Ontario’s Forests
Ontario’s Future

Changing Times In Ontario’s Forest:
A Public Forum
October 20, 2009
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Our Commitment

Ontario budget announcement - March 26, 2009:

The government will review Ontario’s forest tenure and pricing systems, exploring options to improve their design. Working with industry, environmental groups, Aboriginal communities and the broader public, the government will help create the best environment possible for Ontario’s forest product businesses to succeed, while balancing this with sustainable practices.
Tenure and Pricing Review

Purpose:
Ontario is reviewing its approach to tenure and pricing to arrive at a system that:

• Creates the best environment possible for Ontario forest product businesses to succeed;

• Provides for the right level of investment to ensure that the Crown forest continues to be renewed;

• Provides a good balance of forest management responsibilities between the public and private sectors; and,

• Encourages forest sector investment, innovation and employment.
Approach

• Phase 1 - Seek input on improvements
  – Tenure and Pricing Discussion Paper
  – Multi Pronged Consultation
  – Technical analyses on economic conditions and governance
• Phase 2 - Develop Options/Recommendations
  – Input on proposed framework
• Phase 3 - Approval of preferred model(s) and transition strategy
• Phase 4 – Implementation
  – Orderly transition - Timeframe depends on the significance of change
Tenure and Pricing Discussion Paper

- Ontario’s Forest: Ontario’s Future
- Ontario’s Forest Sector
- Purpose
- Historical Perspective
- Elements Under Review:

1. **Maintaining a Healthy, Productive Forest**
   - Continuous and predictable long-term supply of Crown timber

2. **Modernizing Licensing and Allocation**
   - Encourage more open access to fibre and greater investment

3. **Improving Pricing System**
   - Valued based on greater market forces and provide a fair return for all Ontarians.
Modernizing Licencing and Allocation

Three methods that crown timber is made available:

1. Sustainable Forest Licence (SFLs)
2. Forest Resource Licences (FRLs)
3. Supply Agreements
Modernizing Licencing and Allocation

2. **Forest Resource Licences (FRLs)**
   - overlap onto SFLs
   - short term, with no direct management responsibilities
   - must agree to share costs with SFL on roads, renewal, etc.
   - can harvest their own timber

3. **Supply Agreements**
   - overlap onto SFLs
   - longer term, with no direct management responsibilities
   - must agree to share costs with SFL on roads, renewal, etc.
   - cannot harvest their own timber and so must purchase from SFL
Current Timber Pricing System

$ PER M3

RESIDUAL VALUE: an additional revenue charged when the price of manufactured products rises above a defined threshold.

Price of Timber

MINIMUM BASE: Paid by all companies on any and all harvested timber

FOREST RENEWAL CHARGE: Cost to Regenerate a particular Forest

FORESTRY FUTURES CHARGE: Forest Inventory and renewal costs not covered

TOTAL PRICE ($/M3)
Public Consultation

- **Round Tables**
  - Invite individuals representing regional interests
  - Facilitated sessions

- **Public Sessions**
  - Same locations as Focus Group sessions
  - Evening sessions to increase participation
  - Similar in look and feel to Round Tables

- **Locations**
  - Sault Ste. Marie – September 17, 2009 (16/49)
  - Timmins – September 22, 2009 (18/35)
  - Hearst – September 24, 2009 (21/45)
  - Dryden – September 29, 2009 (18/50)
  - Thunder Bay – October 1, 2009 (40/142)
  - Marathon – October 6, 2009 (23/20)
  - Huntsville – October 13, 2009 (26/45)
  - Pembroke – October 14, 2009 (26/38)
Policy Questions

Maintaining a Healthy, Productive Forest

1. Should management units be larger or smaller?
2. Should Ontario consider a system of intensive management zones similar to that being proposed by Quebec?
3. What improvements to the Forest Renewal and Forestry Futures Trusts could be considered?
Policy Questions

Modernizing Licensing and Allocation

1. Should there be a separation between strategic and operational forest management responsibilities?

2. Should consuming mills be responsible for the management of a public sector resource?

3. How should timber be allocated (e.g. auctions, contracts, government commitments)?

4. What proportion (e.g. 25%, 50%, 75%) of Crown timber, if any, should be made available through commitments?

5. What mechanisms can be put into place to promote increased opportunities for Aboriginal involvement?

6. How much regional variation should there be across the province?
Improving Pricing System

1. What features of the current pricing system should be retained and what improvements are necessary?

2. What mechanisms and design strategies (e.g. auctions, contracts, administrative) should be used in the pricing of Crown timber to better reflect market value and changing economic conditions?

3. What role should government play in determining the amount charged for Crown timber?
Public Consultation

• Well attended at all locations
• Round Table participation was greater than 100%
• Majority of participants at round tables and public sessions attended entire session
• Round table participants returned for evening session (20%)
• Format well received yet some concern about questions being restrictive.
General Themes of Feedback

1. “Community or Regional Forests”: common at all workshops but poorly defined
2. Level Playing Field
3. Wide opinion on use of auctions to price timber, but more opposition; largely due to lack of understanding
4. Conditional commitments (use it or lose it)
5. Low support for intensive management zones
6. Separation of mills from management responsibilities
7. Strategic vs operational responsibilities
8. Significant variation between locations:
   • Hearst vs Dryden vs Thunder Bay
Website

- [www.ontario.ca/foresttenure](http://www.ontario.ca/foresttenure)
- Launched in 2 phases:
  - August 27th – Informational component (Discussion Paper and community schedule)
  - September 17th – Interactive component
- To Date Usage:
  - 1100 unique visitors (1900 visits/ 65 per day)
  - 5 countries
  - Early usage focussed on review
  - Interactive component increasing daily
- Interactive Users
  - 166 registered users
  - Approximately 10 contributors
Tenure and Pricing Review Timelines

- **Announcement and Launch**
- **Round Tables, Aboriginal* & Public Sessions**
- **Review Options**
- **T & P Options and Recommendations**
- **Final Recommendations**

- Review input, develop options and recommendations
- Review input and develop final recommendations

Modernizing Ontario’s Forest Tenure and Pricing System
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Modernizing Ontario’s Forest Tenure and Pricing System
Aboriginal Engagement

Round Tables

Aboriginal Regional Sessions

Community Meetings

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