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CANADIAN FORESTRY AND THE SHARED-COST PROGRAM.\*

Because I was asked to speak on a subject of my own choosing, I have selected the above two topics, since they are very timely in this year, 1964.

I also knew that it was impossible to cover all the events and changes which are taking place on the provincial forestry scene in such a limited time, so I thought if I could get my intended message across as briefly as possible, there would still be time for specific questions of a local nature from the floor in the period allotted.

As President of the Canadian Institute of Forestry, I have been in contact with a considerable number of the two thousand professional foresters across the country in the last two years. I can assure you that they are far from satisfied with the national progress of intensive forestry. As examples, I would cite the following:

1. A province where, owing to neglect, an epidemic of balsam woolly aphid is out of control, and in due course will eat two pulp mills out of existence, unless a miracle happens;
2. Several of the older provinces where, for generations, they have consistently high-graded their forests until, in one case, the net provincial mean annual increment is a mere 12 cubic feet per acre, whereas with good management some of the local farm woodlot managers have private records to show yields of 60 to 100 cubic feet per acre per year.

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\* Address given by R.G. McKee, Deputy Minister of Forests, to the Interior Lumber Manufacturers' Association, Penticton, March 20, 1964, and to the Cariboo-P.G.E. Lumber Manufacturers' Association, March 24, 1964.

3. Another province where they are now transporting pulpwood some 200 miles, at a cost of \$40.00 per cord through a despoiled 800,000 acres of useless brush surrounding the pulp mill.
4. And, finally our own province, where many foresters, working for privately-managed tree farm licences, can boast of their companies' policy of planting every acre immediately after logging because they cannot afford to wait for slow and inefficient Mother Nature to do the job. In contrast, the public foresters, supposedly managing 83 per cent of the productive forest land, have to admit that their reforestation efforts have been, to say the least, far from adequate. On the highly productive Coast forests, where most of the available funds have been spent, there is now an estimated 100,000 acres of not satisfactorily stocked land; and, in the Interior, the situation is much worse.

My reason for washing all this dirty linen in public is to show that professional foresters across the land are powerless to right the situation. Unlike other professions, the opportunity to put into effect the skills of the forestry profession is not controlled by foresters, but by the people who own the public working circles, or by the company directors in some of the older provinces who have been miserly in expenditures for intensive forestry.

Over the years, in spite of the fact that the British North America Act places the responsibility for managing the natural resources with the provinces, the people have insisted that roads, schools, social services, etc., are more important for the present than costly intensive forestry for the future.

This was why the Institute foresters were so elated when The Canada Forestry Act was passed in 1949. By this Act, as you know, the Federal Government was legally permitted to assist the provinces in several important phases of forestry work, such as inventory, protection, access roads, and reforestation. Foresters had visions of similar treatment to the other shared-cost agreements, which now amount to over 900 million dollars annually. Most of these for hospitals and welfare, etc., are on a dollar-for-dollar basis, but not so with forestry.

In British Columbia, the Federal contribution in forestry programs in the last 8 years has been only 15 per cent of what the province has spent on these four phases of forestry. The total contribution across the nation is less than 1 per cent of the present shared-cost agreements. Rumour has it that these conditional grant programs are increasing at such an alarming rate that the Federal Government may yield to some provincial pressures to formulate a new deal on shared-cost programs versus income tax collections.

No matter what else happens, foresters across the nation are hoping that legislators will not eliminate the forestry-aid program but, rather, increase it. We are not talking about the unproductive dollars (from the standpoint of gross national product) such as are spent on social assistance; we are talking about maintaining an industry in perpetuity which, in British Columbia alone, annually produces 850 million

dollars in forest products. In the past year, and the next two, this was, and will be, augmented by an expenditure of over 200 million dollars for increased and more efficient pulp and paper production.

In addition, the Department has applications for tree farm licences and pulp harvesting areas to support 10 more pulp mills, which would mean at least an investment of another 500 million dollars. All of these investments will contribute still further to the gross national product; to the Canadian export dollar, which is already one-third wooden, and to the tax base.

In his investigations, the late Chief Justice Sloan made an exhaustive study of what the forest industries of British Columbia contributed to provincial and federal revenues. On page 417 of his report, he states that, in addition to the direct revenues, it is estimated that one-third of the provincial sales tax, one-third of the amount received from the federal tax-rental agreements, and 26 per cent of the total federal revenues from this province, are attributable to the forest industries of British Columbia.

As shown in the table appended to this paper, he concluded that for the fiscal year 1955-56 these provincial forest revenues totalled 85 million dollars, and the federal revenues were 112 million dollars. On the same basis for the fiscal year 1962-63, the estimate would be \$116,500,000.00 provincially, and \$157,000,000.00 federally.

Again, foresters would stress that all of these benefits to the province and to the nation will depend on a sound program of intensive forestry being instituted as soon as the funds are available. In British Columbia, where a bountiful Mother Nature has given us the forest crop

at no cost to ourselves, it is going to be very difficult to convince the people that we must now take the next expensive steps to ensure that we are not wasting our forest capital.

It is true that we have come a long way from the "cut and get out" philosophy of the first twenty-one frustrating years of my service as a public forester. By painful regulation, at your expense, we have insured the orderly harvesting of our forest capital during the first rotation, but every acre which is lost through fire, insects or disease, and every acre left unsatisfactorily stocked by an inefficient Mother Nature, will have a detrimental effect on the periodic allowable cut.

The only way to prevent these future 10-year reductions in allowable cut is by the practice of more intensive forestry, which means ploughing back more of these forestry-earned dollars. The appended table for the year 1962-63 indicates that the combined provincial and federal forest-based revenues from this province were in the order of \$256,500,000.00, whereas the total forest expenditures of both governments was \$21,700,000.00 or a mere 8.5 per cent of the revenue collected.

To foresters, this is a niggardly replacement of forest capital, and is unfair to the industry which has contributed so much to the regulation of cut; unfair to the foresters in government employ who are charged with the task of trying to make sustained-yield forestry work; and particularly unfair to our children's children.

The fact still remains that intensive forestry cannot be put into effect without more funds and without more foresters in government service. Eight years after Commissioner Sloan recommended five more Forest Districts, we have still only the five. No wonder you have fault

to find with our administration when one District Forester is in charge of an area three times larger than all the Maritime provinces put together. The reason for the delay is that the estimated cost of a new District headquarters includes a \$430,000.00 building, to accommodate a staff of 50 employees, 24 of whom will be additional staff. Similarly, the reforestation effort on a province-wide basis needs more funds.

At a recent conference of Resource Ministers in Ottawa, it was agreed that the federal aid program should be stepped up, as well as the federal research effort in forestry, if our forest capital is to remain intact, or even increased. It is not anticipated that the federal aid should approach the 15 per cent ratio of forest expenditures to forest revenues here in British Columbia, but it should be better than the  $2\frac{1}{2}$  per cent ratio of federal forest expenditures to federal revenues for this province, as shown in the appended table.

This is why foresters across Canada are hoping that the forestry aid program will not only continue but be augmented. It is true that the present \$1,800,000.00 received is relatively not a large amount, but the most attractive feature is that it must be spent on forest inventory, forest protection, forest access roads, or reforestation, and cannot be spent on anything else. There is also provision for aid in stand treatment, such as pre-commercial thinnings, a practice we, in this province, still cannot yet afford in the Public Working Circles.

Similarly, we have been able to devote to reforestation in the last eight years only \$71,000.00 of federal aid money, which amount was 2 per cent of the provincial total spent on this forestry phase, because

we have as yet neither adequate forest protection nor adequate forest access. There is no use spending a fortune on tree planting in the Interior unless we are sure of protection from fire. In this province, where the expenditures for social assistance are now more than 1 million dollars per week, we foresters would again emphasize that the forestry aid program, where the funds provided are earmarked for forestry work, should be increased and not eliminated.

I am very grateful to your Program Committee for this opportunity of presenting a forester's viewpoint on what is happening to forestry in your working circles. One has only to listen a few days at the hearings of the Standing Committee on Forestry in Victoria to realize that our progress to date is generating the finest kind of pressure from the grass roots level. May we continue to work co-operatively in demanding public recognition of the need to keep our forest capital intact for future generations.

Government Revenues from the Forest Industries of  
British Columbia and Expenditures from Pages 417-525  
of the Sloan Report, for 1955-56, and estimated on  
same basis for 1962-63.

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1. <u>Direct Provincial Revenues</u>	<u>1955-56</u>	<u>1962-63</u>
(a) From Dept. of Forests stumpage, etc.	\$25,492,000	\$ 32,380,000
(b) From Dept. of Finance timber tax, etc.	3,376,000	7,200,000
(c) From Dept. of Finance logging tax	1,855,000	4,080,000
11. <u>Indirect Provincial Revenues</u>		
(a) Estimated as one-third sales tax	38,000,000	47,330,000
(b) Estimated as one-third tax rentals	<u>16,700,000</u>	<u>25,550,000</u>
Total Provincial Revenue	<u>85,523,000</u>	<u>116,540,000</u>
<u>Federal Tax Revenues from Forest Industries of British Columbia</u>		
Estimated as 26.1% of total federal revenue	112,800,000	157,000,000
Less 11.6% returned to province under tax rental agreement	<u>12,800,000</u>	<u>17,000,000</u>
Net federal revenue	100,000,000	140,000,000
Combined provincial and federal revenues	\$185,500,000	\$256,500,000
Provincial Forest Expenditures	9,500,000	18,200,000
Federal Forest Expenditures in B.C. (*)	<u>1,113,000</u>	<u>3,500,000</u>
Combined Provincial and Federal Expenditure	<u>10,613,000</u>	<u>21,700,000</u>
Provincial % of Expenditure versus Revenue	11.1%	15.7%
Federal % of Expenditure versus Revenue	1.1%	2.5%
Combined % Expenditure versus Revenue, Federal plus Provincial	5.2%	8.5%

(\*) NOTE:

The federal forest expenditures in British Columbia for 1955-56 are taken from page 526 of the Sloan Report, and the 1962-63 figures are the writer's rough estimate, made up as follows:

Forestry aid, \$1,800,000; federal research in British Columbia, \$1,000,000; and British Columbia share of Ottawa forestry overhead, \$700,000; total, \$3,500,000.