

Ministry of Natural Resources and Forestry
Ontario's Forest Sector Strategy (Draft)

Ontario Forest Industries Association Submission
February 5, 2020

OFIA's Recommendations:

Introduction

1. Establish the original industry representatives from the August 1st and 22nd, 2019 industry-MNRF meetings, as the formalized Forest Sector Strategy Advisory Committee.
2. Ensure that technical working group, industry co-leads, feed into the advisory committee to report on progress during policy review.
3. MNRF should expand the discussion related to available wood supply and better contextualize barriers preventing access to the annual allowable cut.
4. Ensure no further consultation or negotiation requirements will be transferred to the forest industry as a result of the Forest Sector Strategy or related MNRF/MECP policy initiatives.

Putting More Wood to Work

5. MNRF working jointly with forest industry, should explore the possibility of transitioning from area-based commitments to volume-based. Assigning an equal weight to all forest management objectives, including wood supply, should be pursued through forest management planning.
6. Establish a Forest Policy Ombudsman to provide guidance on the correct interpretation of policy direction.
7. Continue to address red tape items aimed at reducing costs and burden to industry (e.g. streamlining concentration point approvals and authority to haul approvals, SPIF requirements, etc.)
8. Change the third goal under "by 2030" to "forest growth targets have been established and significant progress has been made towards their achievement."
9. Change the fourth goal under "by 2030" to "intensive forest management has been established and is functioning as an enhanced wood production zone."
10. Include a discussion on how investments in advanced remote sensing technologies and a path to increase forest growth will also reduce costs to industry.

Improving Cost Competitiveness

11. Working with MENDM colleagues, MNRF should include a discussion on the importance of the Industrial Electricity Initiative.
12. MECP should continue to work with ECCC to ensure Ontario's EPS program is approved as quickly as possible.
13. MNRF and MECP should develop a pulp and paper EPS with a 5% biomass factor.
14. Working with MENDM colleagues, MNRF should ensure the extension of PPAs for biomass facilities.
15. Industry shoulders the cost of building and constructing forest roads above and beyond government funding for the forest access roads funding program. MNRF should include a discussion on how industry leverages government funding for the forest access roads program.
16. Develop an approach through the Forest Access Roads and Transportation Infrastructure strategic project that will address the trucking shortage.

Fostering Innovation, Markets and Talent

17. MNRF should re-establish provincial funding for the Ontario Wood Works program to \$300,000 annually in order to leverage industry and federal funding.
18. Establish an Ontario Commercial Loan Guarantee Program (OCLGP) that supports Ontario producers with working capital and prevents the illegally collected duties from interfering with the normal course of business.

Promoting Stewardship and Sustainability

19. MNRF should include a statement explaining forest management and the adaptive management cycle.
20. Include a 2030 goal that MNRF will modernize the policy framework for managing forests and wildlife to adapt to and mitigate the impacts of a changing climate.

OFIA Recommended Strategic Projects

1. Red Tape and Administrative Burden Reduction
2. Forest Productivity and Intensive Forest Management
3. Forest Data and Remote Sensing
4. Forest Access Roads and Transportation Infrastructure
5. Forest Sector Promotion and Education

Executive Summary

The following submission is the Ontario Forest Industries Association's (OFIA) response to ERO number 019-0880, *Ontario's Forest Sector Strategy (Draft)*. For over 75 years, the OFIA, the provincial trade association for Ontario's forest sector, has provided a unified voice for a diverse membership of companies that operate in all regions of the province. Our members remain committed to sustainable forest management by balancing social and environmental values with economic development, while maintaining longstanding relationships with various stakeholders and rightsholders.

Our membership is also responsible for the management of over 20 million hectares of Crown forests in Ontario. This submission represents the collective and professional knowledge of conserving this renewable resource across a large and varied landscape.

The OFIA submission includes 20 recommendations and 5 recommended strategic projects related to the vision, goals, actions, and pillars of the draft FSS. The National Forest Strategy of Finland, 2025¹ established a portfolio of "strategic projects" to ensure the promotion and successful implementation of their strategy. We encourage the Ministry of Natural Resources and Forestry (MNRF) to take a similar approach, once technical working groups have completed their review of forest management guidance and manuals and industry resources become more available.

We would like to express our support for the draft Forest Sector Strategy (FSS) and reaffirm our commitment, as stewards of Ontario's public forests, to the highest standards of sustainable forest management. MNRF should be proud of the ambitious and visionary document they have created.

¹ Ministry of Agriculture and Forestry Finland, *National Forest Strategy of Finland 2025*, <https://bit.ly/2Ou9EuK> [accessed February 3, 2020]

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Introduction

Forest Sector Strategy Advisory Committee

MNR's draft Forest Sector Strategy demonstrates Ontario's commitment to growing the provincial forest sector while reducing red tape and administrative burden. The OFIA wants to ensure that this momentum is carried through implementation and over the 10-year term of the strategy. We are supportive of an established Forest Sector Strategy Advisory Committee that will work in partnership with the Ministry to guide implementation while developing key performance indicators to ensure the objectives of the strategy are satisfied.

The composition and structure of this advisory committee is of critical importance. OFIA strongly believes the original group of industry representatives who attended the industry-MNR meetings during August 1st and 22nd, 2019, in Toronto, should be recognized as the formalized advisory committee. With regards to the structure of the committee; policy working group industry co-leads, from the technical advisory team (TAT), silvicultural implementation direction (SID), forest management planning advisory group (FMPAG), the scaling manual working group and others should provide periodic updates to the advisory committee on progress that is being made at a technical level. This would ensure consistency and continuity from the higher-level goals of the strategy document through policy development, roll-out, and interpretation.

OFIA Recommendation 1: Establish the original industry representatives from the August 1st and 22nd, 2019 industry-MNR meetings, as the formalized Forest Sector Strategy Advisory Committee.

OFIA Recommendation 2: Ensure that technical working group, industry co-leads, feed into the advisory committee to report on progress during policy review.

Communicating the Opportunities

It is important that MNR clearly and accurately communicate the goals and objectives of this strategy to the public. MNR has done a good job explaining the diverse consumer products that are made from trees (i.e. toothpaste and diapers); however, OFIA continues to raise concerns regarding how available wood supply versus harvested wood supply is being communicated to the public, stakeholders, and Indigenous communities.

For example, on page 6 MNR states, "the volume of timber harvested is less than 60% of what it was in 2000" and on page 9, a chart compares actual versus available timber volumes (see Figure 1. Comparing available and actual harvest volumes as presented in the draft Forest Sector Strategy). Again, on page 10, MNR states "Approximately 15 million cubic metres of wood is not being used and could be available for attracting investments in new domestic and international markets." While these statements are technically correct, the strategy offers no additional context as to why the sector has not been able to historic high values.

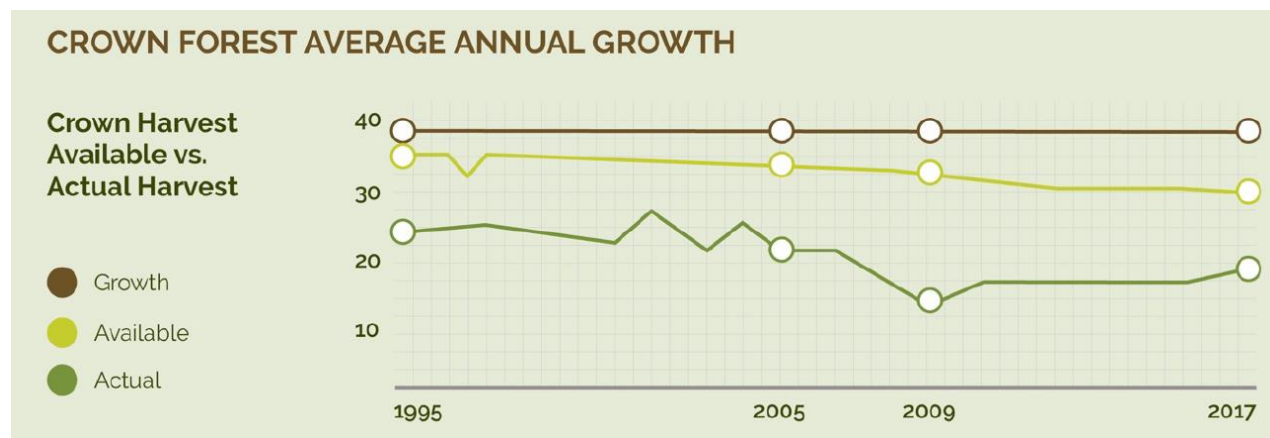


Figure 1. Comparing available and actual harvest volumes as presented in the draft Forest Sector Strategy

Furthermore, the OFIA agrees that it is necessary for the sector to continue to innovate, adapt and develop new products; however, facilities with existing unused capacity would benefit from a net increase in accessible wood volume.

Not providing additional context or explanation around the barriers to accessing the existing wood supply gives the public and environmental non-governmental organizations (ENGO) the wrong impression². For example, on December 9th, 2019, an article³ ran in the Toronto Star that stated,

“Despite industry’s long-standing claim that protecting critical caribou habitat is incompatible with a healthy forestry sector, it has finally recognized there isn’t a shortage of wood. Now singing a different tune, the forestry industry acknowledges there is a massive surplus of forest they could be logging but aren’t.”

In 2016, the OFIA Woodlands Committee undertook a wood supply analysis that would better quantify this relationship between theoretical forest management plan (FMP) volumes, which establish the province’s annual allowable cut (AAC), and what volume is truly accessible and usable. Multiple factors contribute to the access of wood supply, including how timber volumes are distributed by region, tree species group, and log quality. Central to OFIA’s study was an investigation into the barriers that prevent access to planned FMP volumes (Table 1).

Inventory and Yield Related Adjustments: Primarily related to the use of outdated FRI and yield curves. Poor inventory data has resulted in actual harvest levels, for certain species groups, to vary from planned. For instance, mortality has occurred since inventories prepared in the 1980s.

² Anna Baggio, *Forest Sector Strategy: Open for Business, Closed to the Public*, 2020, <https://bit.ly/36EYIAV> [accessed Jan 30, 2020]

³ Julee Boan and Rachel Plotkin, *Wood surplus shows there’s room for the forestry industry and caribou*, 2019 <https://bit.ly/2GyARbx> [accessed Jan 30, 2020]

Market Related Constraints: No Market, permanent/idled mill closure, poor economics of accessing standing timber, unsuitable species and quality.
Climate Change and Access Related Constraints: No roads, warmer and more unpredictable winter preventing freeze-up.
Administrative and Civil Action Constraints: No SFL manager, tenure concerns, acts of civil disobedience
Values Related Constraints: New species at risk records, new species at risk prescriptions, unmapped streams, and incidental observations.

Table 1 Examples of barriers that prevent access to planned FMP volumes

Based on this study, the OFIA found that less than 15 million m³ was useable to forest industry, despite FMP volumes determining 28 million m³ as the theoretical AAC. The results of this assessment formed the basis of a “funnel” infographic that OFIA has used with external stakeholders (Appendix I).

OFIA Recommendation 3: MNRF should expand the discussion related to available wood supply and better contextualize barriers preventing access to the annual allowable cut.

Increasing Indigenous Participation in the Forest Sector

Approximately 18% of Ontario's forests are allocated to Indigenous companies and organizations, which is among the highest in Canada⁴. In Ontario, Indigenous communities have taken on an increasingly important role in forest management and have made substantial investments in forestry operations. For example:

- White River Forest Products is a community-based venture between the Netamisakomik Anishinabek (Pic Mobert First Nation), the White River EDC, and private investors.
- Lake Nipigon Forest Management Inc is wholly owned by four Indigenous communities: Animbiigoo Zaagi'igan Anishinaabek, Bingwi Neyaashi Anishinaabek, Biinjitiwaabik Zaaging Anishinaabek and the Red Rock Indian Band.
- The first Enhanced Sustainable Forest Licence (eSFL) between Indigenous communities, industry and the province. The corporation is co-owned by Lac Seul First Nation, Slate Falls Nation, Domtar and Weyerhaeuser. - Obishikokaang Resources Corporation.
- Three First Nations in northern Ontario have signed an agreement with the provincial government to manage the Ogoki Forest.

The OFIA is supportive of the draft Forest Sector Strategy's 2022 goal, to expand resource revenue sharing opportunities with Indigenous communities, as stated on page 28. We believe that the of the strategy and believe the MNRF should place a priority on this item. Expansion of resource revenue

⁴ National Aboriginal Forestry Association, *Fourth Report on Indigenous-Held Forest Tenures in Canada 2018*, <https://bit.ly/2OnGBsG> [accessed Feb 3, 2020]

sharing may assist in MNRF's desire to increase Indigenous participation in the forest sector, which was outlined on page 11 as a priority of the MNRF.

OFIA is concerned, however, with the potential exemption of forest operations on Crown lands from the Environmental Assessment Act⁵, which may consequently transfer the requirements and responsibilities of Declaration Order condition 56, to forest industry. Additionally, a statement included in MNRF's Five-Year Environmental Assessment Report on Forest Management⁶ prompted further uncertainty:

"While responsibility for implementing Condition 56 rests with the MNRF District Manager, they have been challenged to negotiate on behalf of the MNRF and have recognized the need for involvement of other parties to aid in the implementation of the Condition. Therefore, condition implementation included participation by other parts of MNRF, the forest industry, other Ontario ministries and federal departments and the affected Aboriginal communities."

The OFIA is unclear what difficulties District Managers are facing, given our interpretation of this statement. OFIA does not believe that sustainable forest license (SFL) holders and managers should be held solely accountable for negotiations with Aboriginal Peoples. This responsibility rests with the Crown, and under these circumstances, the Ontario government.

The duty to consult is rooted in section 35 of the Constitution Act, 1982 and the principle of the Honour of the Crown. This requires the Crown to respect Aboriginal rights, which in turn requires negotiations with Aboriginal peoples, to identify those rights. The Crown is obliged to consult with Aboriginal peoples in all cases where its activities affect their asserted rights and, where appropriate, to accommodate these rights by adjusting the activities⁷.

Ontario, as the Crown, has a legal obligation to consult with Aboriginal peoples. Through MNRF's review of forest management manuals and guidance and the Ministry of Environment, Conservation and Parks' (MECP) review of the Environmental Assessment Act there is a risk that more responsibility will be transferred to SFL managers. This could add significant cost, potential complications and future delays to the forest sector.

OFIA Recommendation 4: Ensure no further consultation or negotiation requirements will be transferred to the forest industry as a result of the Forest Sector Strategy or related MNRF/MECP policy initiatives.

The OFIA would like to offer our assistance to MNRF and Indigenous communities in developing the work force of the future. We share MNRF's view that the expanding Indigenous youth population will be

⁵ Environmental Registry of Ontario, *Proposed amendments to General Regulation 334 under the Environmental Assessment Act to remove Regulatory Duplication of Forest Management requirements in Ontario*, <https://bit.ly/37S5GnC> [accessed February 3, 2020]

⁶ Ministry of Natural Resources and Forestry, *Five-Year Environmental Assessment Report on Forest Management April 1, 2013 – March 31, 2018*, <https://bit.ly/37VITHk> [accessed February 3, 2020]

⁷ Brian Slattery, *The Supreme Court Law Review, Aboriginal Rights and the Honour of the Crown*, 2005, <https://bit.ly/36VPpMU>

essential in providing the leadership required for developing forest entrepreneurial businesses that directly benefit their communities and develop capacity to participate in all aspects of the forest economy.

1.0 Putting More Wood to Work

The OFIA is very supportive of the goals and actions contained within this section, including; evaluating ways to grow more wood, providing wood supply certainty, increasing the available wood supply, and harvesting the sustainable wood supply. OFIA views this pillar as the foundation on which the rest of the strategy (addressing competitive costs, innovation, talent, stewardship and sustainability) can be developed.

1.1 Harvesting our Sustainable, Available Wood Supply

The MNRF deserves credit for establishing a bold annual timber production target of 30 million m³. However, as described in the draft Forest Sector Strategy document, this target is essentially *status quo*. 30 million m³ is currently what is prescribed through all the current FMPs; however, achieving this harvest level will require several actions outlined in the Forest Sector Strategy.

Recently, an environmental group publicly and incorrectly claimed that, “**no data or evidence are provided to support the assertion that 15 million m³ of wood volume is actually available** or that it could be allocated without impacting the sustainability of Ontario's forests².” OFIA would like to take the opportunity to address these inaccuracies by providing additional insight into forest management planning.

FMPs are developed by a multi-disciplinary team and authored by a registered professional foresters (RPF). The RPF is ultimately responsible for the sustainability and legitimacy of the FMP, based on the best available information (FRI, yield curves, forest management guidance, etc.) while balancing social, economic, and environmental values as legislated through the Crown Forest Sustainability Act (CFSA). On page 12, MNRF has done a good job outlining the relevant pieces of policy and legislation that allow Ontario to claim that the province practices sustainable forest management on Crown land.

Currently, companies receive a license to operate on an area of land. Timber volume is whatever is leftover once a forest manager has met all other legislative objectives on the land base. Providing companies with a commitment to volume, rather than area, will help address wood supply concerns. Working with industry, MNRF should explore this concept through the Forest Productivity and Intensive Forest Management strategic project proposed later in this document.

OFIA Recommendation 5: MNRF working jointly with forest industry, should explore the possibility of transitioning from area-based commitments to volume-based. Assigning an equal weight to all forest management objectives, including wood supply, should be pursued through forest management planning.

1.2 Removing Policy Barriers to Accessing Wood

In order to achieve this target, MNRF has begun actively working on several policy initiatives. On September 5th, the Ministry of Natural Resources and Forestry (MNRF) Crown Forests and Lands Policy Branch hosted a joint industry meeting in Sault Ste. Marie. The purpose of this collaborative meeting was to identify priority items, establish industry working groups, and initiate a process of aligning MNRF forest policy within the pillars of a forest sector strategy, which seek to reduce costs and increase wood supply.

This was a welcomed development, given that the Ontario Forest Industries Association (OFIA) has identified policy barriers as the main item preventing access to a sustainable and cost-effective supply of timber in the province. Given the importance of this file, industry has committed a significant amount of resources to participate in MNRF working groups. Historically, forest practitioners who have participated in technical working groups have expressed frustration that their professional and voluntary advice was often ignored; instead, MNRF officials continued to advance on internal policy initiatives without industry guidance.

Following the September 5th meeting, the OFIA was hopeful that MNRF had taken a new and collaborative approach to consultation with industry practitioners. Policy items related to a Forest Renewal Trust Policy and Silvicultural Implementation Direction (SID) have continued to persist despite OFIA's documented concerns stretching back to the original 2011 Auditor General's report on forest management. Both items have the potential to add red tape and significant cost to achieve unclear or unknown goals. The OFIA has consistently asked MNRF officials to abandon or change course on these items while providing clear interim direction to Planning Teams.

A commitment was made by MNRF staff to address industry concerns related to SID through the development of an approved policy document. Industry is supportive of the concept to validate growth and yield information; however, this can and must be done without added costs (i.e. financial or administrative), to the forest industry. Mechanisms are already in place to measure and support this validation and should be explored further by government staff to capitalize on the existing framework and technology. Furthermore, the absence of an approved SID policy document has disrupted and undermined the planning process across the province. It is essential that as a solution is being developed, Planning Teams be provided interim direction allowing performance and establishment surveys to be determined pending an approved policy.

Unworkable guidance contributes to the significant policy barriers that forestry companies face in Ontario. Addressing these barriers was instrumental to the development of an ambitious forest sector strategy. In particular, the two landscape guides and the *Forest Management Guide for Conserving Biodiversity at the Stand and Site Scales* (the Stand and Site Guide) were to be reviewed and amended based on the pillars of the strategy. The Technical Advisory Team (TAT) is currently in the process of reviewing draft documents. We remain hopeful that future guides will begin to reflect the expert advice provided by the TAT, and that the exercise is not a simple means to achieve a predetermined end.

We are pleased to report that MNRF no longer requires working group participants to maintain confidentiality. Taking this approach has allowed industry to selectively share draft material, in a confidential manner, with colleagues across the province, to provide professional advice that reflects all

regions of Ontario. Generally, the forest industry is experiencing positive results from the Forest Management Planning Advisory Group (FMPAG). Efficiencies are being found by MNRF policy staff to reduce burden on forest industry, and government staff, by streamlining previously duplicative requirements while reducing red tape.

Implementation of policy cannot be left only to training and knowledge transfer. We suggest that an oversight group, advisory committee or ombudsman be established to assess the success of removing barriers and be used as a soundboard in conflict situations.

OFIA Recommendation 6: Establish a Forest Policy Ombudsman to provide guidance on the correct interpretation of policy direction.

Industry has experienced situations where MNRF regional operations division has adopted draft policy or interpreted policy in a way that was not intended and directed Planning Teams to incorporate this into FMPs. This has resulted in FMPs being developed contrary to approved policy. MNRF must foster a system that ensures policy development is based on best science and information. Good policy means nothing without consistent interpretation and implementation. The industry and the public require a means to hold the ministry accountable and challenge poor management.

The OFIA believes there are several “low-hanging fruit” red-tape items that MNRF can take immediate action on, including concentration point approvals (through the FMPAG), and streamlining authority to haul approvals (through the scaling manual revision project).

Ontario also appears to be the only jurisdiction in Canada where tractor trailer load limits have become more restrictive. This represents a significant added cost, across the forest industry supply chain. MNRF, working with industry and the Ministry of Transportation (MTO) should evaluate the current Safe, Productive, Infrastructure-Friendly (SPIF) requirements to see if load limits can be increased, without jeopardizing the intent of the program.

OFIA Recommendation 7: Continue to address red tape items aimed at reducing costs and burden to industry (e.g. streamlining concentration point approvals and authority to haul approvals, SPIF requirements, etc.)

We strongly support the Ontario government's desire to cut red tape and administrative burden by passing the *Restoring Ontario's Competitive Act* and the *Better for People, Smarter for Business Act*. We believe a continued and sustained effort should be maintained to address red tape in Ontario's forest sector through the formation of a strategic project.

Strategic Project 1: Red Tape and Administrative Burden Reduction

OFIA has always viewed a permanent solution to the conflicting goals of the CFSA and the Endangered Species Act (ESA) as a prerequisite to a successful FSS. We believe a legislative through the CFSA, including a statement of “non-application”, is the best path forward. This was captured in OFIA's January

20th, 2020 submission to ERO# 019-1020, Proposed Changes to the Crown Forest Sustainability Act, 1994.

1.3 A Path to Increase Forest Growth

In OFIA's original proposal⁸ to MNRF, which outlined the need for an "Ontario forestry strategy", we highlighted the importance of unlocking Ontario's wood supply through the enhancement of Ontario's forest inventory, growing stock, and yield. There is a large amount of scientific and technical literature that verifies the response of Ontario's forests to various silvicultural treatments and techniques. Currently, intensive treatments and the use of improved seed are not being recognized sufficiently in yield curves through the forest management planning process. In order to encourage more of this type of investment companies need to be able to realize the benefits.

OFIA Recommendation 8: Change the third goal under "by 2030" to "forest growth targets have been established and significant progress has been made towards their achievement."

OFIA Recommendation 9: Change the fourth goal under "by 2030" to "intensive forest management has been established and is functioning as an enhanced wood production zone."

We recommend additional collaboration between forest industry and the MNRF to evaluate if strategic investments in intensive forest management can translate into increased wood volume and whether this is financially viable. . The OFIA supports a strategic analysis to evaluate the best methods for achieving growth targets along with the type and location of intensive forest management activities.

Strategic Project 2: Forest Productivity and Intensive Forest Management

For example, the allowable cut effect, or ACE, could be used as a tool to encourage intensive treatments. ACE provides an immediate increase in today's allowable cut that is attributed to expected future increases in yields. This has been used in other Canadian jurisdictions and produced varying degrees of success^{9,10,11}. In order to deliver on the draft Forest Sector Strategy targets of boosting forest productivity, and establishing growth targets, more research should be performed on this concept.

1.4 Investing in Advanced Remote Sensing Technology

Ontario's \$84 million investment in LiDAR will provide more precise estimates of Ontario's wood supply. There are a range of potential benefits from this modern technology including forest management planning, operations, and silvicultural effectiveness monitoring. However, the collection of LiDAR data

⁸ Ontario Forest Industries Association, *Ontario Forestry Strategy: A Place to Grow Our Economy, Environment, Society and Culture*, August 22nd, 2018

⁹ Martin K. Luckert and David Haley, "The Allowable Cut Effect as a Policy Instrument," in *Canadian Forestry*, *Canadian Journal of Forest Research*, no. 25 (1995) 1821-1829

¹⁰ Richard L. Hegan and Martin K. Luckert, "An Economic Assessment of Using the Allowable Cut Effect for Enhanced Forest Management Policies: An Alberta Case Study," *Canadian Journal of Forest Research*, no. 30 (2000) 1592-1600

¹¹ Scott McPherson, Wayne Bell, Jeff Leach, and Peter Street, "Applying Research for Enhanced Productivity on the Canadian Ecology Centre – Forestry Research Partnership Forests" *Forestry Chronicle*, no. 84 (2008) 653-665

does not immediately translate into an improved forest inventory, especially if managers face delays in products and QA/QC issues. LiDAR will be one of the many tools industry and the MNRF will need to investigate and implement across our managed forests. OFIA believes a strategic project aimed at providing high-quality, up-to-date, and easily available spatial data should be established.

Strategic Project 3: Forest Data and Remote Sensing

This section would also benefit from a discussion on how this investment will reduce costs to industry, and how advancements in remote sensing would provide timely information and eliminate the need for industry to undertake costly on-the-ground surveys.

OFIA Recommendation 10: Include a discussion on how investments in advanced remote sensing technologies and a path to increase forest growth will also reduce costs to industry.

2.0 Improving our Cost Competitiveness

The OFIA is very supportive of the goals and action areas contained within this pillar, including; reducing costs for the forest sector, making strategic investments in forest access roads, and streamlining forest management requirements.

2.1 Reviewing Energy Costs

On June 13th, the OFIA provided a submission to the Ministry of Energy, Northern Development and Mines (MENDM) through their consultation on the design and effectiveness of industrial electricity pricing and programs. The OFIA was pleased to see MNRF included a discussion on the importance of the Industrial Conservation Initiative (ICI) and the Northern Industrial Electricity Rate Program (NIER), as these are critically important to our highly trade exposed and energy intensive sector.

The ICI has helped the sector maintain competitiveness during the recent downturn and assisted with investments in Ontario's facilities. Some of these mills have made investments to expand capacity. When they made the investments, they counted on these savings. The ICI had a material impact on these investment decisions.

The OFIA also supports the current NIER Program as it is very important to the northern facilities. The program provides a rebate for reducing electricity consumption and having an energy management plan. It is mutually beneficial, and it works.

The OFIA proposes the following changes:

- Removing the cap would be a significant improvement and would enable facilities to maximize the benefits, all year.
- Allowing Facility Senior Management to sign and certify the report would remove the unnecessary red tape of requiring the President of the company sign/certify it.

An important energy program that was not captured in the strategy is the Industrial Electricity Incentive (IEI). The 10-year contracts under this program expire on December 31, 2024. Several forest processing facilities in the province rely on this program to ensure operations remain competitive. Certainty around the continuance of this program will be required over the next four years and, as a result, should be captured in the finalized Forest Sector Strategy.

OFIA Recommendation 11: Working with MENDM colleagues, MNRF should include a discussion on the importance of the Industrial Electricity Initiative.

2.2 Maximizing the Use of Mill By-products to Fight Climate Change

While Ontario has developed emission performance standards (EPS) as an alternative system to the Federal output-based pricing system (OBPS), the program is currently being evaluated for approval by the Ministry of Environment and Climate Change Canada (ECCC). Prolonged discussions and negotiations between Ontario and Canada have come at an expense to industry, because we have been required to participate in two regulatory development processes and develop capabilities and processes to meet the requirements of both federal and Ontario systems. To this day, industry is forced to maintain parallel data collection and reporting procedures that comply with both regulatory obligations. Across the country, the forest sector is facing significant regulatory, market, and supply chain challenges. Ontario is no different in this regard and certainty is urgently needed on this issue.

As discussions take place between Ontario and Canada, the ongoing approval process has created uncertainty for the Ontario forest industry who would like to implement and invest in a single program, rather than switching from the federal OBPS to the provincial EPS some months in the future, imposing unnecessary burden and costs on industry. Implementing the Ontario program and removing the province from Part 2, Schedule 1 of the Greenhouse Gas Pollution Pricing Act (GGPPA) will ensure that proposed greenhouse gas reduction targets are achieved while supporting industry and the business climate.

OFIA Recommendation 12: MECP should continue to work with ECCC to ensure Ontario's EPS program is approved as quickly as possible.

Under the Ontario EPS methodology for the pulp and paper sector, greater recognition for the early investments that have been made by the industry to reduce greenhouse gases (GHGs) is needed. This was outlined in an August 23, 2019 letter, *Ontario's Pulp and Paper Sector Requires 5% Biomass Factor and Flexibility in Limits as Product Lines Change*, addressed to Minister Jeff Yurek.

OFIA Recommendation 13: MNRF and MECP should develop a pulp and paper EPS with a 5% biomass factor.

Ontario's forest sector experiences a high degree of integration (Figure 2); waste material from one facility is feedstock by another. Biomass facilities play a critical role as a large consumer of wood chips and residues, contributing to the economic sustainability of sawmills, veneer, OSB, and laminated strand lumber. In order to deliver on several goals contained within the strategy, biomass facilities that produce heat, steam and energy will be essential.

Several biomass facilities across the province have entered into Power Purchase Agreements (PPA) with the Ontario Electricity Financial Corporation. Facilities are reaching the end of the PPA term, without some form of continuance to these agreements Ontario risks the permanent closure of significant assets and a collapse of the upstream producers of biomass feedstock.

OFIA Recommendation 14: Working with MENDM colleagues, MNRF should ensure the extension of PPAs for biomass facilities.

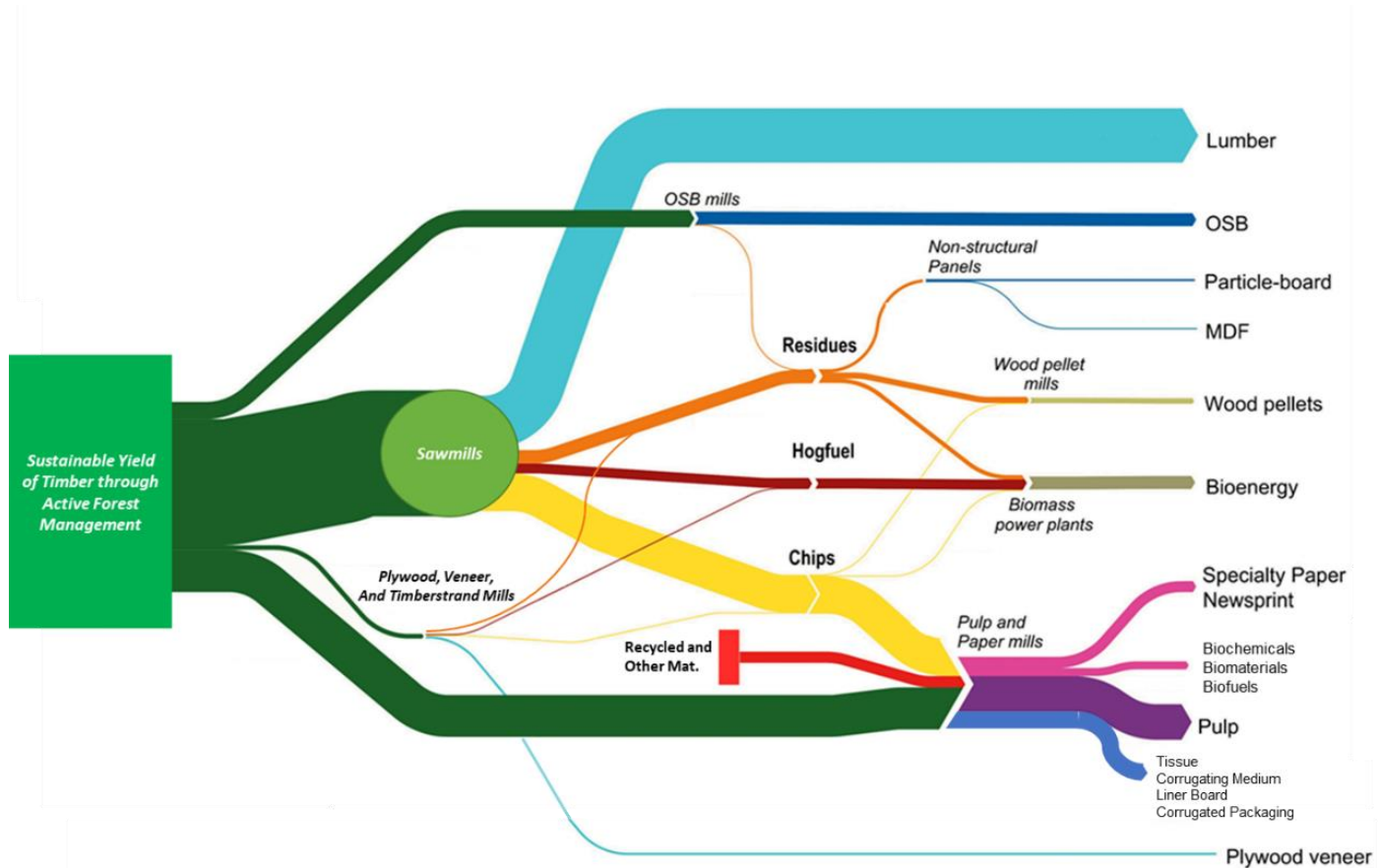


Figure 2. Integration of Ontario's forest sector. For illustrative purposes only, not to scale. Width of line represents amount of material in tons. Diagram adopted from the Canadian Forest Service/GE³LS project: <http://spruce-up.ca/en/ge3ls/>

2.3 Making Strategic Investments in Forest Access Roads

OFIA was pleased to see that MNRF included investments in forest access roads as a 2022 goal along with a brief description on the multiple uses of this public asset. We believe this section would benefit from a more thorough discussion of how this public-private partnership leverages funding to construct

and maintain forest roads and water crossings. For example, the OFIA found that for every \$1 MNRF contributes to the program, industry contributes an additional \$1¹².

OFIA Recommendation 15: Industry shoulders the cost of building and constructing forest roads above and beyond government funding for the forest access roads funding program. MNRF should include a discussion on how industry leverages government funding for the forest access roads program.

Working with government, OFIA will continue to advocate for the program to be established at \$75 million annually. Given the importance of transportation infrastructure, OFIA recommends the establishment of a strategic project designed to ensure that critical forest access roads have long-term funding, so they can continue to meet the diverse needs of many forest users.

Strategic Project 4: Forest Access Roads and Transportation Infrastructure

A critical issue facing the forest industry is the shortage truck drivers. There are currently significant barriers for young and inexperienced drivers from entering the industry (licensing requirements and high insurance costs). Similarly, experienced senior drivers are facing more and more restrictions when it comes to renewing licenses. In combination with these issues and the lowering of load limits for tractors trailers due to SPIF requirements (mentioned earlier) the industry is facing a serious challenge across the supply chain. OFIA believes that addressing these challenges should be incorporated into the Forest Access Roads and Transportation Infrastructure strategic project.

Recommendation 16: Develop an approach through the Forest Access Roads and Transportation Infrastructure strategic project that will address the trucking shortage.

3.0 Fostering Innovation, Markets and Talent

The OFIA is very supportive of the goals and action areas contained within this pillar, including; redesigning the business support program to modernize and innovate, increase the use of Ontario wood in construction and heating, and increasing awareness of Ontario's forest sector and sustainable forest management.

3.1 Making Strategic Investments

OFIA was pleased to see on November 29th, 2019, an MNRF announcement, regarding the Forest Sector Investment and Innovation Program (FSIIP). FSIIP will provide funding for strategic investments in the forest sector that improves productivity and innovation, enhances competitiveness, and strengthens supply chains and regional economies.

¹² Ontario Forest Industries Association, *Ontario's Forest Access Roads Funding Program: Accounting for Multiple Use of Public Infrastructure*, December 2018

3.2 Increasing Wood Use

The draft strategy identifies several goals for Fostering Innovation, Markets and Talent, including “Encourage and support mass timber and bridge projects in Ontario” (pg. 24, FSS) and “Increase the use of Ontario wood in construction” (pg. 24, FSS). The Ontario Woodworks Program has been instrumental in satisfying both goals since 2000 and kickstarting the Mass Timber campaign. “Element5 would not be investing in a new Mass Timber plant in Ontario if it had not been for the work Ontario Wood Works has done creating market demand for Mass Timber in Ontario” – Patrick Chouinard, Element5.

The Forest Products Association of Canada (FPAC) has stated “using wood in building construction to replace more carbon-intensive and environmentally harmful product like cement can help green our cities and towns.” We were encouraged that the draft FSS acknowledged that “by working with our partners, including the Canadian Wood Council, to align codes and standards, to develop tools, research and education resources, we will enable a shift toward the increased use of wood in our infrastructure” (pg. 25, FSS).

OFIA Recommendation 17: MNRF should re-establish provincial funding for the Ontario Wood Works program to \$300,000 annually in order to leverage industry and federal funding.

3.3 Addressing Barriers to Trade

Today, because of US tactics and the collection of unfair and unjust tariffs, Ontario softwood lumber producers have more than \$245 million in deposits sitting at the border that they can not use to support their employees and operations.

OFIA Recommendation 18: Establish an Ontario Commercial Loan Guarantee Program (OCLGP) that supports Ontario producers with working capital and prevents the illegally collected duties from interfering with the normal course of business.

3.4 Growing Talent in the Forest Sector

OFIA supports increased funding and program development for Indigenous businesses, capacity, and worker training. There are additional programs designed to attract young Ontarians to the forestry sector that go beyond the Specialist High Skills Major (SHSM) program mentioned on page 26, and we encourage MNRF to develop an inventory comprised all existing educational and training programs.

Additionally, these programs should promote career opportunities outside the scope of conventional forestry, including: skilled tradespeople, truck drivers, heavy equipment operators, millwrights, process engineers etc.; all of which, are equally as important to a successful forest sector.

We believe this action could best be addressed through the proposed Forest Sector Promotion and Education strategic project, described in the pillar below.

4.0 Promoting Stewardship and Sustainability

4.1 Earning Recognition for Our Sustainable Forest Management Practices

Working collaboratively with the MNRF, OFIA will continue to position Ontario as an environmentally responsible forestry jurisdiction while promoting leading forestry policies and practices, initiatives and achievements.

Given the number of initiatives, programs, and organizations that promote sustainable forest management practices, the benefits of using forest products, and marketing employment opportunities in the sector (e.g. Forests Ontario, the It Takes a Forest initiative, Forestry in the Classroom, Forestry Connects, Ontario Wood, Forest Stewardship Council, Sustainable Forestry Initiative, Canadian Council of Forest Ministers, Forest in Mind program, Women in Wood, Canadian Institute of Forestry, National Steering Committee for Gender Equity in Canada's Forest Sector, Canadian Wood Council, Forest Products Association of Canada, the Ontario Professional Foresters Association, FPInnovations, Wood Works, Project Learning Tree, Centre for Research and Innovation in the Bio-Economy, Nextfor, the Greenest Workforce, Mass Timber Institute, Two Sides North America, and the OFIA); we believe a more strategic approach to forestry promotion and education is required to ensure effectiveness and reduced costs to industry and government.

Strategic Project 5: Forest Sector Promotion and Education

Forest certification can be an effective marketing tool for sustainably managed forest products. MNRF should consider expanding the discussion on page 28 of the draft forest sector strategy. For example, approximately 26 million hectares (or 77%) of managed Crown forests are certified by a third party – with many forests being certified by more than one certification body (Figure 3).

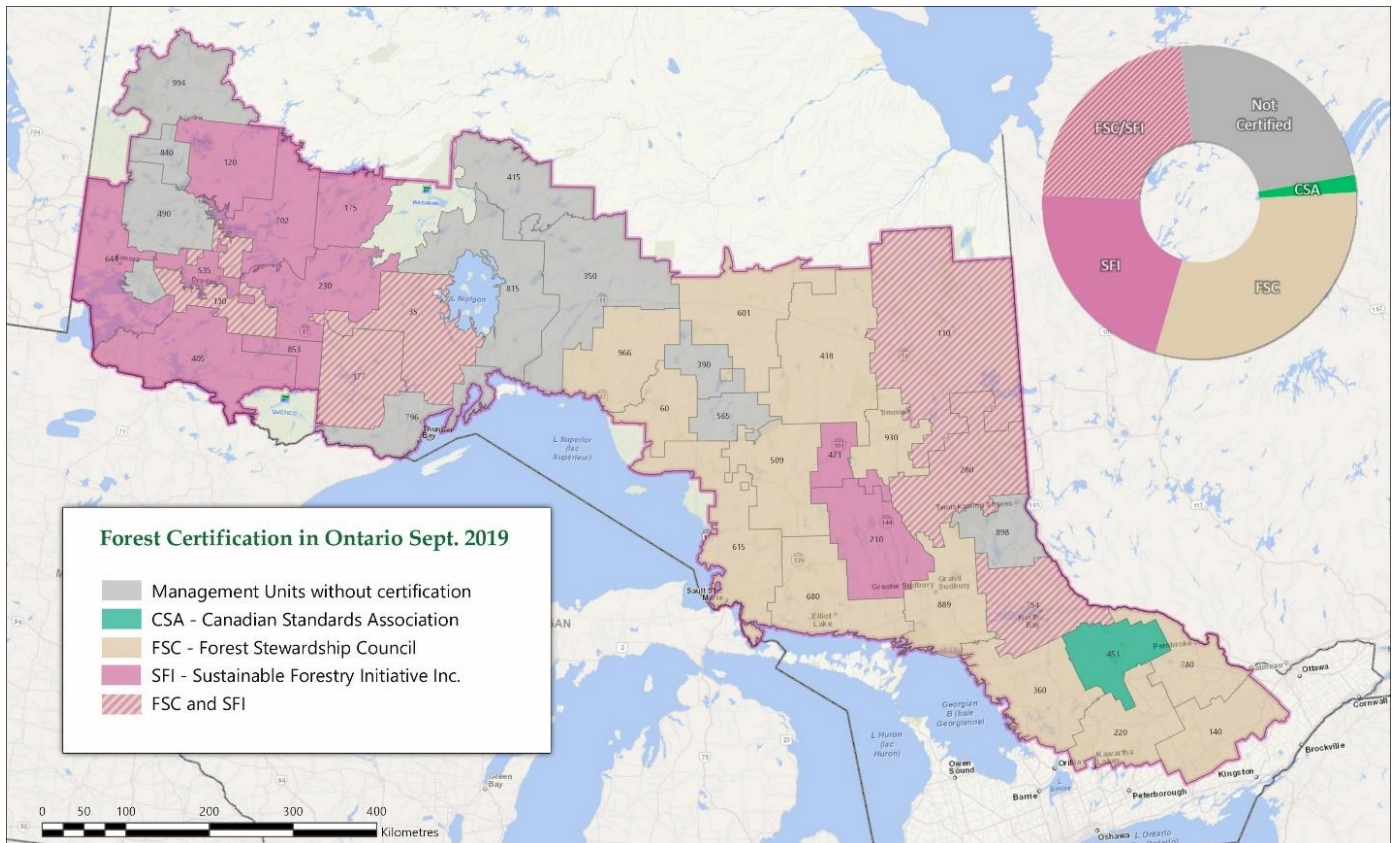


Figure 3. Forest certification in Ontario

Given current public recognition around the importance of planting trees, MNRF should consider highlighting regeneration statistics. Ontario's forest industry, on average plants greater than 70 million seedlings a year and uses greater than 430 million seeds in aerial seeding per year¹³.

4.2 Conducting Applied Research and Best Science

OFIA endorses applied research and monitoring to inform evidence-based decision-making and policy that uses the best science and information available. For example, OFIA will be providing a comprehensive submission to Environmental Registry of Ontario #019-1005, *Discussion paper: Developing strategic direction for managing forest pests in Ontario*, to highlight the importance and potential risks that forest pests pose to Ontario's timber supply.

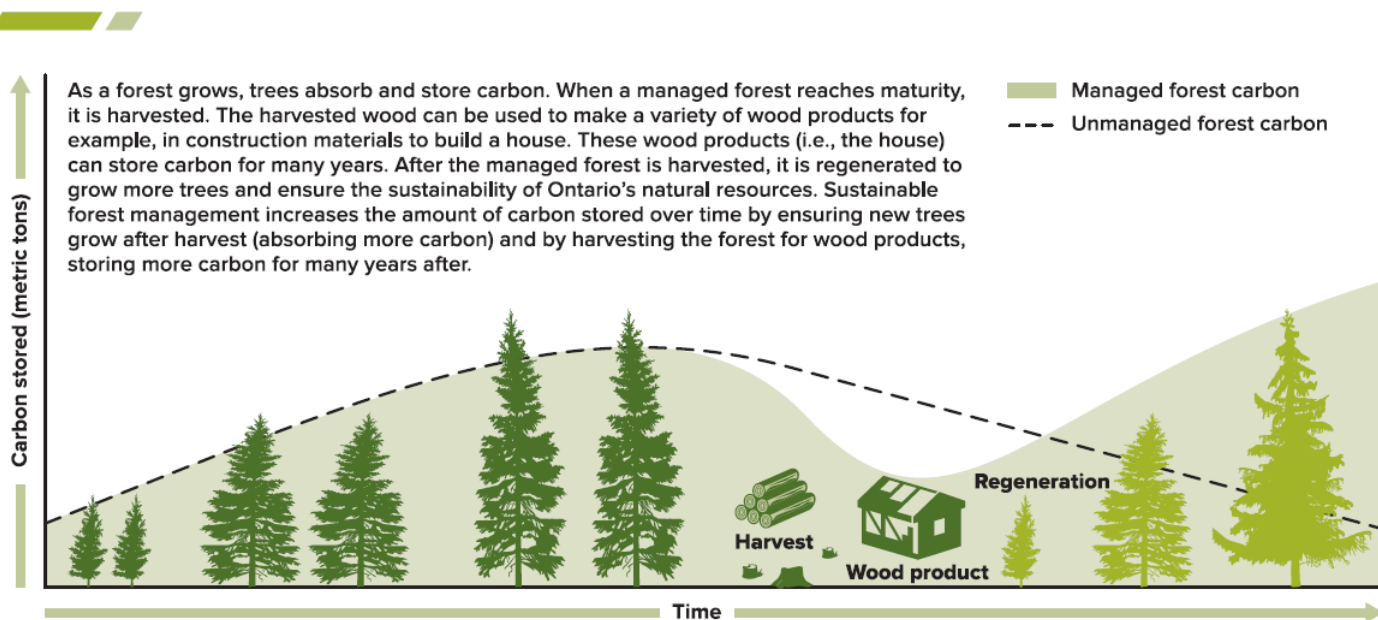
MNRF should highlight their commitment to active, adaptive management and consider including a statement around the adaptive management cycle in the finalized FSS. This approach views environmental policy as an experiment, from which policymakers will learn from and adapt to over time.

OFIA Recommendation 19: MNRF should include a statement explaining forest management and the adaptive management cycle.

¹³ Canadian Council of Forest Ministers, National Forestry Database, <https://bit.ly/38067wb> [accessed February 3, 2020]

4.3 Responding to a Changing Climate

The OFIA believes that Ontario's forest sector can play an important and positive role in climate change adaptation and mitigation. It is critical that Ontario's working forests and harvested wood products (HWP) are recognized as major contributors to GHG emission reduction and sequestration (Figure 4).



(Source: Adapted from Perez-Garcia et al. 2005).

Figure 4. Infographic taken from MNRF forest carbon policy discussion paper illustrating carbon storage in forests.

At a high-level Ontario's efforts to address climate change are focused on adaptation and mitigation. Healthy, resilient forests are best able to resist and adapt to climate change impacts. Ontario's sustainable forest management framework has been designed to ensure a healthy, and resilient forest¹⁴. While this commitment exists at a corporate level within MNRF, we have witnessed the development of technical policy direction that fails to recognize the role of climate change. In particular, species at risk policy delivered through the stand and site guide, would benefit from a more thorough evaluation of the impacts of climate change on habitat conditions. The OFIA believes that acknowledging impacts of climate change should be an explicit goal, found within the finalized strategy.

OFIA Recommendation 20: Include a 2030 goal that MNRF will modernize the policy framework for managing forests and wildlife to adapt to and mitigate the impacts of a changing climate.

¹⁴ Ministry of Natural Resources and Forestry, Forest Management Planning Manual 2017, <https://bit.ly/2UwkgNs>

Conclusion

The OFIA would like to take this opportunity to congratulate the MNRF on developing such a comprehensive and ambitious forest sector strategy. In combination with the 20 recommendations and 5 strategic projects provided in OFIA's submission, Ontario will establish itself as a world leader in making and selling forest products from renewable, sustainable and responsibly managed forests.

We look forward to working with the MNRF over the next 10 years to ensure successful implementation of a strategy that will benefit all Ontarians.