

A Review of Westwind Forest Stewardship

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ON BEHALF OF

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Community Forest Workshop
Thunder Bay, March 2009

Northern Ontario
Sustainable Communities Partnership



Westwind

WESTWIND FOREST STEWARDSHIP, INC.

Westwind Forest Stewardship Inc. is:

- A not-for-profit, community-based forest management company
- Holds the Sustainable Forest License for the French Severn Forest (~850,000 hectares; 350,000 production)

Westwind's Mission

- Westwind Forest Stewardship orchestrates ecologically sustainable forest management on the diverse and intensively used French-Severn Forest in the Parry Sound/ Muskoka region of central Ontario.

Background

- Located between Algonquin Park and Georgian Bay in the East and West respectively, begins 50 kms South of North Bay and extents into Muskokas.
- 4 small towns, many smaller communities
- 7 first nations
- 25 operators (16 small independent); 6 mills
- 50 % harvest to Tembec (hardwood flooring)
- Others from 0.1% (horse logger) to 5%
- AHA 3500 ha selection); ~150,000 cu. m actual
- Every recreational activity known to human kind

Historical accidents

- Harvesting has taken place since the 19th century, mostly high grading of one species after another – yellow birch, hemlock, pine, maple
- Public pressure started the push into “good forest practices” in central Ontario in the 1970s – leading to tree marking and the selection system
- Historical mixture of small and large operations
- Westwind was created during the downloading of Ontario’s crown forests to the private sector in the 1990s

Geographical accidents

- Great Lakes forest is diversified
 - requires mostly selection silviculture
- Highly valued tourism recreation area
 - 4 hours to 12 million people nearby
- Precambrian Shield
 - low agricultural value; lots of water
- 23% of the crown land area is Park (not including Algonquin to the east)

Board Structure

- 8 person (responsible only to Westwind)
 - 4 selected from the community based on skills and perspective
 - 1 chosen by Native Communities based on skills and perspective – chosen by Chief and Council of the 7 FNs.
 - 1 representing independent loggers
 - 1 representing largest allocation (Tembec)
 - 1 representing medium size mills
- Consensus based
- Nomination committee responsible for renewing Board

Board Selection

- Best example is the FN position on the Board who is chosen by Chief and Councils of the 7 FNs.
- Applicants are solicited by Westwind for business expertise, and knowledge of communities.
- Put forward by nominating committee as required in by-laws

Activities

Our staff provide:

- Good forest management and planning
- Good community relations
- Certification – First FSC certified public License in Canada (2002)
- Training – loggers, others
- Since inception over \$9 million in silvicultural spending, plus \$3 million in forestry futures projects

Original Guiding Ideas

- “Trust is everything” as with all good partnerships (George Bruemmer 1997)
- Mentors within the government, industry and NGO’s are important
- MONEY, MONEY, MONEY!!
- Stable core funding is essential, as such outside funding is part of our business case, otherwise Westwind follows conventional business models

Where does Westwind fit into the spectrum of Community Forests in Canada?

- To answer this question for our own understanding, we reviewed the status of a number of CFs across Ontario and beyond.
- These findings are subjective based on nine characteristics that we felt were relevant to CF.
- The CF continuum goes from consultation to management responsibility, to a stake in ownership, realizing that this is complex and does not fit onto a line (the answer is 42 😊).

Valuation of CF Characteristics

- Consultation Advice to owner
- Management Control
- Ownership by Community
- Membership from Community
- Representation of Community Interests
- Control over Licensing
- Enforcement
- Accountability to the community
- Clear mission that is Followed

Crown land to Community Forest

Crown Licenses

Corporate
SFL

Co-op
SFL

Westwind

Algon For Auth

Mistik

INNU

Labrador ⁷¹

10

50

90*

Consultation

Management

Ownership

Elk Lake

Cons Auth

Simco County

Non License Organizations

*Ranked arbitrarily by the author Tom Clark

Viability

- Continuum shows that the Management organizations higher on the scale who have more ownership/ tenure are also the most financially stable
- Those with more of management focus (alone) are less viable as stand alone business in the current economic situation.

Moving Forward

- SFL management companies should be independent of mills
- A tenure review is badly needed to allow local managers or CFs to function
- Even in very poor economic conditions, the government still collects about \$50 million in stumpage across the province

CF Contingency Funds

- As with any stand alone business, a CF SFL needs to build contingency to carry through the bad times
- Board needs to build a financial buffer
 - Put away for termination pay
 - Renewal trust minimum balance
 - FMP needs to be planned for (\$half million)
 - External Audits are required by government but not paid for

Board Membership

- When Choosing Board Members look for:
 - Community leadership
 - Financial expertise
 - First Nation Perspective
 - Forest products marketing
 - Environmental Perspective
- Total number should be 3 to 7
 - Enough for a balance of perspectives
 - Need understand business cases!

Board Fiduciary Responsibility

The Supreme Court Of Canada (2004):

“The fiduciary duty under s. 1221a of the CBCA requires directors and officers to act in good faith and honesty vis-à-vis the corporation...At all times they owe fiduciary obligations to the corporation, and the corporations interests are not to be confused with the interests of the creditors or those of any other stakeholder.”

Board Fiduciary Responsibility

- This means a Forest Management Company is there to maintain the forest resource for all users, and to do this in a businesslike, sustainable manner.
- They are not there for the purpose of reducing delivered wood costs, reducing renewal trust charges, and to listen to the needs of one or two stakeholders.
- Directors must understand that wood supply must be shared.

Current Status

- “Cash Flow is King” Steve Munro
- Industry not cutting their allocation, yet harvesting has to be done.
- Additionally, income is much reduced due to economic downturn, consequently some staff are laid off.
- We need to be doing a better job of making the wood available all participants.

Licensing and Tenure

- SFL General Manager is the referee in wood allocation.
- If one part of the operators group do not want to cut, wood goes to the next in line – No Reserves.
- SFL must have power to allocate - need fast government response to reallocation requests.

- Allow CF SFLs to transfer allocations for short periods 1 yr or 5 to new prospects short term
- We need GUARANTEED funding source to conduct business.
- So open to all new models and uses. Ideally local or regional in nature : Co-Gen, Wood Pellets, C02 capture

THANK YOU

- Questions specific to Westwind operation can be addressed to:
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Government Intransigence

- Other governments have moved forward with tenure reform
 - BC Timber Sales
 - Quebec 20% free market wood
 - Ontario is thinking about it ?...
- Tenure is the door that can allow CFs to build contingency funds in good times