

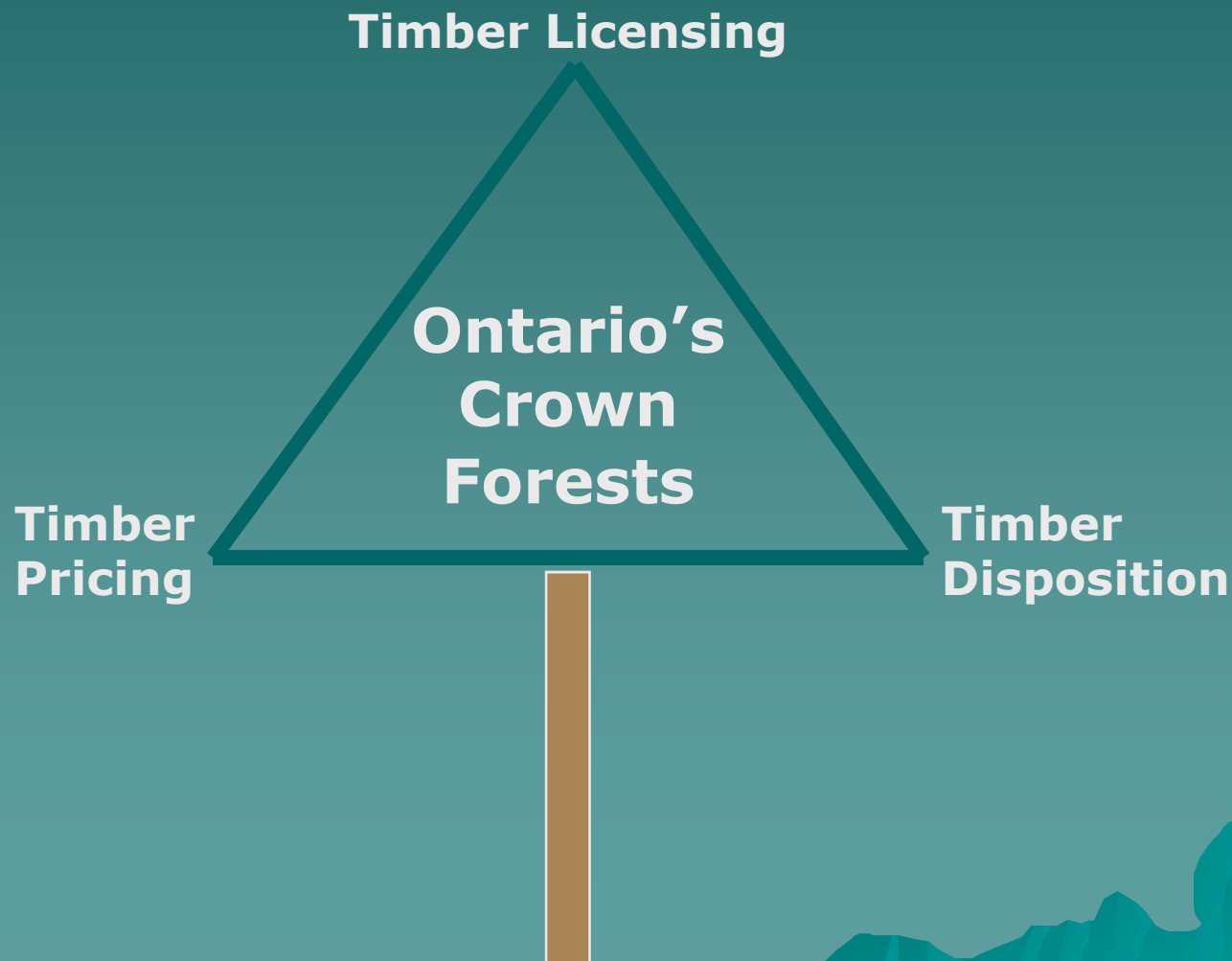
Ontario Tenure Presentation

Northern Ontario Sustainable Communities
Partnership Workshop on Community Forests

Presented by
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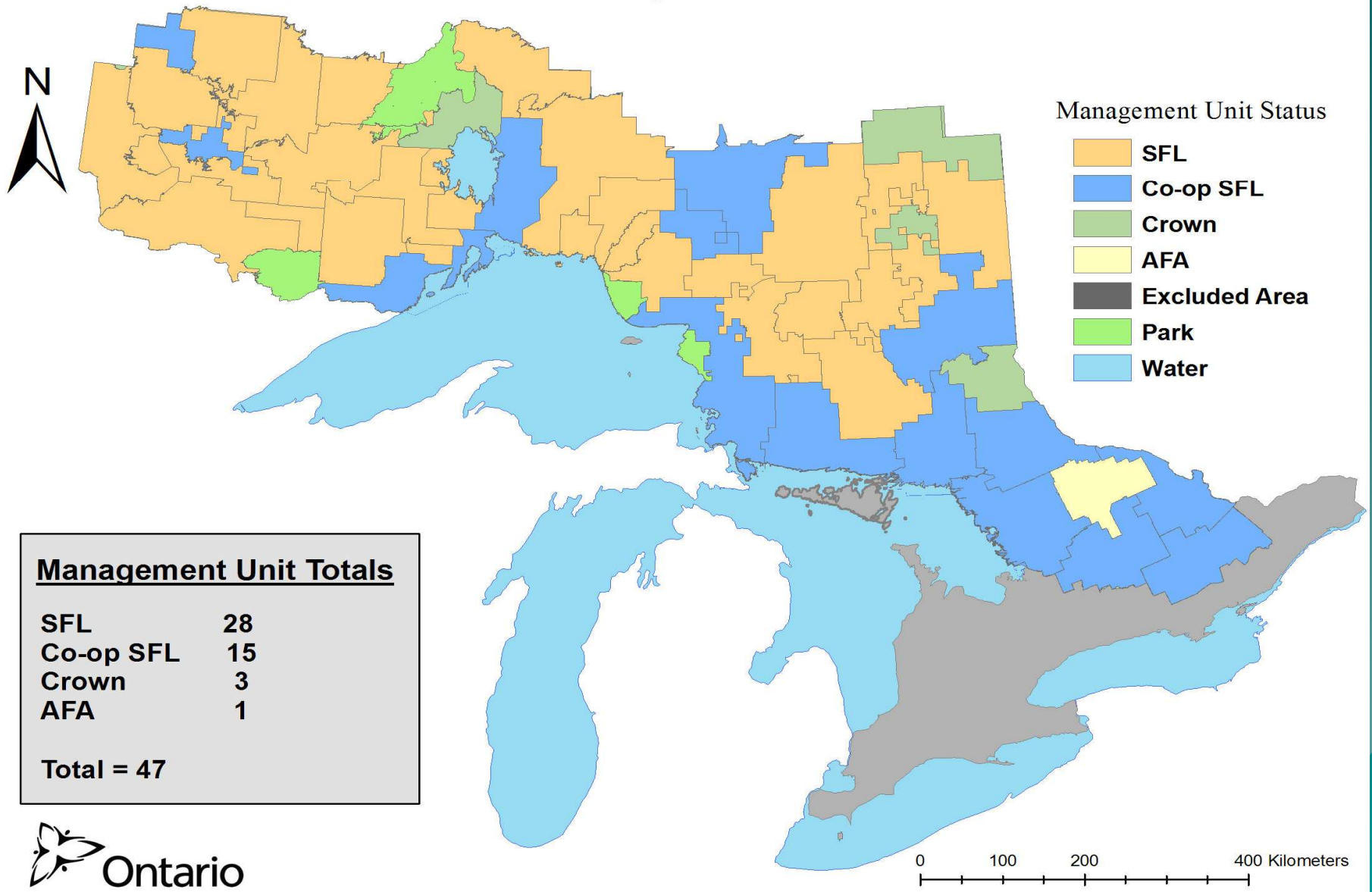
What Do We Mean By “Tenure”?



Ontario's Timber Licensing

- ◆ Currently covers 47 management units
 - 28 Single Entity Sustainable Forest Licences (SFLs)
 - 15 Co-op SFLs
 - 3 Crown Units
 - 1 Algonquin Forest Authority
- ◆ Nearly 50% reduction in number of management units in past decade
- ◆ Most SFLs act as a cost centre for mill owners, not a profit centre
- ◆ **SFL holder** has lead responsibility for forest management planning and forest operations...
... but ... must also provide for needs of **supply agreement holders** and **overlapping licensees**
- ◆ This can lead to disputes among parties regarding management fees, road access plans, forest renewal strategies and especially access to Crown timber

Ontario Management Units 2009



Ontario Timber Disposition

- ◆ Crown timber is committed to mills by the Minister, not by market forces
- ◆ Government must pick “winners and losers” and is often expected to resolve disputes among competing mills
- ◆ “Idled” mills continue to have Crown timber commitments ... no restriction on length of commitment

Ontario Timber Disposition

- ◆ Strong protectionist views among companies and communities regarding Crown timber disposition decisions of Minister
- ◆ Current system discourages new business entrants, who cannot access committed Crown timber that is not being used
- ◆ “Appurtenancy” (tying licenses to wood supply) measures are strongly criticized in softwood lumber trade dispute

Ontario Timber Pricing

- ◆ Crown timber prices are set administratively by government
- ◆ A theoretically sound economic foundation, but not based on competitive bids for Crown timber
- ◆ Prices are set by species, product and manufacturing sector

Ontario Timber Pricing

- ◆ No price differentiation based on distance of timber from mill
- ◆ Timber prices provide revenue to government for general purposes and revenue for forest renewal
- ◆ Companies seek to reduce price paid for Crown timber by
 - political intervention
 - revisions to pricing methodology
 - minimizing forest renewal costs
- ◆ Administrative timber pricing strongly criticized in softwood lumber trade dispute

Points to Ponder?

- ◆ Does the tenure system work to optimize social, economic and environmental needs?
- ◆ Is there too much government intervention?
- ◆ Should market forces play a stronger role in timber pricing? ... timber disposition?
- ◆ How does the Ministry and Industry more effectively engage Aboriginal Communities in a tenure reform process?

- ◆ Can public timberlands be managed as a profit centre? If so, by whom?
- ◆ How should government respond where an SFL holder becomes insolvent?
- ◆ How should we engage the industry, stakeholders and public-at-large on the subject of tenure reform?