



Success at a Glance:

Ontario's Forest Sector Strategy Progress Report

September 2022

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Message from the Minister

I'm pleased to share with you the progress our province is making on implementing Ontario's Forest Sector Strategy. This update details the many ways we are continuing to build a more sustainable forest sector in collaboration with the forest industry, Indigenous partners, and municipalities.

Ontario's world class forest industry plays a key role in our government's vision to Build Ontario, creating good-paying jobs, boosting economic growth and enriching communities across the province. In fact, the sector generates over \$18 billion in revenue and supports nearly 149,000 jobs in communities across Ontario.

Many of the achievements in this update reflect our efforts to promote sustainability, reduce regulatory burdens and encourage investment. From releasing the Forest Biomass Action Plan to approving financial support through the Forest Sector Investment and Innovation Program, we continue to make progress towards a stronger, more prosperous and resilient forest sector.



Forestry has an exciting and promising future in Ontario. We will continue to look for ways to grow the sector, while ensuring responsible stewardship of our natural resources. I look forward to continuing to work towards that goal with the many people and communities that rely upon it.

Graydon Smith

Minister of Natural Resources and Forestry

Overview

Ontario is a world leader in making and selling forest products from its renewable, sustainable and responsibly managed forests. In August of 2020, [Ontario's Forest Sector Strategy](#) (FSS) was released to build on the sector's world-class reputation.

This long-term (10-year) strategy will support modernization, burden reduction

and sustainability in the forest sector. The implementation of the strategy is creating opportunities to further economic prosperity, increase wood utilization and creating good-paying jobs, while supporting Indigenous, rural and northern communities that depend on this sector.



Achievements

This document highlights actions achieved in the strategy and groups them under the following six themes:

1. Increasing wood utilization

2. Burden reduction

3. Cost competitiveness
4. Indigenous partnerships and capacity building

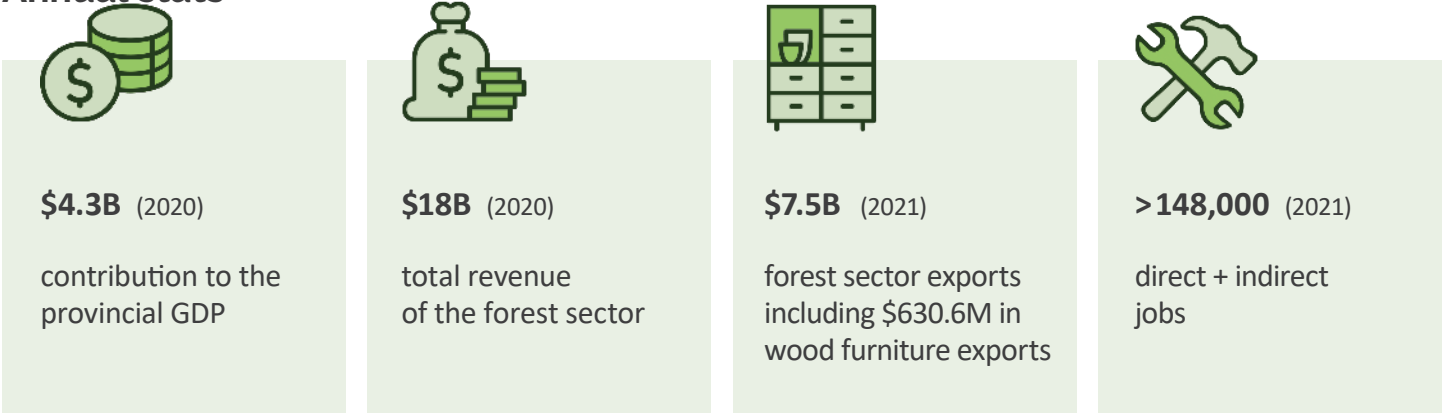
5. Workforce development

6. Growing markets

Ontario's forest industry and the economy

Ontario's managed forests are the main source of raw materials required by the primary sector. The forest industry provided \$4.3 billion to Ontario's overall Gross domestic product (GDP) in 2020 with total revenues of \$18 billion. Ontario's forest and wood products sector is unique in terms of having a large secondary and value-added sector, and high level of integration and dependency between mills.

Annual stats



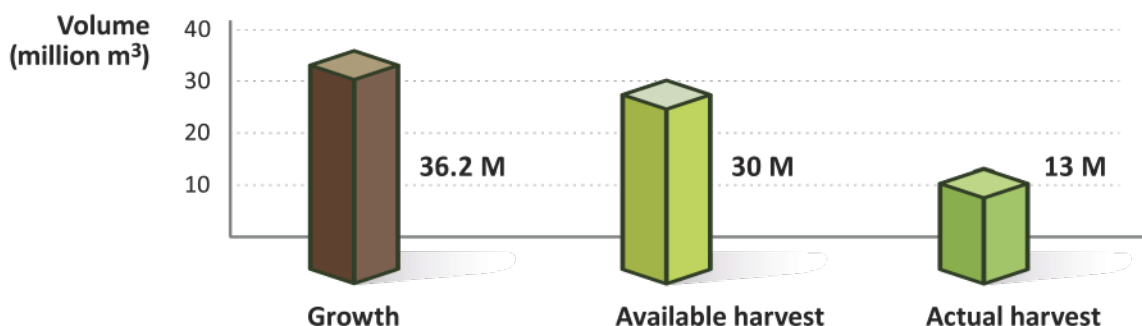
Increasing wood utilization:

1

We are laying the foundation for the forest industry to increase wood utilization by closing the gap between actual and available harvest, while keeping sustainability at the forefront of forest management decisions.

Ontario's Crown forest in 2020

Average annual - Growth/Available harvest/Actual harvest



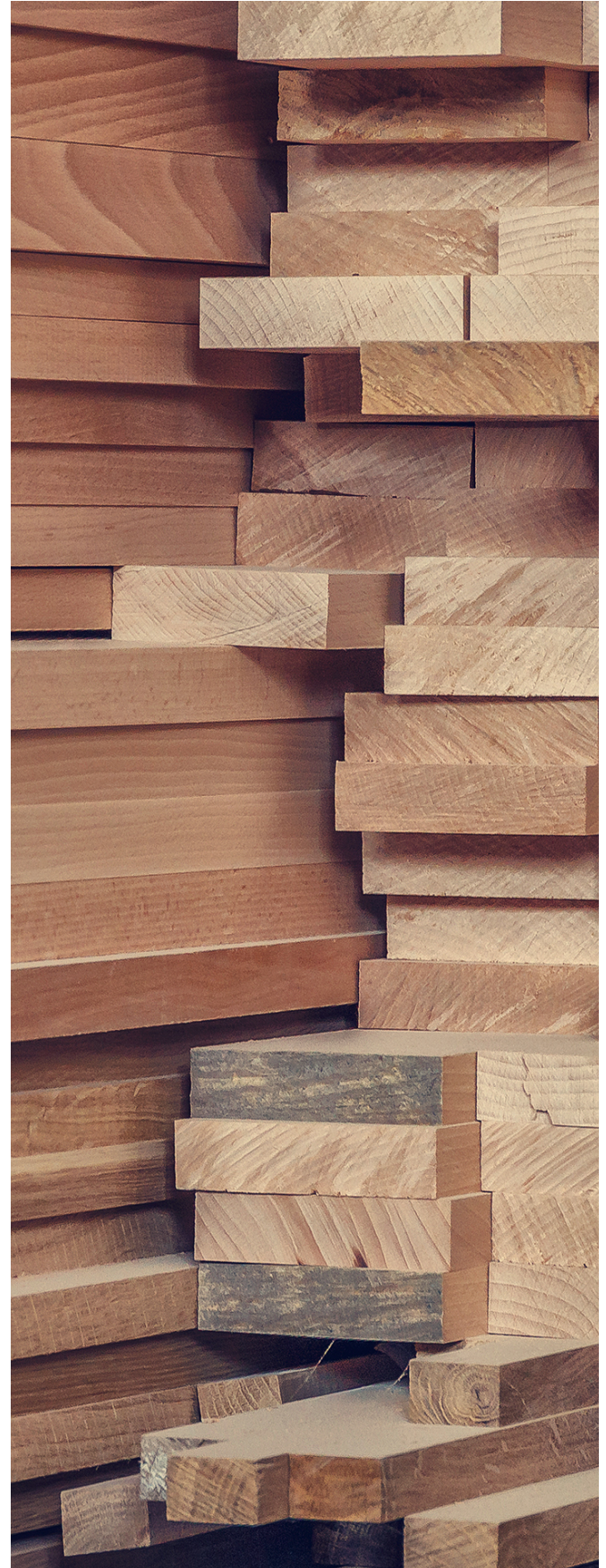
We are confident this will support existing mills, forest operators, and the communities that depend on them.

Ontario has taken action to increase wood utilization by:

1. Releasing the [Forest Biomass Action Plan](#) to explore uses of forest biomass (mill by-products and forest biofibre).
2. Investing \$499,000 in 2021-2022 through FPIInnovations to support a number of
3. Partnering, with Ontario's Centre for Research and Innovation in the Bio-economy (CRIBE), FP Innovations and Pioneer Construction to conduct a multi-year trial and national study to explore if blending lignin with bitumen to make asphalt is feasible in Canada's northern climates.

4. Monitoring and publishing quarterly reports on available wood supply to help guide new and existing companies to take advantage of opportunities to grow Ontario's harvest and utilization of available wood.
5. Collaborating with CRIBE, Natural Resources Canada (NRCan) and industry on the CRIBE 30:30 project by investing \$300,000 (through the Northern Ontario Heritage Fund Corporation (NOHFC) to create ForestEdge, a geospatial referenced Economic Fibre Supply Model (EFSM) that will help investors and communities to estimate the cost, quality and quantity of fibre available to increase utilization and find new markets.
6. Using the EFSM, development is underway for the Nextfor Innovation Hub, a cloud-based, public-facing platform that allows users to access information on Ontario's forest products sector, wood flow, fibre volumes, fibre availability and cost.
 - Nawiinginokiima Forest Management Corporation and Cascades Canada ULC, along with the Thunder Bay Community Economic Development Commission, are planning to undertake three pilots of the EFSM and Nextfor Innovation Hub (Thunder Bay, Marathon and Southeastern Ontario) to ensure that the Nextfor Innovation Hub can produce regional case studies and outputs.
7. Collecting approximately 280,000 square kilometres of Light Detection and Ranging (LiDAR) data for the Algonquin, French-Severn, Nipissing, Dog River-Matawin, Black Spruce, Boundary Waters and Romeo Malette, Hearst, Kenofami, Ottawa Valley, Sudbury, Northshore, Dryden, Pic River, White River, Pineland, Spanish, Temagami, Gordon Cosens and Wabigoon forest management units.
 - Field data collection for Algonquin, French-Severn, Nipissing, Dog River-Matawin, Black Spruce, Boundary Waters, Romeo Malette, Hearst, Kenogami and Pic River forests has been completed. Field data collection for White River, Spanish, Pineland, Gordon Cosens and Temagami forests is still in progress for 2022.
8. Hosting, through Ontario's Centre for Research and Innovation in the Bio-economy (CRIBE), Forest Innovation Forums will directly engage the forest industry and research partners to discuss opportunities and the development of new products and technologies to increase utilization. For further details on these forums please see the [NextFor website](#).

9. Working to identify and assess current and future climate change impacts for the Provincial Climate Change Impact Assessment (PCCIA). Subject-matter experts and Indigenous organizations are being engaged across the province to gather information and help inform the PCCIA.
10. Replacing the Seed Zone policy with a new [Tree Seed Transfer policy](#) to support the long-term success of regeneration activities in a changing climate.
11. Providing financial support through the Forest Sector Investment and Innovation Program (FSIIP) for a number of different projects. Examples include:
 - Development of a new Oriented Strand Board near Wawa that will directly utilize 720,000 m³ per year of underutilized wood and indirectly enable economic access to other species for other producers.
 - Modernization and increase in productive capacity of a Medium Density Fiberboard facility in Eastern Ontario, resulting in a 60 per cent increase in woody biomass feedstock to be purchased from 20 sawmills in the region.
 - Relocation, expansion and modernization of a sawmill in Kenora, creating 85 new jobs.



Burden reduction:

2

We are reducing burden by amending and improving operational and administrative processes for the forest industry. In turn, industry will save time and money, and bring their products to market with greater efficiency while maintaining high standards of sustainability.

Ontario has reduced red tape and regulatory burden in the forest sector through:

1. Amending the General Regulations under the [Environmental Assessment Act](#) to exempt forest management on Crown lands from the requirements of the Act. This enables us to be more responsive when amendments to the forest policy framework are required while providing time and cost savings for the forest industry.
2. Making legislative changes to the [Crown Forest Sustainability Act](#) (CFSA) to support burden reduction and reduction of red tape.
 - A suite of amendments enabled changes to the manuals, including removal of the requirement for the annual approval of work schedules. These amendments are projected to result in annual savings of approximately \$900,000 for forest industry and \$190,000 for government over a period of ten years. Amendments also included the addition of the permit to remove, this new permit enables the approval of non-forest management harvest that supports key infrastructure projects and developments (such as mining).
 - CFSA amendments included an exemption from certain requirements of the [Endangered Species Act](#) for forest operations in Crown forests where such operations are in accordance with an approved forest management plan.
 - Amendments enabled a new authorization for personal use harvest, removing the legal requirement for overlapping agreements for forest industry with personal use harvesters, we are working on regulatory amendments to implement this new approach.

3. Making regulatory and policy changes to reduce the frequency and improve the timing of independent forest audits (IFAs) to reduce program costs and workload.
4. Enabling the forest industry to plan for wood holding yards during the forest management planning process, saving time and costs.
5. Modernizing scaler training and licensing by moving all classroom content for the Provincial Scaler Course to online modules and introducing a two-tiered licensing system for the use of all methods, with or without grading.
6. Revising [Ontario's Scaling Manual](#) to streamline the requirements for the movement of unscaled Crown forest resources.
7. Moving from the federal Output Based Pricing System to the made-in-Ontario Emissions Performance Standards (EPS) program as of January 1, 2022. This program regulates greenhouse gas emissions from large industrial facilities. The EPS has been designed to impose lower compliance costs on the industry than the federal approach.



Cost competitiveness:

3

Reducing the cost to access wood supply and investing in innovative technologies will modernize and strengthen Ontario's forest sector.

Ontario has improved sector competitiveness by:

1. Investing, through the Northern Ontario Heritage Fund Corporation (NOHFC), more than \$24.4 million in 113 forestry-related projects, creating and retaining 307 direct jobs, while creating thousands of indirect jobs within the sector since December 2019.
2. Providing economic support through the Forest Sector Investment and Innovation Program (FSIIP) for strategic investments to both the primary and secondary forest sector like support for Roseburg Forest Products (\$1.5 million), Niagara Pallet (\$1.6 million) and Wawa OSB (\$15 million), GreenFirst Kenora (\$17 million). A number of other projects are in various stages of approval but have not yet been announced.
3. Reimbursing the forest industry for the government's proportional fair share of the costs to build and maintain public access roads in Crown forests to enable harvesting. The Provincial Forest Access Roads Funding program provided \$52.8 million in funding in 2022-23 for road construction and maintenance within Crown forests.
4. Continuing to review electricity rebate programs as the cost of energy is a key manufacturing input for the sector. Launched in April 2022, The Northern Energy Advantage Program (NEAP) is replacing the Northern Industrial Electricity Rate (NIER) Program and will continue to assist Northern Ontario's largest industrial electricity consumers to offset energy costs. Enhancements are being introduced that will help attract investments and advance opportunities in Northern Ontario. NEAP will also allow new forestry and mining operations to participate in the program as well as encourage companies to make long-term transformational investments.
5. Providing industrial and commercial electricity customers benefits from the full savings introduced through Ontario's



Comprehensive Electricity Plan, announced in the Budget 2020, and first implemented in January 2021:

- As of January 1, 2022, industrial and commercial customers could see average savings from the Comprehensive Electricity Plan of 15 and 17 per cent, respectively, making Ontario a more competitive place to do business.
 - Through the Forest Biomass Action Plan, Ontario is ensuring that existing facilities that consume biomass for electricity generation and are approaching the end of their contract are provided the opportunity to negotiate a new contract with the Independent Electricity System Operator (IESO), balancing the benefits to the forestry sector with the value for the ratepayer and taxpayer.
 - Atlantic Power's Calstock cogeneration facility is the first of these biomass facilities to negotiate a 5-year contract with the IESO starting in April 2022 preventing a loss of jobs and economic output.
6. Exploring the long-term solutions that automation can offer to enhance the efficiency of the forest sector and mitigate challenges (such as truck driver shortages).
 7. Exploring transportation efficiencies, including the use of new, productive trailer configurations developed by the FPInnovations' forest operations program.

Indigenous partnerships and capacity building:

4

Indigenous communities and their members are important contributors, economic players and leaders in the forest sector and have constitutionally protected rights that are exercised in Ontario's forests. Ontario will continue to engage and consult with communities to help build capacity and knowledge for their meaningful participation in the forest sector.

Ontario has built capacity and created meaningful partnerships by:

1. Supporting Wikwemikong Unceded Indian Reserve to study the amount, quality and cost of biomass they have available for use as a low carbon alternative to coal and natural gas. Development is underway for a 150,000 metric tonne wood pellet plant near Interfor in Nairn Centre.
2. Supporting the establishment of the Temagami Forest Management Corporation as the second Local Forest Management Corporation in Ontario to provide opportunities for Indigenous peoples to partner in forest management and supply Crown wood to local mills.
3. Supporting the establishment of enhanced Sustainable Forest License companies on the Kenogami and Missinaibi Forests which provide opportunities for Indigenous peoples to participate in corporate governance and build capacity in forest management.
4. Convening funder table discussions with 21 communities, bringing together multiple potential funding and support partners to provide assistance to communities contemplating a forestry or biomass related project for their community.
5. Providing funding for nine proposals in collaboration with Indigenous communities to help support their forestry related projects, leveraging \$958,000 in additional funding.
6. Connecting with 38 Indigenous communities regarding the Forest Biomass Action Plan and exploring their interest in engaging in forest biomass projects or opportunities.

7. Sharing over \$93 million to date with participating First Nations (35) through resource revenue sharing (RRS) agreements.
8. Engaged with Indigenous communities and organizations between fall 2021 and spring 2022 related to expanding RSS with additional Indigenous communities in forestry, mining and aggregates.
9. Funding, through the Ministry of Labour, Immigration, Training and Skills Development (MLITSD), the Nishnawbe Forestry Operation and Sawmill Training Program, a SkillsAdvance Ontario project led by [Oshki-Pimache-O-Win: The Wenjack Education Institute](#). This project targeted over 50 Indigenous workers and job seekers to prepare them for careers in forestry-related professions. The training took place in the Greenstone area and included exposure to silviculture, sawmill and harvesting operations training.
10. Developing the [Bioheat Guide for Rural and Remote Communities](#), through a partnership of CRIBE, Sustainable Forestry Initiative, and Forests Ontario in collaboration with Indigenous organizations and communities, municipalities, partner ministries, federal departments and other organizations (such as FPInnovations).



Workforce Development:

5

To address labour shortages, Ontario is supporting forestry education and encouraging careers in the forest sector. This includes highlighting the vast array of career opportunities and building awareness that Ontario's forests are managed sustainably and responsibly.

Ontario has supported workforce development in the sector by:

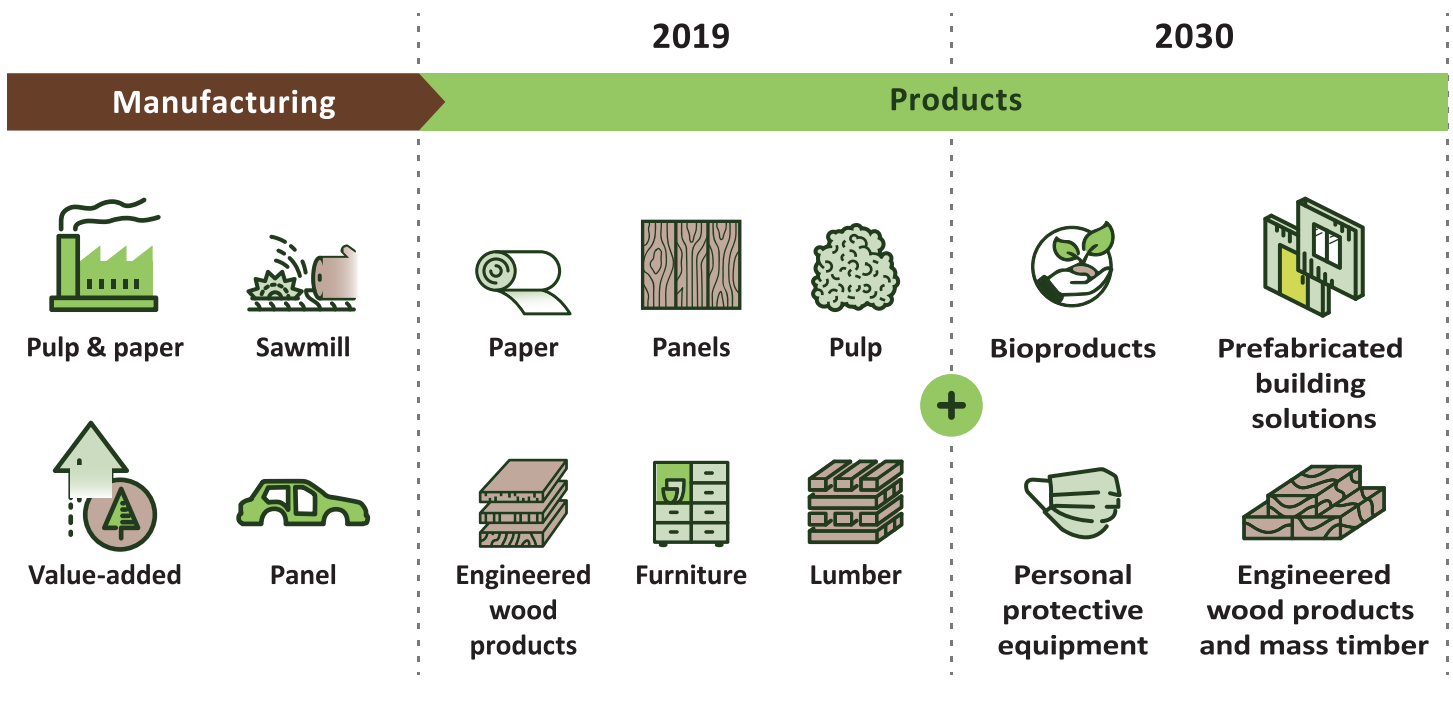
1. Launching the Forestry Heavy Equipment Simulator Loan Program for young Ontarians to experience operating forestry equipment and consider this as a career pathway.
2. Collaborating with NRCan and the forest industry on the production of a video on Mass Timber Career Opportunities to be used by the Construction, Manufacturing, Forestry and Environmental Specialist High Skills Major (SHSM) programs in Ontario high schools. The video will also be made available to skilled trades and building design educators at Ontario colleges and universities as well as the broader public.
3. Providing more than \$1 million through the NOHFC since December 2019 to support 32 forestry related internships. Early in 2021 NOHFC launched the new [People and Talent Program](#) designed to attract, retain and develop Northern Ontario's workforce by offering internships through an indigenous stream and a workforce development stream through business partnerships.
4. Supporting Project Learning Tree Canada on developing an experiential learning certification for Forestry and related SHSM programs.



5. Collaborating with Ministry of Labour, Immigration, Training and Skills Development (MLITSD) to:

- Develop an Ontario Labour Market Partnership led by Forests Ontario and the Ontario Forest Industries Association to undertake research to inform attraction, retention and training in the forest sector.
- Facilitate two SkillsAdvance Ontario training projects for the forestry and wood manufacturing sectors in 2021: Algonquin College - \$4.99 million and Wood Manufacturing Council - \$885,000.
- Support the restart of GreenFirst's Kapuskasing paper mills previously decommissioned No.4 paper machine to produce their newly created EnviroSmart paper products and support 66 jobs - \$1.29 million.

Ontario's growing range of forest products
will increase demand for skilled workers



Maximizing the use of available wood supply will allow us to support increased domestic consumption while opening new international markets, without impacting the sustainability of our forests. Raising awareness about Ontario's sustainable forest management both domestically and in the international market can help increase market access and influence local purchasing decisions by Ontarians to help support local economies. Ontario is also promoting more wood use in construction to increase wood utilization across the province, while supporting economic development, and lowering the building sector's carbon footprint.

Wood is our greenest building material

#itTakesAForest



Ontario has expanded to new markets and helped grow the forest sector by:

1. Working collaboratively with Forests Ontario and industry partners on the It Takes A Forest initiative to provide the public with fact-based information on Ontario's forest sector, which contributed to 89 million annual billboard network views, 5,800 social media followers, and an increase of 57 per cent in website traffic over 2020.
2. Addressing barriers to trade like Ontario's participation in the Canadian Council of Forest Minister's Forest-in-Mind program for a team Canada advocacy campaign with other provincial, federal and industry partners. A recent example of this is the governor veto of the California deforestation bill that helped raise awareness of our robust, sustainable forest management practices
3. Assisting small and medium-sized enterprises to access growing global export markets by providing strategic advice and market intelligence, and supporting participation in trade

- missions in emerging markets. Ontario led an India trade mission in 2020 that resulted in \$227,500 in direct sales and a potential for an additional \$2.3 million over the next 18 months.
4. Supporting the Canadian Hardwood Bureau in a project to promote the Ontario hardwood industry to American architects.
 5. Promoting the sale of Ontario-made and sourced wood products through the Ontario Wood program., Ontario Wood now has a total 481 partners. Social media (Facebook, Instagram and Twitter) followers have increased to 7,290.
 6. Investing almost \$5 million in Element5, one of North America's most advanced and Ontario's first certified, cross-laminated timber factory. This facility is helping to expand domestic and export markets for a value added product made from Ontario lumber.
 7. Providing over \$250,000 in funding and technical support for mass timber demonstration fire tests to educate, demonstrate the high level of performance and bolster the inclusion of wood building systems in codes and standards.
 8. Encouraging increased use of wood in mid-rise buildings in Ontario by offering designers a template to promote the use of mass timber exit stair shafts as an alternative to non-combustible exit stair shafts.
 9. Encouraging the use of wood in low-rise commercial and mid-rise, tall buildings and bridges in Ontario through \$80,000 in support for the development and dissemination of a new 'Wood Handbook for Builders', an updated 'Mid-rise Construction and Design Guide', and a new 'Low-Rise, Commercial Construction Guide' targeted at architects, engineers, designers and post-secondary educators.
 10. Providing over \$800,000 in funding support for three of Ontario's first tall wood buildings: the University of Toronto Academic Tower, George Brown College's The Arbour and New Vision Park Condominiums.
 11. Promoting the integration of the mass timber value chain by completing an Ontario Mass Timber Value Chain Roadmap and developing a business case for mass timber manufacturing in Ontario.
 12. Amending Ontario's Building Code in April, 2022 to enable encapsulated mass timber buildings of up to 12 storeys.
 13. Releasing a [Carbon Calculator Tool](#) for Ontario Buildings allowing those involved in building design and procurement to account for the carbon footprint of the building materials they specify.

Ministry of Natural Resources and Forestry

