



Response

From the

Ontario Professional Foresters Association

to the

Ministry of Northern Development, Mines and

Forestry

regarding the

Consultation and Discussion Paper

of the

Tenure & Pricing Review Project

Submitted: 2009-10-26

**OPFA Comment to MNDMF Regarding Tenure Review Project
2009-10-26**

The Ontario Professional Foresters Association (OPFA) is keenly interested in the sustainable management of Ontario's Crown forests. Our members, professional foresters, are responsible for ensuring and promoting the health and productivity of Ontario's forests and are the only profession held formally accountable through licensing for the quality of forest management. The OPFA is interested in cooperating with the MNDMF tenure review team by facilitating communication with our membership and providing a consolidated response endorsed by our Council.

The OPFA has the statutory responsibility to regulate the practice of forestry and to govern its members in order that the public interest is served. Due to the specific mandate of the association, the OPFA is primarily interested in commenting on aspects of tenure reform that relate to the sustainable management of our forests and the practice of forestry. Ecology, society and economy are considered to be the three pillars of sustainability. Only when each of the pillars is functioning well can we claim 'sustainability'. We believe that enhancing the profession of forestry is an important component to enhancing the sustainability of our forests.

Professional foresters are employed throughout Ontario in the academic, private and public sectors. Within our organization, members speak freely from their knowledge and experience and express professional opinion without influence from our employers. Consultation with our membership has revealed strong consensus on a number of principles; however, on some subjects there are strongly divergent opinions on details of implementation. The comments here reflect a canvassing of our membership but have been reviewed by special committee and endorsed by our Council and should be considered the consolidated voice of our profession.

The synergy developed through this process in the next few months should offer information and arguments that would offer opportunities to refine our position based on the input received and the synthesis and analysis done by the MNDMF team. Accordingly, our members feel the need to review any prospective new tenure models before they become final. The OPFA strongly supports the concept that some options or a proposal be subject to further consultation for comment before implementation. We have limited the detail of our comment; several fundamental decisions must be made by MNDMF before productive discussion of detail can be held.

Our process of consulting with our membership and committee review has identified the following themes of significant importance. Each of these relates to one or more of the pillars of sustainability, or the professional practice of foresters.

Forest Benefits

Ontario's Crown forests belong to the people of Ontario. It is widely recognized that the forest provides numerous benefits and ecological services for the public. It is critical that a review of the tenure system recognize the diverse benefits derived from the forest. The forest is a unique public asset that requires active management. The management structure that is implemented should be economically motivated to manage for the public good. Whatever new tenure system is created it is important that the forest not be treated as a short-term profit centre at the expense of long-term forest sustainability. It is expected that a well managed, productive forest in Ontario will provide economic and social benefit to the forest industry, local communities and all people of Ontario.

Renewal Funding

Many members of the OPFA have expressed concern regarding the availability of adequate funding for forest renewal. There is a general impression that some renewal fund balances may be inadequate. The mechanisms of the Forest Renewal Trust Fund seem to function adequately. Reduced renewal rates may result in some renewal fund balances being maintained well below adequate levels. Inadequate funding raises significant concern of the effectiveness of forest renewal programs. Even during good times, there is constant pressure to minimize expenditures on renewal and maintenance. During economic downturns these issues are exacerbated. The system must be improved in order to ensure adequate forest renewal funding at all times. OPFA recommends any revisions to renewal rate(s) for a management unit be prepared and certified by a registered professional forester for the tenure holder. In addition, the Crown's RPF representative should sign indicating his/her agreement to the proposal. Any proposed change in renewal rates should consider, at a minimum, the level of funding to be maintained in the trust, forest management targets to be accomplished, along with estimated costs and revenues for a five-year term. Also, forest managers that report to a board of varied interests may have a longer term view and be more likely to resist the pressure to minimize expenditures for short term gain.

Public Consultation

Increasing the size of forest management units has the potential to reduce the effectiveness of public comment. It is important that any new tenure structure allows for effective public involvement. As authors of the forest management plans, our members value the input from the public during the development and implementation of the plans.

Forest Research

In recent years, most corporate tenure holders have divested from forest research. In the 90s the Ontario government invested heavily in silviculture and growth and yield research yet in recent years this investment has diminished. Whatever the modifications to the tenure system, it should provide mechanisms that enhance practical forest research.

Forest Management

The tenure system in Ontario is the foundation for the forest management planning process. The OPFA believes that tenure reform significant enough to meet the objectives of the discussion paper should ultimately lead to improvements in the efficiency and quality of the forest management planning process.

Open Market

The system governing the allocation of forest resources has become outdated. We recognize that the system fosters less than full utilization of available resources and restricts opportunities for new entrants. This is devastating to community economies, many of which have become dependent on one employer.

Fluctuations in market behaviour may affect forest utilization levels and consequently have impacts on the forest. Foresters are challenged to schedule and implement harvest, renewal and tending activities in response to market forces.

Alterations to Ontario's tenure system should enhance access to new markets and support innovative new users of the resource. For clarity, we believe each forest should have some portion (at least 25%) of its wood supply available on the open market and that that amount should be managed by the forest management entity. A more diverse and resilient market for forest products should provide a more steady demand from the forest. To be more responsive this system should be decentralized to the management unit level and local companies or agencies reporting to boards representing diverse local interests.

Where markets are not adequate to support a more open approach (e.g. too few buyers) some other methodologies will need to be developed. We welcome further consultation on this issue after other primary decisions are made.

Aboriginal Involvement

While progress continues to be made by some SFL companies, aboriginal involvement in forest stewardship is critical to effective forest management and thus to any redesign of the tenure system. The tenure system must provide adequate involvement of Aboriginal communities in all aspects of forest stewardship and management planning. Any redesign of the tenure system should stimulate economic and other opportunities for Aboriginal peoples and communities.

The OPFA offers the following responses to selected questions posed in the discussion paper and looks forward to an approach that stimulates professional practice of forestry and is beneficial to our forest ecosystems, our economy, and society.

Should management units be larger or smaller? Should they all be the same size? What criteria (such as tenure obligations, ecological boundaries, watersheds, transportation routes, etc.) should be considered to determine the appropriate number and size of management units and why?

Size can vary. Regardless of size, the OPFA is supportive of a management unit design that would better accommodate broad eco-regional objectives for forest composition and structure. We are also supportive of designs that would provide greater economic efficiencies related to the transportation of forest products. We believe that strategic and operational forest management planning should always be connected.

Should Ontario consider a system of intensive management zones similar to that being proposed by Québec? If so, what do you suggest would make this approach suitable to Ontario (for example zoning, incentives, or licence conditions)?

Yes, intensive forest management zones should be established in specially selected areas across the province. Aside from enhancing the supply of forest products these focused areas provide enhanced opportunities for research and training. These areas might best be located on highly productive sites close to communities and markets and be limited to an extent that doesn't significantly impact broader ecosystem functions. The establishment of enhanced management areas for intensive forest management is already considered in Ontario's policy; however, no such areas have been established. Without tenure reform, significant amounts of intensive forest management (enhanced silviculture) are not likely to occur. The province should be willing to entertain proposals from various proponents to develop these areas. This would likely require unique forms of tenure negotiation and/or investment from the province.

What improvements to the Forest Renewal and Forestry Futures Trusts could be considered to ensure there is sufficient funding for basic silviculture during both positive and negative economic cycles? Are there other mechanisms that could be considered?

The OPFA is supportive of funding mechanisms that would ensure adequate forest renewal under all potential economic conditions. Special dedicated independent trusts, separate from government's consolidated revenue, must be retained. Only in this way can sufficient secure funding be realized to assure the *development, management, conservation and sustainability of forests...*. The OPFA is supportive of maintaining the existing structure with some modification (see comments below re: features of pricing systems). Recent experience has made it clear that reserves collected for silviculture should not be diverted to other uses. During good times surpluses in trust funds should be managed with consideration of future downturns in the economic cycle. Care should be taken before assigning new responsibilities of the trust funds without a supportive funding stream.

Should there be a separation between strategic and operational forest management responsibilities? If so who should be responsible for what (e.g. strategic planning, operational planning, reporting, other forest activities and compliance monitoring)?

Our members take widely diverging views on the redesign of forest management responsibilities. Some see merit in separating the strategic planning from operational planning as this would better define the role of the professional forester. Others suggest that there is strong evidence from the independent forest audit process that the current delegations of responsibilities are working well. The OPFA's primary interest in this matter is that professional foresters can be effective in all of these responsibilities and that through these efforts society's needs from the forest are met.

Strategic planning involves setting objectives for future forest condition and establishes operational strategies to reach these goals. As more and more strategic direction is set through policy (e.g. Landscape Guide) a more reasonable distribution of workload between government and forest management entities is possible. However, this should not be our highest priority. More important than realigning duties of strategic and operational planning is filling the void created by the absence of effective higher land use policy. Most of Ontario's Crown land, south of the far north, is a patchwork of land use direction; general use areas, parks, conservation reserves, and enhanced management areas. Although there have been some attempts (e.g. Great Lakes Heritage Coast, Lake Nipigon Signature Site) there has been little success at producing a holistic vision of land use at of sub-regional scales. The Whitefeather Land Use Plan "*Keeping the Land*" and the Algonquin Provincial Park Management Plan provide examples of effective land use planning.

The separation of strategic and operational planning is a question that can be better addressed when more is known about the possibility of redesigning forest management units. If the size of forest management units changes drastically then there would certainly be merit in re-examining the delegation of responsibilities. Strategic planning assumptions must include operational considerations so the complete separation of these planning aspects may not be desirable, or at a minimum, require extensive consideration on how best to implement the change.

It is clear that the Crown doesn't currently have the capacity to conduct all responsibilities related to forest management. It is also not appropriate for the same body to carry out all of these tasks as some conflicts of interest are anticipated. It is important that some entity other than the Crown be responsible for at least operational planning, general forest activities and reporting.

The OPFA believes that significant insight can be gained from forest management entities that are functioning reasonably well (e.g. Algonquin Forestry Authority, Dryden Forest Management Company Ltd). The OPFA believes that an effective model would be for a system of independent forest management companies or boards to do the forest management planning, operations, renewal and tending and marketing of the Crown forest resources within broad strategic land use policies and clear outcome goals set by the Province.

Should consuming mills be responsible for the management of a public sector resource? Should special operating agencies be established to work between companies and government? What is the appropriate model (e.g. Crown Agencies, forest management boards, community forests, independent forest management companies) and role for government?

Ideally, business entities, at arms length from the processing facility, should be put in place to conduct the operational management of the forest. These business entities should be responsible for marketing timber from the forest. To ensure sustainability, these management entities should report to management boards, each represented by a broad group of stakeholders which may include mill interests. Governance of these boards should ensure that no one entity is permitted to dominate the decision making.

How should timber be allocated (e.g. auctions, contracts, government commitments) to provide flexible and open access to available timber for new emerging entrepreneurs as well as offer investment certainty for existing competitive industry?

At this point the OPFA is not concerned with a specific mechanism of sale (e.g. auction or contracts). The OPFA does support a transition to an open market system (see above).

What proportion (e.g. 25%, 50%, 75%) of Crown timber, if any, should be made available through commitments? Under what conditions (e.g. mill is operating, first right of refusal, specified term)?

Members of the association have different views. Some advocate a fully open market. Others believe that the economy of some smaller communities depend on wood supply commitments.

In fairness to companies that have made significant investments and have created jobs based on wood supply commitments it is important to retain some type of commitment framework. Commitments should be assessed frequently and adjusted accordingly. The goal should be to reduce the total amount of committed wood supply. Long term security of wood supply could still be attained through the negotiation of contracts within a more open market system.

What mechanisms can be put into place to promote increased opportunities for Aboriginal involvement in the forest sector (e.g. direct licences or allocations)?

The appropriate mechanism for how Aboriginal involvement in the tenure system should be developed with Aboriginal communities. Foresters involved in forest management and planning activities feel that improved involvement and relationships with Aboriginal communities will benefit the practice of forestry and therefore the forest condition.

How much regional variation should there be across the province?

The OPFA favours a diversity of management models (Forest Authorities, co-operative SFLs, Crown agencies, not-for profit corporations, management boards etc.) as we believe this will enhance professional capacity and the resilience of the overall system. A diversity of models will provide ongoing insight into the merits of different organizational systems.

What features of the current pricing system (price - base payment and residual charge, forest renewal charge, and forestry futures charge) should be retained and what improvements are necessary? For example, should the amount charged for forest renewal remain specific to the management unit or should these charges be established regionally or provincially?

On principle, whatever the pricing system, it must make available and deliver sufficient funds to address renewal from both harvesting and natural disturbances. The existing mechanisms function fairly well but several significant modifications are required. 1) Trusts reserved for forest renewal should not be used for special purpose funding other than forest renewal. 2) The level of funding needs to be adequate to cover costs of renewal and tending to meet objectives specified in the plan. 3) Some form of oversight is required to ensure that monies collected for silviculture as a fee associated with harvest are adequate. 4) A funding mechanism should also be established to ensure continued forest research.

Given the above principles, the amount charged for forest renewal should be specific to the management unit.

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? If mechanisms like auctions were used, what proportion of timber should be made available through those auctions and what should be made available through other methods?

Except for our observation above, about moving to a more open market, we do not feel that this is within the OPFA's mandate.

What role should government play in determining the amount charged for Crown timber? Should government consider using organizations such as an agency appointed by the government, an independent board, or other types of organizations to provide this function?

We do not feel that this is within the OPFA's mandate.

Additional Comments

Private Land

The OPFA would like to highlight the effect that tenure reform will have on private land. The pricing of forest products from private land is based on a free market system, but is greatly affected by the larger timber supply from Crown land. Changes in the pricing structure of Crown timber affect the pricing of timber from private land. The OPFA believes that a move to a more open market for all wood supplies will be fairer to private land owners.

Wood Supply Competitions

Ontario's recent wood supply competitions have not been successful. Several competitions have occurred but have not resulted in announcements of new investment (e.g. Kenora conifer competition, Thunder Bay white birch competition). Furthermore the current request for expressions of interest has not progressed to a stage II. Our current wood allocation system seems to be ineffective. There is a perception in the public and among professionals that the government is unwilling to exercise its power in recalling committed wood supplies that are being under utilized. The OPFA recognizes that the process to unencumber wood supplies is a complicated and difficult process. These examples further underscore the need for tenure reform.