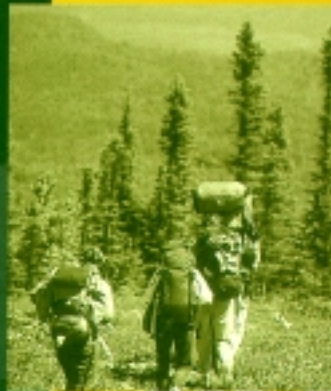





CONSULTATION
DOCUMENT

Updating
the FOREST SYSTEM



Québec 



A MESSAGE FROM THE MINISTER

The regional consultations are an important part of the process of updating Québec's forest system. They provide an opportunity for the population to give its opinion on forest management and to express its expectations with regard to the issues involved. The Government will use the public's contribution as a guide when establishing its orientations and priorities. The consultation process is also a concrete expression of the desire for transparency in the search for sustainable forest management practices. It provides an opportunity for individuals, municipalities, Native communities, companies and other organizations to give their opinion on a plan to conserve and develop Québec's public forests.

The current forest system is fairly recent, but as the social, economic and environmental context in which the Government must manage the forests is in constant evolution, it must now be adapted to take change into account and remain effective. I therefore hope the consultations, under the guidance of the regional development boards, will attract large numbers of participants and help push thinking forward, with a view to improving a system that is one of the motors of the economy in the regions and in Québec as a whole.

I wish you all a fruitful participation in the process!

Guy Chevette
Minister of State for Natural Resources
Minister for the Regions
Minister for Native Affairs

THE PROCEDURE

The ministère des Ressources naturelles is seeking a broad consensus on the changes to be made to the forest system. To achieve its objective, it has adopted a procedure divided into three parts:

- To produce a complete, transparent review of the present forest system indicating its performance;
- To identify the issues facing forest managers and developers;
- To obtain as broad a participation as possible by individuals and organizations with an interest in forest conservation and development.

This consultation document therefore gives extensive consideration to the Department's conclusions regarding the performance of the forest system. It also sketches a portrait of forest management and development issues, redefines the objectives of the system and proposes a number of measures to achieve those objectives. All this information, together with the proposals, are submitted to the regions and the communities for validation and enrichment.

The results of the consultations will be made public, as will the Department's orientations for new legislative, regulatory, financial and administrative provisions, with a view to implementing a revised forest system in Québec in 1999.

THE REVIEW

QUÉBEC'S FOREST SYSTEM

The 1986 adoption of the *Forest Act* was a major turning point in the management and development of Québec's forests.

First, the Government revoked all existing forest concessions and supply guarantees, thus terminating a timber allocation system in the public forests that had been in force for several decades. At the same time, it abolished the operational exclusivity enjoyed by a number of forest companies in certain areas. The *Forest Act* also introduced new rules governing the management and development of the public forests, including:

- The requirement to comply at all times with the allowable annual cut or forest possibility;
- The requirement to restore to production all sites harvested or otherwise used for forestry purposes;
- The requirement to protect the forest environment and resources, in order to conserve them and use them in a variety of different ways;
- The requirement for individuals and organizations to obtain a forest management permit before undertaking forest management activities;
- The requirement to pay dues established on the basis of the market value of the timber harvested.

The Act introduced a new method of allocating timber in the public forests, known as the timber supply and forest management agreement. The agreements are issued to the holders of wood

processing plant permits. Agreement holders are allocated a volume of timber from specific species. The volume in question is established on the basis of the plant's raw material requirements and the possibility of obtaining supplies from so-called "priority" sources, such as private woodlots and chips.

Agreement holders are required to comply with environmental protection standards when carrying out forest management activities. To achieve the forest production objectives established in their agreements, they must also plan and carry out forest management activities such as the planting of trees and pre-commercial thinning.

The Government helps fund activities such as these. It agrees that the amounts invested in silvicultural treatments applied to achieve production objectives may count in lieu of the payment of dues on harvested timber. Only the cost of applying the treatments is admissible as payment of dues, and it is the Government that establishes the scale of corresponding values. Expenses incurred for planning forest management activities or constructing and maintaining forest infrastructures are therefore not admissible as payment of dues, and must be paid in full by the agreement holder

A timber supply and forest management agreement covers an initial period of 25 years. However, it is revised every five years and extended for a further five-year period if the holder has fulfilled its commitments and complied with the provisions of the Act.

The *Forest Act* and regulations have been amended several times since they were first adopted. The amendments were introduced either to enable the Government to achieve its objectives, or to take

new requirements into consideration. For example, amendments were made:

- To make available to the public, before approval, the general and five-year forest management plans submitted by timber supply and forest management agreement holders; to ensure that public consultations are held, and to require that the regional county municipalities be consulted on the plans;
- To allow forest management contracts to be granted in forest reserves to a broader range of individuals, companies and organizations (including Native communities, local municipalities and regional county municipalities), so as to promote economic development;
- To reserve volumes of timber from the public forests on a temporary basis for individuals planning to build a wood processing plant or to increase the processing capacity of an existing plant;
- To allow restrictions to be placed, during the year, on the harvesting of timber from the public forests, in order to use up occasional surpluses of timber and fibre from other sources of supply, including chips and timber harvested in private woodlots;
- To introduce a method of calculating timber allocations for the public forest that takes into account the future availability of fibre from recycling operations;
- To provide better protection for the forest environment, and to promote multiple use of the forests by improving the standards of forest management and stipulating that such standards may be adapted as necessary to local conditions or the nature of the proposed management activities;
- To allow the dues collected on timber harvested from the public forests to be used in part as direct funding for activities aimed at protecting or developing all forest resources, both public and private (the forest resource development program was introduced following the adoption of these legislative changes);
- To create the **Société de protection des forêts contre les insectes et maladies** and the **Société de protection des forêts contre les feux**;
- To permit the creation of regional agencies for private forest development; to require every agency to prepare a protection and development plan for the private forests (identifying the methods to be used to ensure a sustainable supply of timber) consistent with the objectives of the development plans in force in the regional county municipalities;
- To introduce a fund that will finance the production of plants, the preparation of forest surveys and the carrying out of forestry research;
- To stipulate that the forests constitute a heritage and that the Department must promote their sustainable development in order to satisfy the economic, ecological and social needs of present and future generations.

THE REVIEW OF THE FOREST SYSTEM

It is impossible to make a definitive judgment of a forest system that has been in existence for barely ten years. In fact, it is only in the longer term that we will know if measures such as the restoration of production on harvesting sites have really been successful, or if the anticipated forest yields have actually been achieved. Overall, however, it would seem that the introduction of the forest system, and especially the *Forest Act* and regulations, has brought about a significant improvement in the management and development of Québec's public forests.

Highlights

So far, several improvements have resulted from the introduction of the forest system. For example:

- More of the timber obtained from the public forests is processed;
- Better use is made of the timber harvested from the public forests, and of by-products such as chips, shavings and sawdust;
- The rate of use of public forest timber allocations has increased;
- Lumber mills now process larger volumes of raw material and a greater percentage of timber obtained from the public forests;
- Despite the increased use of timber from the public forests, the consumption of timber and fibres from priority supply sources (private

woodlots, chips, sawdust, shavings and recycled wood fibres) is also increasing;

- More mills, especially in the lumber sector, now have secure long-term supplies;
- New provisions now exist to protect the forest environment, including the provisions of the *Regulation respecting standards of forest management for forests in the public domain* and the **Forest Protection Strategy**;
- Public forest timber allocations are consistent with the allowable annual cut; they take into account the real needs of the mills by providing the portion of their supplies that cannot be obtained from sources other than the public forests;
- A broader range of individuals, companies and organizations now has access to timber from the public forests;
- General and five-year forest management plans submitted by timber supply and forest management agreement holders now take into account the needs of regional county municipalities and the general public;
- The provisions concerning the funding of forest management activities provide the stable financial environment required for such activities;
- The Government receives more dues for third party use of timber obtained from the public forests.

However, not all the effects of the forest system can be described as improvements. Its provisions, the Department's management methods and some forest

company practices are also deficient in certain areas. For example:

- The volumes of wood not allocated in areas governed by timber supply and forest management agreements can be transferred only to the owners of processing plants; under the current rules, they cannot be used to satisfy the many other, increasingly diversified needs that are emerging;
- The Department's ability to promote the construction of wood processing plants and the creation of increased capacity is reduced; in fact, almost all available volumes of the most sought-after species (softwoods) have now been allocated; if the forest products industry is to be consolidated and grow, production in the public and private forests must increase;
- Every year, a certain percentage of allocated volumes in the public forests is not used, and it will be necessary to relax the rules to enable these volumes to be harvested as needed;
- The forest management plans prepared by timber supply and forest management agreement holders are deficient (imprecise or incomplete forest data, inadequate integration of the strategies of agreement holders in the same area, etc.);
- Mechanisms to assess the effectiveness of the *Regulation respecting standards of forest management for forests in the public domain* and to measure the achievement of forest protection objectives were adopted only recently, and are still incomplete;
- The method used to establish the allowable annual cut must be improved; simulation

hypothesis documentation needs to be enriched, forest data must be updated, and more weight must be given to the effects of natural disturbances;

- The measures adopted to inform and consult the general public on the general and five-year forest management plans submitted by timber supply and forest management agreement holders have not been as successful as was originally hoped; very few people have shown an interest; elements such as the lack of publicity for consultations and the absence of plans written in non-technical language are blamed for this;
- The regional county municipalities participate much more than the general public in consultations on the forest management plans submitted by agreement holders, because the holders are required to consult them; however, the regional county municipalities still consider the consultation procedure to be deficient, and would like to be able to contribute to the preparation of the plans;
- The control mechanisms used by the Department to enforce the Act and regulations are only partly effective; not all offences are currently punished;
- Forest management continues to be sector-based, and integrated management approaches are still marginal.

Partial achievement of objectives

The forest system has five main objectives – to protect the forests and promote the multiple use of forest resources, to ensure compliance with the allowable annual cut, to make forest companies

accountable, to promote the development of the forest sector and to protect the public interest. The forest system review reveals that these objectives have been partially achieved.

Protecting the forests and promoting multiple use of forest resources

The forests and their resources have received much better protection since the forest system was introduced. The main methods used to provide immediate and long-term protection for the forests include land use plans for lands in the public domain, the *Regulation respecting standards of forest management for forests in the public domain*, the **Forest Protection Strategy** and the mechanisms introduced to monitor forest ecosystems and measure atmospheric pollutants.

Before the adoption of the *Forest Act*, the Department had very little power to force the forest companies to comply with its directives concerning the protection of the forests and the most essential forest components, such as riparian environments and wildlife habitats. This situation was remedied by the adoption of regulatory provisions.

The *Regulation respecting standards of forest management for forests in the public domain*, adopted in 1988, contains provisions relating, among other things, to the protection of water quality, the routing and construction of roads, the protection of wildlife habitats, and the protection of forest regeneration. The regulation was revised in 1996, following adoption of the **Forest Protection Strategy**. Tougher standards were introduced at that time, to govern elements such as the protection of lakes and watercourses, and the size of cutting areas. So far, however, the Department cannot confirm that all forest management permit holders have complied with all the provisions of the

regulation, since it lacks effective control mechanisms.

In 1996, the Department also undertook an assessment of the regulation's effectiveness, beginning with an examination of the provisions that appeared to be the most difficult to apply. Improvements could be made in particular to the provisions concerning the protection of intermittent watercourses and those governing the installation of watercourse crossings.

The **Forest Protection Strategy** is still too recent for its impact to be clear. Nevertheless, the Department has undertaken to issue a public report in 1999 on the results obtained since the Strategy came into effect.

Compliance with the allowable annual cut

The *Forest Act* includes the obligation to comply at all times with the allowable annual cut. The allowable annual cut is equal to the maximum volume of timber that may be harvested in perpetuity from a particular area without reducing the production capabilities of the forest, taking into account the forest management strategies developed.

Accordingly, a timber supply and forest management agreement may be granted where the allowable annual cut is sufficient. The person who signs the agreement is required to adopt a silvicultural strategy that will enable the forest production objectives to be achieved.

Forest management activities may also be authorized in forest reserves, provided the allowable annual cut is not exceeded. For example, a forest management contract may be granted to a municipality or regional county municipality.

Since the forest system came into force, timber supply and forest management agreements have been granted on the basis of the allowable annual cut for all harvestable species. The allowable annual cut is also considered at the five-year renewal stage, and where necessary the allocations are revised. In fact, the Act stipulates that the allowable annual cut may be recalculated in light of information that becomes available between five-yearly reviews – for example, new forest survey data.

In some agreements, allocations were actually reduced at the review stage because the allowable annual cut had been revised downwards. In other cases, the allowable annual cut had been increased following recalculations, enabling the Department to consider some or all of the new supply applications received.

Existing data also shows that harvesting is consistent with the forest possibility. Moreover, the silvicultural work stipulated in the forest management strategies of agreement holders appears to have been carried out. Such work is aimed at achieving pre-established forest yields. Generally speaking, silvicultural work is also carried out in compliance with the Department's instructions concerning proper methods.

Finally, both softwood and hardwood yields improved slightly throughout Québec in the period 1991 to 1996.

However, a more detailed analysis at the common area level reveals a certain number of problems.

In a significant number of cases since 1994, allocations have temporarily exceeded forest possibilities. This situation is due to the fact that the five-yearly extensions of timber supply and forest

management agreements are not synchronized with the approval of the general forest management plans. In fact, it sometimes happens that forest possibilities are reduced after preparation of the general forest management plans. In such cases, allocations will exceed forest possibilities from the time the agreement is extended until the time the management plans are approved.

When issuing forest management permits, the Department always ensures that harvests are consistent with the new forest possibility calculation. However, in cases where allocations exceed possibilities – even temporarily - the letter of the law is not being upheld. Such situations are also likely to create inequities between agreement holders in the same common area, since some holders will be forced, temporarily, to absorb the reduction in the forest possibility.

In nearly half the common areas, it is presently impossible to know if production objectives have been achieved. The geographical boundaries of those areas have been changed to such an extent that it is now extremely difficult to see whether or not local yield objectives have been met. A significant drop in softwood yields has been observed in 12% of the common areas, and an equally significant drop in hardwood yields has been observed in 8% of the areas.

A number of improvements to the forest possibility calculation process have been identified. These include enriching simulation hypothesis documentation, updating forest survey data, and giving more weight to the effects of natural disturbances such as forest fires and insect infestations.

Discrepancies have also been observed between the standards used to assess the forest possibility and

those governing forest management operations. This suggests that the volumes lost during harvesting may be greater than expected.

Accountability of forest companies

Timber supply and forest management agreement holders have fulfilled their obligations to produce general, five-year and annual forest management plans. On the other hand, the plans are often modified after they come into force. In most cases, the modifications are necessary because the original plans were of poor quality. The problems observed are related mainly to the lack of sufficient documentation on forest management problems, leading to sometimes inadequate management strategies, invalid forest possibility calculations and questions as to the exclusive responsibility of agreement holders in this respect. Also problematical are the incomplete nature of the survey data collected and the failure to coordinate the activities of agreement holders in the same common area, contrary to the provisions of the *Forest Act*.

The agreement holders, for their part, believe the Department's management is too rigid. For example, they are critical of the complex requirements concerning the form and content of forest management plans. In their view, this results in a large number of modifications that would not otherwise be necessary.

Modifications to the plans appear in some cases to be inevitable, for example to take into account field observations or fluctuations in the demand for wood products. However, the large number of modifications seems to suggest a lack of preparation on the part of agreement holders. This situation is worrying because it raises doubts about the achievement of forest production objectives. In

addition, as the general and five-year plans are subjected to an information and consultation procedure involving the general public and the regional county municipalities, the credibility of the consultation process may be compromised if it is discovered that the plans have not been prepared with sufficient rigour.

On the other hand, agreement holders have fulfilled their responsibilities with respect to the public consultations on their draft general and five-year forest management plans. In fact, in surveys concerning the application of the forest system, the regional county municipalities mentioned the level of cooperation received from agreement holders. They also mentioned the limits of the existing procedures.

Developing the forest sector

Overall, the current system is contributing to the development of the forest industry. From the very beginning, the abolition of the territorial exclusivity enjoyed by certain companies freed new volumes of timber and hence promoted the development of the sawmill and panel sectors.

The granting of timber supply and forest management agreements has, for its part, helped secure forest supplies, allowing the mills to plan their activities in the longer term and obtain financing more easily for their projects. The mechanisms used to grant, amend and terminate agreements have also proved to respond adequately to the changing needs of timber processing mills.

Other indicators also tend to show that better use is now made of the timber resource. In fact, an increase in total roundwood consumption, an improvement in allocation use rates, a more complete use of roundwood and by-products, and an increase in the percentage of timber sent to the

lumber mills have all been observed. The independent sawmills, for their part, are clearly more efficient than those owned by paper mills when it comes to reducing the production of chips and shavings. Finally, a non-negligible percentage of public forest timber allocated every year by agreement is not harvested.

Protecting the public interest

Under the provisions of the *Forest Act*, a timber supply and forest management agreement is granted if the forest possibility is sufficient, and if it would be in the public interest. The Act also states that the boundaries of the territory covered by an agreement may be changed if this would be in the public interest. However, it does not define what it means by 'the public interest'. Consequently, the notion must be assessed on a case-by-case basis.

The Act also considers the public interest in a much broader sense, since it provides for the introduction of forest conservation measures and measures to protect the forests against natural disturbances. It also imposes obligations on the holders of timber supply and forest management agreements, forest management contracts and forest management permits. Moreover, it introduces a requirement to circulate information on forest management plans, provides for public consultations on the content of the plans, defines offences and establishes recourses in cases of non-compliance with agreement conditions or current regulations. Finally, it requires the Department, the government and the holders of rights to render accounts, and stipulates that a public register of timber supply and forest management agreements must be kept up-to-date

Generally speaking, the public interest is considered to a much greater extent than was the case before the current forest system came into force. The most

significant progress has been made in terms of the allocation and use of timber and fibre from all sources, as well as the dues payable for timber harvested from the public forests, forest conservation, and consultation of the regional county municipalities on the forest management plans submitted by timber supply and forest management agreement holders

Nevertheless, improvements are still needed, especially in the control and monitoring of the application of the *Forest Act* and regulations, the rendering of accounts, public participation in the fixing of public forest management objectives, and the holding of consultations on forest planning.

THE ISSUES

FOREST MANAGEMENT ISSUES

Forest management issues are closely linked to the requirements of sustainable development. Sound forest management practices must take into account the vitality of the forest ecosystems, protecting and maintaining them for the benefit of all living creatures as well as for the development of good social, cultural, environmental and economic prospects for present and future generations.

The forests are an extremely valuable heritage, and as such must be managed carefully and fairly. The forests must be able to continue to play their ecological role, and their biological diversity must be preserved. Forest resources must be managed in an integrated way, to produce goods and services. The socio-economic spin-offs from the use of the forests, especially in terms of jobs and revenues, must not only be maintained, but must also be enhanced for the well-being of local communities and society in general.

Sustainable forest development means using the resources available for economic purposes. However, the conditions in which this must be done are changing. A growing number of countries and consumers are demanding products that meet environmental standards. The need to satisfy this demand is impacting increasingly on the commercial strategies of public and private companies alike. To maintain their presence on the market, companies must be able to prove that their products are manufactured using technologies consistent with the concept of sustainable development.

Sustainable development takes into account social values and individual quality of life, and is based on a fair division of resources and wealth within communities. Accordingly, the communities should be

able to participate in decisions concerning the use of the forests, and should receive a significant share of the spin-offs.

It is also important to realize that many communities depend mainly, and sometimes exclusively, on the forests. The forest management approach adopted must therefore allow these communities to survive and prosper. Sustainable forest management thus offers prospects for all communities whose development is linked to the use and production of forest resources.

There is a growing pressure to improve the situation of Native communities. Governments and industries alike are being questioned on what they are doing to consider Native values and involve Native people in the management and use of forest lands and resources.

Many of the demands made by Native communities are similar to those made by rural communities, in that their goal is to improve living conditions. Sustainable development must therefore not only satisfy these demands, but also promote a closer relationship between Native populations and local communities in pursuit of shared objectives.

The *Forest Act* was amended in 1996 to stipulate that sustainable forest management must satisfy six main criteria. It must be conducive to the preservation of biological diversity, the maintenance and improvement of the condition and productivity of forest systems, the conservation of soil and water resources, the maintenance of the function of forest ecosystems as a component of global ecological cycles, the maintenance of the multiple socio-economic benefits society derives from the forests, and the giving of proper consideration, in selecting forms of development, to the values and needs expressed by the populations concerned.

Also in 1996, the *Act respecting land use planning and development* was amended to stipulate that the

regional county municipalities may, when reviewing their development plans, establish policies with a view to instituting sustainable management in the private woodlots within the meaning of the *Forest Act*. As a result, the municipalities can now take concrete steps to ensure that the forests in their regions are used in a sustainable way.

Nevertheless, other legislative and regulatory changes may become necessary to help achieve the goal of sustainability.

In their capacity as forest managers, the Gouvernement du Québec, private woodlot owners, other public bodies and private organizations must develop a culture in which the notion of sustainability is ever-present. The mission of these organizations must no longer consist simply in meeting their own needs or those of a target customer group; on the contrary, it must be based on environmental, social and economic concerns, in a global perspective and with a long-term vision.

The updating of the forest system must therefore express this need to achieve sustainable development. It should allow a form of forest management:

- For and by the people,
- For the biosphere and the natural environment,
- For resources and for the economy.

Forest management for and by the people

To achieve sustainability, the communities and individuals whose well-being and prosperity depend on forest development must be involved in forest management. The socio-economic spin-offs from the use of the forests must be optimized for the benefit of the population in general and the local or Native populations living in the forest environment. More specifically, forest management methods must:

- Allow the communities to benefit from the results of forest resource development;
- Mobilize the communities around a variety of forest management projects;
- Give due consideration to the values, needs and activities of Native people when selecting development options;
- Satisfy social expectations, taking into account commercial and non-commercial values such as heritage, environment, landscape, ethics and culture;
- Be transparent and promote public participation.

Sustainable forest management for the biosphere and the natural environment

Québec's forests play a role in the major planetary cycles, such as the water and carbon cycles. The forest ecosystems must be able to continue their ecological role. Accordingly, forest management methods should:

- Help preserve the major planetary cycles and the ecological functions of forest ecosystems;
- Protect ecosystems, species and genetic diversity, with particular attention to exceptional, representative and fragile ecosystems as well as threatened or vulnerable species;
- Encourage economic resource use by promoting recycling, residue recovery, waste reduction and energy savings.

Sustainable forest management for resources and for the economy

We must continue to produce wealth and create jobs by developing all forest resources and putting them to

the best possible use. However, in doing so we must also take into account a number of different objectives. Hence, the updating of the forest system must allow for:

- The development and diversification of the companies that develop and use forest resources;
- Improvements to resource processing, and the development of new markets and high value-added products;
- Consolidation of rural communities, in particular by using and developing forest resources in the best possible way, and by maintaining and diversifying job-creating activities;
- Improvements to the competitiveness of Québec's forest resource processing industries;
- Adaptations to management methods and systems, to satisfy the rules and requirements of sustainable development;
- Promotion of the know-how and special features of Québec's forest sector at the international level;
- The development of management methods that promote the best possible use and development of forest sites.

**THE PROPOSED
UPDATING OF
THE FOREST SYSTEM**

THE OBJECTIVES OF THE UPDATED FOREST SYSTEM

Although the introduction of the forest system, and especially the coming into force of the *Forest Act* and regulations, improved the quality of public forest management and development, a number of changes must now be made to the system's provisions, the Department's management methods and the practices of industrial users. The changes in question include:

- Increasing forest production;
- Improving the planning of forest management activities;
- Enhancing the effectiveness of forest and environmental control and monitoring procedures during forest operations;
- Using the forests in a more diversified way;
- Promoting integrated forest resource management;
- Encouraging the communities to participate more in the setting of forest management priorities and objectives;
- Increasing the participation of individuals, organizations and municipalities in the preparation of the management plans of agreement holders;
- Increasing the added economic and social value of primary and secondary timber and fibre processing activities.

The updating of the forest system must enable the challenges of forest management to be addressed. In

particular, it must reassert the need to manage and develop the forests in a way that is consistent with the values and aspirations of the communities and the general public.

More specifically, current practices must be reviewed in order to increase the role played by the general public in the management and development of the forests. However, the pursuit of this objective should not reduce the capacity of future generations to obtain the same benefits as the present generation from the forest development process. Accordingly, special attention should be paid to participatory management and sustainable forest management. In addition, forest management must be transparent. Only if these conditions are met will it be possible to uphold the values and aspirations of the population, and comply with the priorities that have been established.

The general intention

The forests must be managed and developed in the best interests of the public – in other words, in accordance with the values and aspirations of the population. To achieve this, it will be necessary to introduce participatory, transparent and sustainable management practices.

The objectives of the forest system

The forests must be managed and developed in a way that allows the following general and specific objectives to be achieved.

Respecting the values of the population and satisfying its needs

The Department proposes to adopt measures that will allow the general public and communities or their representatives to become involved in establishing forest conservation and development objectives. The measures must also enable local and regional features and priorities to be taken into account when preparing policies, programs and standards.

More specifically, the forest system must:

- Allow for increased participation in forest management by the general public, local communities, Native people and local or regional institutions;
- Permit more spin-offs from forest development at the local and regional levels and in the Native communities.

Preserving the viability of forest ecosystems

The Department proposes to introduce measures or mechanisms to preserve the diversity of forest ecosystems and species. It intends to protect the viability of ecosystems so as to maintain or even increase the benefits generated by their conservation and development.

More specifically, the forest system must:

- Allow biological diversity to be protected;
- Enable the ecological functions of forest ecosystems to be preserved;
- Ensure that resources are used economically.

Increasing the socio-economic spin-offs from forest use

The Department proposes to improve forest production by developing areas of potential in an integrated way and by stimulating the resource uses that generate the most benefits for the population.

More specifically, the forest system must:

- Enable resource production to be increased;
- Allow for optimal use of the timber resource;
- Produce an improvement in the competitiveness of Québec's industry and promote better resource processing;
- Offer the State a fair return for the use of public forest resources.

Increasing the transparency of forest management

The Department proposes to strengthen the public reporting requirements for all public and private players. It also advocates a clarification of the roles of the Government and the various other public and private sector organizations involved.

More specifically, the forest system must:

- Lead to an improvement in the reporting process;
- Introduce transparency into the roles of every player in both the public and the private sectors.

Questions

1. Do you agree with the proposed objectives for the updating of the forest system?

2. Where applicable, what other priority objectives should be pursued by the Government, the Department or other players?

OBJECTIVE 1

RESPECTING THE VALUES OF THE POPULATION AND SATISFYING ITS NEEDS

A- PARTICIPATION BY THE POPULATION, THE COMMUNITIES, NATIVE PEOPLE AND LOCAL OR REGIONAL INSTITUTIONS IN THE FOREST MANAGEMENT PROCESS

As manager of the public forests, the Government is required to make decisions that take into account the concerns and priorities of the population. This element must be present in all its actions. The same obligation is also incumbent on the holders of rights in the forests.

CONTENT

The measures adopted by the Government to inform and consult the population, municipalities and any other interested bodies on the content of the forest management plans submitted by timber supply and forest management agreement holders are designed:

- To provide concerned communities with information on proposed activities in the public forests;
- To encourage agreement holders to incorporate public concerns about forest use in their management plans;
- To encourage the forest companies to present plans that reconcile their own interests with

those of other forest sector players and the general public.

The measures currently used to inform and consult the general public and municipalities on forest management plans have achieved only partial success. Public participation in the process remains low. The regional county municipalities are involved to a greater extent, but would like to participate in a more comprehensive vision of forest use. They would also like their role to be more participatory, and would like to be involved throughout the plan preparation processes.

The general public, its institutions and the Native communities would all like to play a greater role in forest management and development decisions. This point emerged clearly from consultations on the inhabited forest concept. Moreover, they would like a real power of intervention in development choices. Their key demands include coordination between the different players, a commitment by municipal authorities and more flexibility in participation procedures.

They also want to be better informed about all public forest management activities, including timber allocation plans, and would like to be able to influence the decisions of the Government and the Department.

It is also important to reiterate the importance of the forest environment in traditional Native activities, and hence in the Native identity. In fact, forest lands and forest resources will, in the future, be the catalysts on which many Native communities will depend for their development.

Questions

3. Do you agree with the above conclusions concerning current measures to encourage

agreement holders and the Department to consider the concerns and expectations of the general public, the communities, Native people and local or regional institutions?

4. To what extent would you like to be able to participate in the forest management process?

ORIENTATION

For forest management to be sustainable, the general public, institutions and companies must be able to participate in the process. The value of their participation is linked intrinsically to the quality of the information available on forest management issues, as well as on the constraints and rules governing interventions by the various parties.

Accordingly, the Department's priority is to improve the quality of the information sent to people who wish to take part in the public forest management process. The Department also intends to improve the means for such participation, and to ensure that everyone views their importance equally.

PROPOSALS

It is proposed:

- That the public's right to information be included in the *Forest Act*;
- That awareness-raising activities for sustainable forest management be developed and introduced;
- That the municipalities and Native communities be better informed of the different aspects of forest management;

- That national and regional orientations for forest development and forest management results be established in cooperation with the communities;
- That coordination mechanisms for forest management planning activities be introduced in the inhabited forest and, eventually, in all common areas;
- That a consultation mechanism more suited to the needs and values of the Native communities be developed and introduced;
- That regional and Native communities be consulted before any new rights are granted in the forests;
- That the public information and consultation procedure on forest management plans be improved, in particular as regards the promotion of events and the generalization of technical contents;
- That, following agreements to this effect, a rule be introduced to allow public forest management activities or responsibilities to be entrusted to municipalities and Native communities.

Questions

5. Do you feel these measures would allow you to be more closely involved in the forest management process? If not, what other priority measures should be adopted by the Government, the Department or any other party?

6. What, in your opinion, are the main obstacles (if any) to the introduction of the proposed measures, or to greater participation by your community or organization in the forest management process?

7. Past consultations have revealed a lack of consensus on the appropriateness of delegating public forest management to municipal authorities in some areas. In what circumstances and on what conditions do you believe the municipalities could be entrusted with forest management? What specific responsibilities could they be given?

8. In what circumstances and on what conditions could the Native communities be entrusted with public forest management? What specific responsibilities could they be given?

B- INCREASING THE SPIN-OFFS FROM FOREST DEVELOPMENT AT THE LOCAL AND REGIONAL LEVELS AND FOR THE NATIVE COMMUNITIES

Forest development must bring benefits for the population, and those benefits must be enhanced and diversified.

CONTEXT

Both timber supply and forest management agreements and forest management contracts help maintain and even increase local and regional economic activity.

Agreements are granted on demand, provided the forest possibility is respected and the public interest protected. However, the Department has established a number of criteria to guide the allocation procedure where several applicants wish to obtain the same volumes of timber from the public forests. The criteria in question include the project's regional impact, the company's importance in the community, the applicant's financial health,

the number of jobs that would be maintained or created, and the project's added-value contribution.

Forest management contracts enable a broader range of individuals and organizations to intervene in the public forest management process. The contracts allow for the introduction of new forest activities and hence stimulate economic development. Contracts entered into with municipalities or Native communities also encourage the hiring of local residents or contractors, hence contributing directly to the local economy.

Despite this, the Department needs better ways of promoting local and regional spin-offs from forest management activities. For example, contracts may only be granted in forest reserves. However, the reserves represent only a small percentage of the total forest area, are often located in northern regions, and are scattered, not very productive or already committed to exclusive uses.

In another line of thought, it has become obvious that every year, the volume of timber harvested, including timber allocated by agreements, is less than the volume available. Consequently, the economic and social spin-offs are not optimized.

Yet, increasing numbers of forest management contracts are being signed and new avenues are being opened up that are promising in terms of local and regional spin-offs (for example, the inhabited forest projects, etc.). During consultations on the inhabited forest concept, the population asked for integrated forest development to be instituted and timber production to be increased, so as to create additional jobs in the regions.

Question

9. Do you agree with the Department's conclusions on the results obtained so far by the

measures introduced to increase the spin-offs from public forest development at the local and regional levels?

ORIENTATION

For forest management to be sustainable, access to forest resources must be extended to allow individuals, companies, municipalities, Native communities and other interested parties to become involved in forest management and benefit from the direct and indirect spin-offs.

The Department intends to increase the spin-offs from forest development at the local and regional levels by promoting increased production of a range of goods and services. The Department also intends to extend access to public forest land and resources.

PROPOSALS

It is proposed:

- That the use of forest lands for purposes other than timber production be encouraged;
- That access to the volumes of timber available in inhabited forests be extended to individuals, companies or other bodies that do not have wood processing plant permits;
- That regional communities be given the power to approve inhabited forest projects and manage the funds available in order to promote project start-ups.

Questions

10. Do you believe these measures will increase the spin-offs generated by forest development at the local and regional levels? If not, what other priority measures should be adopted by the Government, the Department or other players?

11. Where applicable, what do you think are the main obstacles to the introduction of these measures?

OBJECTIVE 2

PRESERVING THE VIABILITY OF FOREST ECOSYSTEMS

A- CONSERVATION OF BIOLOGICAL DIVERSITY

As manager of the public forests, the Department must ensure that forest management activities are respectful of biodiversity.

CONTEXT

The growing level of human activity may constitute a threat to the protection of biological diversity.

Over the years, environmental demands have become much greater. They have had a considerable impact on Government policies and legislation in most countries, and on the commercial strategies of public and private enterprises alike. In the last decade, fears that biological diversity will be impoverished have multiplied, and as a result a large number of countries have adhered to the **Convention on Biological Diversity**.

Québec, too, has adhered to the Convention, and has prepared its own strategy to implement it. The Department, within the framework of the strategy, has undertaken to help establish a network of protected areas representative of forest ecosystem diversity and, in conjunction with the Ministère de l'Environnement et de la Faune, to prepare specific forest management measures for areas peripheral to certain protected areas. It has also implemented a program to protect vulnerable forest species, again in conjunction with the Ministère de l'Environnement et de la Faune.

A review of forest biodiversity has been published. Generally speaking, it would appear that the public forests have, to a large extent, preserved their original features, and biological diversity seems to be satisfactory. Nevertheless, a number of initiatives have been judged necessary to improve the state of biological diversity in the forests. Accordingly, the report contains a number of departmental commitments, including a commitment to develop indicators of changes in biological diversity. A program was introduced in 1996 to perfect knowledge of the effects of forest management practices on the conservation of biological diversity. In addition, the Department has undertaken to develop conservation measures for exceptional forest ecosystems.

These initiatives, in addition to the measures in force, including those contained in the *Regulation respecting standards of forest management for forests in the public domain* and the **Forest Protection Strategy**, should help preserve the biological diversity of the forests.

Question

12. Do you think the measures introduced and the commitments made so far by the Department to protect biological diversity in the forests will have the anticipated effects?

ORIENTATION

For forest management to be sustainable, biological diversity must be preserved. The adoption of practices favourable to the maintenance of biological diversity in areas managed for silvicultural purposes constitutes a priority for the Department. The Department also intends to grant special protection to exceptional, representative and fragile forest ecosystems and those sheltering vulnerable species.

PROPOSALS

It is proposed:

- That legal recognition be given to exceptional forest ecosystems;
- That a conservation strategy be developed for exceptional forest ecosystems in the public forests;
- That measures be introduced, in conjunction with the bodies concerned, to promote the conservation of exceptional forest ecosystems in private woodlots;
- That a silvicultural approach for landscapes be developed in managed areas, and that its applicability be verified;
- That the importance of old forests be assessed, and that, if necessary, objectives, orientations and forest management practices be adapted accordingly.

Question

13. Will these new measures, in addition to the commitments already made by the Government and the Department, be sufficient to preserve biological diversity in the forests? Where necessary, what other priority measures should be adopted by the Government, the Department or other players?

B- MAINTENANCE OF THE ECOLOGICAL FUNCTIONS OF FOREST ECOSYSTEMS

The people of Québec have often said they consider the forests and their role in maintaining environmental quality to be extremely important. They have often demanded protection for species and ecosystems, as well as sustainable resource use, guarantees of sound forest practices and reductions in cutting areas.

In addition, a growing number of forest companies are asking to be assessed on the basis of the results they obtain rather than being forced to comply with standards applicable to the territory as a whole. In their view, although the standards in question are often minimal, they are not always suited to specific situations.

CONTEXT

The Québec Government and the ministère des Ressources naturelles have introduced a number of mechanisms and have taken steps to maintain the ecological functions of the forest ecosystems.

The Regulation respecting standards of forest management for forests in the public domain was adopted in 1988. The purpose of the regulation is to maintain the forest cover, protect all forest

resources and ensure that forest management activities are compatible with the mission of the public lands. The regulation was amended in 1996, and later that same year a monitoring process was introduced to assess its effectiveness throughout Québec.

A **Forest Protection Strategy** was also adopted following a wide-ranging public consultation. The Strategy has several objectives, including greater respect for the biophysical components of the forests, the maintenance of yields and socio-economic activities in the forests, the development and harmonious use of all forest resources, and the elimination of chemical pesticide use in the public forests by the year 2001. The adoption of the Strategy has led, among other things, to the elimination of clear cutting and its replacement with cutting with protection of regeneration and soils.

A forest ecosystem monitoring network has been created. Its purpose is to study ecosystem dynamics, the effect of climate change and the links between forest components and natural stresses.

In cooperation with the ministère de l'Environnement et de la Faune and the ministère de l'Agriculture, des Pêcheries et de l'Alimentation, a network has also been created to measure atmospheric pollutants in Québec's forests and agricultural lands.

Finally, Québec has adhered to the **Framework Convention on Climate Change**, and the ministère des Ressources naturelles is involved in the implementation of the Convention. Its work is concerned with the impact of climate change on forest ecosystems and, conversely, the impact of forest conservation on climate change. Where necessary, it will introduce measures to minimize the effects of climate change on the health of Québec's forests.

These measures should help maintain the ecological functions of the forest ecosystems.

Question

14. Do you think the measures taken and commitments made so far by the Government and the Department to maintain the ecological functions of the forest ecosystems will produce the anticipated results?

ORIENTATION

For forest management to be sustainable, the major ecological cycles must be maintained and the functions of forest ecosystems preserved. To provide this protection for the forests, the Department intends to improve monitoring and control throughout the territory. It also wants to make forest companies more accountable.

PROPOSALS

It is proposed:

- That timber supply and forest management agreement holders be required to introduce control measures for their management activities, in compliance with the *Regulation respecting standards of forest management for forests in the public domain*; that they submit the results of the control measures to the Department and, at its request, that they also produce the raw data on which the results are based;
- That monitoring and control mechanisms be developed for the *Regulation respecting standards of forest management for forests in the public domain*, in order to assess the results obtained;

- That knowledge of the impacts of forest practices on the state and productivity of forest ecosystems be enhanced;
- That indicators of the state and productivity of forest ecosystems be developed and measured;
- That the impacts of forest practices on Northern ecosystems be assessed, and that management objectives and practices be amended where necessary.

Question

15. Will these new measures, in addition to the commitments already made by the Government and the Department, be sufficient to maintain the ecological functions of the various forest ecosystems? Where applicable, what other priority measures should be adopted by the Government, the Department or other players?

C- ECONOMIC RESOURCE USE

Increasingly, commercial and environmental requirements are tending towards economic resource use and the use of recycled fibres. Added to these environmental demands are concerns about reducing raw material consumption, eliminating wastage, recovering residues, reducing waste and saving energy. Such concerns apply equally well to both forest management and production processes. Governments and companies alike must take them into account.

CONTEXT

The Québec Government and the ministère des Ressources naturelles have introduced a number of mechanisms and taken steps to promote economic resource use.

Timber allocations in the public forests are normally calculated in light of the availability of timber from the private woodlots, as well as supplies in the form of chips, shavings, sawdust and recycled fibres.

The Department is involved in producing and disseminating economic and commercial analyses on subjects such as the recycling of secondary fibres, deinking and the use of forest residues as energy sources. It also contributes to feasibility studies for industrial projects aimed, for example, at using small-sized lumber or producing products from secondary species or timber residues.

Finally, the Department provides financial support for projects involving the development of more efficient planing techniques, optimization of sawing procedures, the development of new uses for jack pine, the use of hardwood species in high-yield pulp and paper processes, and so on.

Question

16. In your opinion, what have been the effects of the action taken and commitments made so far by the Government and the Department to ensure that forest resources are used more economically?

ORIENTATION

For forest management to be sustainable, resources must be used economically. The Department intends to maintain its priorities in this respect, i.e. making full use of roundwood and by-products,

promoting recycling, recovering residues, reducing waste and developing new technologies that will allow available resources to be used fully and economically.

PROPOSAL

It is proposed:

- That the various mechanisms introduced by the Government and the Department be maintained (industrial development fund, FAIRE program, small sawmill adaptation program and technology control program).

Questions

17. Will the maintenance of these mechanisms enable forest resources to be used more economically? Where applicable, what other priority measures should be adopted by the Government, the Department or other players?

18. What specific measures could be introduced to reduce timber consumption?

OBJECTIVE 3

INCREASING THE SOCIO-ECONOMIC SPIN-OFFS FROM FOREST USE

A- INCREASING RESOURCE PRODUCTION

The socio-economic spin-offs from forest development will increase only if resource production also increases and resource use is diversified.

CONTEXT

The forest system contains a set of measures aimed at maintaining the level of economic activity generated by timber use and processing. These measures are used to establish the volumes of timber that can be harvested every year in a given forest, in perpetuity, without reducing the forest's production capacity. This is known as the principle of sustained yields.

Sustained yields are achieved primarily through forest planning. Timber supply and forest management agreement holders are required to produce general, five-year and annual forest management plans. The Department is responsible for approving the plans.

The general plan describes the management strategy required to achieve the target yield. The five-year and annual plans stipulate the location and scope of the forest management work needed to implement

the strategy established in the general plan. The agreement holders themselves are responsible for carrying out the work.

Québec has also introduced systems to protect the forests against fires, insects and diseases. Protection activities are the responsibility of two private organizations, the **Société de protection des forêts contre les feux** and the **Société de protection des forêts contre les insectes et maladies**. In addition, the Department draws up special plans for natural disasters, to enable as much of the damaged timber as possible to be salvaged. The plans are implemented by the timber supply and forest management agreement holders.

In the private woodlots, the volumes of timber to be harvested will be established in a forest protection and development plan drawn up by a regional agency. These plans are currently under preparation. Harvesting levels will be fixed on the basis of management activities. The regional agencies may contribute financially to these activities, through a private forest development support fund.

At the present time, the Department is unable to state with any degree of certainty whether or not the sustained yield is respected. This is due to a lack of knowledge, frequent changes in common area boundaries, ambivalence between yield maintenance and a fair assessment of the yield in the general plan, the absence of clear timber quality objectives, the difficulty of applying the principle of sustained yields in a forest whose age structure is unbalanced, and the frequent changes made to the five-year and annual plans. The very large number of common areas also generates administrative complexity and appears to prevent optimal yields from being achieved.

With respect to forest management activities, additional knowledge is required to ensure that the right activities are carried out in the right place at the right time. In addition, doubts have been expressed about existing control systems, which do not appear to give an accurate reflection of real timber harvests. At the same time, forest management activities are not sufficiently integrated and monitoring is deficient.

When a natural disaster occurs, only part of the damaged timber is salvaged. Hence, the effects of disturbances must be given additional weight in yield calculations. The forest fire protection system is not fully incorporated into the forest management process. The situation has not been considered in a coherent way, as was the case for protection against insects and diseases. If this deficiency were corrected, it would be possible to establish protection objectives well suited to the forest-related, ecological, social and economic problems that exist.

In the private woodlots, there is currently no mechanism to monitor and enforce the principle of sustained yields. Such a system is, however, under development.

The trends observed suggest that economic development cannot be based solely on sustainable forest yields, as is the case in the current forest system. Timber production must reach its full potential, and all the other forest resources must be put to better use.

At the present time, most of the timber produced goes to the traditional forest products industry. In addition, the areas used for timber production may be shrinking to satisfy environmental protection requirements or to enable the forest to be used for other purposes. On the other hand, current yields suggest that we could expect a significant increase

in forest production in the fairly short term if the conditions for intensive resource management were met.

Finally, there would be much to gain from promoting and providing a minimum level of monitoring for the use of other forest resources, such as branches, bushes, fungi, moss and so on. At the present time, there are no control methods that would enable the environment to be protected while pursuing management activities and protecting the rights of users. In addition, the management and development of the forest's various resources are not integrated.

Question

19. Do you agree with the Department's conclusions concerning the application of the provisions of the present system aimed at maintaining or improving the production of timber and other resources?

ORIENTATION

For forest management to be sustainable, maximum benefit must be obtained from forest use. The Department's priority is to increase timber production and promote the use of other forest resources by managing the forest according to its potential. It also intends to develop forest management assessment tools. Monitoring mechanisms would provide input for an information system. All these tools would take into account the objectives pursued and the precise results to be achieved.

PROPOSALS

It is proposed:

- That Québec's forests be divided into large permanent management units that will be used to establish socio-economic and forest-related objectives for the area's development;
- That the number of common areas be reduced by facilitating amalgamations, after obtaining the agreement of a majority of timber supply and forest management agreement holders;
- That the development of management units be promoted, based on site potential and by standardizing the forest's age structure;
- That mechanisms be developed to finance the management activities required to achieve the full potential of the forest;
- That the Department's responsibility for establishing forest yields and production objectives be confirmed;
- That integrated resource management be promoted as a priority in areas governed by forest management contracts, in inhabited forests, and in the wildlife reserves;
- That the categories of permits not covering the supply of wood processing plants be reviewed, in order to promote multiple use of forest resources;
- That the form and content of forest management plans be improved and simplified, and eventually that their number be reduced from three to two;
- That the provisions of the Act requiring the integration of forest management activities be improved by stipulating that agreement holders must officially designate one forest manager, recognized by the Minister, for a common area;
- That knowledge be enhanced by including a section in the general forest management plan that stipulates the knowledge to be acquired; that a provision be included requiring surveys of operations be carried out for the preparation of five-year and annual plans, and after operations;
- That timber supply and forest management agreement holders be required to apply a reliable, standardized operations monitoring and control mechanism to allow their results to be assessed;
- That compensation be obtained from agreement holders who do not comply with the requirements concerning silvicultural treatments, and even that penalties be imposed;
- That a true fire management policy be prepared that would, in particular, establish direct prevention objectives;
- That all timber supply and forest management agreement holders be required, following natural disasters, to take part in the carrying out of special salvage plans for damaged timber;
- That a clear provision be introduced requiring a review of the general forest management plan whenever a natural disaster causes significant destruction in forest stands.

Question

20. Will these new measures be sufficient to generate an increase in timber production? Where applicable, what other priority measures should be adopted by the Government, the Department or other players?

B- OPTIMAL TIMBER USE

The socio-economic spin-offs from forest development will increase only if the processing of timber and other resources is optimized.

CONTEXT

The *Forest Act* contains a number of provisions allowing different parties to use and process timber, and in doing so to create an economic activity of benefit to society as a whole.

The timber supply and forest management agreement is the main mechanism provided by the Act to obtain access to forest resources for processing purposes. Agreements are granted exclusively to the holders of wood processing plant permits.

The information available suggests that the coming into force of the Act had the effect of maximizing and optimizing timber harvesting and processing. Among the factors observed are an increase in total public forest timber allocations, more complete use of the allocations by agreement holders, more complete use of roundwood and by-products, a larger percentage of timber delivered to lumber mills, and a larger number of allocations granted for this purpose.

Nevertheless, the public forest is still a residual source of supply for timber processing mills. The mills are first required to obtain supplies from so-called “priority” sources, i.e. private woodlots, chips, shavings, sawdust and recycled wood fibres.

Overall, public forest timber allocations remain within the Act’s prescriptions. On the one hand, mill needs have, generally speaking, been assessed correctly. For example, in 1995-1996, 85% of authorized consumption was used across all species,

(the figure rose to 90% for softwood fibres). On the other hand, since the forest system came into force, the consumption of timber and fibres from priority supply sources has progressed more quickly than consumption of timber from the public forests. In 1990-1991, for example, 66% of authorized harvests in the private woodlots were used, compared with 75% in 1995-1996.

The residual volume is therefore established in accordance with the Act’s objectives. However, it is reviewed only once every five years, even though mill requirements may decline due to economic cycles or market trends. As a result, the priority supply sources (chips, private woodlots, etc.) may be under-used. The *Forest Act* contains provisions to correct such situations. In fact, it is possible to reduce the authorized public forest timber harvest volume in mid-year, to allow occasional timber or fibre surpluses from other sources to be sold. In practice, though, these provisions create problems and their application may impose unfair conditions on some companies. In fact, the Act was recently amended to allow mill performance to be considered when establishing reductions in authorized harvest volumes.

The Act allows agreement holders who do not harvest the totality of the volume allocated within a year to spread the unused portion over subsequent years, but not beyond the end of the five-year agreement review period. Even then, however, they cannot increase the total volume of timber harvested by more than 15% every year. Moreover, if an agreement holder does not carry out any harvesting activities during a year, another plant permit holder may be authorized to harvest the timber that becomes available as a result.

Despite these measures, a certain percentage of allocated volumes are not harvested each year. These volumes could be used to satisfy new needs.

At the moment, though, the Department has very little power to allow harvesting on a case-by-case basis.

The Minister can also promote the use of timber from the public forest by granting forest management contracts to individuals, organizations or companies that do not hold wood processing plant permits. Such contracts may, however, only be granted in forest reserves. Moreover, the wood harvested by contract holders is not taken into account when establishing the residual volumes allocated to timber supply and forest management agreement holders. This practice may restrict the sale of forest products from priority sources.

The Department may still, on an annual basis, authorize the harvesting of timber from the public forests in order, for example, to produce firewood, to carry out wildlife or recreational developments or to construct public utility works. It may also issue permits for the cultivation and operation of a sugar bush for acericultural purposes.

More than 15,000 such permits are delivered every year. The ensuing situation generates problems of coexistence between contract, permit and agreement holders, as well as control problems for the Department. In addition, some applications for permits are refused, either because forest resources are insufficient, or because the legal framework does not allow the Department to accept them.

Finally, there is an ever-growing demand to use areas for purposes other than the supply of wood processing plants. At the present time, the Minister has very little power to promote such uses.

Question

21. Do you agree with the Department's conclusions on the application of the provisions of

the current system aimed at optimizing forest resource use?

ORIENTATION

If forest management is to be sustainable, the maximum number of benefits must be drawn from forest development. The Department's priority is to allow optimal use of the different forest resources.

PROPOSALS

It is proposed:

- That the provisions of the Act which authorize timber supply and forest management agreement holders to delay the harvesting of unused portions of allocated timber from one year to subsequent years be reviewed;
- That the sale of timber, for example by auction, be permitted for volumes allocated but not harvested, and for volumes not allocated, in areas covered by one or more timber supply and forest management agreements ;
- That the calculation of the residual volume be modified to take into account the average annual amount of timber consumed during a five-year period of application of the timber supply and forest management agreement;
- That timber from forest management contracts be taken into account when calculating the residual volume;
- That exports of chips and incomplete lumber be simplified by enabling terms and conditions to be established, especially with respect to volumes

and duration, in order to ensure the economic development of Québec;

- That information be published on available volumes of timber in the public forests;
- That exchanges of timber between timber supply and forest management agreement holders be facilitated;
- That support be given to regional communities wishing to identify possibilities for developing their industrial structure and, in cooperation with local development boards, that assistance be given for the implementation of industrial projects.

Questions

22. Will these measures be sufficient to ensure optimal timber use? Where applicable, what other priority measures should be adopted by the Government, the Department or other players?

23. What measures could the Government, the Department or other players introduce to ensure optimal use of forest resources other than timber?

C- IMPROVING THE COMPETITIVENESS OF QUÉBEC'S INDUSTRY AND RESOURCE PROCESSING

The forest products industry is vitally important to the economic development of Québec and its regions, and exports a large percentage of its production. However, as new producers enter the world stage and trade is liberalized, competitiveness

is becoming a key element in the vigour and survival of the sector.

CONTEXT

A number of elements in the forest system combine to promote the competitiveness of Québec's timber processing industry. They include stable, secure supplies and the fact that the dues payable are fair and comparable with those payable elsewhere in Canada as well as in nearby American states. In addition, the Government and the Department have introduced several programs aimed at diversifying the industrial structure and improving timber processing. Examples include the industrial development fund, the FAIRE program, the sawmill technology adaptation programs and the technology control program.

The performance of the forest product industry is influenced by a very large number of factors. Consequently, it is difficult to establish the impact of the forest system. However, its provisions have certainly not reduced the competitive capacity of Québec's industry. Between 1990 and 1995, for example, company consumption of roundwood and fibre increased, and between 1985 and 1995 all the industry's sectors (sawmills, pulp and paper, panels) recorded significant increases in production.

On the other hand, employment in the timber processing sector fell during the same period. This was due mainly to inevitable technological progress in the pulp and paper industry. To maintain its competitive position, Québec's industry must now use leading-edge technologies. Despite this, the employment situation in Québec improved in 1997.

Question

24. What effects do you think the forest system has had so far on the competitive capacity of Québec's timber processing companies?

ORIENTATION

For forest management to be sustainable, it must be directed at increasing and diversifying the benefits obtained from forest development. This means that conditions must be favourable to industrial development. The Department's priority in this area is to increase the socio-economic spin-offs from timber processing. To achieve this, it intends to speed up the development of added value in primary processing mills, and to promote the creation and expansion of secondary processing mills. The use of leading-edge technology and the diversification of products and markets should also help maintain the industry's competitiveness.

PROPOSALS

It is proposed:

- That contributions be made to major investments aimed at increasing added value and competitiveness;
- That implementation of the industrial development fund, the FAIRE program, sawmill

technology adaptation programs and the technology control program be extended;

- That financial incentives be maintained to encourage the development of expansion projects and the creation of new secondary processing mills;
- That the funding granted to research bodies be maintained;
- That support and funding be maintained for activities aimed at promoting Québec's forest products industry in Canada and abroad;
- That secondary timber processing products from Québec be promoted in the United States;
- That activities be instituted abroad to improve the image of sustainable forest development in Québec.

Question

25. Will these measures be sufficient to improve the competitiveness of Québec's forest products industry and the processing of forest resources? Where applicable, what other priority measures should be adopted by the Government, the Department or other players?

D- THE GUARANTEE OF A FAIR RETURN FOR THE STATE FROM THE USE OF PUBLIC FOREST RESOURCES

The dues payable on timber harvested from the public forests constitute a sale price for a much sought-after collective resource. The amounts in question must therefore be fair for the people of Québec, who are

entitled to demand that payments reflect the value of the resource. They must also be fair for the forest companies – in other words, they must take into account variable harvesting conditions – and also for woodlot owners attempting to sell their own production.

CONTEXT

Under the *Forest Act*, the rates used to calculate harvesting dues for timber taken from the public forests should be equal to the market value of the standing timber. The market value is established using the parity technique – in other words, by comparing with the price of timber from the private woodlots.

The dues payable for public forest timber increased by an average of 500% between 1987 and 1997; a certain catching-up had become inevitable. Overall, Government revenues from dues increased eightfold, from \$53 million in 1987 to \$400 million in 1997.

Generally speaking, thanks to the tariff approach stipulated in the *Forest Act* and the use of the parity technique, the dues payable on softwood harvested in the public forests are established on the basis of the market value of the timber, market trends are monitored and forest management is self-financing. In contrast, the dues payable for hardwood species were, for many years, established using a summary mechanism that did not allow for an annual review to reflect changes in private sector prices.

When establishing the market value of standing timber in the public forests, it is possible to use parity with private woodlot standing timber prices. However, there are several differences in harvesting conditions between the two sectors, and the Department must therefore make several adjustments in the calculation. Moreover, this type of transaction became less common in the private woodlots some years ago, a situation that did nothing to simplify matters. The

Department is therefore looking for other sources of comparison to ensure that the value it sets is fair.

The methods used to collect dues also generate a number of problems. The Department does not, at the present time, have sufficient resources to monitor the scaling carried out by timber supply and forest management agreement holders. There are doubts as to the accuracy of usage loss measurements during harvesting. Finally, the tariffs for the different forest management permits are not based in all cases on the market value of the timber.

Question

26. Do you agree with the Department's conclusions concerning the application of the rules currently used to establish and collect the dues payable for timber harvested in the public forests?

ORIENTATION

The Department intends to maintain the principle stating that forest dues must correspond to a market price that is fair for the population, forest companies and private producers.

PROPOSALS

It is proposed:

- That studies of different techniques and mechanisms to improve Québec's tariff system should continue;
- That a standardized tariff approach based on the market value of the timber be applied to all forest management permit holders;

- That the prices obtained at auctions of public forest timber not allocated to agreement holders be used as a source of comparison when establishing the market value of standing timber;
- That consideration be given to imposing penalties – financial or otherwise – on the holders of rights; such penalties may include the reduction or abolition of allocations where the objectives for restoring harvested sites to production have not been achieved because the work has been poorly executed or not executed at all, when credits for dues payable have been granted.

Question

27. Will these measures be sufficient to ensure the collection and sound management of dues payable for timber harvested in the public forests? Where applicable, what other priority measures should be adopted by the Government, the Department or other actors?

OBJECTIVE 4

INTRODUCING TRANSPARENT FOREST MANAGEMENT

A- IMPROVING THE REPORTING PROCEDURE

The rendering of accounts is one of the tools used by the Department to ensure that the public and private forests are managed in a transparent way.

CONTEXT

The population is entitled to be informed about:

- The state of Québec's forests, and how they are managed;
- The use of public funds for forest management purposes, the benefits obtained and the spending controls exercised;
- The dividends collected from the allocation of timber from the public forests, and the benefits it gains from this;
- The application of rules and criteria governing the granting of rights over public resources;
- The activities of the holders of rights, and their compliance with current legislation and regulations.

Overall, the reporting procedure has been improved by the publication of five-yearly reports on the state of Québec's forests, and a review of biological diversity in the forests. The Department has also undertaken to report to the public on the results of the **Forest Protection Strategy**. However, the reporting process is made difficult by deficiencies in the Department's information management systems.

In addition, neither timber supply and forest management agreement holders nor forest management contract holders are required to report to the public, despite the fact that their responsibilities increased with the coming into force of the *Forest Act*.

A register of timber supply and forest management agreements is available to the public. However, it is not particularly effective for informing the population on the use of the public forests.

The Government's objectives in managing the public forests are not sufficiently precise, and not sufficiently well-known. The number of public forest users is growing constantly, increasing both the expectations and the difficulties of the control and reporting process. The trend is towards diversification of management methods (the inhabited forest concept, delegation, and an enhanced role for Native populations), and this phenomenon must be taken into account.

The obligations imposed on the State and the holders of rights should be directed more towards achieving results than towards complying with standards and rules. The way in which forest management permit holders apply the Act and regulations is also deficient. However, due to a lack of resources, not all offences are processed. Moreover, the sanctions stipulated by law, especially for non-compliance with the *Regulation respecting standards of forest management for forests in the*

public domain, are insufficient to have a real dissuasive effect for offenders.

At the same time, the Department's human and financial resources are shrinking.

In short, expectations are increasing, the Department's resources are decreasing, and forest management is becoming more complex.

Questions

28. Do you agree with the Department's observations concerning the application of reporting requirements related to public forest management?

29. Do you think the population is sufficiently well informed about the Government's management of the public forests?

ORIENTATION

If forest management is to be sustainable, the population must be informed of the activities of managers and the holders of rights. The Department's priority in this respect is to improve its own reporting performance as well as that of the holders of timber supply and forest management agreements and forest management contracts.

PROPOSALS

It is proposed:

- That an assessment framework be established for the forest system, based on sustainable forest management criteria, and that the Department's information management systems be improved;

- That public forest management objectives be clarified and mechanisms established to promote the participation of stakeholders and the populations concerned in the process of establishing those objectives;
- That timber supply and forest management agreement holders and forest management contract holders be required to report publicly on the achievement of their public forest management objectives, and especially on their application of the provisions of the *Regulation respecting standards of forest management for forests in the public domain*;
- That the management of offences be improved, in particular by the publication of sanctioned activities;
- That the penalties and other sanctions stipulated by law be reviewed in order to make them more dissuasive.

Question

30. Will these measures be sufficient to achieve an acceptable level of transparency in forest management and with respect to forest management results? Where applicable, what other priority measures should be adopted by the Government, the Department or other players?

B- TRANSPARENCY OF ROLES

At the same time as it is updating the forest system, the Department is also undertaking to modernize Québec's entire forest sector. The goal of this is to create synergy in the forest sector and to provide it

with a permanent, effective structure. The structure, tailored to the context and issues of forest management, would have greater public visibility.

CONTEXT

The departmental organization is beginning to run out of breath, for a variety of reasons. The Department must innovate in new fields of intervention, such as integrated resource management and sustainable forest development. The number and variety of users has also increased, imposing new management demands. The Department's new responsibilities and obligations come on top of its regular activities of allocating timber and protecting the forest. At the same time, the Department's managers must deal with constant cutbacks in their financial resources and workforce.

Forest management is often sector-based, and this has led, in recent years, to the creation of a variety of tribunes and organizations, such as the forest protection corporations and the agencies for private forest development. Without judging the performance of these various structures, their very proliferation has generated a situation in which the resources of both the Department and the forest products industry have become fragmented.

On the national stage, forest management and timber processing do not have the level of visibility they should normally receive, given the issues at stake. In addition, the population's confidence in the Department as a forest manager is limited.

A review of Québec's forest sector structure has therefore become necessary. Not only must the forest system be improved and the challenges of forest management be taken up, but methods and relationships between players must also be simplified, the overall effectiveness of forest

management must be improved, better participation of interested groups must be encouraged, and the forest sector's visibility must be enhanced.

Question

31. Do you agree with the Department's conclusions concerning the state of Québec's forest sector organization?

ORIENTATION

For forest management to be sustainable, effective structures and institutions, respectful of social values, are required.

The Department, in collaboration with its partners and the community, intends to restructure Québec's forest sector in light of the different forest management issues at stake. In particular, it intends to clarify its own responsibilities as well as those of other public and private sector players involved in the management of forest resources.

PROPOSALS

It is proposed:

- That the Department's role be refocused on the basic functions of the State, i.e. studying and monitoring major socio-economic trends, defining Government orientations and policies, preparing bills and regulations (especially concerning standards of forest management and the fixing of timber values), allocating resources and reporting;
- That a new organization be created to implement a constructive partnership; the organization would have a flexible operating structure, would be subject to high standards of

transparency, and its main mandate would be to support the application of the forest system;

- That priority be given to a management-by-results approach that is both provident and transparent, so that methods can be simplified and the responsibilities of forest users and professionals reinforced.

Questions

32. Will these measures be sufficient to improve forest management? Where applicable, what other measures should be adopted by the Government, the Department or other players?

33. What role should the State play in the field of forest management? What responsibilities could or should be entrusted to the various public and private sector players in the field of forest management?

CONCLUSION

Generally speaking, the forest system review is inspired by principles that will serve as a basis for sustainable forest management.

This document examines the main elements on which the forest system is based. It includes a review of the present system, the issues of forest management and the objectives to be pursued by a renewed forest system. To enable these objectives to be achieved, a certain number of proposals have been made. These proposals are submitted for consultation.

In more comprehensive terms, not only does the consultation process take into account the social, environmental and economic aspects to be considered in sustainable forest management, but it is also based on public participation and transparency. Hence, it should provide an opportunity for individuals and organizations with an interest in forest conservation and development to enrich the reflections that will ultimately serve as a basis for the updated forest system.

Question

34. Do you think the process is adequate, and do you believe this consultation document allows you to express your point of view fully on the updating of the forest system? Where applicable, what additional elements should be considered in the updating process?