A Proposed Ontario Forestry Strategy Pathway

November 9th, 2018

Ontario Forest Industries Association

Growing a Stronger, Greener Ontario

OFIA

Development of this Pathway document reflects the collective experience and the common goals of OFIA’s 35-plus member companies.

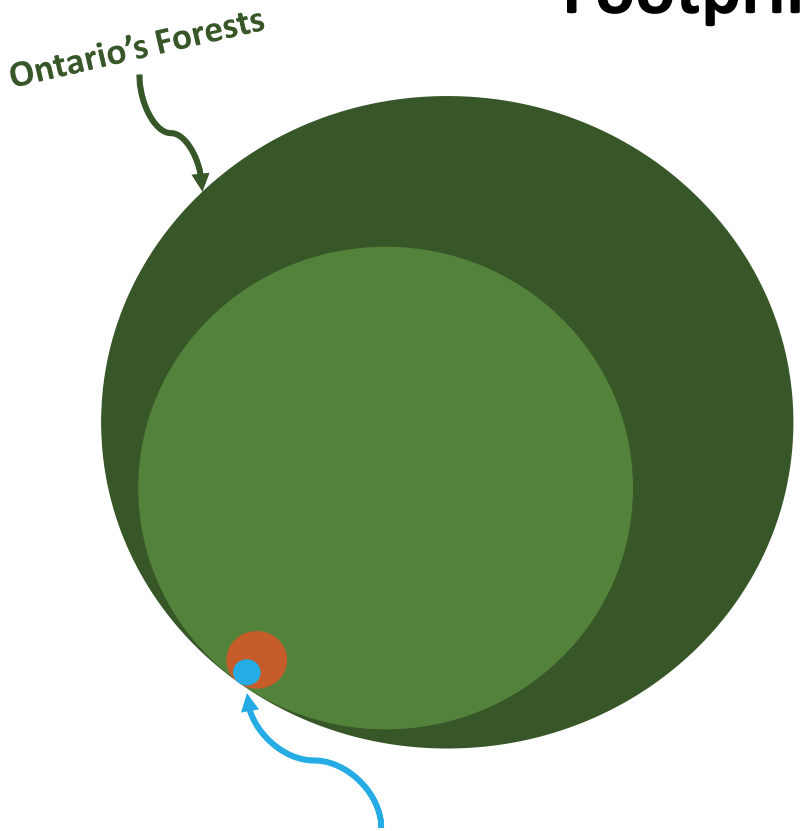
"Isn't it amazing when the management, the First Nations community, when the unions, and government work together? We're unstoppable. We're unstoppable because its us versus the rest of the world…a strong forestry sector is essential to Ontario's continued prosperity and success."

Premier Doug Ford
October 25th, 2018

Return on Investment

The people of Ontario are the landowners of our managed Crown forests.

We harvest so little… As Owners, we should be Interested in the Return on Our Investment.



The sector harvests 0.2% percent annually, and we can do better. Policy barriers continue to prevent the sector from growing.

Footprint of Ontario's Forest Sector:

71 Million hectares of forest.

45 Million hectares of managed Crown forests.

1.6 Million hectares of natural disturbance.

0.1 Million hectares of forests harvested annually.

Ontario's Growing Stock:

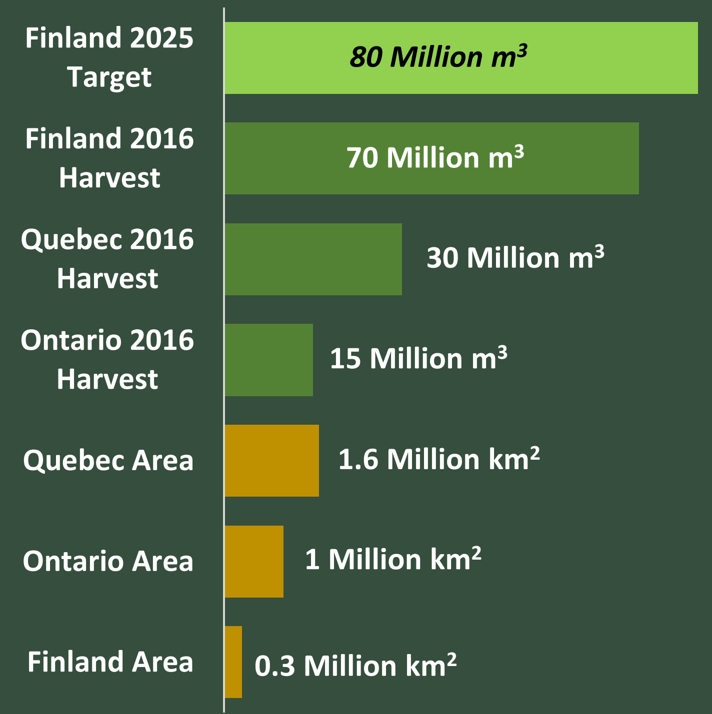
5,000 Million m^3 in growing stock (trees on the stump) within managed Crown forests.

41 Million m^3 in annual forest growth.

15 Million m^3 harvested by the forest sector in 2016.

But We Can Do Better

Benchmarking Against Other Jurisdictions: *How Does Ontario Compare?*



Ontario is 3x larger than Finland, yet harvests 80% less.

A Provincial Forestry Strategy That Attracts Investment, Grows the Economy, and Creates Jobs in Every Region of Ontario.

1. Guaranteed Wood Supply

World-class forestry practices have resulted in a vibrant and productive working forest in Ontario. However, policy barriers are restricting access and limiting growth of the sector (e.g. ESA).

+

2 . Competitive Operations

The forest sector requires competitive and accessible energy, stumpage, labour, transportation systems, and a competitive climate plan.

+

3. Customers and Market Access

Promote and defend Ontario's world-class forestry practices, market based stumpage and subsidy-free forestry programs, and our right to free trade.

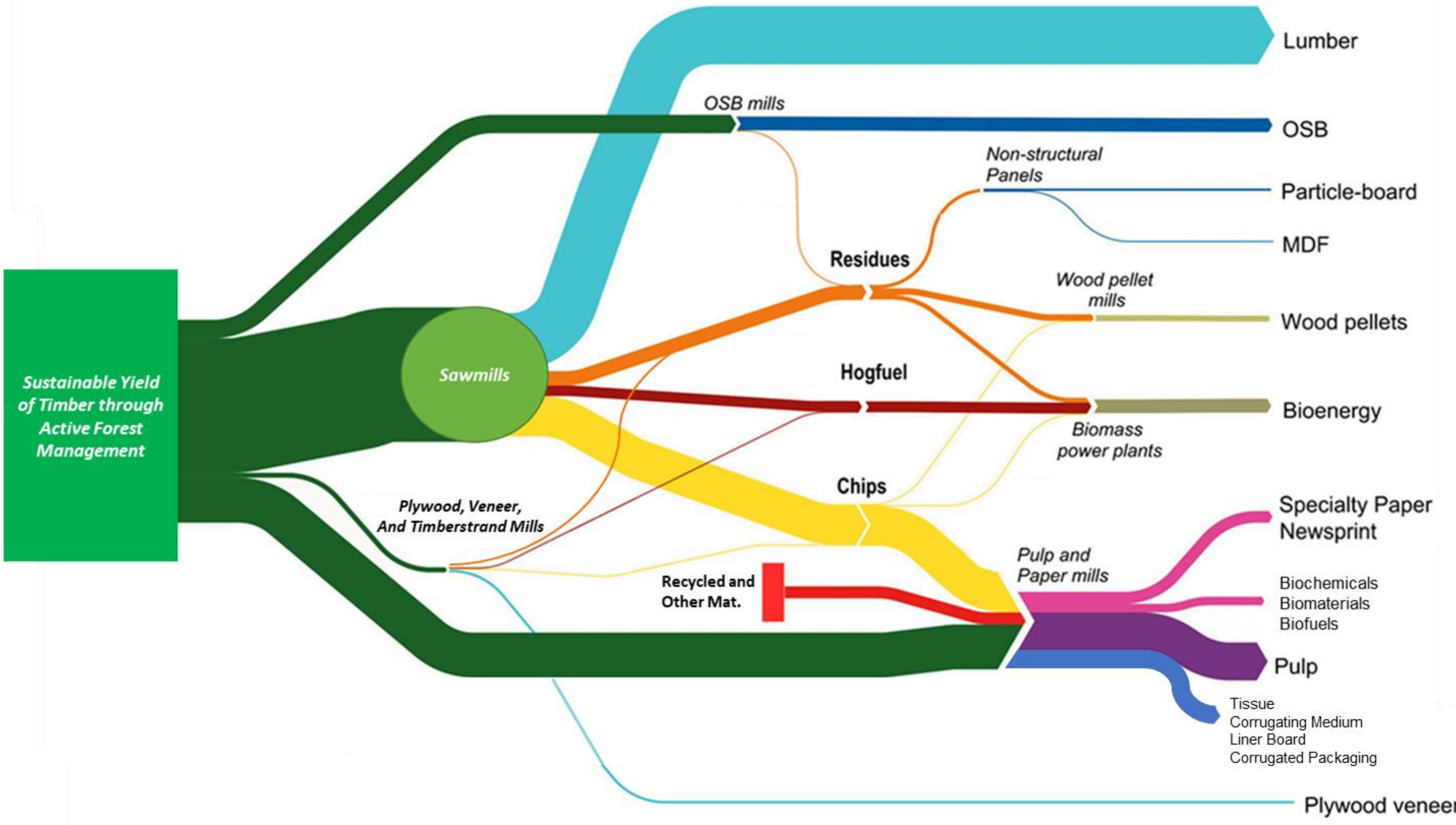
=

4. Innovation, Investment, and Jobs

Guaranteed Wood Supply, Competitive Operating Environment, and Access to Markets will be the foundation for growth.

Overall Objective: Creating a strategy that makes the sector and government more efficient.

Illustration of Ontario's Integrated Forest Sector*



*For illustrative purposes only, not to scale. Width of line represents amount of material in tons. Diagram adopted from the Canadian Forest Service/GE³LS project: http://spruce-up.ca/en/ge3ls/

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A Proposed Forestry Strategy Pathway

Developing an Ontario Forestry Strategy Vision:

Making Ontario a competitive jurisdiction and unlocking the potential of Ontario's forestry sector through the increased and sustainable use of Ontario's renewable forest resource.

Objectives:

1. Providing a guaranteed wood supply to the sector.
2. Creating a more competitive business environment.
3. Increasing customers and market access.
4. Supporting innovation, investment, and jobs/labour.

Strategic Actions:

- Practical actions that result in increased consistent access to allocated wood supply, on-the-ground improvements, and a more competitive jurisdiction.

Indicators:

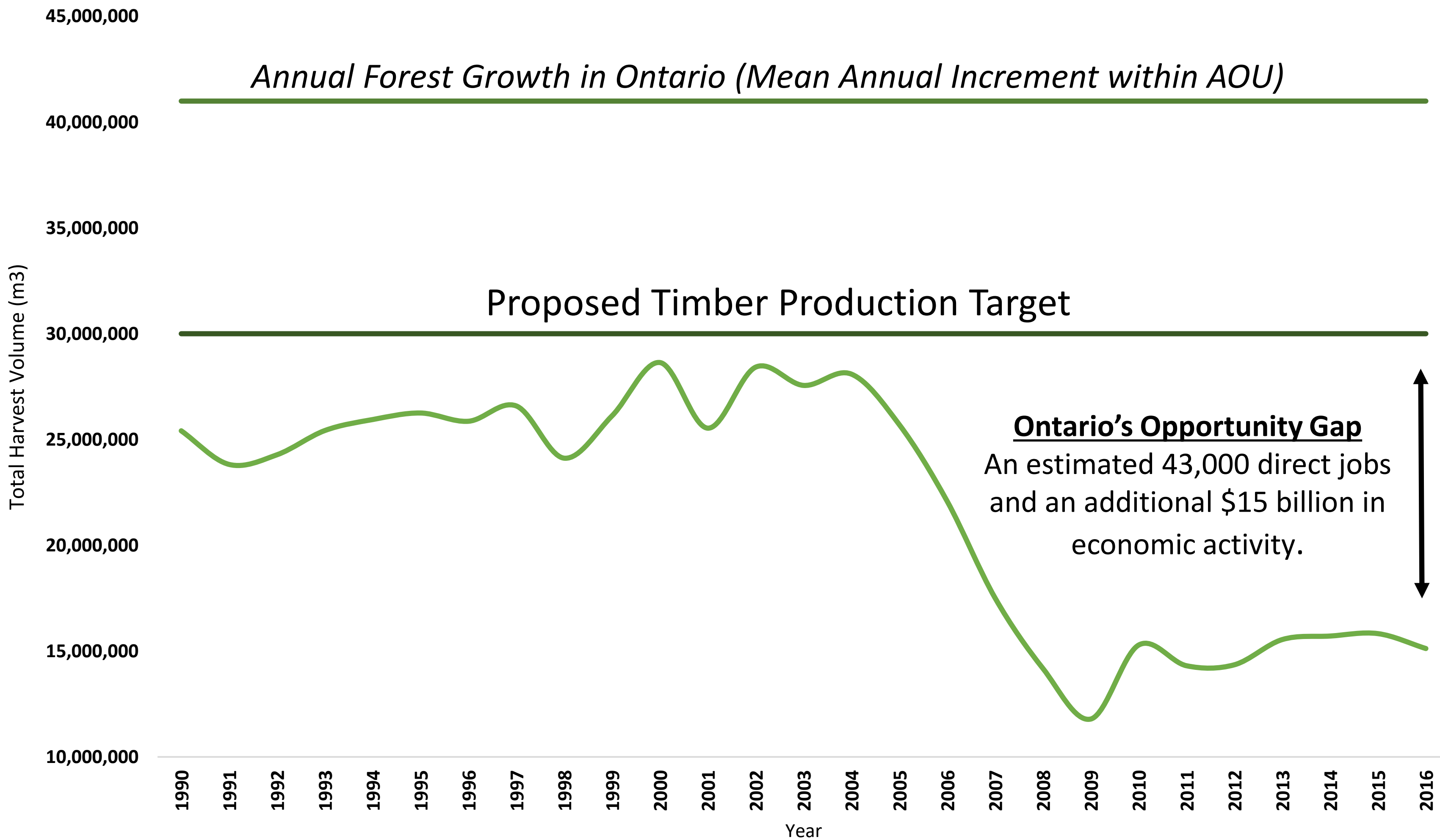
- Developing criteria and indicators that will help measure achievements.
- What will success look like and how will we measure it?

Objective 1: A Guaranteed Wood Supply to the Forest Sector

#	Goals	Actions	Indicators
1	Remove the duplication between the Crown Forest Sustainability Act (CFSA) and the Endangered Species Act (ESA) and pass a permanent regulation under Section 55 of the ESA for the forest sector.	• Amend O'Reg. 242/08 and permanently recognize the CFSA as an equivalent process to the ESA.	• The forest sector is operating under a permanent regulation recognizing the Crown Forest Sustainability Act (CFSA) as an equivalent process.
2	Create workable species at risk policy that contributes to working landscapes and functioning ecosystems while incorporating socio-economic impact analysis, jointly, with practitioners, affected stakeholders, and Indigenous communities.	• New or revised policy includes a description of how a comprehensive environmental, social, and economic impact assessment informed the proposed direction.	• Qualitative and quantitative analysis demonstrating that the government has taken the appropriate steps in creating workable policy and the repeal/amendment of unbalanced policy decisions.
3	Support comprehensive and adequately maintained Crown road infrastructure to address access related constraints to Crown wood supply.	• Forest Access Roads Funding Program, or equivalent, that supports the building of Crown road infrastructure at $75 million annually.	• Quantitative analysis summarizing the level of roads funding over time and the accomplishments (e.g. kms of road constructed/maintained, water crossings, socio-economic impacts etc.) made as a result of the Forest Access Roads Funding Program.
4	Unlocking Ontario's wood supply through enhancing Ontario's inventory, growing stock, and yield.	• Timely, accurate, and dependable Forest Resource Inventory and yield data. • Creating incentives for intensive forest management. • Connecting suitable timber species and quality for existing mills to unlock wood supply in mixedwood stands.	• Setting a realistic timber production target of 30 million m^3/year.

"We want to tear down barriers, cut red tape and create an environment for growth." - **Minister Jeff Yurek, October 25th, 2018**

Growing Ontario's Harvest Volume: Setting a Realistic Timber Production Target



In 2017, 0.2% of Ontario's Forests are harvested annually. Finland harvests approximately 2%, 10x more of their forested landscape when compared to Ontario.

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Objective 2: More Competitive Operations

#	Goals	Actions	Indicators
1	Enhancing processing facility competitiveness.	• A Made-In-Ontario Competitive Climate Change Plan that reduces burden and levels the field for trade exposed advanced manufacturers. • Enhance current energy costs and programs. • Mitigate the negative economic impacts of Federal carbon policy. • Incent investment and innovation in infrastructure that improves the environment and creates /maintains jobs in Ontario.	• Reporting on energy, stumpage, carbon pricing, and transportation costs. • Community access forestry road construction remains a shared responsibility between the Crown and license holders. • Quantitative analysis that summarizes trends in processing facility investment.
2	Enhancing competitiveness in forest management planning and operations.	• Consistent interpretation and application of existing policy across ministries, divisions, sections, regions and district offices of MNRF. • Improving efficiencies and tearing down barriers in forest management planning and reporting processes (e.g. FMP planning requirements, compliance monitoring, timber licensing, wood measurement, road policy and water crossings, values data and data management etc.). • Modernization of wood measurement process. • Revise/terminate SEI direction to allow currently effective SEM approaches to continue.	• Qualitative and quantitative analysis summarizing consistent policy interpretation across all levels of government. • Demonstrated progress on approval delays within the forest management planning process (e.g. improvements made during the planning process, approval times for FMP amendments, annual reports, and annual work schedules) – removal of barriers and addressing inefficiencies. • Measure gains in efficiencies and savings (both direct and indirect) within industry and the MNRF. • Develop a target savings per m3. • Demonstrate a movement towards results-oriented FMP direction rather than process-driven.

Objective 3: Increased Customers and Market Access

#	Goals	Actions	Indicators
1	Continue to defend Ontario's world-class forest management practices to global customers through active public engagement and balanced policy.	• Publicly reject campaign science from activist groups. • Government defends our strong record of world-class forest management practices with domestic and international customers.	• Demonstrate balanced policy development and defense of the forest sector's strong record of sustainability.
2	Continue to defend the right to free and open trade across borders.	• A strong legal defense that leads to Free Trade or a negotiated deal that protects Ontario's market share under acceptable terms.	• An Ontario minimum quota requirement of 1.5 billion BF. • Mechanisms in place to sustain the sector through a protracted litigation (e.g. loan guarantees). • Ontario maintains an equitable share (i.e. pro-rata adjustment for all regions).

Objective 4: Supporting Innovation, Investment, and Jobs/Labour

#	Goals	Actions	Indicators
1	Growth in the primary sector driving investments and prosperity in the secondary and tertiary sectors.	• Establish an "Ontario Innovation Fund" that provides funding for strategic investments in the forestry sector that improves productivity and innovation, enhances competitiveness, and strengthens supply chains and regional economies. • Next-generation forest information systems and keeping forest-related information and resources up-to-date. • Open portal for information and e-services that will support entrepreneurship, cost–effective operations, and growth of the market.	• Analysis and summary of public and private sector investments and R&D funding. • Forest resource data kept up-to-date and easily accessible.
2	Developing the workforce of the future.	• Implement opportunities for students to stream into forestry-related work training at the secondary school level. • Targeted investment in workforce development, including skilled trades, truck drivers, and equipment operators. • Long-term plan for training and capacity development for Indigenous communities.	• Demonstrated opportunities for training, education, and capacity building for Indigenous communities. • Tracking the number of graduates and their employment rate after graduation (university/college programs in forestry and manufacturing, skilled tradespeople, labour etc.). • Quantitative and qualitative analysis showing an increasing number of qualified truck drivers and heavy equipment operators joining the forest sector.
3	Support existing operations, diversify production of engineered wood products, and develop/promote a sustainable and profitable bio-economy.	• Increase the use of Ontario-sourced wood for the secondary manufacturing sector (e.g. pallets, millwork, log homes, joists, cabinetry, doors, mouldings, furniture, etc.) and mass timber projects (e.g. cross laminated timber, glulam, solid-sawn heavy timber, plank decking, other engineered wood products). • Commercialization of forest biomass, biochemical, and biocomposite markets.	• Demonstrate an increased use of Ontario-sourced wood in secondary manufacturing, mass timber projects, energy production and the bio-economy.

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