Introduction

Nearly 10% of Canada’s non-reserved productive forests, about 19 million hectares, is owned by 450,000 families. These forests are an important source of fuel, food, timber, income and environmental benefits for their owners, neighbours and nearby towns and cities. Average annual forest-based revenue per family is relatively small, but in 2003 it was estimated to total CDN$1.5 billion (US$1.23 billion, at the current rate of exchange), largely from supplying about 15% of the national forest industry’s timber (Dansereau and Demarsh 2003).

A number of initiatives have evolved over the years to support the sustainable management of family forests (the term woodlot is used in Canada for family forests) and help overcome barriers to market access. These include local and provincial owner-controlled associations that provide services that include collective marketing and lobbying for supportive policies, incentive programmes, and extension services from provincial governments. A national federation of provincial associations (most of which are in turn federations of local associations) was formed in 1989 to lobby the federal government for improved national income tax and environmental policies.

Forests in Canada are highly diverse, ranging from temperate rainforests in British Columbia to boreal forests in northern Ontario and Québec. Forest policy under the Canadian constitution is the responsibility of each of the ten provincial governments (there are very few woodlot owners in Canada’s three territories). In some provinces, family forest owner associations date from the 1960s; in others they are less than 30 years old. They have a variety of mandates and functions.

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The challenges in 2003
In 2003, the issues that influenced Canadian woodlot owners were presented in the form of two scenarios: pessimistic and optimistic (Dansereau and deMarsh 2003).

The pessimistic scenario was as follows:
- more badly designed regulation of forestry practices by municipal, provincial and federal governments to protect biodiversity, water or scenic values, with limited understanding of their practical impacts or the resulting increases in operating costs;
- continued barriers to market access, and timber prices that would not reflect the costs of sustainable management, due to the dominance of timber from public forests and of large enterprises and production units in the Canadian forest industry;
- demographic changes leading to increasing woodlot ownership for purposes other than production of forest products, such as recreation and rural retreat; and
- woodlot owners’ identity as a social group becoming less coherent, and their contribution to local economies, environmental services, and industrial timber supply declining.

The optimistic scenario was as follows:
- with a complete set of financial incentives and education services, owners produce a full range of goods and services, including an increasing contribution to industrial wood supply;
- the market provides adequate incentives to encourage timber production, and where market distortions continue, provincial governments establish polices that offset them, and where market incentives for sustainable management are less than adequate, government financial support recognizes the widespread short- and long-term benefits to society as a whole;
- where market incentives that maintain and enhance environmental services (clean water, wildlife habitat, attractive scenery) are difficult to establish, other mechanisms are developed so society shares the costs;
- adequate compensation is made available for natural disasters (wind, fire, ice storms, pests and disease epidemics), based on the principle that where society shares the benefits, it should also contribute to the costs;
- income and property tax policies encourage sustainable practices; and
- education and technology transfer services are widely available to increase the awareness of forest owners of the economic, technical and social/political trends that affect the viability of small-scale production.

Trends since 2003
Regulation of forestry practices
Several provincial associations have experienced an increase in regulations over the past 12 years, in such areas as habitat protection for endangered species, protection of wetlands, invasive species, and the use of pesticides. More and tougher municipal bylaws on felling and other forest operations are also in place in some areas.
Market access and timber prices

Much of the forest industry in Canada went into decline after 2006; this was exacerbated by the global financial crisis of 2008. The result for woodlot owners was a fall in timber sales and a loss of market share, due to more of the market demand being met by public forests. Even with the industry rebound since 2013, timber prices have increased only marginally. Some mills closed permanently, and consolidation of ownership has accelerated. The result: fewer mills, and even fewer buyers. La Fédération des producteurs forestiers du Québec reports a 20% decline in prices since 2006 and a drop in sales from 6.2 to 2.9 million m³ between 2006 and 2009, recovering only partially to 4.6 million m³ in 2014. In Alberta, the timber market for woodlot owners almost completely disappeared. This was due to the economic downturn, compounded by a large salvage harvest in public forests following a major pest epidemic. Most other provinces report similar declines and limited recoveries. British Columbia has been somewhat buffered from the worst effects of these trends due to concerted efforts by the provincial and national government to sell to Asian markets. The one bright spot in all provinces is stable or increased firewood sales.

Demographic changes

The average age of woodlot owners is increasing, fewer woodlots are actively producing, and more woodlots are being bought for purposes other than production. Older owners tend to be less interested in producing and are less dependent on income from their woodlots, and the professional logging and silviculture workforce has shrunk drastically. This is a big factor in the decline in the number of active owners (e.g., a decline of 64% since 2001 in Nova Scotia).

Loss in a sense of identity

Fewer owners attend association meetings, and all but one province (Ontario) report a decline of 25–50% since 2003. Some owners get information on markets and programmes from the internet, rather than from association meetings. The most important function of meetings is to ensure the democratic control of organizations by their members. Declining participation makes it more difficult to maintain governance functions such as debates on policy, scrutiny of financial reports, and election of boards of directors.

Diversified production

Non-timber forest products (NTFPs) have been widely promoted, but there are very few significant developments other than some limited niche markets. One exception is maple syrup, especially in Eastern Canada, where sales have tripled since 2003; these sales generate higher revenues per hectare than timber production. Biomass markets have developed in some areas, but are rarely accessible to woodlot owners. In the short term, they do not appear to have the potential to replace the market for lower quality timber, which has decreased due to the decline of the pulp
and paper industry. The technical and economic feasibility of aggregating large volumes of biomass from small woodlots remains elusive, and due to its low value, it cannot be a driver of forest operations.

**Incentive programmes**
Governments reduced public spending after the global financial crisis of 2008, including some support for sustainable forest management. A few provinces maintained fairly stable financing, but others implemented significant cutbacks.

**Payment for environmental services**
Despite a major promotion campaign between 2004 and 2006, no programmes have developed anywhere in Canada.

**Compensation for natural disasters**
Most provinces provide no assistance for natural disasters, while others provide only limited ad hoc assistance. As the frequency and severity of wind and ice storms and pest and disease outbreaks increases, the absence of a long-term commitment to woodlot owners will become even more serious. Programmes support timber salvage and damage assistance in public forests but not in private ones. This worsens provincial governments’ conflict of interest as both sellers of timber and regulators of the market.

**Tax policy**
Property tax policy varies from province to province. A rebate programme for managed woodlots has been strengthened in Québec, but not elsewhere. A six-year effort to improve the taxation of woodlot revenues and expenditures has yet to produce results at the federal level.

**Extension services**
Budgets have been reduced in New Brunswick and Québec, but levels of service have not changed much elsewhere. The 2006–12 downturn in the forest industry and the financial crisis of 2008 have made the situation of Canadian woodlot owners even worse than that anticipated in the pessimistic scenario. The gradual process to improve policies and increase the number of sustainably managed woodlots has not just stalled, it has gone backwards, and there is no prospect of progress resuming. A significant proportion of the sustainable timber production on family forests is unharvested, and potential employment and revenue is foregone in precisely those communities where the need is greatest.
Association responses in a difficult decade

All but one association survived the challenges of the past 12 years. Another (in Prince Edward Island) closed, but re-emerged in a new form. Most have experienced major declines in revenue, which forced them to cut budgets and staff to reduce operating costs. They have made important efforts to improve communication tools such as websites and newsletters, and have lobbied vigourously to persuade governments to maintain support programmes and market access policies. Associations are also trying new things:

- encouraging new consumers of firewood by linking them to dealers and woodlot owners, and working on a possible NTFP marketing cooperative (Manitoba);
- developing a website to connect buyers and sellers of high-value specialty timber products and other products and equipment (British Columbia);
- promoting a programme to give woodlot owners access to small public forest areas (Alberta, based on the model of a successful 30-year programme in British Columbia);
- developing a software system to reduce trucking costs through the coordination of pick-up and delivery locations (Québec);
- expanding services to members to include wildlife habitat enhancement, road building and boundary line maintenance (New Brunswick); and
- piloting a new extension partnership between local associations, government and industry that focuses on promoting woodlot certification (Nova Scotia).

Some of these initiatives try to find better solutions to old problems; others seek to meet members’ changing needs. It is impressive to see the innovation across the country, especially when many associations struggle just to survive. More innovation should be encouraged and the results — failures as well as successes — should be shared.

Possible new and renewed directions

The importance of woodlot owners to local economies

Associations continually face a deep-seated bias in favour of large corporate job creation on the part of many elected officials and government staff at the municipal, provincial and federal level. This is due to a lack of high-quality data on the economic importance of woodlot-based activity and a narrowness of perception. The problem is likely worse today, as governments are increasingly desperate to find new sources of employment and revenue. The appeal of big, simple “fixes” is not hard to understand in such a context. Increased timber sales from public forests are a widely known source of additional revenue, and a well-established tool to foster industrial development. Woodlot owners must find better ways to show that the sustainable management of woodlots also has the potential to have a big impact, even if part-time employment spread over many households is not as simple to measure.
The Québec federation has completed an employment and revenue study of woodlot owner harvesting and silviculture (Rhéaume and Côté 2014). It reveals that both employment, revenue and wealth creation are well below sustainable limits. The Canadian federation is developing a project with the Canadian Forest Service to extend the study to other provinces and broaden it to consider the economic importance of NTFPs and artisanal timber production. In order to make more data available, these efforts and others need to be pursued.

There is more to the problem of bias than incomplete data, however. Challenging the belief that 500 jobs in a new factory are somehow better than 2,000 quarter-time jobs spread over a large area will take new ways of making apparent the interdependence of actors in the forest industry and in local and regional economies.

Better tools to help government officials understand the factors that influence woodlots are needed. The Québec federation has produced an excellent assessment of these factors: a) personal interest/motivation; b) financial incentives; c) conducive tax and regulatory frameworks; and d) technical support for forest management and timber marketing (Fédération des producteurs forestiers du Québec 2015b).

**Income tax policy**

The demand for timber should increase, and available timber from public forests is declining due to environmental constraints, other demands on forest use, consequences of bad management practices, and effects of natural disasters. With falling revenues since 2006, woodlot owners have become less dependent on timber sales and will require stronger financial incentives to produce more in the future. Governments show no sign of abandoning their longstanding policy of pricing public forest timber as a tool for industrial development and employment creation, which greatly distorts the market for timber from woodlots and keeps prices low.

The tool with the most potential to help offset this bleak situation may be an income tax policy that ensures that woodlot owners keep a reasonable share of the revenue from timber sales, and receive some direct financial benefits from their activities, along with the contractors, truckers, mill employees, shareholders and the three levels of government. Tax rates can be adjusted, credits created and exemptions established in policies that currently discourage increased revenue from timber sales. Tax policy must also ensure that the treatment of revenue and expenses fits the pattern of woodlot management, so that large, irregular amounts of revenue can be spread over the decades-long production cycle, and sporadic expenses can be fully deducted from revenues. Associations have lobbied for this in the past and must increase those efforts in the future.
Association governance in an age of social media

Associations are already experimenting with the internet to communicate with active members, inactive woodlot owners, other interest groups and the broader public. For inexperienced woodlot owners, timber markets can be hard to understand. Internet and other technological tools can make markets more accessible. Associations need to determine how to use the internet to carry out their tasks and reinforce members’ sense of belonging to the woodlot community.

The Québec federation has added an interactive component to its website, allowing members to vote on their priorities for lobbying efforts (la Fédération des producteurs forestiers du Québec 2015a). This may help with the association governance issues mentioned above. Younger members may be able to make a particularly strong contribution in helping their associations learn ways to use the internet.

International exchanges

Exchanges are a way to learn new ideas and new ways of thinking about old problems. They can also help associations better learn from their own experience. Trying to explain to someone in different circumstances how a policy or programme works can lead to a new perspective on its strengths and weaknesses. International exchanges include the one between the Federation of British Columbia Woodlot Associations and the Scottish Woodlot Association. Canadian associations need new ideas and have a wealth of experience to share with others, but they need to find the resources to identify and pursue these opportunities.

Conclusions

Canada has vast and diverse forests that are generally not threatened by deforestation or conversion to other uses. Access to timber from public forests has been an industrial development tool for a long succession of governments, often curtailing production from private woodlots. The forest industry, which has played a key role in the country’s development, has gone through some very tough times and is in the process of reinventing itself. Evolving public pressure for the sustainable and diversified management of public forests is increasing constraints on their use as a source of timber for the industry, at a time when access to timber is becoming more important than ever.

Not surprisingly, some governments and companies are now reconsidering private woodlots as a source of raw material. Many woodlot owners are pursuing other interests, however, and will require increased incentives before they consider coming back into the market. New relationships will have to be developed and new tools implemented to energize the woodlot sector and develop more of its significant potential. Owner associations will make a key contribution to this process.
In the next decade some of the optimistic scenario may come to pass. If it does, it will be due in large part to the efforts of the associations. The dedication and perseverance of woodlot owners across the country, association staff and elected board members during recent difficult years is deeply inspiring.

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