the industry. We would challenge that to some extent in that as a community forest, what advantage would it be to us to undercut ourselves and sell timber below a fair market value?

That's the challenge we're dealing with. We're trying to work within the context we've been given because again, this has never been tried before and we've been given a very important opportunity here and we'll work with it. There are models in other parts of the country that I think we can collectively learn from as well.

MR. CHAIRMAN: Mr. Horne.

MR. HORNE: A quick question on possibilities in the future. Do you see expanding and trying to get more acreage or hectares? Is that something that's in your mind to maybe garner some more extra wood or different size wood that might be beneficial?

MR. MARTIN: I'll pass the mike over to Mary Jane.

MS. RODGER: Yes, we definitely feel as though expanding our land base will be beneficial, especially considering what Will was talking about with the age structure of the 15,000 hectares that we currently have. It would be beneficial to expand and not just expand on a large scale, but expand in partial harvesting so you could really benefit the forest in the area. Although there is a large, significant portion of protected areas there is a huge amount of Crown land in the surrounding area that it would be fully possible for us to expand into.

MR. HORNE: A follow-up on that would be, how would that work with Natural Resources? Do you think that would be a stumbling block or would they work with you on that?

MR. MARTIN: We've been quite clear from the beginning that, again, similar to the sort of acknowledgement that a three-year pilot phase is kind of based on testing this model, we've been clear that in addition to a longer term tenure, we need to maintain the option of expanding the land base. Part of what we're learning is, what is the economically viable size for community forests in Nova Scotia? Certainly, no one has the information yet to say that 15,000 hectares is the right size; maybe it needs to be smaller, maybe it needs to be bigger.

What our concern would be is that we don't pursue other agreements that preclude the opportunity for community forestry to expand or to find its right, economically viable size. Certainly, we would like to be in ongoing dialogue both with the Department of Natural Resources, as well as industry partners, to have that as an open discussion that the opportunity for this model to expand is maintained, that we haven't locked up all of the surrounding land base in a long-term licence to some other party.

MR. CHAIRMAN: Mr. Dunn.

MR. DUNN: This question is dealing with the model of community forestry. Is your model similar to another model outside of this region or is it unique within itself?

MR. MARTIN: We were certainly inspired by the work that has been done in British Columbia and actually had direct support from some of the community forestry associations in British Columbia to help us develop our proposals and plans for this community forest. But there are particular needs and particular circumstances in Nova Scotia that make this community forest in some ways unique.

It was commented at a national community forestry conference that the Medway Community Forest was really a leading example in terms of a more collaborative process that many community forests, where they exist, tend to be managed by municipalities or a sort of more specific interest group. Our efforts from the beginning to include that diversity

of perspectives and actually build our board around both industry players, environmental stakeholders, and general community members - it is unique in the country. Apparently, we're told that we're leading the way in some of that effort.

MR. CHAIRMAN: Mr. Belliveau.

MR. BELLIVEAU: I just want to circle back. My understanding from some of my briefing notes is there are 125 community forest projects similar to this across B.C., and you mentioned Ontario and Quebec. I want to focus on this three-year time frame which I made reference to several times. To me, there has to be a way of measuring the issues that are being addressed and the creation of jobs for the community, which you made reference to will benefit the community. Do you feel confident that the public will have a way of acknowledging that, and seeing that develop as we move into the second and third year?

MR. MARTIN: Essentially, as a community forest and what I've mentioned is that we're trying to be as transparent as possible with our information and our learning as we go, particularly using available channels through our website, public meetings, and so on, to really build the community conversation around this model.

We do continue to have strong partnerships with the Department of Natural Resources; senior staff have been actively engaged in working with us. Our efforts really are to keep this as a very active, open dialogue so that as we get closer to the end of that three-year time frame, there should be no surprises. We should be reasonably confident that if we are making good progress towards the objectives of community forestry that we should have a reasonable expectation that our licence can continue and be placed on a more reasonable sort of long-term time frame for forest management, similar to what you would see in other forest licences in this province, typically issued in at least a 10- or 25-year time frame.

MR. CHAIRMAN: Mr. Lohr.

MR. LOHR: I would like to ask about this three-year time frame too. I understand you were given \$274,000 from the government, was that for the three-year period or was that an annual amount given and is the three-year sort of sunset? Does that relate to the time that you have to be economically viable? Is that the issue or will it be reviewed? I'm just curious.

MR. MARTIN: The way the funding came about is our initial proposal for community forestry in Nova Scotia was for an area actually more than twice as large. For the pilot phase they licensed us in a much smaller area, which really challenged the economic viability of our business plan. In recognition of that, and again because this is about testing a new concept for forest management, we were able to negotiate for some assistance, some support to make up for the gap that was created in our business model by having a smaller area.

The funding is over the entire three-year pilot phase. The way it was structured is deliberate. The greatest amount of the funding comes in year one at \$151,000 - that has been issued for this fiscal year. Next fiscal year it's a \$90,000 grant and the following fiscal year, the final year of the pilot phase, is for \$50,000. That has been structured that way so that it's a decreasing amount of government funding, theoretically tied to us moving towards an economically viable model. It is very much our intention to operate without further government assistance as quickly as possible.

MR. CHAIRMAN: Thank you. If I could just follow, the numbers that we were given were \$43,000 in fiscal year 2014-15, \$151,000 in fiscal year 2015-16, and \$80,000 in fiscal year 2016-17, so that didn't quite jibe up. Was there additional money allocated by the department, outside of the question that was asked?

MR. MARTIN: Can you please repeat those numbers?

MR. CHAIRMAN: \$43,000, \$151,000, and \$80,000.

MR. MARTIN: I apologize for the confusion there. The difference in the amounts are that we are operating on a calendar year. Our fiscal year ends on December 31st whereas the government's fiscal year ends March 31st, so the difference in numbers really accounts for the time lag. The numbers I quoted are related to our operational year, rather than the - and I did make an error, the first year, the total amount for our first operational year is not \$151,000, it was \$178,000. It crossed two fiscal years for the government. Thank you for clarifying.

MR. CHAIRMAN: No problem. Mr. Horne.

MR. HORNE: I'd like you to give us a little bit of information on how the certification goes. Do you have to pay for the certification or is it something that government accepts - what kind of volumes of certification requirements?

MR. MARTIN: The third party certification in Nova Scotia, I think, is a valuable tool for really verifying that our forest management systems here are meeting the public expectations for good management of our Crown land resources. Bowater was FSC certified on this Medway land base, and when the government purchased the land they wanted to extend that FSC certification. They are also SFI certified; it's another system across all three of the old Bowater districts. They wanted to maintain those certifications really to - it is seen as a benefit. It helps in the marketing of timber supply, as well as building public trust, I think, in the management of the resources.

So as a community forest during this pilot phase, we actually operate under the government certificate. They are maintaining that certificate in this kind of transition time for the area that they purchased, but it is our intention - whether it's under the government certificate or our own - when we move into that longer term tenure model, we will be

maintaining certification on this land base. It is seen as a very valuable tool, more than even market opportunity, just in terms of public trust and third-party verification that we're meeting a strong standard for forest management.

MR. HORNE: Do you use your own cutters - people working in the woods for the company, for your CF - or do you hire local community contractors?

MR. MARTIN: I'll pass the mike to Mary Jane.

MS. RODGER: Currently, because we haven't actually cut any wood yet, I don't have a definite answer to that, but it's expected, based on the open-bid tenure system that the mill that would be the successful bidder would contract out either a local group or someone from the region.

Typically, with costs of floating equipment, et cetera - usually contractors are working within Annapolis, Queens, or Lunenburg Counties, so it wouldn't really extend past that. But a lot of the work we're doing with the Western Service Area group is hoping to build capacity for local contractors, so it would be ideal if we could have one crew working on the community forestlands as well as working on local private woodlots and supply them with year-round work, but we're not quite there yet.

Another initiative we'd really like to facilitate would be some contractor training on building capacity and building skill levels on partial harvesting and sustainable forestry, because a lot of the contractors in the area are accustomed to doing mainly clear-cutting and full harvesting. That's something we'd definitely really like to build on in the near future.

MR. CHAIRMAN: Ms. Zann.

MS. LENORE ZANN: I actually wanted to ask about the carbon credit sales. I don't know if I missed that - sorry, I had to leave the room for a minute. The voluntary carbon credit sales, could you explain those a little bit? How does that work and what is the existing carbon credit model?

MS. RODGER: There is no existing carbon credit model in the Maritimes, but the voluntary system is basically based on the idea that companies will buy into carbon credits or buy carbon credits because they would like to be seen as green by their consumers.

A kind of partner organization with us is from New Brunswick and they're doing this type of carbon sales on their 600-acre woodlot in Sussex. The way they've done this is basically structure it by valuing the stand as it is, as it exists in the current state. By doing this it's kind of an extended timber valuation, so you're not just looking at the wood but you're looking at the dead wood on the ground and really the amount of carbon that the forest is capturing.

Then at this point, once you have the value and you establish a working conservation land easement - so this is another key component of the carbon process - you then open a 15-year window where you can now work this woodlot, essentially improve it in the way that it can capture more carbon, so doing that kind of partial harvesting that builds the value of the wood standing and lying down on the land base.

In doing so, you go through incremental reviews so at, say, five years they go in and they value the stand again for the amount of carbon, whether you've had the ability to capture more carbon, and then you would get an additional sum of money. So you get a large lump-sum payment at the onset of the project and then incrementally at different times throughout the working conservation land easement.

MS. ZANN: So the company pays you?

MS. RODGER: Yes.

MS. ZANN: The company pays you to be able to use that as an offset for their own activities. So the carbon capture, is that the oxygen that the trees are giving off or is it . . .

MS. RODGER: It's the carbon that's captured within the forests.

MS. ZANN: The carbon that's actually captured. Okay, that's interesting. So you haven't actually done that yet?

MS. RODGER: No, it would be difficult to do on our land base because we are Crown and we don't have the ability to have that 15-year window that you need in order to have a working conservation land easement.

MS. ZANN: If you did, could you then?

MS. RODGER: Well we could and there actually are systems in British Columbia, like a lot of these community forests in British Columbia do have carbon systems that are ongoing, as well as in the northeast states - the nature conservancy there is building to establish more carbon credits with working conservation land easements.

MS. ZANN: I suppose that would tie in with, for instance, like cap and trade, that sort of thing?

MS. RODGER: Yes, it would kind of go - if a cap and trade system were to be established, it would go hand in hand. It would be less so voluntary and more so regulated, so we would actually have more of an opportunity, because we are on Crown land, that we would have a regulated system that would be province-wide.

MS. ZANN: I know the federal NDP, for instance, have been pushing for the cap and trade system but we don't really have anything in place yet.

What actually got the two of you involved and interested in this project and in doing this? You've been involved for quite some time, right? What motivated you in the beginning? How did you get into this?

MR. MARTIN: I've been working as a forestry professional for about 15 years now and care quite passionately about the health of our forests and the health of our rural communities that really depend on that resource. I think just for me personally it was really witnessing the struggle of declining communities and also witnessing the level of conflict that we have around resource decision-making and feeling quite passionately that there has to be another way, and seeing in particular how the loss of the Bowater mill on the South Shore was a big disruption both for the industry and for local communities.

Personally, it just highlighted the importance that we can't wait until there's some catastrophic event or a collapse before we innovate what the models are going to be for the future. We need to start piloting those models and developing them now, before the next collapse comes - so really wanting to apply my own personal efforts to this kind of innovative, creative, sort of solution-driven process to explore what those models are.

I do want to be clear that although I think community forestry is wonderful, and I think there are a lot of beautiful things in the model of community forestry, it is a process of learning, it's a process of testing. We, within Nova Scotia, have to build that business model together and find those solutions that are going to sustain not only the forest industry but our rural communities for the long term.

MR. CHAIRMAN: Mr. Farrell.

MR. FARRELL: I just want to get back to the term of the agreement, the length of the agreement. I think there are a couple more details there that might not have gotten out in your answer to Mr. Belliveau's question. There is an agreement or a part of the agreement that allows you to talk about extension for an additional year, so really your three-year term can be extended to four while you're negotiating further. Then the contemplation is that if the experiment is successful that the contract will be extended for a further 20 years?

MR. MARTIN: Twenty years is not a time frame. Are you referring to a specific clause that names 20 years?

MR. FARRELL: Yes, it does - we've been provided with some wording here on replacement and extension of the agreement and it says:

“9.2 Within (sixty) 60 days of the MCFC giving notice, the MCFC and NSDNR shall commence negotiations on terms and conditions for a possible replacement of this Agreement for a term of (20) years, or such other term, which shall be at the sole discretion of NSDNR.”

So 20 years is a contemplated term there in the contract, right?

MR. MARTIN: I would have to review those details. I don't have a copy of the agreement that we signed in front of me, but I know there was a certain amount of caution around committing future governments to a decision on awarding our long-term agreement. Certainly the clause is in there to give us the appropriate time frame to negotiate a longer term agreement.

So I would say that I certainly acknowledge within the senior staff in the Department of Natural Resources that I have dealt with, the intention is there to see this model continue for the long term, but it will require a new agreement and it will require appropriate levels of support from government to do so.

MR. FARRELL: It will be a matter of agreement and it will be based on how the project works out over the three- to four-year period that's contemplated.

MR. MARTIN: That's correct. It's highlighted here as a challenge and an interesting point about how we actually innovate these new models of Crown land management in Nova Scotia. It may be entirely appropriate to give a pilot phase where things are more rigorously evaluated and tested.

We would just ask that any new Crown land licensing model be subject to the same type of testing and time frame, because it's important that we create a context here in Nova Scotia for exploring what these alternative approaches might be.

MR. CHAIRMAN: Mr. Lohr.

MR. LOHR: Clearly what I hear you saying in your forest management plan is that there is sort of very low-value usage. I guess the lowest value usage of the forest would be stumpage. You've said that you think stumpage is too low. You've talked about going to roadside sales of firewood which maybe would be getting something closer to retail type pricing, from what I can see. You've talked about chips for wood, which again I think would be getting into a lower value.

What my mind kind of turns to is if there are other higher value usages potentially out there. The two that come to my mind, I know there is a shortage in the province of high-quality hardwood for milling for flooring. Is that possibility there? Another possibility is the maple sugar. Is there any possibility of maple sugar contracts on these 15,000 hectares? I'm just curious.

MR. MARTIN: Perhaps maybe I can give a good example of how community forestry can facilitate some of those opportunities. We've already discussed that we're opening up a firewood business opportunity, but because of the Crown land base and the volume that comes from that Crown land - 2,000 cords is not an insubstantial volume of hardwood coming out of the forest - you now have a level of capacity, a level of wood flow, that if that 2,000 cords is brought to a central yard and perhaps we can partner with private landowners in the area, that they can also sell firewood to us, you have the sort of volumes and the through-put where you can actually start to do some of the value-added sorting of that hardwood.

So within any load of firewood, there are certainly going to be a few pieces that are sawlog quality, and if we get to that critical mass, something akin to a sorting yard where we can separate out those value-added sawlogs and put together enough for a truckload to send to Meteghan at A.F. Theriault or up to Groupe Savoie or other hardwood users. We can create those economics and not only benefiting ourselves as a community forest from the Crown land supply, but making that added value available to the landowner so that they are not just selling - or they have the opportunity to sell a mixed load of, say, firewood, but to gain added advantage from the few pieces of sawable material inside of that load. That's just an example of how we are working with those types of issues.

MR. LOHR: I would think that would be quite a good opportunity. There is quite a shortage of those high-quality saw logs.

MR. MARTIN: That is correct, yes.

MR. CHAIRMAN: Ms. Zann.

MS. ZANN: I had another question for you which was, given that there are over 100 community forests already across Canada, what lessons are there to be learned from those other community forests? Have you learned how you would go forward if you could, for instance, extend this for 20 years?

MR. MARTIN: There are multiple lessons and actually Mary Jane has done a considerable amount of research in evaluating some of those other models. There are a couple of points that I would add that we've emphasized already in this presentation, but the importance of developing an economic model for community forestry, as well as including a diversity of stakeholders and interests that the more, sort of, the narrower the interest set on a community forest, the more challenged they become. Perhaps, Mary Jane, if you want to add some things you've noticed from your research.

MS. RODGER: There has also been a level of specialization that a lot of the existing community forests in B.C. have been able to benefit from. Will was talking earlier about specific groups managing. Community forestry hasn't been isolated to only being multi-value in B.C., so say they'll have a First Nations group managing a large area, there's a

community forest outside of Fort St. James, B.C. that's 150,000 hectares and they manage it largely for industrial forestry whereas there are different community forests down in the Kootenays that have their own sawmill and then mill high-grade lumber, Douglas fir, kinds of the things we don't really have the opportunity of obtaining here based on what exists on our land base.

A lot of these organizations, as well, they're directly focused on not necessarily finding economic gain from the additional values, but bringing a benefit into the community, so supplementing educational programs, trail systems, really things that will benefit people beyond economic return . . .

MS. ZANN: So like the ATVers, for example, you're reaching out to them to say could they come in and use parts of this land instead of some of the other wilderness areas, is that right?

MS. RODGER: There's quite a bit of conflict going on in Annapolis/Queens Counties right now against the proposed protected area and the access that hasn't really yet been decided and where those people can access motorized recreation. So we see our land base as being able to partner with those organizations and have a set trail system. Those organizations are also very good at self-policing so if they see someone who's going into a marsh, for example, somewhere that might be more ecologically sensitive, they'll self-police each other and promote sustainable ATVer, or sustainable motorized vehicle use. We really see ourselves as the land base to do so since we will already be conducting some forestry operations.

MS. ZANN: Can I ask another question?

MR. CHAIRMAN: You sure can.

MS. ZANN: I have a little cottage out on the North Shore and I'm noticing that there seems to be more clear-cutting going on again now. Have you noticed a difference at all? Are there more clear-cuts happening on a larger scale, have you noticed?

MR. MARTIN: Provincially, it's really important that we recognize that we live in a beautiful and diverse forest ecosystem, the Acadian forest region. Really, the dynamics of the forest ecology and the ecology that's not only best suited to our wildlife populations, but also the ecology that is best suited to growing productive, high-value timber tends to be one that has a lower intensity disturbance. We have managed our forests again under a set of objectives for the past 50 to 60 years and we're seeing that those objectives are starting to change. Certainly from an ecological perspective it would be appropriate to see much more partial harvesting in our forests, a lower intensity harvest promoting longer lived structure, a wider diversity of species.

I know that the province has set some clear objectives around reducing the amount of clear-cutting in the province to no more than 50 per cent of the total harvest. We would see that as critical that we continue to work actively towards those goals, again not only for the ecological health of our forests but we certainly believe the economic opportunity in our forest is also dependent on cultivating that more diverse, more mature structure.

MR. CHAIRMAN: Mr. Horne.

MR. HORNE: A question on when you do your reports up for the success or failures of the program, community forests, what kind of successes are you going to be measuring or what kind of failures are you going to be measuring?

MR. MARTIN: Hopefully we're measuring both. I think part of innovation is really learning how to better acknowledge failure and learn from failure as well and not just focus on the successes.

One of the key aspects of our evaluation structure is to focus on those aspects that are sort of unique to community forestry so that we're not being evaluated in comparison to a set of metrics that may be appropriate for an industrial licensee for Crown land, that we really created that evaluation structure based on those additive benefits that community forestry is striving for.

Certainly the best way to talk about this is actually to have a look at the evaluation structure. It's available on our website at medwaycommunityforest.com but it is structured around principles that include environmental objectives, community benefits, management of the land base for timber production, relationship to the community, to First Nations and in supporting private woodlot management. So we have a clear set of principles and specific indicators for each.

MR. CHAIRMAN: Thank you very much. We've exhausted our list of speakers so that means I get to ask a question. I'm curious if you could just explain to the committee the Western Area Service group also. You did touch on that and I think it's an important part of what's going on within your venture.

MR. MARTIN: The service area model, as I understand it, is really based on an objective to better coordinate the delivery of sort of outreach and extension and silviculture programs on private lands across the province. There's a pilot program in Cape Breton, a Cape Breton private land partnership that has launched sort of the first test of the service area model and I think they're doing some really exciting work.

Now in the west there's a group of partners representing landowner organizations, environmental groups and industry partners looking at what a western region service area might be. Again, similar to us as a community forest, it's going to be about finding the business model for how you effectively deliver good forestry to private woodlots or support

good forestry on private woodlots in our region and effectively deliver government programs in an economically viable way for the long term. It's in early stages, but I suspect there would be a more detailed proposal from the western region coming forward early in the new year.

MR. CHAIRMAN: Yes, I believe they are having a community meeting tonight in Weymouth and I'm hoping to be out of the city to be able to get to it.

MS. RODGER: I know there are still about five meetings after tonight's, in all seven counties. We had ours in Carleton last week and then Weymouth tonight. I can't quite remember when the next one is but there are still quite a few - there's Queens, Lunenburg County.

MR. CHAIRMAN: So you folks are planning to attend?

MS. RODGER: I'll be at the Caledonia meeting as well as the New Ross meeting.

MR. CHAIRMAN: Thank you. So we have a few minutes if you'd like to close out with some comments also, please.

MR. MARTIN: Again I would say I really appreciate the opportunity to come here because, as I hope was clear, what we're trying to do is ambitious and it's not easy. That means we're quite open to discussion and learning from it and it's really vital that we continue to get questions around what we're doing because as I've said a few times, we do need to find some new models for how we sustainably manage the resources of this province. There is incredible potential in this province, incredible value in our resource base, and the world is changing. There are increasing pressures - both environmental and economic - that require us to innovate our business models, and so the community forest is an opportunity to do that.

We intend to be quite inclusive in terms of how people can participate and also quite transparent in sharing our successes and failures as we move through this model. It's going to depend on some level of support and ongoing support from the government and all parties to really recognize the importance of testing these new ideas, creating space to test them, giving some flexibility around testing and learning so that we do get to those future business models, economic opportunities and also community benefits that can sustain long-term health of our rural communities.

Thank you for the invitation and actually we would hope to come back and see you and let you know how we're doing in future years.

MR. CHAIRMAN: Thank you folks also. I just also want to say on behalf of the committee here, to commend you on what you're doing, the fact that there are hopefully going to be 400 truckloads of wood to build on our economy. Your economic way of

looking at things, I think, is extremely important. The fact that you're fostering activity means that you're growing contractors and means that you're growing wealth in our communities. We know the challenges.

I really also want to comment on the fact that the partnerships that you're bringing with the private sector, 70 per cent of our land base sits there and I think that's a key part in addressing a lot of the challenges that we have. We are very limited with the opportunities we have on Crown lands. So keep up the good work and, yes, I think it was on my mind also that it would be interesting hopefully that we're maybe all here in three years to bring you back in and talk about that. Thank you.

We'll take a five minute recess and come back in to finish committee business.

[10:32 a.m. The committee recessed.]

[10:41 a.m. The committee reconvened.]

MR. CHAIRMAN: I call the meeting back to order. We start off with correspondence. I believe everybody received that correspondence. We have our annual report and then we have our meetings during House session.

The correspondence and the next meeting date I believe all correspond, so if you don't mind, could we just deal with the annual report and then the meeting during House sessions and then we'll go into that?

Everybody had a chance, I believe, to read the annual report. Are there any errors or omissions or problems? Would somebody like to make a motion that we accept the annual report as tabled?

MR. HORNE: I'll make that motion.

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

The motion is carried.

Typically during House sessions, we do not sit as a committee. I'm guessing that, with the struggle that we have in trying to schedule the meetings, we're going to continue with that practice during the House sitting.

Getting on to our correspondence, Mr. Belliveau, you have the floor.

MR. BELLIVEAU: The correspondence is before you and I hope that each member has had the opportunity to evaluate and read that. It's dealing with the Offshore Petroleum

Board and asking them to be before this committee. The letters explain it. I'm willing to make a motion to invite the Canada-Nova Scotia Offshore Petroleum Board to appear before the Standing Committee on Resources - an emergency meeting to discuss the capping of exploratory wells on the offshore, and any dispersants which they may use to ensure that these topics are addressed before a decision is made by the Canada-Nova Scotia Offshore Petroleum Board.

I make that a motion and I'll just emphasize, before I hear from my colleagues, that this is crucial that we have a thorough discussion before all those concerned. We are elected here to represent Nova Scotians and there is going to be a decision made on this. The letters explain this process and this board needs to hear from elected officials before any decision is made that has an influence or affects the oil industry, and especially the tourist industry and our fishing industry. So I make that a motion and I'll leave it for the Chair's discretion.

MR. CHAIRMAN: There is a motion on the floor. I'd like to open it up for discussion, and I would like to put comment forward on that, if you don't mind. Thank you also for your two letters. The first letter was simply to have the topic added to the list of agenda topics that we had. The second one had a little bit more immediacy to it. Just to inform the committee, the clerk and I have been working very diligently to try and accommodate that original request that came in.

Just to inform everybody, as I think you already know now, we need unanimous consent to find a date for the committee to sit. We've attempted to get that date. Unfortunately we found out just yesterday that that date does not work, the first open date that we have. The availability for the next meeting, the soonest availability that we have, according to our clerk, would be November 5th. Certainly we are pursuing that date. I'd like to get unanimous consent if I could today and yes, open that invitation up to the Canada-Nova Scotia Offshore Petroleum Board and open that up also to Shell to have two separate witnesses who would come in and present, pending their availability again.

I don't know if that addresses the motion. I certainly think that is in the spirit of us trying to move this on to the agenda which is procedurally a very difficult thing to do. We're making every attempt at that. Mr. Belliveau.

MR. BELLIVEAU: I really think that is the intent of the motion. My only concern is to keep the petroleum board in the loop and to know that you are moving towards November 5th and for them to be immediately there should be a letter acknowledging that to the board so there's no decision being made between now and November 5th.

You understand the point I'm trying to make, that they could actually make that decision, because to be blunt here, I think the rigs are in the harbour or the infrastructure is in place so that could happen very fast so we need to keep the board in line with the intent of November 5th.

MR. CHAIRMAN: We will be starting the process immediately upon consent of the committee that that November 5th date is acceptable, to inform the parties as witnesses of the intent to have that meeting and the intent to have them come before the group and to present. That is the authority of the committee to do that.

We will start that process today, I am assuming - our clerk is nodding her head - and move forward to have that happen, if at all possible. Thank you.

So the motion you have on the floor, do you want to withdraw that with us continuing with what we had planned on doing even if we hadn't had that motion?

MR. BELLIVEAU: No, I'll leave the motion there because I think the intent is to achieve both the same goals.

MR. CHAIRMAN: Could you reread the motion then, please?

MR. BELLIVEAU: The motion is to invite the Canada-Nova Scotia Offshore Petroleum Board to appear before the Standing Committee on Resources, on an emergency meeting basis, to discuss the capping of exploratory wells in the offshore and any dispersants which may be used in the event of a blowout, to ensure that the topic is addressed before a decision is made by the Canada-Nova Scotia Offshore Petroleum Board. So to appear before us before any decision is made.

MR. CHAIRMAN: The only concerns I have in regard to your motion, Mr. Belliveau - Mr. Farrell, I'll let you speak first, maybe.

MR. FARRELL: I would like to speak on the motion, Mr. Chairman. I have a couple of concerns about it. One of the concerns is characterizing this as an emergency meeting. I appreciate the efforts the Chair and staff have gone through to schedule this as an additional meeting and I think the process is well in place to do this.

I'm not downplaying the seriousness of the issue with respect to the capping of these wells and the issue that has been raised by the honourable Mr. Belliveau. I do think that it's peripherally within the jurisdiction of the committee, I do think it's something that I'm interested in hearing, I'd like to see the meeting go ahead, but I'm not speaking in favour of the motion. I'm not going to support the motion because I think it's unnecessary to characterize it as an emergency meeting. It is something that falls within the regular business of the committee, if you will.

Once again, I appreciate the efforts that are being undertaken to bring this on as an additional meeting so that we can get it in before the upcoming session of the Legislature. I, myself, am comfortable that it will happen through the continuation of the efforts of the chairman and staff and I don't think that we need a motion to characterize this as any kind

of an emergency meeting. I'm comfortable that it's going to occur regardless of whether this motion is passed or not.

MR. CHAIRMAN: If I could just add one more comment. I think we might have a problem meeting the terms of the motion in the fact that we have no control over the board, themselves. They are an independent entity that works outside of government and it's important they be that. If we actually had the ability and the authority to do what's being asked of us, just to echo some of Mr. Farrell's comments - the meeting, if we can get it all pulled together with every resource that we have available here today, we're going to attempt to do that.

So I think the spirit of what you're looking to have done is being addressed, has been addressed and I respectfully submit that I think we would have problems meeting the true intent of the complete motion that you have, Mr. Belliveau.

Ms. Zann.

MS. ZANN: I just wanted to say I think it is actually urgent because there is a decision pending and so that's why I would imagine my colleague is asking for an emergency meeting before the House sits. So are you saying that we are going to try to have one on November 5th?

MR. CHAIRMAN: Yes.

MS. ZANN: And you're going to do everything that you can to try to make that happen?

MR. CHAIRMAN: Yes, we are.

MS. ZANN: But for some reason, Mr. Farrell doesn't want it called an emergency meeting, is that what I'm getting here?

MR. CHAIRMAN: I'm just thinking that the essence of what we're trying to do here is meet the conditions of what you're asking. The ability for us to schedule a meeting just doesn't happen at the whim of the Chair, unfortunately and that's the challenge that I have. I'm hoping that some time down the road that's going to be part of the discussion on how our committees work so that we can streamline these things to work in an easier way.

MS. ZANN: Okay, but right now we are trying to aim for a meeting to meet these people on November 5th?

MR. CHAIRMAN: Yes we are.

MS. ZANN: Okay, thank you.

MR. CHAIRMAN: Mr. Belliveau.

MR. BELLIVEAU: Just quickly, certainly, we can't stop the board from making a decision, but the importance here is the timeline. As in the letters, what I want to clearly point out is, there is a decision that's going to be made by this board and I'm concerned if we do not address these topics in a timely fashion and without having the board in front of us, those voices are going to be silenced. We are here to bring those voices forward as elected officials and I think it's our responsibility to do that and for that board to hear from the voices across Nova Scotia. That is why the urgency is to have that board come before this committee at the appropriate time to hear those concerns.

I will leave you with this - I can live and die with the results of this committee on this motion, but I know this is the intent to address those issues before that Canada-Nova Scotia Offshore Petroleum Board makes their decision. Now it's going to be interesting to play out to see how this motion is supported or not supported and I will leave you with this, Mr. Chairman, we're going to look back on this in a number of years, probably through Hansard, and we're going to say, we had an opportunity to have some import into this decision. To me, if this motion gets defeated and this board makes this decision between now and November 5th when they appear before this committee, I'm wondering how those questions will be addressed at that time.

MR. CHAIRMAN: If I can find one common theme amongst everybody here, it is that we all want to have this meeting happen on the 5th. If there is any way possible, one way or another, it will happen regardless of the motion.

There is a motion on the floor and we have three options here: we can vote on that motion, we can have that motion withdrawn, or I could defer that motion to the next meeting. I would like to leave that opportunity up to the person who put the motion on the floor to decide what they would like to do with the motion.

MR. BELLIVEAU: The motion stands as is.

MR. CHAIRMAN: I'll close discussion on the motion. We have a motion on the floor. Would all those in favour of the motion please say Aye. Contrary minded, Nay.

The motion is defeated.

So we will schedule a meeting. I need agreement in principle from everybody here to schedule a meeting and then we'll get into some agenda-setting stuff, which isn't on the agenda here also - my apologies. Is everybody in favour of the November 5th meeting date? So we'll go forward with that.

We have always looked at 9:00 a.m. to 11:00 a.m. The clerk and I discussed this. We would like to propose that it be 9:00 a.m. to 12:00 noon or the opportunity to go over the time for this meeting, if that's at all possible.

Is it agreed?

It is agreed.

The other item that we have is our agenda setting. We've all had a chance to read the correspondence regarding our agendas and how we're to move forward as committees. We had an agenda-setting meeting in June and we each picked several topics. Everybody, I believe, understands the process. As the chairman, I have the opportunity to have us, if we agree on the previous list that was submitted - the clerk and I have reviewed the lists that were submitted by both Parties. That would include both the approved witnesses and the ones that were not approved. If we are in agreement with using that list as our go-forward list - including the non-approved - it gives us enough to pick from to meet the criteria of the new where there would be three from the Liberal Party, two from the PC Party and one from the NDP.

Also, it meets, coincidentally, the scheduling that the clerk has with the exception of us having to push back the next witness, which would be the wild blueberry sector. We had confirmed them for November 19th, but because of the sitting of the House we're going to have to move that one back. The next one would be the PC Party's. We tentatively had set that with them for December 17th, so again, those would be pushed back.

Then I believe we come back to the Liberal Party for the ocean energy, ocean tech, tidal research. Then we go to the NDP for an environment topic, consolidation of conservation officers.

So if we're in agreement with what we had submitted as our agenda-setting lists from June 18th, we don't need to have an agenda setting. Our agenda is set and we can format it under the new process. Is everybody in agreement with that? Clear as mud. Mr. Lohr.

MR. LOHR: In general, yes, but what happens is June already is a long time ago and sometimes priorities change. I think I would prefer us at one of these future meetings to again revisit the agenda-setting priorities. It's simply adding on a few minutes on the end of the meeting. Maybe at the end of - hopefully if this November 5th meeting comes together, we could have a few minutes of just reviewing the agenda-setting priorities at that meeting, for the future. Since a fair bit of time has already gone by we may have other issues that we want but we would need to discuss that, I don't have them right now.

MR. CHAIRMAN: Any other comments on this?

So if that is the case, then what I'm hearing is that you would like to bring forward new agenda topics outside of what we have currently in this list of topics from the PC Party?

MR. LOHR: What I'm saying is, I think I would like to have another opportunity to look at it and we may end up bringing the same topic back.

MR. CHAIRMAN: Do you want a copy of the list now?

MR. LOHR: I don't have the list copy right in front of me right now, no.

MR. CHAIRMAN: I've just been informed that technically we need agreement from the committee to go over the scheduled time because we're past 11:00 a.m. Is everybody in favour?

It is agreed. Thank you.

MR. LOHR: I didn't think I heard you say that. Our December 17th one was the dairy farmers. I mean, the reality is that part of the dairy farmer issue was the TPP, right?

MR. CHAIRMAN: Right.

MR. LOHR: It has kind of gone by the wayside a little bit now that has been decided so maybe that isn't - so yes, we would like to review our priorities.

MR. CHAIRMAN: In saying that, I don't necessarily - I'm just trying to accommodate everybody here without us having to actually set an agenda-setting session, which would mean having everybody resubmit their topics and then us go to a meeting to go over and approve those topics, to be able to keep the flow that we have now.

I certainly would think that within the PC list that they have here, if they would like to switch some of those in the order, that would be in the purview of the PC Party to do that and we can work that through the clerk, that's not a problem. But if we want to expand outside of what we currently have as a list, what I'm going to do is set an agenda-setting meeting. I'm just trying to speed things up here for us a little bit and stay within the spirit of what we've been given as direction on how to do this. Ms. Zann.

MS. ZANN: I just was going to ask can I see that list, please? I think my colleague wanted to say something.

MR. CHAIRMAN: Mr. Belliveau.

MR. BELLIVEAU: The issue with setting agendas is that issues of importance are generated, can change and that's the point that there must be a mechanism somehow in this

agenda-setting process that we can have a safety valve, that we can reach in and say well our priorities have shifted or we see something on the horizon.

I guess my point is, can we have some opportunity to reset that agenda? That's the question I'm raising here right now because . . .

MR. CHAIRMAN: What we're going to have to do as a committee is make a motion to rescind the current agenda that we have - I believe that is the wording. We do have to make a motion to dissolve what we currently had approved as an agenda list. Yes, we do have to reset the clock, you're right, and then we have to start under the new guidelines that we have, the new direction we have and we can do that two ways: we can do it with this as a populated list that we have here and use that populated list that we have to follow the criteria, three, two and one; or we can tweak the timing of who each Party would like to have as their three, two or one and we can move forward.

If everybody is not in favour of that, the next thing we need to do is have an agenda-setting meeting where each Party brings forward their agenda topics prior to that meeting, as we always have, and then we go forward with again three, two and one.

Now to your question about the flexibility, I wish I had an answer for you on that. We see the difficulty and flexibility in scheduling our next meeting. I'm hoping that the Management Commission is going to address that as another step in this evolution of our committees on how we can maybe be more flexible, more inclusive and deal with what you're saying there.

MR. BELLIVEAU: I think we're talking about the same purpose here is that we recognize the scheduling of the different Parties and how they select their topics. The point that I'm trying to make, and I think that's what you were trying to address - I recognize that each Party has their selection, but that priority may change. When it came to our Party's opportunity, what I'm suggesting now is that we would have the flexibility to change the priority to that, that is the point I'm trying to make.

MR. CHAIRMAN: I would say that would be something you should take up with your Party Leader. This new process that we have was agreed on by all House Leaders and we're just following the direction of what was agreed upon by our three House Leaders.

So, is everybody in agreement with the current list that we have, understanding there is flexibility for timing? If everybody is in agreement with that we can move forward with this list. If anybody wants to add to that list, we need to set another agenda-setting meeting for our next earliest meeting. Mr. Lohr.

MR. LOHR: I still see value in having the dairy farmers here, honestly. So if that is our priority I can agree with it, yes.

MR. CHAIRMAN: Any further comments? Ms. Zann.

MS. ZANN: Sorry, but I would actually like to hear from the dairy farmers.

MR. CHAIRMAN: Mr. Lohr just said that.

MS. ZANN: Yes, so I'm agreeing with him.

MR. CHAIRMAN: So, just to clarify, everybody is in agreement with the current list that we have here of agenda-setting topics for their Parties and we will fit them into the new format, three, two and one, and schedule them in the new format and move forward. Thank you all, very much.

I have no other items. I would ask that we adjourn and thank everybody for their patience and conversation today.

We are adjourned.

[The committee adjourned at 11:08 a.m.]