

Forest Tenure in Ontario

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Outline

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Context



- 66% of Ontario is forested
- 88% is publicly owned
- 41% located in the Area of the Undertaking (AOU)
- 385,000 square kilometres of Crown land on which forest management activities are conducted
- Ontario's harvest is:
 - 15% by area of national harvest
 - 9% by volume of national harvest
 - Harvesting occurs on less than 1% of the AOU annually

Context

Ontario's Forest Industry:

- A vibrant and important part of Ontario's economy
 - The broader forest industry supports over 150,000 direct and indirect jobs and generates over \$5 billion in annual GDP
 - 56,000 of these jobs are direct jobs
 - \$10.9 billion in sales in 2012
- 260 communities in Ontario dependent on forest industry
 - 40 highly dependent, 63 moderately dependent
 - 30% of employment in north depends on forest sector directly and indirectly
- Ranks third (behind BC and QC) in terms of number of hectares harvested

Forest Tenure in Ontario

What is Forest Tenure?

- Practically stated, it is the legal arrangements that define rights and responsibilities for the management and use of Crown forests
- Access to Crown Forest Resources:
 - Sustainable Forest License (SFL)
 - Forest Resource License
 - Supply Agreement
 - Business to Business Arrangements

Forest Tenure in Ontario

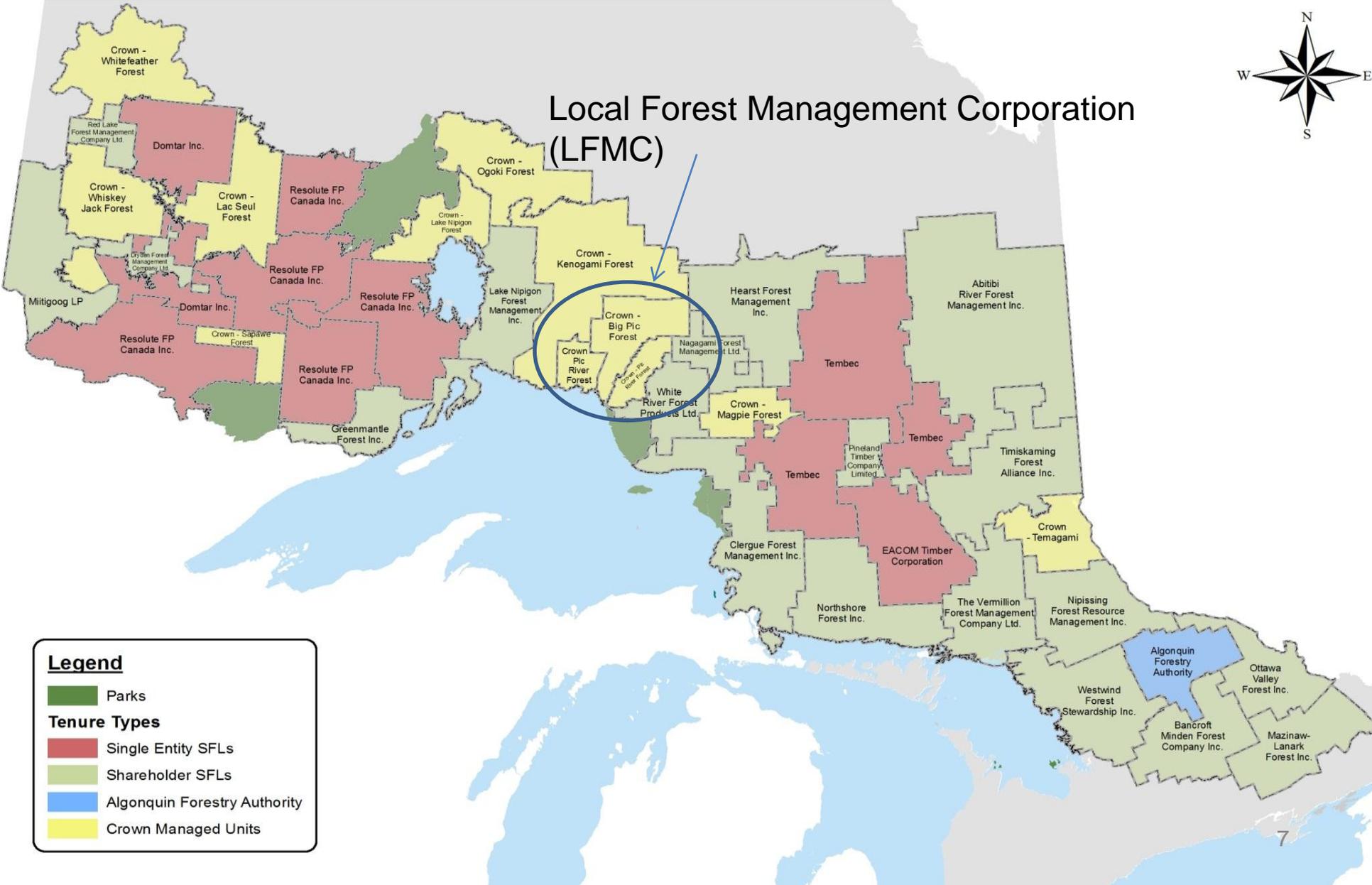
Sustainable Forest Licence (SFL):

- Long-term licences issued for a period of 20 yrs
- Right to harvest and use forest resources available on a management unit
- Required to carry out certain forest management activities to provide for sustainability of forest
- Held by a single company and structured as a:
 - single entity (e.g. pulp mill)
 - multi-shareholder entity
 - Crown (Ontario) agency

Forest Tenure in Ontario



Local Forest Management Corporation (LFMC)



Legend

- Parks
- Tenure Types**
- Single Entity SFLs
- Shareholder SFLs
- Algonquin Forestry Authority
- Crown Managed Units

Tenure Modernization

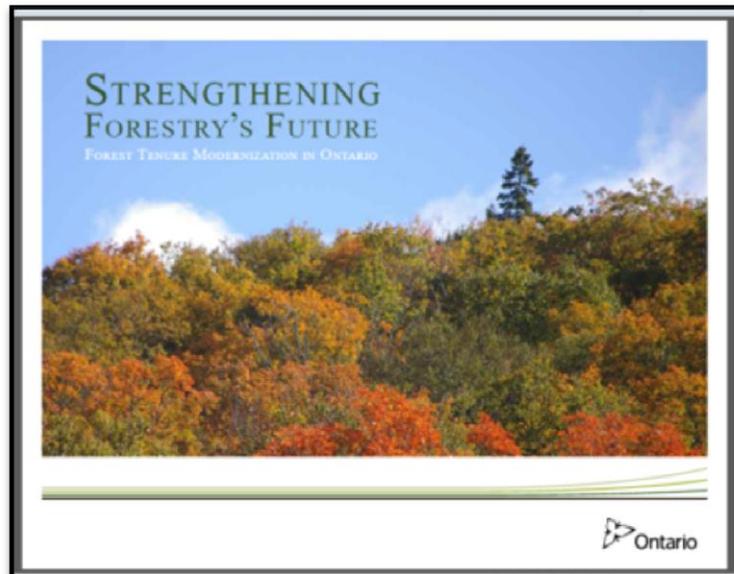
Why modernize the system?

- Under the existing system there have been limited opportunities for: entrepreneurs, access to timber, new jobs and investment
- The recession exposed weaknesses in the system
 - Mills closed or slowed down, job losses, declining taxes
 - Wood was not harvested
 - Where mills and or SFLs have gone bankrupt, responsibility to manage has returned to the Crown
- Early consultation confirmed the need for change

Recent History of Tenure Modernization

Bill 151:

- Ontario Forest Tenure Modernization Act, 2011
- Amendments to CFSA



2011:

- The *Ontario Forest Tenure Modernization Act* and amendments to the *Crown Forest Sustainability Act* come into effect
- Forest Industry, Community and First Nation Working Groups in place
- Government released *Strengthening Forestry's Future*

Recent History of Tenure Modernization

2012:

- Nawiinginokiima Forest Management Corporation is established by regulation, becoming the first LFMC.
- *Principles for the Implementation of Enhanced Sustainable Forest Licences* (Principles Document).

2013:

- Minister direction clarifying approach and priorities for Enhanced SFL implementation, consistent with Principles Document, December 2013

Recent History of Tenure Modernization

Principles for ESFL Implementation Document:

- Collaboration with representation from First Nations, Forest Industry Working Group, and Community Working Group
- Minister endorsed (October 2012)
- Provides context for transition, principles and terms
- Emphasis on proceeding eSFL implementation through collaborative, inclusive processes: locally-led and locally-based solutions

Enhanced SFL Implementation

Key Themes in the Principles Document:

1. Local Aboriginal Community Involvement & Local Community Involvement
2. Wood Use
3. New Entrants
4. Sustainable Forest Management Delivery
5. Economic Viability and Competitive Wood Costs
6. Governance

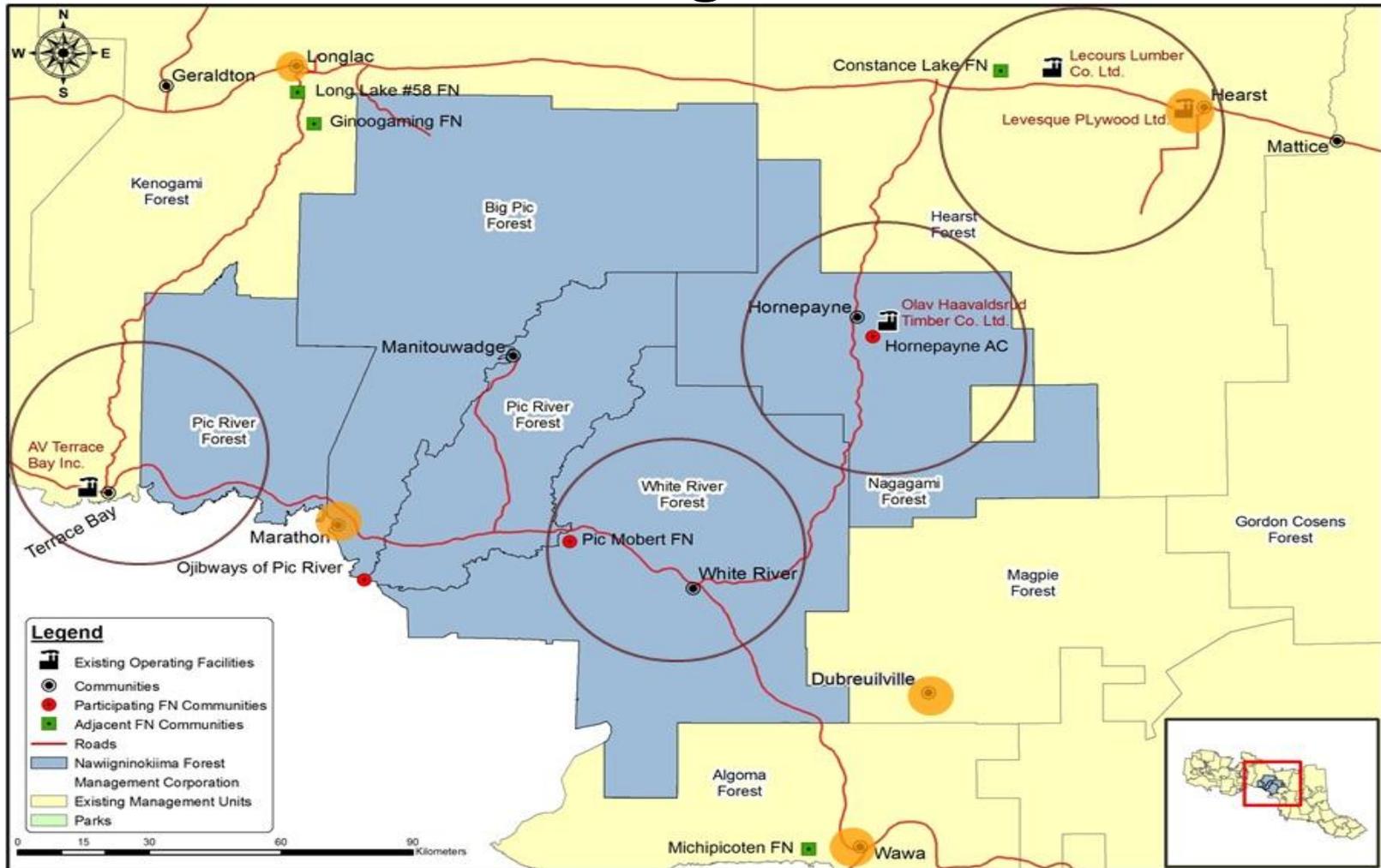
Recent History of Tenure Modernization

Implementation Direction from Minister's Letter – December 2013

- Focus efforts on priority areas with willing partners and management units currently managed by the Crown
- Pursue management unit amalgamations of Crown units
- Existing SFL holders may lead transition
- Provide opportunities for economic development & meaningful involvement in forest management by Aboriginal communities.
- In all other areas, MNR will be responsive to all inquiries
- Undertake a review of all forest management models by 2016 and collaboratively determine next steps in tenure implementation based on the outcome of that review.

Forest Management Models

NFMC Management Area



Forest Management Models

How is NFMC different?

- Crown Agency
- Community based (First Nations and local communities)
- Mandate to market, sell timber
- Stumpage payments submitted to Agency
- Opportunities for new entrants
- Innovation friendly

Forest Management Models

Enhanced Sustainable Forest Licence (eSFL)

Company:

- A company that will hold the SFL and that addresses the key eSFL characteristics from the Principles Document
- Transition process - locally driven, inclusive, collaborative
- Composition, structure, and governance of eSFL companies will be flexible, addressing local circumstances and interests including:
 - Local First Nations and Métis
 - Local communities and municipalities
 - Local forest industry

Forest Management Models

Enhanced SFL Company - What Might They Look Like?

- Private entities that may have shareholders or be not-for-profit
- Will have an independent manager hired to run company and do sustainable forest management
- Board of Directors to include opportunity for Aboriginal and Community members with voting rights
- Will pay all Crown charges (Forest renewal Trust (FRT), Forestry Futures Trust (FFT), Consolidated Revenue Fund (CRF))

Recent History of Tenure Modernization

2014 Tenure Priorities:

- Enhanced SFLs
 - Areas with Crown-managed units transitioning to new SFL companies that address Enhanced SFL characteristics from Principles Document
 - Adjustments to existing business arrangements (e.g., existing shareholder SFL companies) to address eSFL characteristics
 - Development of SFL self-assessment / checklist to verify SFL companies have addressed the Enhanced SFL characteristics
- Nawiinginokiima Forest Management Corporation (NFMC)
 - Transition to a fully functioning Agency completed in 2014
- Multi-party Oversight Group established

Summary

Overarching policy objective of forest tenure modernization:

- Create a collaborative governance-framework which will enable the sustainability of Ontario's forest ecosystems and facilitate the long-term viability and sustainability of forest-based communities, businesses and the forest sector.

Summary

Overarching policy objective of forest tenure modernization:

- Forest tenure modernization strives to build a more resilient system that:
 - provides growth, security and economic efficiency for the forest sector in Ontario;
 - provides local and Aboriginal communities a greater say in the management of the local forests;
 - provides for meaningful dialogue, builds partnerships and agreements between communities, First Nations, industry and government that will see benefits to all who rely on the forest sector;
 - protects and creates jobs by maximizing the use of available Crown fibre; and
 - provides for the sustainability of the Crown forest.

Questions?