Prince Edward Island Forestry Industry Capacity Report 2024

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1.0 Introduction

Prince Edward Island's (PEI) Forest sector is an essential component of sustainable forest management. It contributes to the success of the Forest Enhancement Program (FEP) and the goals of private woodlot owners, as well as being a significant contributor to the Island's economy. While various metrics have been used to quantify the size and contributions of the sector through Statistics Canada, the National Forest Database, and PEI's Annual Statistical Review, none has provided a detailed snapshot.

This lack of data became particularly apparent after post-tropical storm Fiona hit PEI in September 2022. In the wake of this major event, the Forests, Fish and Wildlife Division required information about industry's capacity to address the salvage work needing to be done. At the same time, completion of the State of the Forest Report showed that some of the historical ways industry data had been collected were no longer providing the necessary detail. Finally, planning for future programming required additional data and perspectives from the sector.

Taken together, these factors highlighted a clear need for a profile of PEI's Forest sector. Among other things, the Division set out to understand:

- the number of private-sector individuals employed as consultants, silviculture workers, harvest contractors, and sawmillers;
- the age demographics of owners and employees;
- the volumes and types of forest products harvested on PEI; and
- the estimated value of the sector to the PEI economy.

Over the winter of 2023/24, a division staff member conducted one-on-one interviews with 61 people/companies employed in various aspects of the sector across PEI. The intent was to collect needed employment and product data and to listen and understand challenges, concerns, and feedback from those in the industry. This report summarizes the findings and common themes in the comments.

This is the first time an in-depth forest sector survey has been done on PEI, and the results will be used to help the Division with some key decision points as it reviews programs, policies, and legislation. It is hoped that both the Government and industry will find this data sufficiently useful that they may agree to participate in updated surveys at more regular intervals in the future.

2.0 Methods

Individuals from each category (Consultants, Silviculture, Harvesting, Sawmills) were canvased across the province and asked a series of questions (Appendix I). Interviews were voluntary and conducted both in person (in various locations across the Island) and via phone. The questions were designed to capture the forest industry and, while trying to remain consistent, varied slightly between each category. These interviews first captured employment information such as the age demographics within each category for owners, full time, and seasonal staff. Questions also captured revenue, expenditures, and volumes from different products being harvested and milled. Other questions considered the company's outlook on the industry, their plans for the future, and any comments or recommendations they had for improvement in the sector.

This report captures the large-scale companies in all categories in the province that contribute significantly to the forest industry. Consultants who had completed only a single management plan or none at the time of canvassing were not included. Sawmills that processed less than 700 cubic meters of wood annually were considered below this survey's threshold and excluded. However, the Division recognizes the importance of the many small-scale, private businesses within the sector. Future surveys will be designed to better understand the contribution of these companies to the sector.

3.0 Results

In total, this survey found that 250 full-time, part-time, or seasonal workers are employed by PEI's forest industry in the consulting, planting, and silviculture, harvesting, and sawmilling sectors. Annual revenue from forest products and services is estimated to exceed $36 million (excluding payroll), well above the Statistics Canada estimate of $5 million.

3.1 Consultants

The consulting category represented the fewest active practitioners on PEI, with 13 individuals surveyed. Of these, 7 (54%) are in the 55+ age category, with three (23%) each in the 18-30 and 31-55 age categories (Figure 1). This poses a potential successional concern but also provides opportunities for new and expanding business owners to enter this market. The FEP provided on average $73,000 in each of the years 2022 and 2023 to the private forestry consulting sector. Additional revenue that may have been paid by landowners or other sources could not be tracked by this survey. Revenue of this level is not a full-time occupation for the consultants, and so it is not a full-time service available to private landowners. This is supported by the distribution of consultants; the majority reside in Queens and Southern Kings Counties, with only one in Prince County, leaving a significant gap in the west (Figure 2).

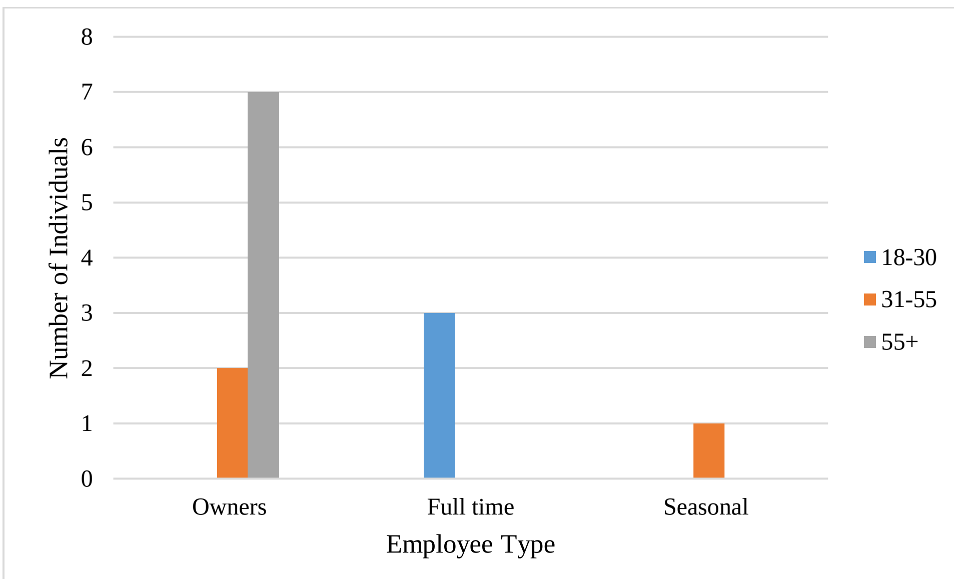

Figure 1. Consultant Employee demographics by age group and employment type.

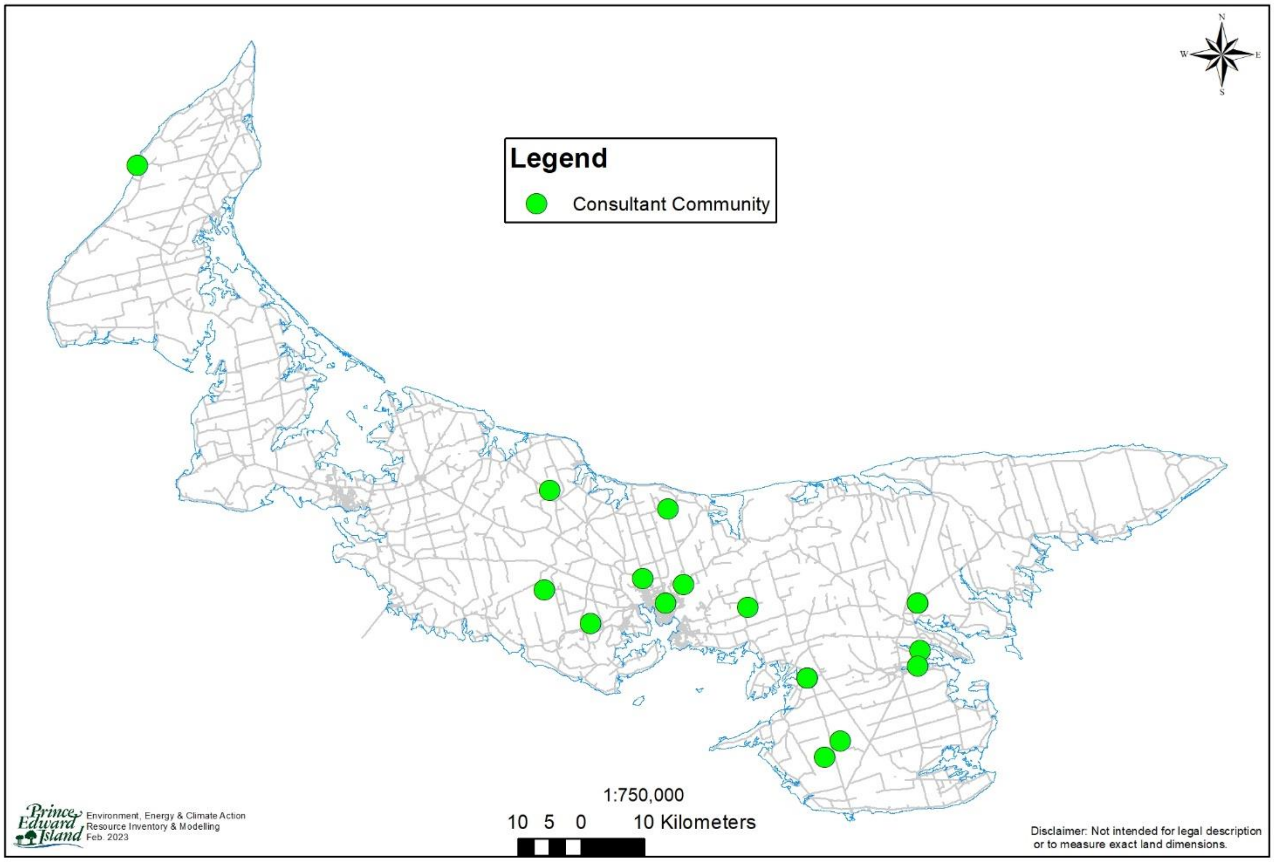

Figure 2. Map forest management plan consultants throughout Prince Edward Island as of April 2024. For this report, 13 firms were surveyed, there are 15 on this map because at the time of sampling in 2023 two had not produced any management plans and thus were not captured.

3.2 Planting and Silviculture

Owners of 14 planting and silviculture companies representing 47 full-time and seasonal employees were interviewed for this survey. In the youngest age group of 18-30, 20 (43%) individuals were identified with the majority of these being seasonal workers. In the 31-55 age group, 16 (34%) individuals were identified and 11 (23%) were 55 years of age or older (Figure 3).

Total revenue to this group from the FEP averaged $1,305,000 annually over the past three years (Table 1). Additional revenue that may have been paid by landowners or other sources could not be tracked by this survey.

This category includes all regeneration, maintenance, and tending work such as planting and pre-commercial thinning. The spending on these treatments varies significantly between private and public land, with the three-year average being approximately $1,217,200 for private land and $87,800 for public land per year, reflecting the differences in land area of each ownership category.

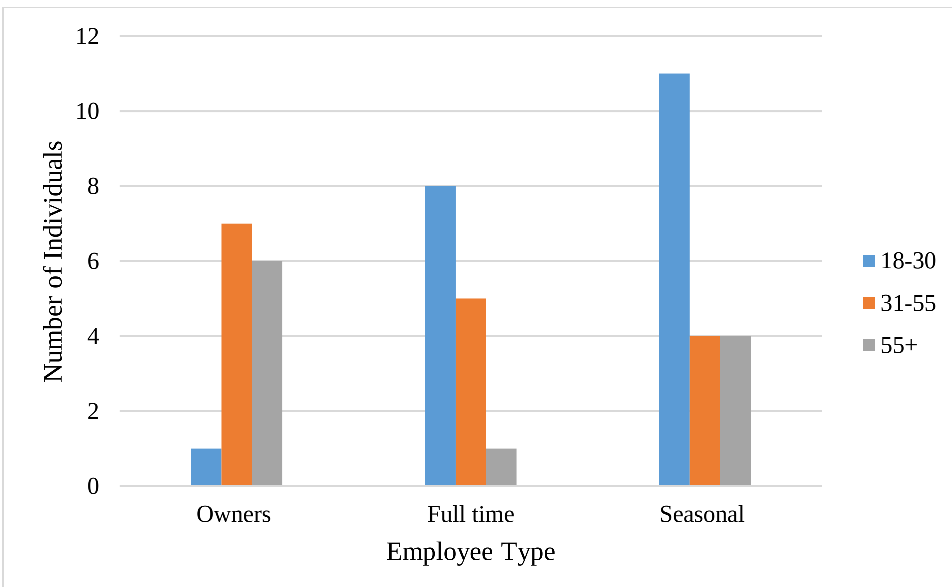

Figure 3. Planting and silviculture employee demographics by age group and employment type.

Table 1. Planting and Silviculture expenditures by landowner types.

Year	Private	Public	Total
2021/22 Fiscal	$942,000	$73,700	$1,015,700
2022/23 Fiscal	$1,222,800	$74,000	$1,296,800
2023/24 Fiscal	$1,486,900	$115,800	$1,602,700
Mean	$1,217,200	$87,800	$1,305,000
Total (3 Year)	$3,651,700	$263,500	$3,915,200

3.3 Harvest Contractors

The largest category was harvesting, with owners of 24 companies representing 121 full-time and seasonal employees interviewed for this survey. Of these, 65 (54%) are in the 31–55-year age category, with 17 (14%) in the 18-30 and 39 (32%) in the 55+ age categories (Figure 4).

The harvest sector represents the most revenue from forest management in the province, through FEP incentives paid to landowners/contractors, wages, stumpage, and trucking.

Softwood studwood and sawlogs are the primary products targeted and annually harvested at just over 166,000 m^3 (Figure 5). This equates to approximately $13.8 million worth of products and 56% of the total value of harvested products in the province. Both Provincially and Nationally, the forest industry focuses on these two products because they are in constant demand from consumers for construction and are among the most profitable products in the sector.

Softwood pulpwood and biomass volumes are directly related. Softwood pulpwood was historically a more popular product PEI, however with mill closures reducing access to that market, much of the wood that would have been harvested for pulp is now being redirected to biomass.

After pulp and biomass, hardwood sawlogs and veneer are the next most harvested product at just over 8,000 m^3. Access to this market is limited by mill proximity and the quality of the harvested product. Compared to the other forest products, the total volume harvested for hardwood sawlogs and veneer is minimal. It takes many years to produce a quality hardwood sawlog and, due to many factors, the abundance of this product is scarce.

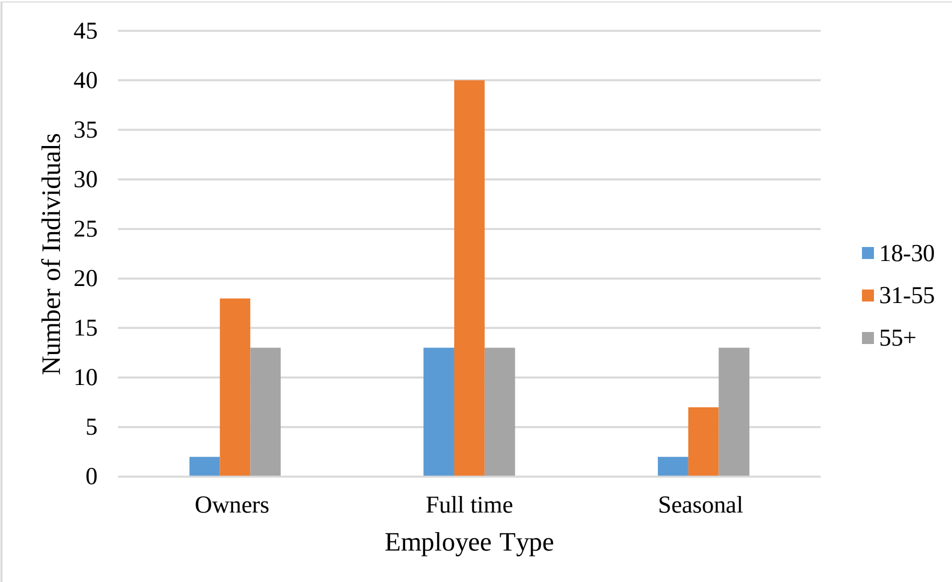

Figure 4. Harvest employee demographics by age group and employment type.

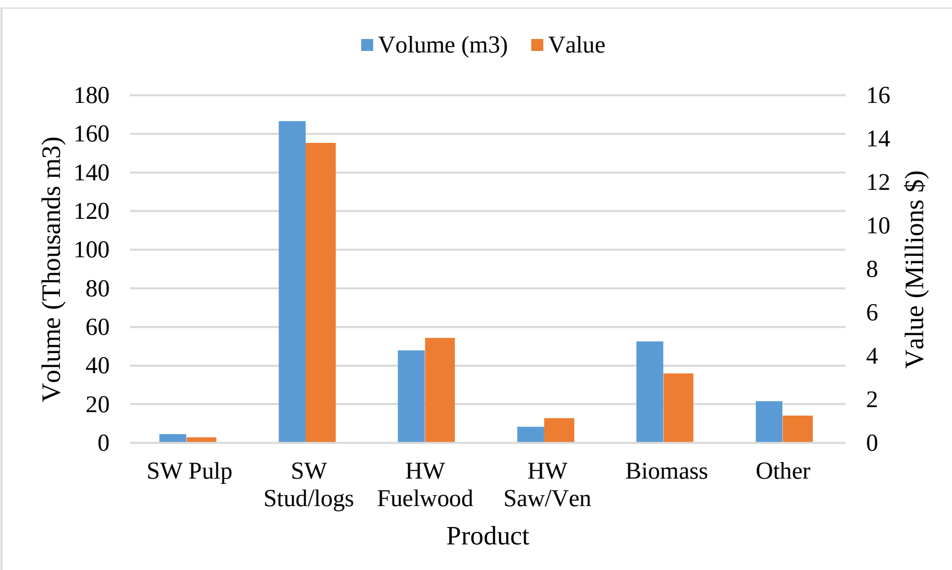

Figure 5. Harvest product type and volume (cubic meters) with delivered price. The ‘other’ category includes wood for pallet fabrication, oriented strand board, and other minor-use products.

3.4 Sawmill

The second-largest category was sawmilling, with owners of the 10 largest mills responsible for 69 full-time and seasonal employees. Of these, 39 (57%) are in the 31–55-year age category, with 7 (10%) in the 18-30 and 23 (33%) in the 55+ age categories (Figure 6)

Softwood and hardwood sawlogs are the two most profitable products to the mill industry in the province, producing approximately $3,000,000 and $3,800,000, respectively (Table 2). In 2023, approximately 166,000 m^3 of softwood studwood and sawlogs were harvested by the forest sector. Most of this volume was exported out of the province, with approximately 18,000 m^3 remaining in the province to be milled locally. It is important to recognize that very little hardwood sawlogs and veneer was harvested locally (just over 8,200 m^3) and approximately 50% left the province. At the mill level, approximately 5,100 m^3 was processed here and 1200 m^3 was imported from out of province. The out of province wood only benefits the forest industry at the mill level, and not anywhere else in the sector. The demand for this type of wood is directly linked to the lobster trap market.

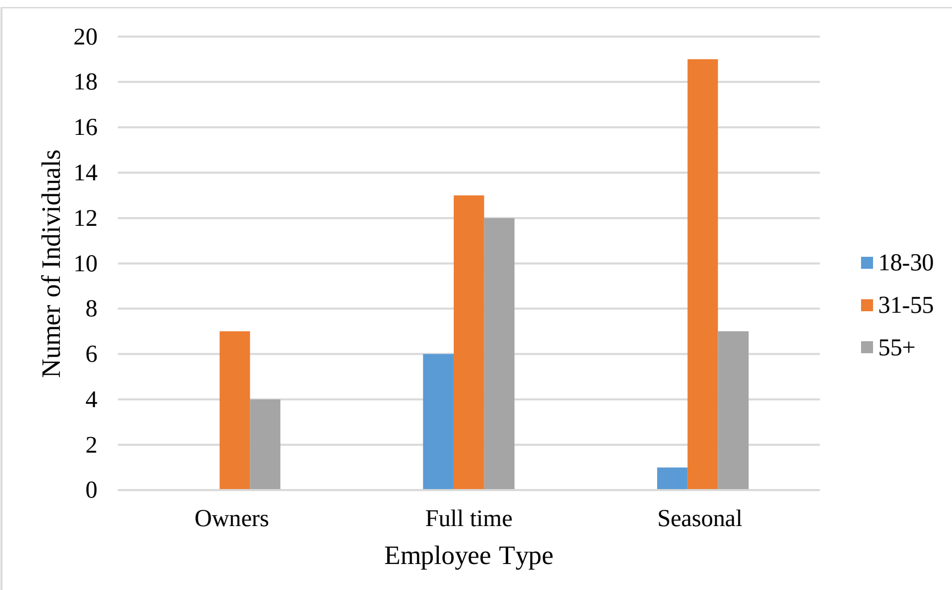

Figure 6. Sawmill employee demographics by age and employment types.

Table 2. Volume and mill sale totals distributed by product type.

Product	Volume (m3)	Percent Total Volume (%)	Mill Net Total Sale	Percent Total Sale (%)
SW Pulp	300	1	22,000	0.32
SW Stud/Log	18,300	75	3,021,700	43
HW Fuelwood	500	2	43,800	0.63
HW Saw/Ven	5,100	21	3,884,500	56
Specialty	100	0.41	4,100	0.06
Total	24,300	100	6,976,100	100

4.0 Moving Forward

This first-ever survey of the forest sector on Prince Edward Island provides insight into its status as of 2023. In total, 250 workers were identified, either as employers, or full-time or part-time employees. Annual revenue from forest products and services is estimated to exceed $36 million, well above the Statistics Canada estimate of $5 million. While this survey captures an important component of the sector, we recognize that it does not include any employment or revenue from byproducts, including value-added forest products and trap lumber. Trap lumber, in particular, has been responsible for a notable number of workers and significant revenue in recent years.

The survey confirms and quantifies some factors for the Division, including:

- Capacity within the forest consultant sector is low, and there is a significant gap in available resources in western PEI. Having a sustainable forest management plan is the first step for landowners wanting access to the FEP, and so the Division must determine whether this capacity issue can be addressed, or whether program changes are needed in recognition of this limitation. To gain new consultants into this profession, there must be a reasonable expectation to generate income from their services.
- A total of six of the 17 owners (43%) of planting and silviculture companies are 55 years of age or older, which points to potential issues related to succession and loss of experience in this category. The Division will continue to work with the silviculture sector to ensure continued availability of companies for sustainable forest and watershed management, forest restoration, and support the commitment toward NetZero.
- Softwood studwood and sawlogs drive the forest sector on PEI, representing more than half of the value of all forest products harvested in the province. Without these products, PEI's Forest industry would not exist in the capacity that we see today. The Division will continue to support the forest sector while attempting to balance many societal and ecological values.
- Softwood studwood and sawlogs are also critical to PEI's sawmill sector, representing 43% of mill revenue. While hardwood sawlogs and veneer are more valuable products with less volume consumed, a large portion of this product is imported from other

Provinces. PEI does not currently have sufficient quality hardwood to support a focused production of hardwood sawlogs and veneer.

- The forest industry still faces many challenges. These include increasing costs of production, tight margins for production, predictable access to wood, public perception, and a lack of communication between individuals in the sector and between the sector and Government. A provincial forest industry association could provide a coordinated body to address these and other challenges.

While many of those interviewed expressed support for the FEP, needs for greater program nimbleness and flexibility were also noted. The Division recognizes that it cannot deliver on its goals without participation of industry, and that industry cannot work within a program that does not meet its needs. The Division will work with the sector to make informed decisions about future programming and to develop training opportunities that provide ongoing professional development.

Appendix I

Industry capacity interview questions

Consultants

1. Are you interested in being included on a contact list if required for forest fires, special projects, or work under the Forest Enhancement Program?
2. Amount of yearly tasks completed? Management Plans? Harvest layout/Supervise? Thinning layout/Supervise? Landowner advice? Other?
3. Does the system work for you as it is currently structured?
4. Would you be interested in continuing education seminars related to plan preparation or management (i.e. wildlife, biodiversity, carbon, landscape level planning, etc.)?
5. In the future, do you expect to expand? Downsize? Selling business? Liquidate? Transfer ownership?
6. What additional tools or support could be provided to improve the consultant role (i.e. EFI data, mapping, etc.)?
7. What can be done to encourage long-term follow-up of sustainable management? What can you do?
8. Please provide comments, suggestions, or concerns on anything related to the Forest Sector.

Plant and Silviculture

1. Are you interested in being included on a contact list if required for forest fires, special projects, or work under the Forest Enhancement Program?
2. Other projects outside the FEP? Planting? Site prep? Maintenance or PCT? Pruning? Other?
3. In the future, do you expect to expand? Downsize? Selling business? Liquidate? Transfer ownership?
4. Would you consider training new silviculture workers?
5. Please provide comments, suggestions, or concerns on anything related to the Forest Sector

Harvest

1. Are you interested in being included on a contact list if required for forest fires, special projects, or work under the Forest Enhancement Program?
2. Do you sell processed fuelwood?
3. In the future, do you expect to expand? Downsize? Selling business? Liquidate? Transfer ownership?
4. What additional supports might encourage you in sustainable forest management (i.e. EFI data)?
5. How do you utilize management plans (how to improve)?
6. Please provide additional comments, suggestions, or concerns on anything related to the Forest Sector.

Sawmill

1. Are you interested in being included on a contact list if required for forest fires, special projects, or work under the Forest Enhancement Program?
2. Where do you source your logs? Supplying firms? Types of suppliers?
3. In the future, do you expect to expand? Downsize? Selling business? Liquidate? Transfer ownership?
4. Please provide comments, suggestions, or concerns on anything related to the Forest Sector.