

# 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?

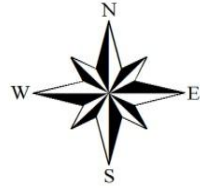
- Practically stated, it is the legal arrangements that define rights and responsibilities for the management and use of Crown forests
- Access to Crown Forest Resources:
  - Sustainable Forest License (SFL)
  - Forest Resource License
  - Supply Agreement
  - Business to Business Arrangements

# Forest Tenure in Ontario

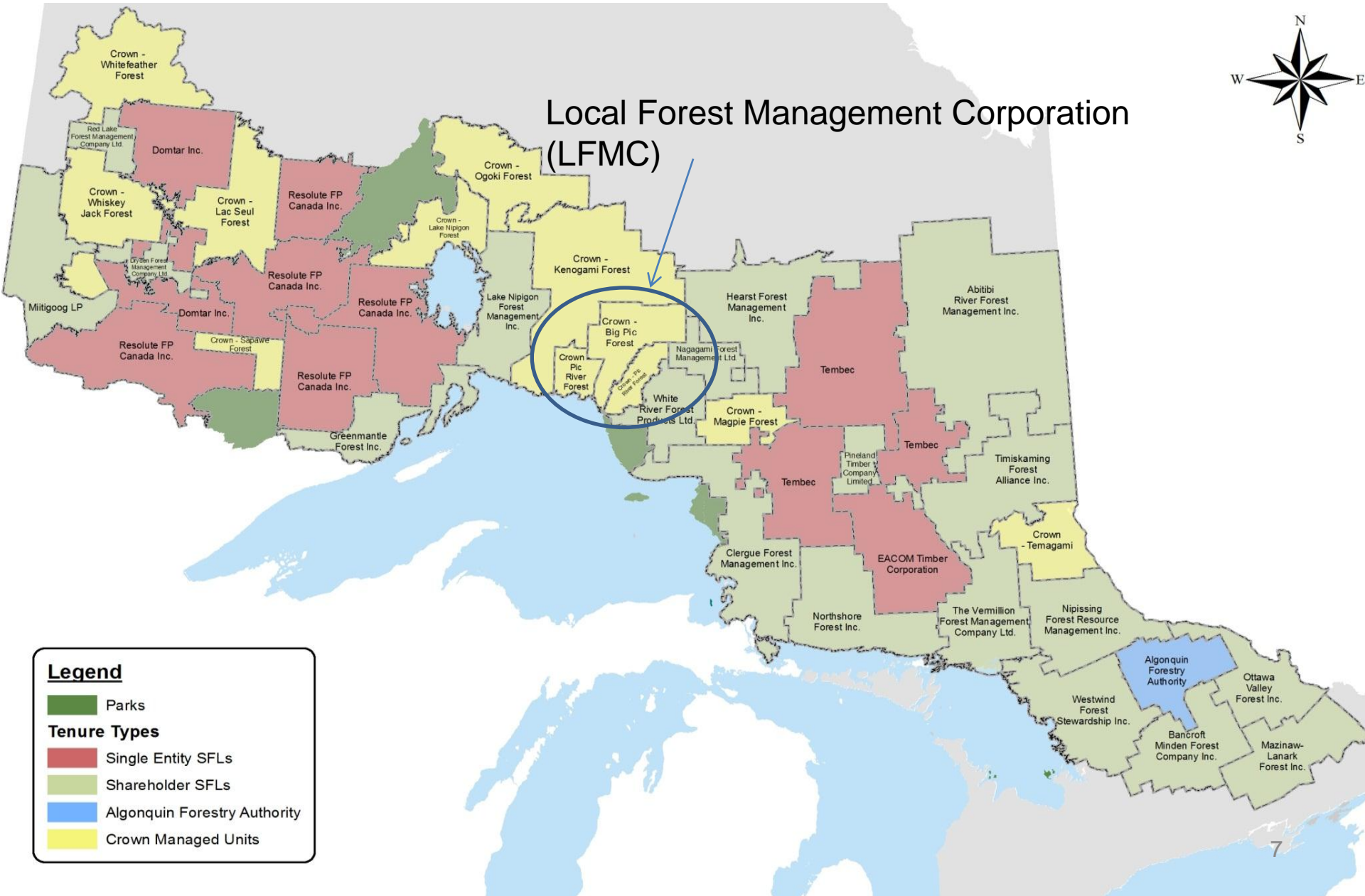
## **Sustainable Forest Licence (SFL):**

- 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

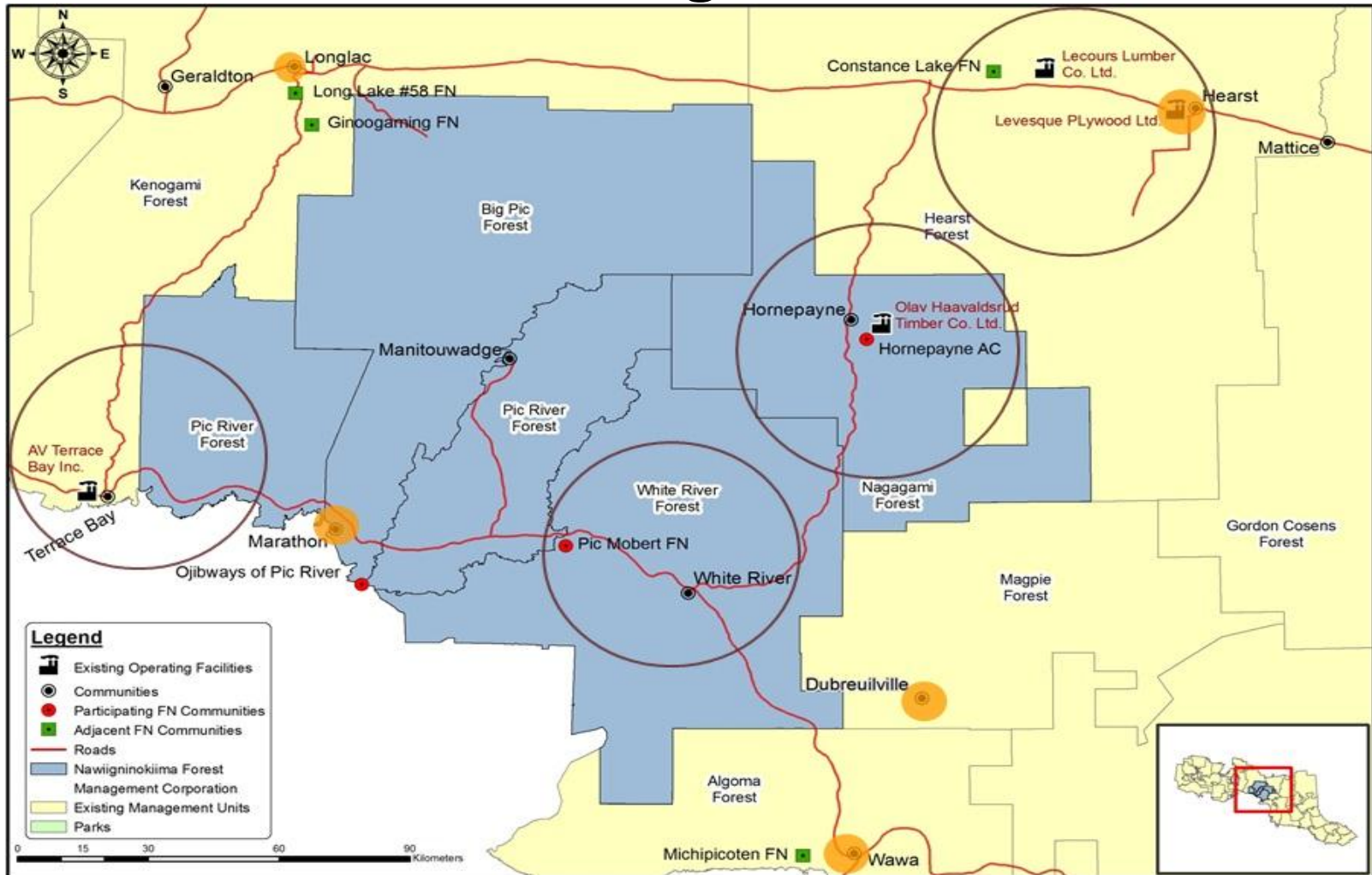
# Recent History of Tenure Modernization

## 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?