



Forests: Building a Future for Québec

Executive Summary





The challenge facing us today is to ensure that the forest, so solidly anchored in our past, is also part of our future. A series of events beyond our control, from an appreciating Canadian dollar to increased oil prices and a slowdown in the US economy, have highlighted the difficulty involved in adapting Québec's forest sector, regulations and organization to a shifting economic context and the new values of sustainable development. Our government has intervened to help initially workers, communities and forest companies survive this crisis. Together, we must now define a new model for managing the forest that will allow us to overcome the current challenges and ensure the profitable, sustainable and harmonious development of forests for the benefit of present users and future generations.

Jean Charest
Premier of Québec



We must redefine the roles and responsibilities of all players to ensure that the forest is managed in a sustainable manner. We must create new forums to ensure that all forest users can settle their differences and build a shared vision of forestry. We must re-examine our supply cycle and strike a balance between stability, which allows established companies to plan their growth, and flexibility, which allows new players to enter the market. We must promote innovation at all levels, from harvesting to tertiary processing, to support the emergence of new, higher value-added products. In short, we must renew our relationship with the forest.

Claude Béchar
Minister of Natural
Resources and Wildlife

Towards a new forest regime

This executive summary presents an overview of the green paper entitled *Forests: Building a Future for Québec*, the complete version of which may be downloaded from the MRNF website (www.mrnf.gouv.qc.ca). Both documents set out a series of orientations designed to lead to an in-depth revision of the forest regime, in other words the Acts, regulations and policies that govern forest management in Québec.

A period of public discussion can now begin, as a continuation of the work of the Coulombe Commission in 2004 and the Summit on the Future of the Forest Sector in December 2007. The objective is to introduce a modern approach to forest management that will ensure that Québec's forests continue to be a source of wealth, a lever for regional development and a symbol of our progress towards sustainable development.





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Context for the Reform

Forests in Québec: Some Figures

- Québec's forests represent 20% of all forests in Canada and 2% of all forests in the world.
- An area of 761,100 km², the equivalent of Sweden and Norway combined, has dense forest cover. Of this area, 55% is composed of productive forest land (the so-called commercial forest).
- Québec's forests provide habitats for over 200 species of birds, 60 species of mammals and 100 species of fish.
- In terms of area, 90% of Québec's forests are under public ownership.
- Privately-owned forests contribute around 20% of mill supplies.
- In Québec, an average of 1% of the area of the commercial forest is harvested each year. Over 80% of the harvested areas regenerate naturally.
- Less than 20% of the boreal forest zone is under management and may eventually be harvested.
- The system of protected areas in Québec currently totals just over 80,200 km², 162 times the area of the island of Montreal and more than the total area of New Brunswick. The objective is to protect 8% of Québec's total land mass by the end of 2008.
- Around 150 million seedlings are planted each year in public and private forests to complete the regeneration of harvested areas.
- In 2007-2008, the Québec Government invested around \$315 million in public forests, and \$77 million in private forests.
- Québec has produced regular forest inventories for the last 40 years. Today, it has a network of more than 28,400 ecological observation points.

A Dynamic Industrial Sector

- Almost 210 communities whose economies are based on the forest
- Almost 128,000 direct jobs, including 83,500 jobs in primary and secondary processing and forestry
- \$30 billion in shipments each year
- 4% of the gross domestic product (GDP)
- 15% of all manufacturing exports
- Almost \$11 billion in added value for Québec's economy

A Range of Benefits in All Regions

Wildlife, tourism and outdoor activities

- Over 30,000 direct, indirect and induced jobs
- \$3 billion spent by outdoor enthusiasts
- \$1.5 billion in added value for Québec's economy

Other commercial activities

- \$156 million in maple syrup production
- \$38 million in blueberry production
- \$50 million in Christmas tree production



A New Forest Regime

Since its introduction in 1986, Québec's forest regime has been subject to ongoing review and public debate. Over the years, this has led to the recognition of new forest-related issues (whether social, environmental or economic), new management approaches and, when necessary, amendments to legislation (such as the Forest Act) and regulations. More recently, the Coulombe Commission (*Commission d'étude sur la gestion de la forêt publique québécoise*) conducted an exhaustive examination of Québec's forest regime. Its report, submitted to the Government in December 2004, suggested ways of improving all aspects of the regime.

The Forest Act of 2007 is no longer the Forest Act of 1986. In light of new knowledge and in response to changes in the values of Québec society, various other elements have been added, some recently, in connection with sustainable development, management by objectives and by results, public participation, accountability, and greater transparency in the management process. However, the Ministère des Ressources naturelles et de la Faune (MRNF) notes that all these changes to the forest regime have failed to generate either public confidence in the way the forests are managed or a consensus among stakeholders concerning priorities for the future.

In the last few years, Québec has faced a slowdown affecting the whole forest sector. This is mainly due to the economic context, which has seen strong growth in the value of the Canadian dollar, increased fuel costs, a downturn in the US economy and an increase in international competition. However, the slowdown has not been caused by economic factors alone.

- The slowdown is structural, because it is difficult for the forest industry to adapt to the changing economic context by investing in modernization and innovation. This has led to several mill closures and layoffs.
- The slowdown is organizational, because the rigidity of the current rules makes it difficult for new players to enter the market, forest yields in Québec are low compared to other similar forests elsewhere in the world, the various users of the forest find it difficult to agree on a shared vision for forestry practices, and the division of responsibilities between the Government, the industry, regional authorities and Aboriginal communities often leads to conflicts and lost opportunities.
- The slowdown is social, because forest management is not perceived to be in keeping with the principles of sustainable development. Confidence in public forest management has been lost, and future workers are in short supply since fewer young people are attracted to work in the forest sector.

The slowdown therefore has many causes, and its roots stretch back into the past. All the partners in the sector recognize today that piecemeal change is no longer an option, and that new management approaches must be introduced as part of a new forest regime.





A Vision for the Future

The introduction of a new forest regime will involve the establishment of a management approach that responds to the issues of adaptability and cost-effectiveness within the industry, fully integrates the values of sustainable development and provides stimulating jobs for workers, and brings renewed prosperity to communities and regions.

More specifically, the new forest regime must:

- give communities and regions more input into the future of their own forests;
- ensure the ongoing survival of the forests and protect biological diversity;
- draw on a pool of qualified workers, proud of their skills;
- promote the ongoing operation of dynamic businesses striving for excellence and competitiveness;
- attract investment to increase timber production and apply targeted silvicultural treatments that reflect the latest scientific knowledge.

The new forest regime must also:

- rally widespread support by reconciling the various users of the forest environment and bringing together communities that depend on the forest, including First Nations communities, around a set of shared values and goals;
- lead to a modern appreciation of wood as a material whose ecological and environmental qualities make it a cornerstone of sustainable development;
- generate wealth and pride for all Quebecers.

Five Objectives

1. Establish a true industrial development strategy for timber and a new appreciation of timber as a material in Québec

- Prepare for the future by establishing an industrial strategy based on competitive mills and the processing of high value-added products.
- Establish incentives to increase the use of wood as a material in Québec, for example in the construction and energy production sectors, to replace other more energy-consuming, non-renewable, non-recyclable, non-reusable and more polluting materials.

2. Enhance Québec's forest heritage through integrated resource management and sustainable development

- Provide Québec with a Sustainable Forest Management Strategy.
- Establish the conditions needed to double the total value of goods and services produced from Québec's forests (wood, wildlife, recreation, etc.), mainly by increasing timber yields.
- Generate enough high-quality timber to increase availability and allow Québec to make meaningful choices in the area of forest conservation and development, and to achieve a balance between the three environmental, social and economic dimensions of sustainable development.

3. Give the regional authorities new responsibilities for managing public forests

- Give the regions more input into the decision-making process, to promote the development of a long-term vision for the management of land and resources.
- Give Aboriginal communities more opportunity to participate in development and achieve prosperity.
- Promote better conditions for forestry workers.
- Improve the quality of forestry practices by opting for management by results and accountability of various stakeholders.

4. Give companies access to a secure supply for some of their needs, and create a competitive market for wood from the public forests

- Give current TSFMA holders priority access to a specified volume of timber.
- Give more companies access to volumes of timber harvested in the public forest, at competitive prices.
- Encourage companies to be flexible, responsive and competitive.

5. Ensure that forest management reflects the realities of climate change

- Use the forest's potential to act as a carbon sink, to mitigate the impact of greenhouse gas emissions.
- Introduce the type of flexible management required to deal with the inevitable effects of climate change on the forest environment.
- Promote the use of wood as a basic material, both for its environmental properties and its ability to store carbon.



Nine Proposed Orientations

Orientation 1



Enhance resource development by implementing forest zoning

This orientation targets the definition of three separate categories of forest zones over the next five years, bearing in mind that the Québec government intends to reach the target of 8% of protected areas by the end of 2008. This orientation will be implemented as part of a new Sustainable Forest Management Strategy. The three categories are:

- *Protected areas* set aside for conservation.
- *Ecosystemic management zones* managed in a way that takes advantage of all the resources of the forest environment, based on
 - integrated resource management, to ensure that planning and forestry operations are undertaken jointly to harmonize all uses of the forest environment;
 - forestry practices that maintain biodiversity and the viability of forest ecosystems, while meeting social and economic needs;
 - production objectives for various forest resources (wood, wildlife, recreation, etc.) based on the needs and potential in each region;
 - sustained timber yields, by bringing harvested areas back into production.
- *Intensive silviculture zones* dedicated to timber production because of their high potential. Activities such as hunting, fishing, recreation and tourism could nevertheless continue in these zones.

Advantages

- Provide Québec with a clear, modern vision of sustainable forest management.
- Clarify priorities for the use of public forest land, with the involvement of all stakeholders.
- Concentrate silvicultural work on the most suitable land.
- Protect silvicultural investments in zones with a status defined by law.
- Create sufficient flexibility to accommodate new, innovative companies in all areas of forest use, and promote multi-purpose use.

Orientation 2

Refocus the MRNF on its primary responsibilities

To make the forest management process more dynamic and give people who derive a living from the forest more input into decision-making, it is suggested that the MRNF's role in the area of territorial management should be refocused on strategic elements to ensure province-wide coherence, such as:

- the definition of orientations, policies and programs for the development of public land and forest resources;
- the definition of general values, objectives, indicators and targets for the sustainable management of public land and resources;
- calculation of the allowable annual cut by the Chief Forester;
- the allocation of natural resource rights, the collection of dues, and the assignment of status to defined areas;
- the definition of fundamental standards: legislation, regulations, forest management guides, guidelines for various plans, etc.;
- the determination of forest-related and economic criteria for the selection of public land for intensive silviculture and the regional allocation of budgets for forestry work in intensive cultivation zones and in private forests;
- consultation of and provision of support for Aboriginal communities;
- provision of support for industrial development;
- supervision, improvement and provision of support for data-gathering work (including ecoforest inventories and R&D) concerning land and natural resources;
- evaluation of forest management and forestry operations, and the overall reporting of forest management and the state of the forest;
- promotion of the Québec forest management approach at the national and international levels.

Advantages

- Confirm that the Minister of Natural Resources and Wildlife remains responsible for the state of the public forest and its overall management, in particular by defining major orientations and objectives for its protection and development.
- Re-centre the role of the MRNF on its strategic functions, giving other stakeholders new responsibilities for the protection and development of public forests.



Orientation 3

Give regional authorities new responsibilities for managing the public forests

Over the years, regional authorities have asked to play a greater role in the management of public forests and in land use and development decisions in their territories. This orientation targets the establishment of integrated, territory-based management for public forest resources by gradually transferring to the regional authorities, over a five-year period, key responsibilities for:

- defining objectives, indicators and protection and development targets for forest resources that comply with the provincial orientations but are adapted to each region;
- preparing, for each ecosystemic management zone, a strategic plan and a forecast of the forestry operations to be carried out over a five-year timeframe, based on the allowable cut established by the Chief Forester;
- determining the financial contributions to be made by various users for the implementation of harmonization measures required for integrated resource management purposes;
- identifying intensive silviculture zones using the forest-related and economic criteria defined by the MRNF, and preparing a silvicultural plan for each zone;
- awarding contracts for forestry operations;
- checking the quality of forestry work, the achievement of objectives and targets, and compliance with forest management standards, and specifying remedial work if necessary;
- guiding the process of obtaining forest certification for land under their responsibility;
- reporting to the Minister of Natural Resources and Wildlife on the results achieved in the areas under their responsibility and the development of land and forest resources, based in particular on independent, external audits.

The extended responsibilities given to the regional authorities must, however, reflect the Government's concerns with respect to the quality of forest governance. In short, the approach to governance must:

- be exercised within a framework in which regional stakeholders communicate and work together;
- involve Aboriginal communities;
- allow the general public in the region to participate fully in the definition of regional forest management issues and objectives;
- guarantee transparency and full accountability.

Advantages

- Allow regional communities to take charge of their forest development by establishing decision-making links between communities that derive a living from the forest, including Aboriginal communities.
- Recognize and highlight the value of regional expertise.
- Increase joint action by regional stakeholders.
- Reduce resources dispersal and overlapping caused by multiple structures.

Orientation 4

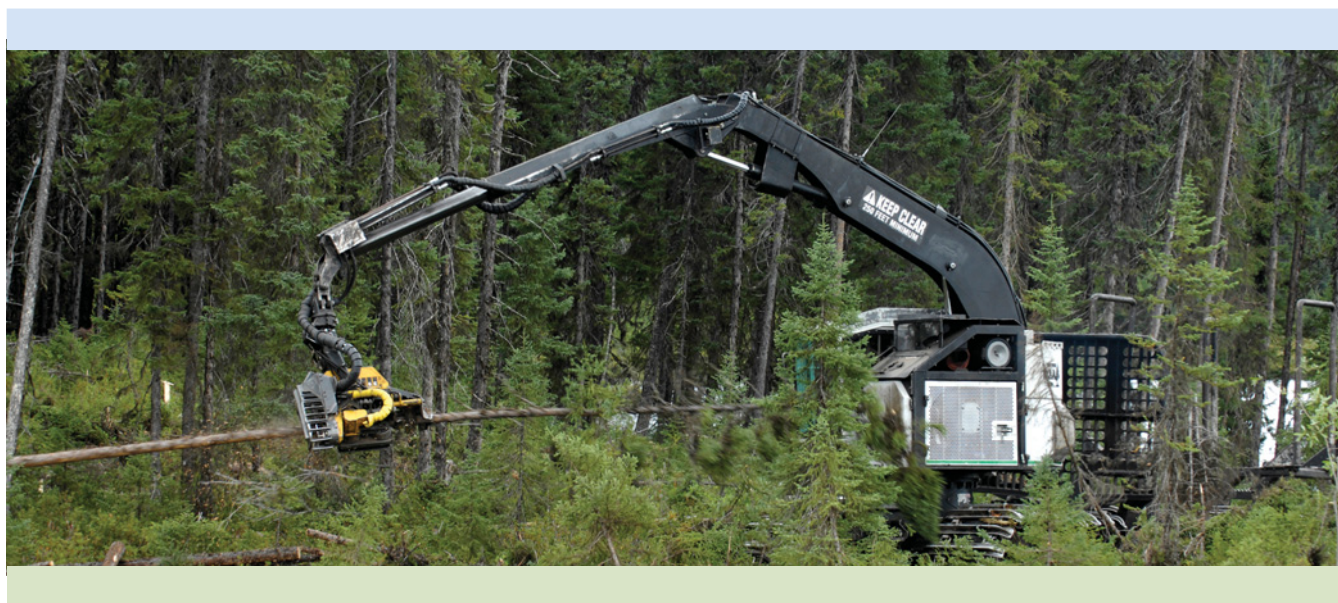
Entrust forestry operations to certified forestry companies

Under this orientation, the MRNF will recognize the forest industry as a key player in the operational planning and implementation of forestry operations, in order to increase quality by:

- selecting forestry companies based on rules that promote competition and performance;
- using agreements (ideally covering several years) signed directly by regional authorities and forestry companies;
- establishing a certification process to certify the proficiency of forestry companies wishing to work in the public forests.

Advantages

- Establish a more stable environment for forestry companies to promote their development, improve their performance and help retain workers.
- Promote the value of the silvicultural profession and attract new, younger workers.
- Improve the quality of forestry work.
- Offer Aboriginal businesses more opportunities to work in the public forests and provide jobs for the members of their communities.
- Develop Québec's forestry expertise, especially in the area of intensive silviculture.



Orientation 5

Promote a management approach based on sustainable results and accountability of managers and foresters

If the development of Québec's forest resources is to generate results that meet the criteria of sustainable development, it is essential for the Government and the regional authorities to establish clear forestry and development objectives. The individuals and organizations concerned must also have enough leeway to solve the range of problems they face effectively.

One way to make the forest management process more dynamic is to use management by objectives and by results, an approach that has begun to be implemented but is not widely used. Under this orientation, the MRNF will diversify the range of methods and tools based on this approach that are available to managers and foresters, to improve their ability to define and achieve sustainability objectives. Sustainable development certification by an independent third party could also be included in the range of accountability mechanisms. Another possibility would be to link long-term access to wood from the public forests, or to tax and other financial advantages offered by the Government, to the achievement of predetermined environmental or social results (ecoconditionality).

Advantages

- Allow regional players to discuss the evaluation process and target outcomes and help fine-tune the definitions as part of an open, transparent approach.
- Allow companies that take charge of work in the field to choose the specific methods used to achieve the target objectives.
- Provide professional workers with more autonomy, thereby making their profession more attractive.
- Improve and enhance the transparency of the process used to evaluate whether or not the target outcomes have been achieved.



Orientation 6

Promote a stable supply of timber by introducing a “right of first refusal”

Twenty years ago, the division of responsibility for public forest management was changed to introduce a new type of land tenure known as the timber supply and forest management agreement (TSFMA). The agreement holders were mill owners who were given the right to harvest a specific volume of timber within a given area. In return, they were required to manage the harvested areas in order to achieve set yields. This system has become a source of various challenges today, and has made it difficult to set aside availability to meet new needs. Under this orientation, the current approach based on TSFMAs will be dropped, but current agreement holders will, in the next five years, be given a “right of first refusal” on volumes of timber, based on the principle that their basic supplies will come from the private forests and the remainder from the public forests (the principle of “residuality”). Special mechanisms will be introduced to ensure the survival of small and medium-sized companies.

Advantages

- Give the holders of a right of first refusal priority to purchase, at the market rate, a specific volume of timber from the public forest.
- Ensure a certain level of supply stability for current TSFMA holders, with the possibility of obtaining further volumes on the market.
- Create a competitive market for a portion of the wood harvested in public forests.
- Provide more leeway to give the best-performing companies access to additional volumes, supply wood to new companies and allow the Government to honour its commitments to Aboriginal communities.



Orientation 7

Establish a competitive market for timber from the public forests

Under this orientation, once the “right of first refusal” is introduced (Orientation 6), some of the wood harvested in the public forest will be made available on the open market by 2013. Responsibility for this operation will be assigned to a public forest timber marketing board (bureau de mise en marché des bois des forêts publiques) based, for example, on the model of a stock exchange.

Advantages

- Give new players access to wood harvested in the public forests via auctions or public calls for bids.
- Ensure that the sale price of timber, whether from the public or the private forests, reflects its actual market value at the time of the transaction.
- Support innovation and creativity by making room for new players and introducing new structural projects for communities.

Orientation 8

Create a silvicultural investment fund for intensive silviculture

Currently, the Government bears almost the entire cost of public forest management. In the private forests, the costs are shared between landowners, the forest industry and the Government. Under this orientation, intensive silviculture in target areas of public and private forests will be funded via an investment fund. The fund will receive money from the sale of timber, the leasing of areas for the creation of carbon sinks and, possibly, from private sources that are not currently utilized.

Advantages

- Concentrate silvicultural investment in areas with high timber production potential.
- Identify new source of funding for intensive silviculture in Québec.

Orientation 9

Establish an industrial development strategy based on high value-added products

Under this orientation, the MRNF will establish an industrial development strategy based on high value-added products to help maintain an innovative industry able to create wealth and long-term jobs, and to encourage the use of wood as a material by the population of Québec. The strategy will target development of the wood sector, the energy sector and the bio-refining sector, modernization of the primary processing sector, a reduction in the lead-time for the development of new wood-based products, and improved regional networks, through

- incentives to increase the use of wood for structural, engineering and decorative purposes, not only in the residential sector but also in non-residential construction, including public buildings;
- support for innovation in the field of high-tech wood products;
- the use of forest biomass to replace fossil fuels;
- stronger links between the designers of new products, certification agencies, funding providers and marketing specialists;
- support for diversification in the pulp and paper industry to include products for the future such as intelligent paper and bioactive paper;
- the creation of niches of regional excellence in the wood products sector.

Advantages

- Generate economic activity and create stimulating, sustainable jobs.
- Transform the forest sector into an innovative industry able to attract new players.
- Increase the use of wood as an ecological material.
- Mitigate greenhouse gas emissions.



A Society-Wide Project

The reform of the forest regime is a major structural project with a society-wide impact due to the significant relationship between the Québec population and the forest.

The reform is founded on the generally-accepted observation that the current approach to forest management does not provide a suitable response to the prevailing economic, environmental and social challenges. We must prepare now for the forest of tomorrow, for the sake of future generations.

The orientations set out in this document are not inflexible. Instead, they are possible solutions presented as the basis for extensive discussions involving all the partners in the forest community. Nevertheless, given the types of changes they propose, the orientations reflect the ambitious scope of the reform. The goal is not to apply temporary solutions, but to renew our relationship with the forest and maximize the benefits it generates for all Quebecers.

The reform is motivated by necessity, but carried forward by a belief that the forest sector has a bright future and that the workers, communities, regions and businesses that derive a living from the forest are an integral part of a more prosperous Québec.

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