

**CANADA-SASKATCHEWAN  
PARTNERSHIP AGREEMENT IN FORESTRY  
(1990-1995)**

**THIS AGREEMENT** made this 5th day of June, 1991

**BETWEEN:**     **THE GOVERNMENT OF CANADA**, represented by the Minister of Forestry, (hereinafter referred to as "Canada")

**OF THE FIRST PART,**

**AND:**           **THE GOVERNMENT OF THE PROVINCE OF SASKATCHEWAN**, represented by the Minister of Parks and Renewable Resources, (hereinafter referred to as "the Province")

**OF THE SECOND PART.**

**WHEREAS** Canada and the Province have entered into an Economic and Regional Development Agreement dated January 30, 1984 (hereinafter referred to as the "ERDA") for the purpose of facilitating joint co-operation in respect of economic and socio-economic development in Saskatchewan, and which authorizes the parties hereto to enter into subsidiary agreements;

**AND WHEREAS** pursuant to the Western Economic Diversification Act 1988, Canada has been authorized to enter into Western Economic Partnership Agreements;

**AND WHEREAS** the Canadian Council of Forest Ministers has adopted the National Forest Sector Strategy for Canada (1987) as a guide for the sector in responding to issues and establishing forestry plans and objectives for the next five to ten years;

**AND WHEREAS** the Province has adopted a strategy for forest development in Saskatchewan to ensure the preservation, protection, and strengthening of the forest industry of Saskatchewan;

**AND WHEREAS** Canada and the Province agree that the strengthening of the forest industry in the province will contribute to the economic development and diversification of Saskatchewan and Canada;

**AND WHEREAS** Canada and the Province recognize their responsibility for the prompt regeneration of areas harvested, including the protection of those plantations against vegetative competition on lands belonging to the Crown in the right of Her Majesty the Queen and the Province of Saskatchewan, respectively;

**AND WHEREAS** Canada and the Province recognize that continuous protection of the resource against insects, diseases and fire is a fundamental principle of sound forest management which complements the objectives of this Agreement;

**AND WHEREAS** the Governor in Council by Order-in-Council, P.C. 1991-4/327 of the 21 day of February, 1991, has authorized the Minister of Forestry to enter into this Agreement on behalf of Canada;

**AND WHEREAS** the Lieutenant Governor in Council by Order-in-Council No. 487/91 of the 21 day of May, 1991, has authorized the Minister of Parks and Renewable Resources, to enter into this Agreement on behalf of the Province;

NOW THEREFORE the parties hereto agree as follows:

## SECTION 1: DEFINITIONS

### 1.1 In this Agreement:

- (a) "Contract(s)" means a signed legal document between one or both parties to this Agreement and either the other party or an outside agency, group or person(s);
- (b) "Directly Delivered" means that one of the parties is responsible and accountable for implementation and costs are totally assumed by that party;
- (c) "Eligible costs" means those costs as defined in Sub-section 7.1;
- (d) "Federal Director" means the Regional Director General, Northwest Region, Forestry Canada, or his designate;
- (e) "Federal Minister" means the Minister of Forestry, and includes any person authorized by him to act on his behalf;
- (f) "Federal project" means a Project undertaken by Canada within Programs as outlined in Schedule "B";
- (g) "Fiscal Year" means the period commencing April 1 of any year and terminating on March 31 of the immediately following year, both dates inclusive;
- (h) "Forest Management License Agreement (FMLA)" means forest lands under license to industry by the Province for which the industry has forest management responsibility;
- (i) "Implementing Party" means the party which has the responsibility for the delivery of a Sub-program or Project provided for in Schedule "B";
- (j) "Management Committee" means the Federal-Provincial Agreement Management Committee established pursuant to sub-section 3.1;
- (k) "Ministers" means the Federal Minister and the Provincial Minister;
- (l) "Partnership" means a relationship of joint cooperation and contribution based on the common objectives under the National Forest Sector Strategy for Canada (1987) of preserving, protecting and strengthening the forest industry in Saskatchewan.
- (m) "Program" means a principal component of this Agreement as outlined in Schedule "A";
- (n) "Project" means a specific activity or group of activities forming a self-contained unit within a Sub-program;
- (o) "Province" means the province of Saskatchewan;
- (p) "Provincial Director" means the Director of Forestry or his designate;

- (q) "Provincial Minister" means the Minister of Parks and Renewable Resources, and includes any person authorized by him to act on his behalf;
- (r) "Provincial project" means a project undertaken by the Province within Programs as outlined in Schedule "B";
- (s) "Sub-program" means a group of projects within a program;
- (t) "Work Plan" means an outline, including cost estimates and anticipated accomplishments of projects to be undertaken during one fiscal year.

## SECTION 2: PURPOSE AND OBJECTIVES

- 2.1 The purpose of this Agreement is to enable Canada and the Province to undertake Programs of forest resource development in accordance with the strategy outlined in Schedule "A", attached to and forming part of this Agreement. This Agreement is consistent with A National Forest Sector Strategy for Canada (1987), and the Forest Management Strategy for Saskatchewan 1984-2003.
- 2.2 The primary objectives of this Agreement are:
  - (a) to ensure the availability of long term economically accessible timber supplies in Saskatchewan through planning, forest management, applied research and technology transfer;
  - (b) to optimize management and utilization of Saskatchewan's forest resources including improved knowledge and understanding of non-timber forest values through planning, applied research, market development, technology transfer and public information; and
  - (c) to contribute to the economic diversification of the provincial forest sector, including the improvement of employment and human resource development through applied research, market development, technology transfer and public information.
- 2.3 Pursuant to the objectives set forth in sub-section 2.2, the goals of this Agreement are:
  - (a) to contribute to accelerated economic development in the forest sector through the implementation of improved forest management practices, technological innovation, and industrial expansion within the context of federal and provincial policies;
  - (b) to maintain and create direct and indirect employment opportunities in the Province by enhancing the long-term viability of the forest industry;
  - (c) to contribute to an increased timber supply;
  - (d) to promote improved utilization of the forest resource;
  - (e) to strengthen research and technology transfer capability in support of forest management activities, and to shorten the time between conclusion and implementation of research; and
  - (f) to support improved forest management on federal and provincial crown lands, private woodlots, and industrial forest management license areas.

- 2.4 Schedule "A" attached to and forming part of this Agreement contains an outline of the federal principles on which this forest development Agreement is based.

As outlined in Schedule "B" attached to and forming part of this Agreement, Canada and the Province will implement the following Programs:

- Program A: Wood Supply Maintenance and Enhancement
- Program B: Applied Research, Marketing, and Technology Transfer
- Program C: Integrated Forest Management, Planning and Development
- Program D: Public Information, Education, Worker Training and Agreement Support

### **SECTION 3: ADMINISTRATION AND MANAGEMENT**

- 3.1 A Federal-Provincial Management Committee will be established to administer and implement this Agreement. The Management Committee shall consist of three (3) federal representatives and three (3) provincial representatives including the Federal Director, or his delegate, who shall act as the federal co-chairman, and shall appoint the remaining federal representatives; and the Provincial Director, or his delegate, who shall act as the provincial co-chairman and shall appoint the remaining provincial representatives.
- 3.2 The Management Committee shall:
- (a) establish all procedures in respect of its own meetings, including rules for the conduct of meetings, the appointment of alternates for members and the making of decisions where the members are not physically present in one place;
  - (b) approve all systems, procedures and criteria with respect to all activities undertaken under this Agreement;
  - (c) ensure that the intent and terms and conditions of this Agreement are carried out;
  - (d) review prior to March 31st of each year Work Plans for proposed federal Direct Delivery Projects and proposed Provincial Direct Delivery Projects for the following Fiscal Year;
  - (e) coordinate and review federal Direct Delivery Projects and provincial Direct Delivery Projects;
  - (f) authorize the transfer of funds between or within Programs as described in Schedules "A" and "B" hereof where it considers that the purposes and objectives of this Agreement would be furthered by such transfer. Such reallocation shall not be considered an amendment as provided in Sub-section 11.5 of this Agreement;
  - (g) establish the Public Information Sub-Committee;
  - (h) establish advisory and coordinating groups as required, and request the presence of representatives from other departments, agencies, industry, or other non-governmental bodies, where it is considered that the services of such committees or representatives would contribute to the effectiveness of the Management Committee;

- (i) ensure a full and free flow of information;
- (j) prepare financial and management information reports on a semi-annual basis which reflect, *inter alia*, Program expenditures of previous Fiscal Years, up-to-date cash flows during the current Fiscal Year and anticipated cash flows during each remaining Fiscal Year of this Agreement;
- (k) conduct Management Committee meetings at a time and place mutually agreed upon by the co-chairmen, holding no fewer than two (2) meetings in each Fiscal Year;
- (l) no later than September 30th of each year, provide to the Ministers an Annual Report containing a review of the strategy, programming and budget as set out in Schedules "A" and "B", a description of the progress and accomplishments for the previous Fiscal Year, including a reporting of individual activities internal and/or external to this Agreement which contribute to the objectives of this Agreement beyond normal operational levels of each party, and recommendations on any necessary amendments to be made by the Ministers;
- (m) carry out any other duties, powers or functions specified elsewhere in this Agreement or such as may be assigned to the Management Committee by the Ministers to accomplish the objectives of this Agreement; and
- (n) prepare procedures for environmental assessment of projects under this Agreement including the process for exchange and approval of the other party's assessment to avoid duplication.

3.3 Decisions of the Management Committee shall be valid and binding only if both co-chairmen agree in writing. In those cases where the Management Committee is unable to reach a decision, the matter shall be referred to the Ministers. Where the Ministers, after consultation, agree on a decision with respect to the matter, that decision is final and binding.

#### SECTION 4: IMPLEMENTATION PROCEDURES

- 4.1 This Agreement shall commence on and take effect from the date on which it is signed by the Ministers and the last date on which Projects may be approved shall be March 31, 1995, ("the termination date") or such earlier date as may be agreed to in writing by the Ministers. No Project may be approved after the termination date of this Agreement, and no Project completion date shall extend beyond March 31, 1996, and no claim shall be paid by Canada unless it is received by March 31, 1996.
- 4.2 Projects proposed for funding under this Agreement are to be submitted in a written format to be determined by the Management Committee. Each proposal shall be described in an appropriate document which shall, *inter alia*, include the name and description, the purpose and objective, an outline of how the Project is to be implemented, the anticipated start and completion dates, performance data as appropriate, the total cost and annual cash flow and the share of the cost to be borne by each of the parties involved, and other such information as may be required by the Management Committee.
- 4.3 An Agreement Management Information System shall be maintained for the duration of this Agreement and for a period of at least two years thereafter, and both parties agree to contribute all data required in a format and manner approved by the Management Committee. The Management Information System is to be operational within six months of the signing of this Agreement.

## SECTION 5: CONTRACT PROCEDURES

- 5.1 All Contracts under this Agreement shall be awarded in accordance with procedures to be approved by the Management Committee, and, where it is considered practical to do so, shall be let pursuant to tenders by public advertisement and shall be awarded to the eligible and qualified tenderer submitting the lowest acceptable bid.
- 5.2 Any Contract entered into by the Implementing Party with a third party for any Project hereunder shall be administered in accordance with the administrative, management and Contract procedures of such Implementing Party.
- 5.3 Reports, documents, plans, maps and other materials prepared by any third party who has been awarded a Contract by the Implementing Party for any Project hereunder in connection with such a Project shall become the property of the said Implementing Party and the said Implementing Party shall provide a copy to the other party hereto of the aforementioned reports, documents, plans, maps and other materials which it acquires as a result of carrying out its responsibilities under this Agreement.
- 5.4 Any Contract entered into by an Implementing Party hereunder with a third party shall provide:
- (a) that any of the members of the Management Committee, or a duly authorized representative, shall be permitted to inspect the subject matter of the aforementioned Contract at all reasonable times;
  - (b) that the third party will respect all applicable labour laws and standards; and,
  - (c) that the third party shall indemnify and save harmless both parties to this Agreement from and against all claims, demands, losses, damages, costs of any kind based upon any injury to or death of a person or damage to or loss of property arising from any wilful or negligent act, omission or delay on the part of the third party or its servants or agents in carrying out the Contract.
- 5.5 The Implementing Party hereunder shall indemnify and save harmless the other party hereto, its officers, servants and agents against all claims and demands of any third party arising out of the implementation of such Project except to the extent that claims and demands relate to the act of negligence or any other wrongful act or omission of any officer, employee or agent of the other party hereto.
- 5.6 Upon the completion of any Project hereunder, the Implementing Party or the third party assigned the on-going responsibility for such Project shall take over the full responsibility for that Project's operation, maintenance and repair, except in cases where other arrangements between parties hereto specifically apply. Where the on-going responsibility for the operation, maintenance and repair of any Project is to be vested in a third party, the contractual arrangements made between the Implementing Party and the said third party shall provide a clause in order to save Canada and the Province harmless from any claims, demands, actions, and causes of action which may be made against them arising out of the operation, maintenance and repair of any such Project.
- 5.7 Nothing in this Agreement prevents Canada or the Province from contracting the services of the other in the implementation of all or part of any Program or Project emanating therefrom.
- 5.8 All Contracts and public advertising of tenders for Projects shall acknowledge Canada and the Province, and shall include the name of this Agreement and the federal-provincial Partnership Agreement identifier pursuant to Section 8.7.

## SECTION 6: FINANCIAL PROVISIONS

- 6.1 Subject to the terms and conditions of this Agreement and subject to the funds being made available by the Parliament of Canada, the contribution of Canada under this Agreement shall not exceed fifteen million dollars (\$15,000,000).
- 6.2 Subject to the terms and conditions of this Agreement and subject to the funds being made available by the Legislative Assembly of the Province, the contribution of the Province under this Agreement shall not exceed fifteen million dollars (\$15,000,000).
- 6.3 Canada and the Province shall pay their respective shares of those Programs and Sub-programs specified in Schedule "B".
- 6.4 Canada and the Province shall manage their respective contributions to the Programs under this Agreement in such a manner as to ensure that, to the extent possible and with full regard to administrative, logistical, and other constraints, including decisions of the Management Committee or the Ministers, the contributions of the two parties are applied at similar rates over the term of this Agreement.
- 6.5 Notwithstanding Sub-section 4.1, expenditures incurred from April 1, 1990 to the date of signature may be reviewed by the Management Committee to ensure their eligibility for funding and their compliance to Agreement objectives.

## SECTION 7: PAYMENT PROCEDURES

- 7.1 All Eligible costs for Projects include reasonable costs incurred by an Implementing Party hereunder that are:
  - (a) invoiced to a party under a Contract made under this Agreement for goods and services;
  - (b) any other cost which is incurred in the performance of a Project hereunder as defined and determined and approved by the Management Committee; and,
  - (c) the salaries, employment benefits, and other related costs of any public servant of Canada or the Province employed solely for the purpose of implementing a Project under this Agreement which costs have been determined and approved by the Management Committee but shall not include costs which are:
    - (i) for services or works normally provided by either party or by any other agency of either party or under any other agreement between the parties; and
    - (ii) related to the acquisition of lands or interests in lands, or costs arising from conditions of acquisition.
- 7.2 Any cost overrun in excess of the Eligible costs budgeted or any cost incurred following the Project completion date shall not be accepted by the Management Committee unless:
  - (a) the party implementing the Project giving rise to the overrun or delay in completion informed the Management Committee immediately when it became aware that a cost overrun or delay was probable along with an explanation for the overrun or delay; and,
  - (b) the Management Committee approved the inclusion of the cost overruns.

- 7.3 The parties shall maintain proper and accurate accounts and records relating to all Projects undertaken pursuant to this Agreement. The Parties shall make such accounts and records available at all reasonable times for inspection and audit by both parties.
- 7.4 Any discrepancy between the amounts paid and amounts actually payable as disclosed by any such audit shall be promptly adjusted between the parties. In the case of an overpayment by Canada, the said overpayment shall become a debt due Canada.

## **SECTION 8: PUBLIC INFORMATION**

- 8.1 The parties hereto will cooperate in public information activities relating to this Agreement.
- 8.2 A Public Information Sub-Committee with equal representation from Canada and the Province will develop a strategic communications plan for the term of this Agreement which will enhance opportunities for appropriate, continuous and consistent recognition for federal-provincial Partnership activities under this Agreement.
- 8.3 The Public Information Sub-Committee shall ensure that the communications plan is managed and evaluated, and that all media monitoring is maintained. The committee shall be responsible for providing an annual report of public information activities to the Management Committee.
- 8.4 A specific promotional public information activity may be delivered by Canada, by the Province or jointly, but both parties shall have the opportunity to review all details of such activity prior to its delivery.
- 8.5 The Federal Official Languages Act, R.S.C., c31 (4th Supp.), related regulations, and policies shall be respected in all promotional public information activities and in the production of all public information materials under this Agreement.
- 8.6 All public information activities shall indicate that the Project or Program is being implemented pursuant to this Partnership Agreement and they shall fairly reflect each party's contribution.
- 8.7 The standard federal-provincial Partnership Agreement identifier and logo shall be prominently displayed on all public information material related to this Agreement.
- 8.8 All reports, news releases and feature stories arising out of this Agreement shall give prominence to informing the public that the activity was performed under this Partnership Agreement.
- 8.9 All information material produced for or by third parties receiving funding under this Agreement shall clearly and prominently indicate that such funding was provided under the terms of this Agreement and it shall be a condition of such funding that the recipient conform to this clause.

## **SECTION 9 - EVALUATION**

- 9.1 The Management Committee shall develop a plan for and set aside funding for evaluation of the Programs and Projects outlined in Schedule "A" hereto, and shall, within six months of the signing of this Agreement, develop an Evaluation Framework for these Programs and Projects.
- 9.2 The Evaluation Plan for Agreement Programs and Projects will identify responsibilities for evaluation activity and data collection; major evaluation issues; and, the character and timing of data collection. The Plan will also provide for baseline studies, monitoring and Program reports.



- 9.3 The Management Committee will approve the Terms of Reference for the evaluation before it is undertaken.
- 9.4 The Management Committee will submit to the Ministers a comprehensive evaluation report six months before the termination date of this Agreement.
- 9.5 Each party shall provide the other with all relevant information as may be reasonably required for such evaluation.

#### **SECTION 10: ENVIRONMENTAL ASSESSMENT**

- 10.1 All relevant and applicable federal and provincial environmental protection legislation and policies shall apply for all Projects under this Agreement.
- 10.2 The parties acknowledge that, where federal and provincial environmental assessment requirements overlap, efforts will be made to avoid duplication in environmental assessment and that, where possible, the assessment of the implementing party shall fully satisfy the requirements of the other party.
- 10.3 Both parties shall freely exchange information on all environmental assessments carried out on Projects under this Agreement.

#### **SECTION 11: GENERAL**

- 11.1 Where a party is responsible for the implementation of a Project under this Agreement, it shall indemnify and save harmless the other party, its officers, servants, and agents, against all claims and demands of third parties in any way arising out of the implementation of such Project, except as such claims or demands relate to the negligence or any other wrongful act or omission of any officer, employee, or agent of the other party.
- 11.2 All property, including patents, copyrights and other intellectual property acquired as a result of the work performed under this Agreement shall be disposed of, licensed or otherwise dealt with as the Management Committee may from time to time determine.
- 11.3 No member of the House of Commons of Canada or of the Senate of Canada or of the Legislative Assembly of Saskatchewan shall be admitted to any share or part of any Contract, agreement, or commission made pursuant to this Agreement, or to any benefit to arise therefrom. Similarly, no federal or provincial officer, nor any agent of a third party, directly responsible for the implementation of a Project under this Agreement shall be admitted to any share or part of any Contract, agreement or commission made pursuant to that Project, or to any benefit to arise therefrom.

- 11.4 Any notice which is given to the other party pursuant to this Agreement may be given personally or sent by registered mail to:

For Canada:                   Regional Director General  
Northwest Region  
Forestry Canada  
5320 - 122 Street  
Edmonton, Alberta  
T6H 3S5

For Saskatchewan:       Director of Forestry  
Forestry Branch  
Saskatchewan Parks and Renewable Resources  
Box 3003  
Prince Albert, Saskatchewan  
S6V 6G1

- 11.5 This Agreement including Schedules "A" and "B" may be amended from time to time by the written agreement of the Ministers. Each Program added to Schedule "A" and "B" shall form part of this Agreement as if it had originally been included in this Agreement. It is expressly understood and agreed, however, that any amendment to Sub-sections 2.2, 4.1, 6.1 and 6.2 shall require the approval of the Governor in Council and Lieutenant Governor in Council.
- 11.6 In the event that any activity does not comply with the terms and conditions of this Agreement, the Province and Canada agree that the activity shall be excluded as Eligible costs to be financed or shared until remedial action is taken to the satisfaction of the Management Committee.
- 11.7 Canada and the Province agree to co-operate in the attainment of their mutual objectives in the enhancement of Saskatchewan's forest resources data base to include statistics as may be required in the establishment of a national forest data base. This Agreement will make funding available to assist in this enhancement as described in Schedule "B" hereto.
- 11.8 Notwithstanding Sub-section 5.7, nothing in this Agreement is to be construed as authorizing one party to contract or to incur an obligation on behalf of the other, or to act as agent for the other.
- 11.9 No later than March 31, 1992, the Province shall submit a long term plan, outlining forestry strategies over a full rotation, consistent with the strategy and principles outlined in Schedule "A".
- 11.10 The Federal Minister has the option of reducing Canada's financial contribution to Directly Delivered Programs on Provincial Crown Land if there is a reduction in programming for current harvest renewal on Provincial Crown Land during the term of this Agreement. Any such reduction in funding would be done only after consultation with the Provincial Minister. The Province agrees to provide within six (6) months of fiscal year end an annual assessment of the status of programming for current harvest renewal in the Province.

**IN WITNESS WHEREOF** this Agreement has been executed on behalf of Canada by the Minister of Forestry and on behalf of the Province by the Minister of Parks and Renewable Resources.

**IN THE PRESENCE OF:**

**GOVERNMENT OF CANADA**

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Minister of Forestry

**IN THE PRESENCE OF:**

**GOVERNMENT OF THE PROVINCE OF SASKATCHEWAN**

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Minister of Parks and Renewable Resources

# **CANADA-SASKATCHEWAN PARTNERSHIP AGREEMENT IN FORESTRY**

## **Schedule A**

### **1. INTRODUCTION**

Both Canada and the Province of Saskatchewan recognize the importance of the forests and the forest sector to the economic, social, and environmental well-being of Canadians. The Government of Canada, in adopting **A National Forest Sector Strategy For Canada**, and **A Framework for Forest Renewal**, and producing and accepting the report **Canada's Forest Industry - The Next Twenty Years: Prospects and Priorities**, recognizes the long term potential and strategic issues facing the forest sector.

Since the 1950s the Governments of Canada and Saskatchewan have participated in funding agreements aimed at developing the forest sector. These agreements have assisted in reforestation, fire suppression, access road construction and the establishment of improved forest inventories. The most recent forestry agreement in this province was established in 1984 and expired in 1989. This five-year agreement, which totalled \$28 million equally shared between the two governments, focused on forest renewal, growth enhancement and stand tending, and technology advancement and transfer.

The Government of Canada continues to demonstrate its commitment to the forest sector. Forestry Canada, the new federal department of forestry established in 1989 is a demonstration of this commitment. This federal department maintains a presence in Saskatchewan through a district office located in Prince Albert. The office is strategically situated to facilitate communication and cooperation between Forestry Canada and the Forestry Branch of the provincial department responsible for forestry matters, Saskatchewan Parks and Renewable Resources. It is also located proximal to the forest industries in that province. Additional support and research expertise are provided to Saskatchewan by Forestry Canada's regional headquarters in Edmonton.

It is the mutual intent of this Agreement to build on initiatives begun under the 1984-89 Forest Resource Development Agreement and to address new concerns and issues. This Agreement reflects new realities and builds on previous achievements. It will contribute to Canada's and Saskatchewan's economic strength and diversity, and will continue to provide a healthy, safe forest environment within the context of a sustainable development strategy.

The goals of this Agreement are:

- (a) to contribute to accelerated economic development in the forest sector through the implementation of improved forest management practices, technological innovation, and industrial expansion within the context of federal and provincial policies;
- (b) to maintain and create direct and indirect employment opportunities in the province by enhancing the long-term viability of the forest industry;
- (c) to contribute to an increased timber supply;
- (d) to promote improved utilization of the forest resource;
- (e) to strengthen research and technology transfer capability in support of forest management activities, and to shorten the time between conclusion and implementation of research; and
- (f) to support improved forest management on federal and provincial crown lands, private woodlots, and industrial forest management license areas.

## 2. BACKGROUND

### 2.1 Forest resource

Saskatchewan's total area of 65.2 million hectares (ha) is 87% land and 13% water. Thirty-six percent of the total area, or almost 24 million ha, is covered with forests. Two-thirds of these forests are considered productive forest lands supporting or capable of supporting a merchantable stand. Saskatchewan ranks sixth among Canadian provinces in terms of forest land area and fifth for potential merchantable volumes.

The majority of Saskatchewan's forests occur in the northern half of the province with agricultural lands dominating the south. The forest lands are divided into two parts, the Commercial Zone occupying the north central portions of the Province and the Reconnaissance Zone occurring in the far north. The provincial government is the principal owner of forest land in Saskatchewan with 95% falling within provincial jurisdiction. The remaining 5% is either controlled by the federal government (3%) or is in private hands (2%).

The Commercial Zone totals 12.9 million ha. These lands include 6.5 million ha of productive forest land available for harvest, 1.2 million ha of productive not available for harvest, and 5.2 million ha classified as non-productive forest land. Timber volumes on stocked, productive forest lands available for harvest total 905 million cubic metres (m<sup>3</sup>), 59% of which is in softwoods and 41% in hardwoods. The Reconnaissance Zone is not considered economically available at this time because of poor timber quality and lack of access.

The calculated Annual Allowable Cut totals 6.6 million m<sup>3</sup>. This volume is comprised of 3.6 million m<sup>3</sup> of softwood and 3.0 million m<sup>3</sup> of hardwood. Annual timber harvests average 3.5 million m<sup>3</sup>, three-quarters of which is softwood. Although these harvest levels suggest substantial surplus of allowable cuts, local timber shortages do exist. Generally, however, hardwood volumes are in abundant supply and point to significant development opportunities.

### 2.2 Saskatchewan's Forest Industry

The strength of the Saskatchewan economy lies in the production and export of unprocessed resource commodities. Sharply falling international prices for major commodities during the 1980s threatened Saskatchewan's economy. Current low prices for agricultural goods continue to jeopardize the province's economic welfare. With one job in four dependent on trade, economic diversification through industrial development is essential to achieve economic stability in the province. The contribution of the forest industry toward realizing this stability in Saskatchewan's economy is therefore readily apparent.

In 1987, the forest industry, which comprises the logging industries, wood industries, and paper and allied industries, ranked second in value added among industry groups within the manufacturing sector of Saskatchewan. Forest industry value added totalled \$205 million, second only to the food industry. The forest industry's contribution to the provincial economy totalled an estimated \$315 million when indirect and induced effects are considered. During this time, the industry's value of shipments totalled \$410 million and again ranked second only to the food industry at \$1 063 million within the manufacturing sector of Saskatchewan.

The forest industry is Saskatchewan's third largest manufacturing industry in terms of employment, with the food, and printing and publishing industries in first and second place respectively. Directly, this industry creates over 2 494 jobs or approximately 12% of all employment in the manufacturing sector. However, both indirect and induced employment occur as a result of the industry's activity in the province's and the nation's economy. These effects are captured by "employment multipliers". Forestry Canada's 1988 publication, *Impact of Forestry Activity on the Economy of Canada and its Provinces: An Input-Output Approach* describes multipliers measured for Saskatchewan. Using those employment multipliers, total

employment attributed to the province's forest industry was 7 482 jobs. This is composed of 2 494 direct and 1 496 indirect jobs in the province, and 3 492 indirect jobs in other provinces of Canada. In Saskatchewan, for every direct job created by the industry, two additional jobs are created elsewhere in the provincial or national economy.

One important aspect of employment in the forest industry is the geographical location of the work. Most of Saskatchewan's forest industry is situated in rural areas, thereby providing jobs where employment opportunities are otherwise limited. This characteristic is particularly advantageous to Saskatchewan's indigenous native population whose traditions favour life in the more remote parts of the province. In 1985, 11% (275 person-years) of forestry workers in the province were of native ancestry, while this group made up 9% of the provincial work force. In addition, the forest industry is a critical element in the province's relatively undeveloped northern economy. Approximately 30 communities are dependent on this industry while many others are, at least, marginally dependent.

The industry groups making up Saskatchewan's primary wood-using industries include sawmills, independent planing mills, wood treating plants, pulp, paper and fibreboard mills and other miscellaneous mills. In 1985, there were a total of 180 individual firms or mills scattered throughout the province. Most of the industry was concentrated in three regions: Meadow Lake, Prince Albert, and Hudson Bay. Combined, these regions account for about 80% of provincial output. These firms include all sizes from the smallest sawmills producing less than 100 M fbm annually, up to the largest pulp and paper mill located in Prince Albert. The following is a summary of production in 1985:

**Number of firms and annual production of Saskatchewan's primary wood-using industries 1984-85:**

<u>Industry</u>	<u>Number of firms</u>	<u>Production</u>
Sawmills and sawmill-planing mill complexes	160	240.2 MM fbm 328.9 M m <sup>3</sup> chips 105.7 M m <sup>3</sup> pulpwood 146.8 M m <sup>3</sup> peelers 0.3 M m <sup>3</sup> firewood
Independent planing mills	2	8.0 MM fbm
Wood treating plants	12	78.5 M m <sup>3</sup> 115.6 M m <sup>3</sup> pulpwood
Pulp mills	1	264.4 M tonnes
Waferboard mills	1	97.5 MM m <sup>2</sup> (1/16" basis)
Plywood mills	1	80.6 MM m <sup>2</sup> (3/16" basis) 66.0 M m <sup>3</sup> chips
Miscellaneous wood-using industries	3	1.0 M m <sup>3</sup> 45.0 M fbm
<b>Total</b>	<b>180</b>	

During 1984-85, the sawmill industry included 160 firms with lumber production totalling 240 MM fbm. Ninety percent of this output, or 220 MM fbm, was produced by the 6 largest firms in this industry group. The many small sawmills that seem characteristic of Saskatchewan's sawmill industry play a vital role in local economies even though their contribution to provincial production may be small. These smaller firms generate income to independent owners, some of whom rely on this income to supplement farm or other income. They also provide low-cost building materials in rural or remote areas. Finally, smaller operations are able to utilize small tracts of land which would otherwise not be harvested by larger firms.

### 2.3 Timber Utilization

Saskatchewan's timber harvest from Provincial Crown Lands totalled 3 484 000 m<sup>3</sup> for the 1988-89 fiscal year. This amount is similar to the 10 year average of 3.08 million m<sup>3</sup> per year.

The value of timber harvested during 1988-89 is estimated at \$388 million. The following products were produced:

Product	Volume (m3)	Percentage
pulpwood, plywood bolts and wafer- board	2 138 200	62
lumber	1 151 900	33
fuelwood	80 400	2
other roundwood	113 500	3
<b>Total</b>	<b>3 484 000</b>	<b>100</b>

During 1988-89, an additional 1.12 million m<sup>3</sup> were lost to forest fires. Some salvage operations in these stands are under way. The salvage of fire-killed timber from the 1987 Elan Fire and the 1988 Coffee Fire approached 200 000 m<sup>3</sup> by the end of 1988-89. Efforts continue to salvage spruce budworm infested areas on the Province's east side.

### 2.4 Silviculture

After 1930, federal involvement in forestry in Saskatchewan was reduced to periodic cost-shared agreements. The first Canada-Saskatchewan program in support of forest management was introduced in 1951 under the Canada Forestry Act. Activities undertaken in that agreement included forest inventory, reforestation, fire suppression and access development. Subsequent agreements have continued to contribute to forestry in Saskatchewan.

The most recent Canada-Saskatchewan agreement, which expired in 1989, created significant contributions to the Province's silviculture work. In 1988-89, more than \$3.3 million was spent on federal and provincial silviculture projects. The largest portion of this expenditure (\$2.4 million) was directed to planting 6.9 million seedlings, site preparing 4 289 ha for planting or natural regeneration, and surveying 3 998 ha of denuded lands.

During 1988-89, the government of Saskatchewan, through its Forestry Branch, maintained its schedule to coordinate the planting of 50 million trees between 1988 and 1993. New FMLAs require the forest industries to contribute significantly towards this goal. During the year (1988-89) industry planted 2.7 million seedlings, tended 1 100 ha of juvenile forests, and naturally regenerated 2 800 ha of logged lands.

The 1989-90 silviculture statistics for the Province are as follows:

current harvest:	17 870 ha
plantations:	6 400 ha
scarification:	859 ha (for natural regeneration)
natural regeneration:	6 285 ha
net untreated cutovers:	4 326 ha

The 1989-90 statistics indicate untreated cutovers continue to exist. The Province, however, is maintaining its policy to shift the responsibility for renewal of current harvest to the forest industry. The recent closure of a major softwood user located in the east side of the Province has resulted in a substantial reduction in the current softwood harvest. For example, during 1989-90, this facility harvested 4 414 ha, much of this area contributed to the Province's area of untreated cutovers. Any new Forest Management License Agreement on the east side will have current harvest renewal obligations thus ensuring prompt reforestation of current cutovers. In addition, the Province intends to ensure all wood users assume responsibility for renewal of current cutovers. This level of regeneration effort results in virtually all harvested lands receiving treatment.

### 3. FOREST INDUSTRY DEVELOPMENTS

Technological innovations allowing the use of aspen wood in the manufacture of pulp have led to major industry developments in Western Canada, as well as in other parts of the nation. Saskatchewan is no exception. Prince Albert Pulp Company, previously owned by the provincial government, was purchased by Weyerhaeuser in 1986. This firm has modified the bleached kraft pulp mill to include aspen wood in its furnish and has expanded its facilities to include a fine paper making machine, as well as a sheet cutter. A new CTMP mill fully dependent on aspen wood is currently under construction in the Meadow Lake area. The mill, owned by Millar Western, will commence pulp production early in 1992. These developments are expected to create over 700 new jobs in the mills and in woodlands operations.

Mill closures are also occurring in Saskatchewan. Simpson Timber's stud mill at Hudson Bay has closed permanently due to insufficient wood supplies. The MacMillan Bloedel waferboard plant, also at Hudson Bay, is experiencing difficulties due to market conditions. The forest industry is an important component of the economy of Saskatchewan's east side and discussions are under way in an effort to create economic activity in this area. Great potential for development exists given the proper milling configuration.

### 4. CURRENT ISSUES, OPPORTUNITIES AND CONSTRAINTS.

Saskatchewan's forest industry contributes to the stability and diversity of a provincial economy dominated by agriculture and mining. However, the industry's high manufacturing and transportation costs and low productivity could jeopardize the future of this industry. In addition, many firms produce commodity forest products with relatively low value added. Possibilities of market oversupply, depressed product prices and increasing domestic as well as international competition may threaten the viability of some firms. In addition, the uncertainty of future trading relationships with the U.S., the industry's



biggest customer, creates further uncertainty. A key issue is, therefore, the maintenance of the industry's competitive edge. This advantage could be developed through modernization of the industry's equipment both in the mill, and in the woodlands.

Saskatchewan is endowed with substantial untapped forest resources. The under-utilized wood fibre, particularly the hardwood timber, presents a significant opportunity for expansion of the forest sector. Increased development of the resource, particularly in the manufacture of higher value added products could greatly improve the industry's performance as well as its contribution to the provincial economy.

Non-industrial private forest land owners present a new opportunity for timber utilization in Saskatchewan. Since most private forest land occurs along the agriculture-forest fringe, transportation infrastructures are well established. In addition, most major wood processing facilities are situated in or near this zone. These factors contribute to lowering delivered wood costs and hence improving the competitive edge of the industry. Most private forest land owners are dependent on farm income; the possibility to supplement and stabilize farm incomes through management and utilization of timber resources is a highly attractive goal in Saskatchewan. This source of timber presents an economically viable opportunity for the industry in Saskatchewan. However programs and policies aimed specifically at developing this new sector are necessary if this potential is to be realized.

## 5. FEDERAL DEVELOPMENT POLICY PRINCIPLES

The federal government recognizes the national importance of the forest resource to the economic, environmental and social well-being of Canadians. Through its forest resource development agreements (FRDAs) with the provinces, Forestry Canada contributes to the improved management of Canada's forest resources.

A series of principles has been developed to guide continued federal involvement in forestry development through a new round of federal-provincial forestry agreements. These principles are intended to foster the integrated management and sustainable development of Canada's forest resources. Presented to the Canadian Council of Forest Ministers in June 1989, these principles are consistent with the National Forest Sector Strategy.

### 5.1 Long-term planning

The long-term nature of forestry underscores the importance of developing long-term plans and strategies. An important element of agreements, therefore, is the development of a long range plan outlining forestry strategies over a full rotation and which address key forest development issues such as:

- the future sustainable wood supply under a basic management regime, including harvest scheduling, protection, and the prompt renewal of current harvests to the free to grow stage;
- the required silviculture and resulting wood supply necessary to maintain the forest industry at its present production level;
- the incremental silviculture required for realistic growth of the industry;
- an outline of general programs, policies, and investment needed to ensure the prompt renewal of the current harvest and proposed levels of incremental silviculture;
- policies and activities addressing non-timber uses of the forest, increased utilization and forest protection.

## 5.2 Improved Forestry Data

Improved data and support systems are crucial to the management of the resource and to informing the public on forestry issues. Consequently, the forest sector is continuing to enhance its data collection and management systems. The creation of a national forestry data base is an important priority for the federal government and is supported by the Canadian Council of Forest Ministers. New agreements will support cooperative efforts between the two levels of government in order that expanded and improved forestry data, common to all provinces, can be provided to meet both federal and provincial needs. In addition, operational data on Agreement activities, which are crucial to the sound management and assessment of this Agreement, will continue to be developed and shared between federal and provincial agencies.

Examples of federal priorities in this area include applying new techniques in inventory, establishing Geographic Information System (GIS) capability, developing computerized supply models, enhancing the data available on non-timber resources, and undertaking special studies and/or analyses in areas such as growth and yield. It is not the intention to provide federal funding for supporting regular provincial inventory operations such as photo interpretation, cruising, or regular maintenance of existing GIS systems.

## 5.3 Responsibilities for Silviculture

It is accepted that the landowner has the primary responsibility for the long-term management of the forest resource. As a minimum, this responsibility includes a regime of basic forest management activities involving protection against insects, disease and fire, harvest planning, and the prompt renewal of current harvests plus tending where needed, to ensure stands reach the "free to grow" stage. On non-federal lands, the federal government's intention is to contribute to incremental wood supply and not displace the obligation of the land owner (private industry and/or provincial government) for long-term basic forest management.

A prerequisite, therefore, of federal support for forest management on industrial and provincial lands, is a commitment to ensure the basic management of the resource, including the prompt renewal of current harvests to the "free to grow" stage. This underlying principle is fundamental to federal funding for forest management on these lands. Federal funding through federal-provincial agreements will continue only in those areas where it can be clearly demonstrated the necessary programs and policies are in place to ensure basic forest resource management.

In supporting silviculture activities, Forestry Canada's objectives are to contribute to incremental wood supply, in the shorter term through stand improvement activities and, in the longer term through the regeneration of the backlog of past cutovers and burns that have not regenerated adequately (not satisfactorily regenerated or NSR lands). This will assist the forest industry to maintain and possibly expand upon its current industrial capacity.

The federal government recognizes the importance and uniqueness of small private woodlots and Indian forest lands. The federal government also recognizes the limited resources available for both basic and intensive management on these forest lands. A special federal priority will be placed on improved management of these lands (small private woodlots and Indian forest lands) through new federal-provincial forestry initiatives.

#### 5.4 Integrated Resource Management

Integrated Resource Management (IRM) can be broadly defined as managing the forest resource for a variety of objectives including fibre production, wildlife habitat, recreation and wilderness preservation. IRM will be promoted in agreements by developing and testing specific forest management activities designed to incorporate more intensive and integrated management of the resource. Priority will be placed on such activities as research and development, technology transfer, training, and public information.

Certain public information activities, including the establishment of demonstration forest areas, could be undertaken to better inform the public of the necessity and benefits of managing the forest for multiple use and promoting the activities of this Agreement in this area.

#### 5.5 Research, Development, and Technology Transfer

Expanding efforts in research and development (R&D), and increasing use of new technologies is essential to improved forest management. Agreement-funded research will concentrate on applied research based on clients' needs, that includes a technology transfer component to ensure results are put to operational use in the field. Special priorities will be targeted towards integrated resource management, environmental impacts of forestry practices, the development of markets and new products to increase value added, and to make use of presently underutilized species, particularly hardwoods. As with all programs under the Agreement, efforts in these areas will be incremental to existing activities. Strategies guiding the applied research and technology transfer efforts over the course of agreements will be developed at the beginning of each agreement based on the research priorities established in consultation with user groups.

#### 5.6 Incrementality

Federal resources are to support efforts incremental to those currently expected from the landowners. Basic management activities such as forest protection and renewal of current harvests should not be dependent upon the uncertainties or short time frames associated with federal-provincial agreements.

Federal support for industrial freehold land will be directed to generating incremental yields and will only be available to those companies demonstrating that the renewal of current harvests is being achieved at their own expense. In these cases, maximum federal support will be 50% of the cash cost for those activities incremental to levels normally conducted by the company.

Small woodlot owners and Indian bands also have a responsibility to adequately manage forest lands under their ownership/control. Most silvicultural activities will be supported through this Agreement on these tenures. The level of federal support will reflect the activity's potential impact on wood supply. Owners must make a contribution, either in cash or in-kind towards completing the work, as well as a long-term commitment to maintain the forest on those areas treated.

#### 5.7 Public Awareness and Visibility

Federal funding for communications activities under this Agreement are aimed at improving public awareness of:

- the forest sector, its importance, and contribution to the provincial economy;
- the present state of the forest resource, where improvements must be directed and how this Agreement is contributing to these improvements; and
- Forestry Canada's investment under this Agreement.

through such vehicles as workshops, conferences or other gatherings. This Sub-program will also support innovative development of equipment and procedures which will improve forest management and pilot Projects to demonstrate newly developed technology and techniques.

Projects in this Sub-program could involve such areas as:

- (a) prescribed fire, fire management and fire preparedness;
- (b) silviculture and other equipment trials;
- (c) seminars and information exchanges;
- (d) insect and disease management technology; and
- (e) economic assessment technology in silviculture and timber management.

This Sub-program will provide funding for the establishment and operation of a Technology Development Unit (TDU) within Forestry Canada's Northwest Region. This TDU will serve as the interface between the field practitioner and researcher to ensure clear problem identification and timely application of new research findings.

Project proposals will be solicited from provincial government agencies as well as private industry. Prospective clients will be encouraged to participate in the funding of initiatives under this Sub-program.

#### **Sub-program B.2 Applied Forest Research**

This Sub-program will provide directed funding into those areas of forestry research identified through various research advisory processes as germane to the improvement of forestry activity in Saskatchewan. Study areas identified for Saskatchewan include silviculture, forest inventory including growth and yield, nursery and tree improvement, forest protection including fire management and insect and disease issues, economics and others. Many studies will require an integrated approach utilizing expertise from a cross-section of disciplines drawing from the expertise of Forestry Canada's researchers as well as representatives from industry, the province and academia. Study proposals will be assessed based on their contribution towards meeting this Agreement's objectives.

This Sub-program will also provide funding to other agencies such as educational institutions, research institutions, and private industry wishing to conduct studies which address this Agreement's objectives. Funding recipients under this Sub-program will be required to submit technology transfer plans which may include preparation of reports, manuals, journal articles, videos, seminars, workshops, etc.

#### **Sub-program B.3 Forest Products Research and Marketing**

The forest industry enriches Saskatchewan's social fabric by contributing to the Province's income and providing stability and diversity to its economic base. A large proportion of the industry's contribution results from the economic activity generated by the production and sales of its forest products, much of it to customers outside the Province. Many Saskatchewan forest products, however, are a commodity type which are low in value added. Promotion, development and studies of higher valued added products and processes, and potential markets for these products will be addressed in this Sub-program.

**PROGRAM D - PUBLIC INFORMATION, EDUCATION, WORKER TRAINING AND AGREEMENT SUPPORT**

**Sub-program D.1 Public Information, Education and Worker Training**

The purpose of this Sub-program is to:

- (a) demonstrate that there is full cooperation between the governments of Canada and Saskatchewan toward achievement of enhanced forest land management in Saskatchewan with concurrent cooperation from forest industry and other sectoral participants;
- (b) ensure that Saskatchewan residents are informed and aware of this Agreement and its objectives and accomplishments;
- (c) demonstrate to Saskatchewan residents the social and economic benefits of responsible management of all of the forest resources both fibre and non-fibre alike;
- (d) educate Saskatchewan residents on forests and forestry matters through involvement in youth education programming and by responding to issues raised by urban residents; and
- (e) assist with the identification of forest worker training needs and in conjunction with industry and other clients, develop standards for silviculture training programs.

**Sub-program D.2 Administration, Monitoring, Agreement Support and Evaluation**

This Sub-program will provide for the administration and co-ordination of all Programs under this Agreement, and will ensure the involvement of all agencies and government departments with related responsibilities.

Activities will include the preparation of detailed proposals for programs and projects under this Agreement, the preparation of annual Work Plans and Program budgets and for the monitoring of Project progress and outputs. This Sub-program will also provide for the collection of data regarding the progress of implementation of all Programs and Projects on a required basis, and will permit compilation of that information into annual progress reports. A review and evaluation of Sub-programs and Projects will be carried out prior to the expiration of this Agreement to assess their effectiveness in meeting the stated objectives.

## CANADA-SASKATCHEWAN PARTNERSHIP AGREEMENT IN FORESTRY

SCHEDULE "B"			
(\$ million)			
	Direct Federal Funding	Direct Provincial Funding	Funding Totals
<b>A. Wood Supply Maintenance and Enhancement</b>			
A.1 Reforestation on Provincial Crown Lands	1.00	7.00	8.00
A.2 Management of Federal Crown Lands & Private Woodlots	2.00	1.00	3.00
A.3 Stand Tending	1.50	1.00	2.50
A.4 Forest Data Base	<u>1.00</u>	<u>2.50</u>	<u>3.50</u>
	5.50	11.50	17.00
<b>B. Applied Research, Marketing and Technology Transfer</b>			
B.1 Technology Transfer	2.50	0.20	2.70
B.2 Applied Forest Research	2.00	0.85	2.85
B.3 Forest Products Research and Marketing	<u>0.50</u>	<u>0.20</u>	<u>0.70</u>
	5.00	1.25	6.25
<b>C. Integrated Forest Management, Planning and Development</b>			
C.1 Park Vegetation Management	0.50	0.50	1.00
C.2 Forest Wildlife Habitat Planning	0.70	0.80	1.50
C.3 Forest Watershed Harvest Planning	<u>0.30</u>	<u>0.25</u>	<u>0.55</u>
	1.50	1.55	3.05
<b>D. Public Information, Education, Worker Training and Agreement Support</b>			
D.1 Public Information, Education and Worker Training	1.00	0.60	1.60
D.2 Administration, Monitoring, Agreement Support and Evaluation	<u>2.00</u>	<u>0.10</u>	<u>2.10</u>
	3.00	0.70	3.70
<b>AGREEMENT TOTAL</b>	<b>15.00</b>	<b>15.00</b>	<b>30.00</b>