



ISSN 1180-5218

Legislative Assembly  
of Ontario  
Second Session, 39<sup>th</sup> Parliament

Assemblée législative  
de l'Ontario  
Deuxième session, 39<sup>e</sup> législature

## **Official Report of Debates (Hansard)**

Monday 11 April 2011

## **Journal des débats (Hansard)**

Lundi 11 avril 2011

**Standing Committee on  
General Government**

Ontario Forest Tenure  
Modernization Act, 2011

**Comité permanent des  
affaires gouvernementales**

Loi de 2011 sur la modernisation  
du régime de tenure forestière  
en Ontario

Chair: David Oraziotti  
Clerk: William Short

Président : David Oraziotti  
Greffier : William Short

### **Hansard on the Internet**

Hansard and other documents of the Legislative Assembly can be on your personal computer within hours after each sitting. The address is:

<http://www.ontla.on.ca/>

### **Index inquiries**

Reference to a cumulative index of previous issues may be obtained by calling the Hansard Reporting Service indexing staff at 416-325-7410 or 325-3708.

### **Le Journal des débats sur Internet**

L'adresse pour faire paraître sur votre ordinateur personnel le Journal et d'autres documents de l'Assemblée législative en quelques heures seulement après la séance est :

### **Renseignements sur l'index**

Adressez vos questions portant sur des numéros précédents du Journal des débats au personnel de l'index, qui vous fourniront des références aux pages dans l'index cumulatif, en composant le 416-325-7410 ou le 325-3708.

---

Hansard Reporting and Interpretation Services  
Room 500, West Wing, Legislative Building  
111 Wellesley Street West, Queen's Park  
Toronto ON M7A 1A2  
Telephone 416-325-7400; fax 416-325-7430  
Published by the Legislative Assembly of Ontario



Service du Journal des débats et d'interprétation  
Salle 500, aile ouest, Édifice du Parlement  
111, rue Wellesley ouest, Queen's Park  
Toronto ON M7A 1A2  
Téléphone, 416-325-7400; télécopieur, 416-325-7430  
Publié par l'Assemblée législative de l'Ontario

LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

**STANDING COMMITTEE ON  
GENERAL GOVERNMENT**

**COMITÉ PERMANENT DES  
AFFAIRES GOUVERNEMENTALES**

Monday 11 April 2011

Lundi 11 avril 2011

*The committee met at 1402 in room 151.*

**ONTARIO FOREST TENURE  
MODERNIZATION ACT, 2011  
LOI DE 2011 SUR LA MODERNISATION  
DU RÉGIME DE TENURE FORESTIÈRE  
EN ONTARIO**

Consideration of Bill 151, An Act to enact the Ontario Forest Tenure Modernization Act, 2011 and to amend the Crown Forest Sustainability Act, 1994 / Projet de loi 151, Loi édictant la Loi de 2011 sur la modernisation du régime de tenure forestière en Ontario et modifiant la Loi de 1994 sur la durabilité des forêts de la Couronne.

**The Chair (Mr. David Oraziotti):** Good afternoon, everyone. We'll start the committee hearings. Welcome to the Standing Committee on General Government. Today we will be sitting until about 5 o'clock to entertain deputations on Bill 151.

**MINISTRY OF NORTHERN  
DEVELOPMENT, MINES AND FORESTRY**

**The Chair (Mr. David Oraziotti):** We'll start off today by hearing from Mark Speers, the project director at the Ministry of Northern Development, Mines and Forestry. He'll take us through a technical briefing on the bill.

Good afternoon, Mark, and welcome to the standing committee. You can start by stating your name for the purposes of Hansard and then start when you're ready.

**Mr. Mark Speers:** Good morning. Thank you very much, David. My name is Mark Speers, and I'm the director of the tenure and pricing review project for the province of Ontario. Thanks very much, David, for the opportunity to make a presentation this afternoon: a technical briefing on Bill 151, an act to enact the Ontario Forest Tenure Modernization Act and amend the Crown Forest Sustainability Act.

Ontario is blessed with a vast and valuable public resource in its crown forests. What I will cover this afternoon substantially responds to some of the concerns and ideas that were expressed by people across Ontario as we conducted extensive public consultations into Ontario's forest tenure and pricing review process. It is consistent with the minister's announcement on January 13 to come forward with a modified approach—that announcement

was made in Thunder Bay. And finally, I believe it represents a measured and responsible approach to tenure modernization for the province of Ontario.

Let me start by providing an overview of the road we travelled to get to this point. This process really got going after the March 2009 spring budget announcement. There was a statement that we were going to initiate a review of Ontario's forest tenure and pricing system and we were going to consult widely as we did that: We were going to speak to the forest industry, the public, aboriginal communities and First Nations to get their input into ideas that we should consider, with a view of trying to improve the system.

Next, we developed a discussion paper that was released in August 2009, and it outlined three main components of the review process. It included allocation, licensing and pricing. At that time, when we went across Ontario to get public input into that discussion paper, it was welcomed that we were initiating the review and there was a broad consensus that change was needed and change was wanted.

This led us to develop a proposed framework paper that was released in April 2010, and the framework paper outlined a proposal to create local forest management corporations, between five and 15 of them across the province, within the area of the undertaking. While there was some support for this approach, many felt that it went too far, too fast. We listened carefully to those concerns that were raised and the feedback that we received from the broad consultations from both times around across the province. We also did additional work with the forest industry and others to develop a modified approach to forest tenure that was announced by the minister in January in Thunder Bay.

This modified, measured and responsible approach, which I'll describe in a little bit more detail shortly, was supported by many following that announcement by the minister. This led to the introduction of Bill 151 that would enable the implementation of this approach.

Before I get into the details of the approach that I'll talk about, I thought it would be a good idea to revisit some of the challenges that the forest industry was facing, not only in Ontario, but across Canada and even globally. First of all, our system worked reasonably well in better economic times, but even then, there were some problems, and these problems were magnified by the economic downturn that occurred, by the rising Canadian dollar, global competition and, maybe most importantly,

the crash in the US housing market. Unfortunately, as a result of these factors coming together, mills were idled, some were shut permanently, and many people lost their jobs as a result of that. It was very devastating for communities in northern Ontario. This led, in some cases, to sustainable forest licences being returned to the crown where companies have either closed their facility or gone into bankruptcy, leaving the crown responsible for management in those areas.

There was also significant underutilized timber. In the good times, Ontario cut between, on average, 22 million and 24 million cubic metres across the province. This dropped by almost half, almost 10 million cubic metres, at the height of the crisis. Even though only half of the wood was being utilized, some operating companies weren't able to get access to wood that was maybe closer to them and more affordable for them to use. New entrants were frustrated at not being able to access that timber as well. Why was that? It was because, by and large, most of the wood in the province of Ontario is committed to the existing forest industry through licences and some form of commitment. It wasn't very responsive to the changing economic conditions.

We also have an administrative pricing system that, while it served us well in dealing with challenges from the US and softwood lumber, was also challenged internally by companies within Ontario. Not only that; it too was not responsive to market forces such as supply and demand and distance to mills.

Coming out of that, we identified a number of objectives that we wanted to try to achieve by moving forward with tenure modernization. The first was that we wanted to adopt greater market forces to both allocate and price crown timber. We wanted to discourage the hoarding of crown wood, where companies had access to more wood than they could use or needed. We wanted to allow opportunities for new entrants to enter into the system and create a diversified market for Ontario's crown wood, and also for those who were operating to get access to wood as well. We also wanted to provide greater local and aboriginal involvement in the forest sector business.

I think some of you are following along in the presentations that are in your binders, and there's a map on slide number 4, I believe, that outlines what the landscape looks like in Ontario today. By and large, the province is covered by sustainable forest licences within the area of the undertaking. Really, there are four types of licence tenures in the province. The first is, there are single-entity sustainable forest licences. There are about 17 of those in the province today. Those are licences that are held by large corporate companies that operate in the province. They often hold a large pulp mill or sawmill. I'm not sure what colour they are there—sort of the darker colour. There's an aggregate of them in the north-western region and the central part of the area of the undertaking. There are also 18 shareholder sustainable forest licences. A shareholder sustainable forest licence is where a number of companies, both harvesters and mills,

come together to form a co-operative—another company—that holds the sustainable forest licence.

#### 1410

There are also four crown management units in the province: the Whiskey Jack Forest, the Armstrong, the Big Pic and the Temagami. Three of those licences were formerly held by companies and they've returned to the crown, where either the company has closed a mill or where the company has gone bankrupt and the licence has returned to the crown.

There's also the Algonquin Forest Authority. The Algonquin Forest Authority holds a licence and an agreement to manage forest resources within Algonquin park.

Finally, there's one other that is characterized as a shareholder SFL. It's a little bit different in that it doesn't have shareholders; it's a not-for-profit corporation. That is the Westwind Forest Stewardship Inc., which is located in the southern region, just a little west of Algonquin park on your map. They have members and they have a board of directors that represent the broader public within the area of that management unit. They provide advice to a general manager that runs the corporation for them. That's sort of what the landscape looks like today.

I'm just going to go on to slide number 5 and talk, again, a little bit more about the objectives that we want to put in place. At the top of this slide, we're talking about moving forward within the next five to seven years. I believe that represents a measured and responsible approach to tenure reform within the province.

A couple of key points that I want to make on this slide: A modernized system would help create a more flexible system and enable us to respond not only to today's economic environment, but to the future economic environment.

A modernized system would improve access to wood and put more wood back to work. Existing companies that are using their wood would continue to have access to that, subject to availability through the forest management planning process.

By meeting these objectives—a modified system in which crown forest resources are made available—we can protect and create jobs, attract investment and make Ontario competitive while managing our crown forests sustainably.

We also want to move forward and look at using market forces to competitively market, allocate and sell crown wood. In the future, we would hope to create a benchmark timber pricing system. More on that in a moment.

As I mentioned, we want to establish mechanisms to address the hoarding of crown timber and we want to provide meaningful opportunities for local and aboriginal communities. This is one of the key things that we heard from folks when we travelled the province in our public consultation sessions.

Moving on to the next slide, slide number 6: What would change? We proposed a modified approach that would see the emergence of two new governance models that would hold sustainable forest licences. The first

would be local forest management corporations and the second would be what we're going to call enhanced shareholder sustainable forest licences.

We did introduce Bill 151 which, if passed, would permit the creation of the first LFMCs by subsequent regulation, and we're also bringing forward some proposed amendments to the Crown Forest Sustainability Act to support tenure modernization objectives.

The key point on this slide is the vision that we have at the bottom: That is, in the next five to seven years, we would expect to see the establishment of up to two local forest management corporations. We would see a significant shift from single-entity SFLs and existing shareholder SFLs to what we're calling enhanced shareholder SFLs. And maybe, at the end of the day, we're going to see a couple of single-entity SFLs still remain on the landscape.

Before we move forward too quickly, our intentions are to work with the forest industry, aboriginal communities, First Nations and others to identify criteria that we would use to evaluate the performance of not only local forest management corporations, but of enhanced shareholder SFLs and other governance models that we may have on the landscape to help inform the path that we would go forward.

I'm going to now get into the details of the local forest management corporation. Again, if Bill 151 is passed, it would enable the creation of these local forest management corporations by subsequent regulation. Our proposal would be to initially establish two as operational enterprise crown agencies. We've identified four objects of these corporations, and they would be:

First, to hold a sustainable forest licence and manage crown forests in a sustainable manner, and also promote sustainable forest management practices.

Secondly, we would want to provide economic development opportunities for aboriginal peoples.

Third, we would want the local forest management corporation to manage its affairs as a self-sustaining business entity that optimizes the value of crown timber while recognizing the importance of local economic development.

Finally, another key object is to set market, sell and enable access to a predictable and competitively priced supply of crown timber to the forest industry that is in need of that type of fibre.

We would establish a board of directors. That board of directors would be made up of local representatives who meet certain skills and qualifications to be able to meet their fiduciary responsibility associated with being on a board of such a corporation. They would be subject to the normal conflict-of-interest guidelines that those types of boards would have.

I've said that the board's responsibility is one where they keep their noses in and their fingers out. They're involved in the business planning, review and approval of a business plan for the corporation; strategic planning; human resource matters; and corporation bylaws. They're also responsible for the hiring of a general manager.

The general manager would be responsible to hire staff, to manage the day-to-day operations of the corporation, which includes things like meeting the terms and conditions of the sustainable forest licence that they would have, forest management planning activities, annual work schedule activities, compliance monitoring, supporting audits and reporting. They would prepare the business plan for review and approval by the board of directors.

The act also sets out the general governance structures, including, as I mentioned, the board of directors and general powers, the hiring of a general manager and the hiring of staff. The act also outlines financial matters, reporting and windup provisions to deal with the corporation.

The act also allows the LFMC to retain revenue generated from the sale of crown timber. However, the LFMCs would still be required to pay forest renewal and forestry futures charges to support forest renewal activities on an ongoing basis. The management area would have to be of appropriate size to make sure that there were efficiencies of scale built into the operation.

This is a very carefully crafted approach that we believe provides the right balance of government oversight while providing enough flexibility to run a financially sustainable business. It is accountable not only to the people of Ontario and the government but to the region in which it operates as well.

This type of agency, we believe, can be cost-efficient, run effectively and be financially self-sufficient. The Algonquin Forest Authority is an excellent example of a similar agency that has been operating in the province of Ontario for 35 years successfully.

Moving on to the next governance model we're proposing—and this is an important one as well. It's the enhanced shareholder sustainable forest licences. It's important because, as I've outlined, it would represent the majority of the management areas that would be managed by enhanced shareholder sustainable forest licences. An enhanced shareholder SFL would consist of a group of mills and/or harvesters that collectively form this new company to manage a forest area under a sustainable forest licence. There would be a board of directors made up of harvesters and mill operators within the area, along with more meaningful opportunity for local and aboriginal involvement in that business and in that corporation. There would also be established mechanisms to address the hoarding-of-wood issue, even within an enhanced shareholder SFL, so new entrants could be allowed an opportunity to access that, and provisions for on-ramps for new entrants to participate in that enhanced shareholder SFL model.

#### 1420

The management areas there would also need to be of appropriate size to provide for efficiencies, and we would like to see some crown timber off these enhanced shareholder SFLs sold on an open-market basis. The reason for this I'll talk to in the pricing component in a minute.

Finally, the enhanced shareholder sustainable forest licences would continue to pay the crown charges as they

do today, including forest renewal, trust charges, forestry futures trust charges and payments into the consolidated revenue fund.

Timber pricing is the third component of the modernization. It's an important one as well, and we need to get working on this right away. For now, though, the existing system would remain in place, including all the payments into the trust that I mentioned and consolidated revenue. We would collect information from open-market sales on both local forest management corporations and enhanced shareholder SFLs over a period of time, say the next three to five years, in hopes of collecting sufficient data to support the development of a new timber pricing system based on more market features.

I've also mentioned that the local forest management corporations would in fact have the opportunity to retain revenue from the sale of crown timber. They would be able to use that revenue to support the objects of the corporation, and where they generated a profit from those revenues, they would be able to reinvest it into the forest and into meeting those objects. If they get to a point where they are creating a profit in the future in better economic times, there could be a dividend paid to consolidated revenue and the government.

Let us now speak about the proposed Crown Forest Sustainability Act amendments. In addition to the Ontario Forest Tenure Modernization Act that will enable the creation of the first two local forest management corporations, we are proposing to amend the Crown Forest Sustainability Act. These amendments are necessary to support forest tenure modernization and pricing modernization.

Some of the key features of the amendments include confirmation and clarification of the ability to issue a sustainable forest licence to a local forest management corporation without a competitive process.

We're proposing to make changes to section 28 that would give the minister the ability by regulation to create terms and conditions on forest licences, supply agreements and commitments. In section 28 today, the minister has the authority with respect to forest resource licences but not with supply agreements and commitments. This would level the playing field and provide the tools necessary to address tenure objectives.

The third thing is that the Lieutenant Governor in Council will be able to make an order based on a recommendation from the minister to cancel a sustainable forest licence supply agreement or commitment based on the grounds that are set out in the amendments to the CFSA. The three that are there today include: to issue an SFL to a local forest management corporation; secondly, where timber is not being used optimally, and this is aimed at addressing the hoarding-of-wood issue; and, third, for other reasons that would be prescribed by regulation.

The act also sets out limitations on remedies and proceedings, and limits the crown's liabilities in circumstances set out in the amendment. An example would be where there's a cancellation of a licence supply agreement or commitment.

The one area that I want to address before I move on to my last slide is with respect to wood movement out of the province of Ontario. I know that this is an important issue that's been raised on a number of different fronts, so I'd just like to provide a quick overview about that.

First a little bit of background about that wood movement: Very little wood moves out of the province of Ontario. Historically, between 2% and 4% has moved out of Ontario and mostly to Quebec. Secondly, given the current challenges that Ontario companies face, sometimes it's advantageous to be able to move some wood outside the province, and this provides for ongoing harvesting, transportation and silvicultural jobs, which helps maintain employment in the province of Ontario.

Even in good times there's a natural flow of wood that goes to other provinces, often a species or a specific grade. However, there's often a reciprocal wood flow that comes back to Ontario companies. In fact, from time to time—

**The Chair (Mr. David Oraziotti):** Mr. Speers, sorry to interrupt. I just want to be clear: You've got five minutes left in your presentation.

**Mr. Mark Speers:** Okay, that's great. Thanks very much.

So from time to time, Ontario is a net importer of wood from other jurisdictions. Often, the wood that does flow out of Ontario is of low-quality fibre that cannot be used in Ontario.

Section 30 of the Crown Forest Sustainability Act deals with this. It's called the manufactured-in-Canada exemption and it deals with crown land; it does not deal with private lands. It deals with the movement of wood outside of Canada. That provision in the CFSA would remain, but as I said, it does not restrict the movement of wood to other provinces.

Having said that, we do have policies in place that require that a reasonable effort be shown to provide Ontario companies an opportunity to get access to wood that would otherwise move to Quebec, and this will not change.

Finally, on my last slide, we're going to continue to engage all stakeholders as we develop the final details, design and implementation provisions related to local forest management corporations and enhanced shareholder SFLs. We will continue to work with others—a forest industry working group, a First Nations forest sector technical working group—to establish criteria that we would use to evaluate local forest management corporations and enhanced shareholder SFLs. The results of this would help inform future decisions as we move forward.

As I started with, I believe that this modified approach addresses many of the concerns and ideas that were brought forward through extensive public consultations that we held across Ontario. The Ontario Forest Tenure Modernization Act and amendments to the Crown Forest Sustainability Act are consistent with the minister's announcement on January 13 to enable the implementation of tenure modernization. I believe that this approach

represents a measured, positive and responsible approach to modernizing Ontario's forest tenure and pricing system.

Thank you very much.

**The Chair (Mr. David Oraziotti):** Thank you very much, Mr. Speers, for your presentation. We have just a couple of minutes, if we have some very brief questions.

Mr. Hillier, go ahead.

**Mr. Randy Hillier:** Thank you, Mark. Listen, I just want to ask you—you know, I attended a number of those public consultations as well. It must be clear to you, as it was clear to myself and most people who attended those, that the outcome was already predetermined in advance, and what we have today in Bill 151—we knew that that was going to be the case in those public hearings, as they didn't allow any discussion on any other models or options. They didn't allow any discussion on productivity, regulations or ownership. We see that, even on the timber pricing, there's still nothing there.

All these were concerns that were spoken about but not allowed to be discussed during those public hearings. What was allowed to be discussed at those public hearings was very narrow. Is that correct?

**Mr. Mark Speers:** We held the public hearings across Ontario and we allowed people to provide input in the three broad areas that we're talking about: allocation, licensing and pricing.

**Mr. Randy Hillier:** So ownership, productivity, regulations, all the other major concerns about forestry were not allowed to be discussed—and nothing really to discuss. Here we are, harvesting about half the available fibre that we could be harvesting and we're still a net importer while all our fibre sits. We're still a net importer.

Thank you. I'll pass it over to the third party.

**The Chair (Mr. David Oraziotti):** That's time for the presentation, so thank you very much, Mr. Speers, for coming in today. We appreciate you being here.

**Mr. Mark Speers:** Thank you very much.

**Mr. Gilles Bisson:** One word?

**The Chair (Mr. David Oraziotti):** Yes, sir?

**Mr. Gilles Bisson:** I just want to double-check that if the township of James—anybody who dealt with the request by the community of Elk Lake, which asked to present. They didn't meet the deadline, but they have since requested to make a presentation to this committee. I'm just wondering if anybody has raised that. If not, I would do so on behalf of Elk Lake.

Both Jeff Barton, who is a community forester, and Terry Fiset, the reeve, had applied to present to committee.

**The Chair (Mr. David Oraziotti):** As is the practice, the individual is required to contact the subcommittee members. The clerk is given, then, the information. They would have to do that and we would have to get the approval of two of the subcommittee members to move forward. At this point—

**Mr. Gilles Bisson:** Well, we have the subcommittee here. Just for the sake of expediency, because we've only got two days, could the subcommittee agree? We've already

agreed to extend St. Marys Paper, which I thought was the right thing to do. I would ask the subcommittee to approve that Reeve Fiset and Jeff Barton be allowed to present.

**The Chair (Mr. David Oraziotti):** To present when? The time is—

**Mr. Gilles Bisson:** Wednesday. That's why we've got to do it today.

1430

**The Chair (Mr. David Oraziotti):** I'm sorry? That's why we have to do it today?

**Mr. Gilles Bisson:** We're going to be meeting on Wednesday.

**The Chair (Mr. David Oraziotti):** The Wednesday session is full, and we're backlogged on Wednesday, so unless the subcommittee wants to agree to hear that now—

**Mr. Gilles Bisson:** We can sit past 6 o'clock, as I've said.

**The Chair (Mr. David Oraziotti):** That has to be approved by the House.

**Mr. Gilles Bisson:** Well, if you could arrange it today, that would be great, but if not, Wednesday. Just for the record, part of the problem is that we're trying to rush through committee hearings on a bill that's going to affect northern Ontario. We're not even in the north; we're in Toronto, doing what should be done in the north, and we have a very truncated time to do presentations. I'm not going to—

**The Chair (Mr. David Oraziotti):** Can you just give me one second?

**Mr. Gilles Bisson:** Yes.

**The Chair (Mr. David Oraziotti):** If the three subcommittee members agree today that they can be heard today, they can be heard at 5 o'clock.

**Mr. Michael A. Brown:** Fine.

**Mr. Gilles Bisson:** Perfect; done.

**Mr. Michael A. Brown:** Done.

**Mr. Randy Hillier:** Absolutely.

**Mr. Gilles Bisson:** Thank you.

**The Chair (Mr. David Oraziotti):** Thank you. Next presentation.

**Mr. Randy Hillier:** Chair, on a point of order here: I'm just taking a look at this advertisement for these hearings and I'm wondering if you can answer why there was no mention in the advertisements that electronic presentations would be available or that the streaming would be available. After that lengthy discussion that we had to try to encourage more northerners being able to participate, there was absolutely no mention in the advertisement that streaming or Skype was available.

**The Chair (Mr. David Oraziotti):** Well, Mr. Hillier, my understanding is that the clerk put out advertising information that is standard for the committee, as is the practice, and they don't normally discuss how individuals can present. They obviously have to contact the clerk's office, and then they can find out how they can be accommodated. So it's not normally in the advertisement.

**Mr. Randy Hillier:** No, but it's also not normal that we stream these committee hearings or make Skype available, and we had a lengthy discussion on that particular subject. It is very disturbing to me that we go to all that length, after the government side shut down our hearings in the north, to facilitate people in the north having access to this hearing and we don't even let them know. We don't even mention that those facilities are available to them.

**The Clerk of the Committee (Mr. William Short):** So, Mr. Hillier, the directive from the subcommittee was to place an advertisement on Ont.Parl and on the committee's website, which was done. In the past, when we've had committee hearings, whether there's teleconferencing, videoconferencing or people showing up and making a presentation in public, we notify them of that once they've called and contacted us to make an oral submission.

We let them know that there was going to be Skype available for this instance, that there was going to be video live streaming, all of that. We let them know once they contacted us. So, as of right now, we are being live streamed on the website. There is a link on the website for live streaming, and if anyone requested teleconferencing, videoconferencing or Skype, we made those accommodations when the request came in.

**Mr. Randy Hillier:** Again, this was an exceptional case, making Skype available and even streaming this committee. I would have thought it would have been intuitive that we would have made that known to the people in northern Ontario.

**Mr. Gilles Bisson:** I think it would have been better if we had just gone to the north.

**Mr. Randy Hillier:** I agree with the third party. It would have been better to go to the north, but—

**The Chair (Mr. David Oraziotti):** Okay. We're going to move on to the next—

*Interjection.*

**The Chair (Mr. David Oraziotti):** No. Thank you very much.

**Mr. Gilles Bisson:** Just—please.

**The Chair (Mr. David Oraziotti):** Sorry.

**Mr. Gilles Bisson:** Please. No, no. It's not—

**The Chair (Mr. David Oraziotti):** We have folks who are presenting now, and we're going to get started.

**Mr. Gilles Bisson:** I just have a very quick question: You will contact Reeve Fiset? I don't need to, Clerk, just to be clear? I just want to make sure who's contacting who here.

**The Chair (Mr. David Oraziotti):** For the presentation today at 5?

**Mr. Gilles Bisson:** For Reeve Fiset. Will the clerk's office be contacting the reeve?

**The Clerk of the Committee (Mr. William Short):** If we have his contact information, we will contact him, yes.

**Mr. Gilles Bisson:** If you don't, come and see me.

**The Clerk of the Committee (Mr. William Short):** Yes.

**Mr. Gilles Bisson:** Thank you.

## ONTARIO PROFESSIONAL FORESTERS ASSOCIATION

**The Chair (Mr. David Oraziotti):** Good afternoon, gentlemen. Sorry to keep you waiting.

Please state your name for the purposes of Hansard, and you can start your presentation. You've got 15 minutes, and any time you don't use will be divided among members for questions.

**Mr. David Milton:** Thank you very much, Mr. Chair.

We are the Ontario Professional Foresters Association. My name is David Milton, and I'm associated with my colleague Tony Jennings. We carry the designation of registered professional foresters, and we appear today to represent the points that have been raised by members of the Ontario Professional Foresters Association on the enactment of Bill 151.

The Ontario Professional Foresters Association represents professional foresters of Ontario and regulates the members' practice, assuring qualifications and competent practice within the scope that requires membership in order to practice "the development, management, conservation and sustainability of forests and urban forests" specified in the Professional Foresters Act, 2000.

The Ontario Professional Foresters Association and many of our members were participants at a number of the sessions during the extensive and lengthy period of consultation on the reform of tenure and pricing of Ontario's crown forests. The comments that were made were results of consultations within our membership. While an increasing share of our membership is involved in both private lands and urban forestry, many of the members of our association are knowledgeable and experienced in the Ontario crown land forestry tenure system and hold opinions beyond the scope of those submissions; for example, the role of forest companies.

Our comments on the bill—a copy of our presentation having been provided to the members of the committee—are based on suggestions to the ministry. As stated in both the prior submissions, 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 that we have reached sustainability. We believe that enhancing the profession of forestry is an important component in enhancing the sustainability of our forests.

I'm going to offer, with your agreement, Mr. Chair, the opportunity for our registrar and executive director, Tony Jennings, to make several points that are in our submission.

**Mr. Tony Jennings:** Thank you, David. We view Bill 151 as enabling legislation. We're reacting in part to the plans that Mr. Speers was talking about earlier, not all of which are reflected in the bill itself explicitly. But let me move through some of the points briefly so you can ask questions.

We've responded to concerns about the significant changes facing the forest economy by suggesting that a

variety of models be encouraged and allowed in the tenure reform which is being contemplated. Bill 151, as you heard a few minutes ago, has two models, and within those models there's room for some variation, we believe. But we would suggest the committee think about maybe amending the bill to allow for even greater emphasis on allowing a variety of approaches to the proper management and utilization of our forests in the area of the undertaking.

We called for an orderly transition, and you've heard that that's there. And we would encourage more than two pilot projects, if there are opportunities for more than two, based on volunteer willingness to go ahead. One of the issues, if I can just speak to that, is that if you don't have a number of things being tried, it's hard to tell what's working well or what's working better than the other things. So the more we can move in that direction, the better.

The suggestion that was mentioned earlier was five to 15, which was in the framework. We, along with a number of other parties, suggested that that's a low number. There is concern both with having 15 variations to the approach to utilization and care for our forests and with the removal of people from local view if you go to a small number of entities. So we're encouraging anything. There's nothing in Bill 151 that prevents a significant number, but there's nothing that requires it either.

**1440**

A concern raised by a number of our members is that the local forest management corporation's board must appoint a general manager, and that's viewed by a number of people as stating that they must employ the people who work for them rather than retain, for instance, a forest management company that offers that service. We think, reading from a legal standpoint, you probably could appoint somebody who's on the staff of a forest management corporation that the board wished to contract with, but you might want to clarify that that sort of thing is possible, again, allowing the variation.

As our past president stated, we believe that the balance of economic, ecological and social criteria reflected in the normal understanding of sustainability—there have got to be criteria for these local forest management corporations and for the enhanced corporations, but we think you may want to consider making that explicit in the bill rather than allowing it to be dealt with in the directives.

We suggest that local knowledge is critical, and in the implementation there's going to be a real challenge to balance the flexibility to staff the new organizations in a way that best suits the interests of the new organizations while protecting local knowledge. A lot of our members talk about "my forest," and that's because they've been dealing with it for a long time and they bring a lot of knowledge to bear, as do other local parties.

The Professional Foresters Act is explicit, so our members will be involved regardless of how these are organized, but one of the things that has raised a question in the past is whether or not there's a requirement for forest management knowledge in senior executive posi-

tions. We suggest that, at least for the LFMCS, which are focused strictly on forest management, there be an explicit requirement for a qualified professional forester in holding that job.

We're encouraged to see that various boards would be formed, the emphasis being on the good governance that Mr. Speers spoke about earlier. There's a challenge to balance provincial priorities with local perspectives in that. We would suggest the committee consider requiring that a professional forester be a member of the board, not more. That's a practice that currently exists with the regional advisory committees that advise the regional directors in MNR. It's a requirement and a commitment under the undertaking, and would make sense, we think.

The two models that are allowed do not appear to allow for a straight aboriginal forest corporation per se, at least as we understand it, but the board of directors can accommodate—and I think you heard Mr. Speers speak to that. The bill is silent on that sort of thing, so one of your questions is, do you want to be more proactive on that?

There are a number of issues around reinvestment. We support it and the idea that funds that were going to the province—they are actually relatively small and would be lost in the rounding of any budget presentation. So reinvesting locally can make a lot of sense. Specifically, we would encourage anything that would make it explicit that forest health be a focus and that protects forest research, particularly where you're changing from the current single forest licence entities now. If we move too far away from that, then there's a question as to whether the corporations that primarily view themselves as mill owners and look to the forest for wood supply will invest in things like the science co-op, etc. There is a need for continued growth in that regard.

Finally, again we don't have a specific recommendation but, going back to our comment about the need for flexibility and innovation if we're going to bring the forest economy back to anything like it was before, there's a question for the committee in thinking whether the number of specific filings and approvals that are reflected in the bill will, when they're into administration, allow that flexibility. Can the government in power, can the bureaucracy that I used to work in for 25 years, tolerate some level of risk-taking and variation?

Again, we don't have an answer to how that is done, but it's one of the challenges of balancing public protection of the environment, economy and social values with business success.

**The Chair (Mr. David Oraziotti):** Okay. Thank you very much for your presentation. We've got time for one question. Mr. Bisson, you're up first, if you have a question.

**Mr. Gilles Bisson:** I think the biggest question is one you sort of raised at the end, which is, if I've got this right, that the change of tenure may reduce the willingness by forest companies to invest. Did I hear you correctly?

**Mr. Tony Jennings:** We're worried about whether research would be maintained.

**Mr. Gilles Bisson:** So why be in such a hurry to change something so complex in such a short period of time? Shouldn't we take our time and try to do this, if there are changes to be made, in a more thoughtful way? Because this whole thing will be done in about three weeks.

**Mr. Tony Jennings:** The speed, from our standpoint, is coming after the bill gets through. We did recommend, and there is a response that there would be, an orderly transition. There are some pilot projects to be tested first. So that is the issue from our standpoint: How fast do you implement this? When we went to the first round of consultations that the ministry carried on, there were a large number of people calling for change. The question is, what is the change? How broad? How flexible?

**The Chair (Mr. David Oraziotti):** Thank you very much for your presentation. That's the time we have today. Thanks for coming in.

#### ARBORVITAE ENVIRONMENTAL SERVICES LTD.

**The Chair (Mr. David Oraziotti):** Our next presentation: ArborVitae Environmental Services. Good afternoon. Welcome to the standing committee. You've got 15 minutes, as you know. Any time you leave will be divided among members for questions. You can start by stating your name and you can start when you like. Thanks.

**Mr. Tom Clark:** Thank you very much. My name is Tom Clark.

**Mr. Jeremy Williams:** My name is Jeremy Williams.

Honourable committee members, Mr. Clark and I would like to present to you our thoughts regarding Bill 151. We're both consultants with each more than 25 years of experience working in Ontario, and we've been consulting for more than 20 years. We've worked for a range of clients in many of the forests across Ontario. We have a very good understanding of the forest sector, the forest, and the issues that presently affect it. Our handout package includes a fact sheet plus brief biographies of us, and also a copy of the presentation that we've prepared.

We've been active participants in the tenure discussion since the minister's announcement in 2009 that tenure would be reviewed. Our contributions to the tenure and pricing discussion have included the preparation of a discussion paper called Revitalizing Ontario's Forest Tenure System: Foundation for a 21st Century Forest Economy.

We've conducted extensive consultations with foresters and company people throughout the province. There's been outreach to experts both within the province and externally, and we've also made public presentations and had public workshops in Thunder Bay, Chapleau, Pic Mobert and at the Lakehead and U of T faculties of forestry.

In other words, we've been very involved in this discussion, and we're very pleased to say that Bill 151 includes many of the principles and suggestions that

we've offered in our discussion paper, so we're supportive of this bill.

#### 1450

I included in the handout a quotation from Nassim Taleb from his book *The Black Swan*. It says, "History and societies do not crawl. They make jumps.... Yet we like to believe in the predictable, small incremental progression." The point of this quotation is that change in society doesn't generally manifest itself in a smooth line of incremental progression; changes are more likely to be discontinuities as thresholds get breached and counter-ailing forces develop to almost every trend. The current forest tenure system that we have, in essence, extends back to the beginning of the last century when forestry was viewed as a means of development and industrialization. This approach served tenure very well for many decades; however, the most recent financial crisis has made it evident that the sector needs fundamental change, and Bill 151 will bring about some of the elements that we feel are needed to revitalize the forest sector and take better advantage of forest productivity. We think that there are a number of elements within the sector that need change and tenure is just one of those, but it's an important one.

Our next overhead talks about some of the ways in which the current tenure system facilitated the collapse of the forest sector and, as was mentioned earlier, about 50% of the wood that was cut three years ago is being harvested today. As you know, many mills have closed, many people are out of work and it's a bleak sector these days.

The current sector discourages the entrance of new businesses, it stifles market forces and signals, it treats the forest as a cost centre rather than as a value-creation centre; and it excludes meaningful aboriginal and local community involvement.

Of these points, perhaps the most important is the treatment of the forest as a cost centre. Basically, forest management is viewed as a cost to be minimized while meeting the legal requirements of the Crown Forest Sustainability Act. For those who are certified to a third party standard, the standard requirements must also be met. However, there's no incentive anywhere in the system for forest managers to seek out buyers who would be willing to prepare more for the resource and, as a result, there is a widespread perception that our forest has little value. We believe that this conventional wisdom could be overturned through measures that are contemplated in this bill.

If we jump a couple of more slides to the one headlined "Local Forest Management Corporations," we view this as a key component of the bill. We believe that these corporations will have the opportunity to take a value-creation approach as opposed to a cost-centre approach toward viewing the forests, and the involvement of local communities and aboriginal people in decision-making is a significant improvement over the current system. As Mark mentioned, a similar approach has been in place for more than 30 years in Algonquin park, and the Algon-

quin Forest Authority has come through the recession in better shape than almost any other forest manager in the province.

**Mr. Tom Clark:** As a current board member and the first chair of an SFL company in central Ontario, I support this modernization. We started this 10 years ago. When Westwind was formed, we started down the road of tenure modernization. I'm encouraged to see that all stripes of government have moved this along, and I think this is a further step in that direction.

One of the points we want to make is around the current governance issues with most SFL companies today. This current bill will bring some fresh air to this system that's been in place for a long time and that needs some updating. We agree with the previous presenters from the OPFA that this adds to the spectrum of tenure arrangements in the province and is a good contribution.

One of the aspects of this is local participation in forest management. I think everybody accepts that. This is a mechanism to allow that to happen. There are excellent local business people around—lawyers, accountants, bankers. They should be on the boards of SFL companies; they're not right now.

Section 5 of the act speaks to the objects of the corporation. These are well written and would be good objects for any forest management corporation.

Right now, Ontario's forests are regarded as cost centres for mills. This is a fundamental philosophy that is a problem. Forest management is basically a cost line item for making forest products. Of course, it's understandable if you're making lumber or you're making paper. But if your job is to get wood to work in this province and to grow more trees, then cost-centre thinking is a problem. Around our board table, I can tell you, it's hard to get the industry guys to think creatively and to think about getting more wood working, because they're focused on their mills.

In our next slide, "LFMCs and Enhanced SFLs," one of our points is around rescinding wood supply commitments. We don't mean that in a broad-based way; we're only referring to long-dormant commitments. We basically see LFMCs converting what are now these obscure relationships with government into a long-term wood supply contract, which is actually a business arrangement. There are a lot of people out there who are looking for wood. They'd be willing and more than able to buy it, even on a short-term basis. Wood that's not being used under long-term contracts should be made available on an almost instant basis, some kind of a short-term spot market. LFMCs, in practical terms, are going to affect a very small portion of Ontario's land base, probably the more economically challenged forests.

Enhanced SFLs, as we evolve into them, can be built with some of the lessons from LFMCs. The possibility of aboriginal SFLs is finally on the landscape after an awfully long time.

What we're saying is we need to put wood to work, modernize governance, maintain our world-class environmental record—we're the largest contiguous land

base of Forest Stewardship Council-certified land in the world. It's a remarkable record. Our industry has put us there, and as part of it, I'm very proud of that. We see this as a continuation of that development.

I think we would wind up by saying Bill 151 is good for the industry and it's good for the province. It should be passed. But it is, as our previous speaker said, part of a broad tenure revitalization that must continue after this bill is passed.

**The Chair (Mr. David Oraziotti):** Thank you very much for your presentation. We've got time for a question. Mr. Brown?

**Mr. Michael A. Brown:** Thank you for your presentation, and thank you for coming today. Just for some context, I represent a large forestry constituency, Algoma-Manitoulin, which is kind of from Sudbury through to Manitouwadge. So management of the forests is an important issue to us. If I hear you right, you think we need to be moving this faster, not slower, in terms of getting models out there. Everybody talks about "the north," but there's no north; there are a lot of different norths, depending on where you are. Would I be paraphrasing you correctly in saying that we should move forward more quickly?

**Mr. Tom Clark:** More quickly—this system has been in place for 100 years, and it's been talked about now for several years. It's time to move on. People need the change right now. It's not a complicated bill.

**Mr. Jeremy Williams:** We feel that this approach also allows for a greater range of diversity, of different approaches, than is present right now, and that's a good thing, for the reasons you mentioned.

**Mr. Michael A. Brown:** Is there a concern on your part that this would affect the viability of mills in the area? There is some concern that big companies that make big decisions about allocating capital across their international borders would find this an uncompetitive thing to do.

**Mr. Jeremy Williams:** I don't believe that there's a concern, because in the LFMCs, we would like to see commitments being replaced by long-term contracts. Those would be contracts that would be legally enforceable, and they would have much more in the way of mechanisms to adjust prices depending on prevailing conditions and so on. They could also be evergreen, so they could be renewable after five years. Being legally enforceable is something that the current commitments are not and even the SFLs are not. So in our view, there's actually a stronger legal basis under the proposed system than exists right now.

1500

**Mr. Tom Clark:** Bankers want 20 years. No ifs, ands or buts, they want 20 years. We're fine with that.

**Mr. Michael A. Brown:** Thank you.

**The Chair (Mr. David Oraziotti):** Thanks. A brief question, if you've got one.

**Mr. Randy Hillier:** Thank you. Mr. Clark, I see that you have some sort of business or professional relation-

ship with the Ministry of Natural Resources, according to the bio, but what's not on here is—

**Mr. Tom Clark:** It's not a business relationship, sir. I do it as a volunteer, actually.

**Mr. Randy Hillier:** Arborvitae Environmental Services—just what is that business? Give us a little bit of who your clients are and how you earn an income from forestry.

**Mr. Jeremy Williams:** The company I work for is Arborvitae Environmental Services. Our clients tend to be the provincial government, the federal government—actually, governments of various provinces.

**Mr. Randy Hillier:** Any private sector clients?

**Mr. Jeremy Williams:** Yes. We've worked for the OFIA before; as well, for forestry companies, yes.

**Mr. Randy Hillier:** Okay, thanks.

**The Chair (Mr. David Oraziotti):** Thank you. That's time. Appreciate it. Thank you very much for coming in this afternoon. We appreciate the time for your presentation.

#### THUNDER BAY CHAMBER OF COMMERCE

**The Chair (Mr. David Oraziotti):** Our next presentation is the Thunder Bay Chamber of Commerce, Harold Wilson. Good afternoon and welcome to the committee.

**Mr. Harold Wilson:** Thank you very much.

**The Chair (Mr. David Oraziotti):** As you're aware, you've got 15 minutes for your presentation and any time will be shared among members, so you can start. Just state your name and you can get going.

**Mr. Harold Wilson:** My name is Harold Wilson. I am the president of the Thunder Bay Chamber of Commerce. Our chamber represents over 1,000 members, covering all sectors of the local economy. In addition, I'm also the chief operating officer of the Northwestern Ontario Associated Chambers of Commerce, representing over 2,300 businesses that are members of chambers throughout our region. A great many of those businesses are part of the forest industry directly and a great many more indirectly.

We appreciate the opportunity to make this formal presentation to the committee this afternoon and to outline a number of concerns we have with the forest tenure reform legislation in its current form as Bill 151. I say "current form" because there has been a history of fluctuations in language and intent which I will outline later in this presentation.

The issue of tenure reform has been the focus of considerable review due to its long-range implications for the economy throughout northern Ontario, and the Thunder Bay Chamber of Commerce participated in all opportunities to provide input throughout this process to date. Most of the Ministry of Northern Development, Mines and Forestry's August 2009 strategic discussion document concentrated on suggestions to improve current forest management; the overarching issue concerning the future of the forest industry in Ontario was barely ad-

ressed. Much of the document concentrated on issues relating to managing the forests, not better maximizing the value of the forest resources, which should include better-paying and skilled jobs, investment, and research and development.

Our core forestry enterprises may be undergoing a major transformation, but they still need to be supported by having the province establish the ability to access long-term fibre sources and reasonably priced energy to allow for the development of expensive infrastructure.

We welcome opportunities for new entrants, either as partners or new direct users. We need to diversify the forest industry portfolio and have set measurable goals. Wood pellets should be utilizing the wood waste stream, not replacing current usage for high-quality fibre.

At one time, Ontario had the highest and best use of the sustainable fibre. This was approached by ensuring that the best wood first went to a sawmill, with the residue then transported to a pulp and paper processor. With the advent of biofuels and the creation of pellets, this policy must continue to apply but with a focus on highest and best employment creation possible. The main processor of fibre should continue to be the sawmill, with the residual going to pulp and paper and the remainder, including slash, burned and diseased fibre, being allocated to the bioenergy field.

When the draft of forest tenure was reviewed in May 2010, our board took the position that the chamber ensure we met with area firms that were both large and small, established and prospective, to determine whether there was a fine line we needed to be aware of in addressing the government's proposal. We soon discovered that our forestry industry businesses were unanimously opposed to the recommendations, and we conveyed this at the public session.

Our main concern now with Bill 151 is the same as we expressed on numerous occasions since the proposal was rolled out in Thunder Bay last May: The LFMCs are unproven and their widespread implementation could have a detrimental impact on our forest industry as this legislation may very well devalue forest licences and impact a company's ability to attract financing. As opposed to the many options likely presented in the consultation process embarked on in August 2009, only the single LFMC option was foisted upon us.

While we question the likelihood that this plan will yield either cost savings or enhanced access to fibre supply, we have been supportive of the concept of initiating two pilot projects which would then be assessed and reviewed over a five- to seven-year period. We also identified that the reforms suggested could be counterproductive to the wood supply competition initiative of the ministry, which we have strongly supported.

The effort by the ministry also did not reflect earlier advice particular to forest tenure reform by Dr. Robert Rosehart in his Northwestern Ontario Economic Facilitator Report released in February 2008, specifically recommendation 8.2.1. For example, new forest authorities were to have active representation by forest users,

and a clearly defined dispute resolution mechanism would be put in place; neither of these features is in the ministry's local forest management corporations option.

We were satisfied that over the course of 2010, it appeared that many of our concerns and recommendations were being addressed in the legislation as it was developed. However, issues have arisen with the legislation in its current form which are contrary to the advice and previous support of the business community.

In fact, Minister of Northern Development, Mines and Forestry Michael Gravelle outlined support for the chamber's position in our chamber offices January 13, when he revealed the province's plans for the forest tenure review initiative. Our decision to host the minister for his announcement had followed considerable discussion by our board, because we had been such vocal opponents of the original proposal. I also had discussions with industry reps and MNDM&F personnel regarding our concerns. We were satisfied that our advice provided since last May had been adopted. The minister was sincere in his efforts to address the concerns of business, as conveyed January 13. The legislation crafted which followed undercuts his commitment.

When Minister Gravelle introduced enabling legislation to set up the LFMCS in late February, it was immediately evident that the legislation was broader than the pilot projects that had been outlined to us on January 13. Something, again, had been lost in translation.

Our main objection is with the LFMCS. Currently, section 3(1) of the act states: "The Lieutenant Governor in Council may by regulation incorporate one or more Ontario local forest management corporations as corporations without share capital." We request the committee amend section 3(1) to read: "The Lieutenant Governor in Council may by regulation incorporate no more than two during the first seven years from the date the act comes into force, Ontario local forest management corporations as corporations without share capital."

In addition, Bill 151 in its current form increases the authority of government to cancel licences, commitments and supply agreements for any reason without recourse to the affected companies. Again, this will greatly reduce investor confidence, a key shortcoming we have consistently identified.

Outside of this particular process, our chamber also awaits government action regarding our 2010 resolution on the need to establish in law, through regulations, that there will be 26 million cubic metres of available fibre for industrial use on a sustainable basis for the creation of wealth in the province of Ontario. This sustainable level is consistent with the statement made by Minister Gravelle on November 26, 2009, at the provincial wood supply competitive process announcement in Thunder Bay.

Our resolution also expressed the need for socio-economic impact analyses prior to adopting new legislation that can affect industry in Ontario, such as the proposed Endangered Species Act. Last May, the Ontario Chamber of Commerce unanimously supported this resolution.

We had specifically asked the Minister of Natural Resources to talk about these and other ministry policies

when she addressed our membership in December. Unfortunately, these topics were not addressed, and much of Minister Jeffrey's presentation was on broader provincial initiatives.

The issue of taking the responsibility for wood fibre allocation from the Ministry of Natural Resources and moving it to the Ministry of Northern Development and Mines had long been a topic of discussion. Indeed, it was one of the recommendations made when I served on the Northwestern Ontario Smart Growth Panel in 2002-03. One mistake when the forestry branch was brought under the Ministry of Northern Development and Mines is that the corporate culture went unchanged. How this legislation has rolled out is testament to that.

The MNR is not the organization to lead us to economic prosperity, as their track record so richly demonstrates. Over the past 25 years of my experience, beginning with crown land as a development tool, the MNR has consistently demonstrated that they follow a regulatory culture rather than an entrepreneurial attitude. Indeed, their approach to development is based on keeping something bad from occurring, as opposed to making something happen. A total lack of development meets this prime goal and that, therefore, would be a win. Their track record in the wake of the forest crisis and Ontario's manufacturing decline speaks for itself. While mills were shutting down, prospective new investors, some of them international, were informed that there was "no wood available."

Moreover, employees of regulatory agencies, when faced with a reduction in activity from the existing resource sector, often go in search of additional targeted firms or increasing their presence in existing operations, which our chamber members have seen in abundance. When business is faced with revenue shortfalls, we seek ways to trim our operations. Government has not sought a similar response, and the business community has been the recipient of their need to "get busy or get laid off."

#### 1510

Throughout the north, the mantra should be to maximize value. The provincial wood supply competition, announced by Minister Gravelle in November 2009, was to proactively make use of a resource that has been languishing, which had been the main impetus for forest tenure reform. This had the strong support of business and municipal leadership across the north, and is why we were so enthused that the minister was addressing it.

However, the plodding nature of this effort to work through the competition has been painful for all involved, including the province. The wood supply competition could have been completed much earlier had the assessment criteria been transparent and tied to maximizing the value of the resource. A weighting for jobs, innovation, partnerships, new markets and products, financial viability and other criteria would have made the assessment and subsequent awarding of wood much easier, and we would be in a better position as a province to be realizing the investments that would have come and the accompanying jobs and increased tax revenues. Both

forest tenure reform and the wood supply competition have been affected by the Ministry of Natural Resources' mindset and have proven to not respond effectively to business opportunities and needs.

Finally, I want to address the standing committee's methodology in proceeding with this critical piece of legislation.

On March 25, 2011, the Thunder Bay Chamber of Commerce sent a letter to the Chair and committee members of the Standing Committee on General Government to request that a hearing on Bill 151 be held in Thunder Bay prior to third reading in the Legislature. We requested that Thunder Bay be included to ensure that a full understanding and discussion of the bill, its changing scope and its potential effects occur where it will have the greatest impact. We have still not received any response from the committee, nor from our own local MPPs, to that letter.

The plan to limit hearings to Toronto is unacceptable, and the response that we could participate through video-conferencing assumes that recommendations need only be made to be considered. The consistent feedback we and others have provided over the past year has yet to be included in the legislation. Therefore, we need to be here in person to further press our issues and not rely solely on simply providing input.

The government's soaring rhetoric on economic zones, public policy institutes and the northern growth plan does not measure up to their actions. What could be more important to northern Ontario's growth, to our economic zones or as a public policy review than one about the future of the forest industry in northern Ontario? Despite the expressed concerns of northern Ontario communities and businesses, the government appears to be going ahead with legislation that could have dire consequences to our economy without coming to northern Ontario to properly discuss it.

This would ensure that a proper review of the proposed new system took place. If it is an experiment, call it an experiment. If it is regime change, call it regime change. By keeping the act open-ended, there are no controls and no recourse. We strongly urge the committee to accept the amendment to limit the LFMCs to two, and review in five to seven years.

We thank you for your attention today and await any questions that you may have.

**The Chair (Mr. David Oraziotti):** Thank you very much for your presentation. Time for questions: Mr. Bisson, if you've got something brief.

**Mr. Gilles Bisson:** Let's get to the last point that you make. So here we are: A bill that's going to affect primarily northern Ontario, decisions made by the committee and the government majority not to travel to the north. What does that say to the northerners, in your view?

**Mr. Harold Wilson:** It stems right back to the issue about consultation and whether that input is being valued. I will admit there were a lot of consultations that took place ahead of time, but when you don't see that being

reflected in the legislation, nor when other commitments have similarly not been put forth, you'd like to see them come up because obviously we need a bigger discussion. We need a much broader discussion about this issue rather than specifically small time frames to talk about this with the committee. That's what would have been availed had we been in northern Ontario.

**Mr. Gilles Bisson:** Should we be in a rush to pass this legislation in the next couple of weeks?

**Mr. Harold Wilson:** Given the consequences of this legislation, I don't hear a lot of clamouring where I'm from that this be passed.

**Mr. Gilles Bisson:** So is there anybody in northern Ontario the Liberals haven't pissed off? I'm just wondering: Why this fight? I just ask you the question strictly from a fellow northerner—

**Mr. Harold Wilson:** I will admit that we were very surprised, especially with writing to local MPPs—and I know that has been the case all across. To suggest that video teleconferencing would do it was not the kind of response we were looking for.

As I said, this is serious legislation; this has a serious impact on all of us, so we want a serious discussion on this legislation. As I said, we've had some really good discussions. Throughout 2010, we were very encouraged, after May, by what we were hearing. Yet, as we take a look at the legislation, we're not seeing that in evidence. There does seem to be a disconnect or something lost in translation between what is being suggested by us, and even advice that they seem to be taking, and then taking a look at the legislation per se.

**The Chair (Mr. David Oraziotti):** Okay, thank you. That's time for your presentation.

#### GREENMANTLE FOREST INC.

**The Chair (Mr. David Oraziotti):** Next presentation: Greenmantle Forest. Good afternoon. Welcome to the Standing Committee on General Government. You have, as you're probably aware, 15 minutes for your presentation. Any time you don't use will be divided among members for questions. Start by stating your name, and you can get going. Thanks.

**Mr. James Harrison:** Thank you. My name is James Harrison, and I am the general manager for Greenmantle Forest Inc. With me this afternoon was to be Gary Laine. He is a logger and a shareholder in Greenmantle. But in one of those rare occasions, Porter is two hours late, and so that's why he's not here.

*Interjection.*

**Mr. James Harrison:** Pardon me?

**Mr. Randy Hillier:** I said that if we had taken a charter up north, you wouldn't have to worry about that.

**Mr. James Harrison:** Greenmantle Forest Inc. holds the sustainable forest licence for the Lakehead forest. I have included in your package, on the last page, a map of Ontario which shows the Lakehead forest. At the end, I'm going to have a geography test and see how well you do.

The Lakehead surrounds Thunder Bay and extends from the US border from west of Thunder Bay to Nipigon. Greenmantle is comprised of 35 shareholder/loggers. Most of the loggers are family-run businesses, and some are third-generation loggers on the Lakehead forest. Fort William First Nation and Red Rock Indian Band are shareholders, and they contribute greatly to the diversity we represent. We do not have any mills attached to our sustainable forest licence.

Greenmantle loggers contribute hundreds of thousands of dollars in forestry stumpage fees each year to the Ontario treasury. The goods and supply needs of our member loggers generate millions of dollars in spending and spinoff economic activity in our local business community.

We are a self-financing organization that requires no subsidies, grants or bailout funds from the Ontario government. We help satisfy the fibre procurement needs of various wood-utilizing entities, ranging in size from the giant AbitibiBowater complex in Thunder Bay right down to one-person independent sawmillers. We also supply hundreds of local individuals with the fuel wood needed to heat their homes each year.

Greenmantle has its own in-house forest management staff. Our licensed foresters prepare forest management plans and allocate timber stands to loggers. They also monitor harvesting activities on a regular basis to ensure that all compliance and environmental protection laws and standards are observed. When harvesting is complete, our reforestation responsibilities are planned and conducted according to MNR guidelines.

Our management staff and member loggers alike liaise regularly with local MNR staff. We enjoy a good working relationship with the MNR. The combined efforts of MNR and Greenmantle staff and our member loggers, plus the quality replanting work performed by our local reforestation contractors, are yielding excellent forest management results in the Thunder Bay area.

We are a community-based organization. We regularly host open houses advising the public of harvesting and replanting activity on the Lakehead forest in our jurisdiction. Our doors are always open for members of the public to address their public forest concerns. We acknowledge these concerns, and whenever possible adjust management plans to accommodate these concerns. We regularly meet with camp—and in southern Ontario, I gather, cottage—owners. And this is quite an important point: Our loggers do not live in urban Thunder Bay. They live in the surrounding areas and have an excellent understanding of the interests of the area residents.

To put it in simple terms, the sustainable forest licence system that has evolved on the Lakehead forest in the Thunder Bay area works well. It provides jobs and economic security for loggers and foresters alike. It provides the fibre needed by local mills, it generates dollars for the local business community, and it ensures that the forests of tomorrow will be planted today.

So why tamper with a system that works well? Why try to fix something that doesn't need fixing? We fully

acknowledge that the system that works well in Thunder Bay is not necessarily a model that should be duplicated right across the province. But by the same token, we reject the notion that the one-model-fits-all approach advocated by Bill 151 is a model the entire north should adopt.

#### 1520

We do not believe that forest management units in Ontario will be better managed by local forest management corporations. We do not believe that the local forest management corporation will yield higher resource income for the government or result in better forest management. Above all, hard-pressed, taxpaying Ontarians do not need poorly managed local management corporations banging on the doors of government begging for financial assistance when grandiose schemes for revenue embellishment do not materialize. We work hard and pay stumpage to the Ontario government and do not support a system where the stumpage dollars go to the LFMC to pay for their management costs. Why would the Ontario government subsidize the LFMCs and not all other sustainable forest licence holders in Ontario?

The member shareholders of Greenmantle currently have substantial investments in their Greenmantle shares. Many are still carrying bank loans ensuing from share purchases in the recent past. Given that the proposed legislation includes no provisions for compensation if our existing shareholder-based SFL is terminated, some of our members face the very real possibility of severe financial hardship in their old age, particularly if the new LFMC system proposed negatively impacts the ability of member loggers to continue their traditional level of harvest from the Lakehead forest. We believe it would.

We advocate, instead, that the government adopt a go-slow approach when it comes to implementing substantive change in the forest tenure model. We should not be adopting wholesale change that scares away local, national and international investment in our provincial forest industry. Rather than wholesale change, we advocate focused change. Let's be less concerned about tampering with forest models that work well and focus on change in areas where change is justified.

I wish to thank you for this opportunity to make this presentation and would be happy to answer any questions.

**The Chair (Mr. David Oraziotti):** Thank you very much for coming in today and thank you for your presentation. We'll start over here to my right. Mr. Brown, a question?

**Mr. Michael A. Brown:** Thank you, Mr. Chair, and thank you for coming. I have a few questions. The first one would be—I didn't quite understand your organization. Is this a private for-profit company or is it more of a co-operative nature?

**Mr. James Harrison:** It is a co-operative of 35 small loggers who got together, formed a company and, up until two years ago, were in partnership with Buchanan Forest Products, and the most recent share purchase that I

referred to was that they bought out the Buchanan share after that company went into receivership.

**Mr. Michael A. Brown:** It sounds like a system that's working very well. How do you decide who receives the wood? How is that allocation made by your company?

**Mr. James Harrison:** The group put together an allocation committee, and they work with the management staff of Greenmantle when we allocate the harvest. Levels of harvest were determined at the start of the company based on a five-year level of activity. At that time, there were 48 shareholders on the licence; it has reduced in size. And so if you had cut 100 hectares a year on average for five years, you would be allocated 100 hectares of forest for harvesting.

**Mr. Michael A. Brown:** How would the wood be priced?

**Mr. James Harrison:** The members sit down with the various mills and negotiate the price.

**The Chair (Mr. David Oraziotti):** Thanks, Mr. Brown. We need to move on. Mr. Hillier, your question?

**Mr. Randy Hillier:** Thank you very much for coming here. It's unfortunate the other fellow couldn't make it down.

I would like to ask you this question: I've seen a real chill in the level of apprehension from a number of people in forestry who have licences depending upon the ministry, and I want to get your opinion and your thoughts about the willingness for people in forestry to be open and honest and critical of a ministry or their policies when that minister can arbitrarily revoke your licence, your allocations or anything else that is involved with your livelihood. Expand on that a little bit.

**Mr. James Harrison:** It's a huge issue. I didn't have enough time to cover every issue, but to have a minister who could take away a harvest licence is a huge threat to the loggers that I work for.

**Mr. Randy Hillier:** Essentially, it could destroy your whole business model, all your investments, and no compensation provided, not even any criteria established that would be deemed justifiable. There are no restrictions whatsoever. Of course, that's in this new proposed Bill 151. I'm sure that must be sending a chill throughout forestry throughout northern Ontario.

**Mr. James Harrison:** Certainly, to our group of loggers it's a huge worry. Their biggest fear would be—yes, I heard the rhetoric today in regard to two—there's nothing to stop them from implementing LFMCs right across the province. We would be out of business.

**Mr. Randy Hillier:** Right on. Thank you very much.

**The Chair (Mr. David Oraziotti):** Mr. Bisson, you had a quick question?

*Interjection.*

**The Chair (Mr. David Oraziotti):** Okay. Thank you very much. We appreciate you coming in today. That's time for your presentation.

#### GP NORTH WOODS LP

**The Chair (Mr. David Oraziotti):** The next presentation is GP North Woods. Good afternoon, gentlemen.

Welcome to the Standing Committee on General Government. As you're aware, you've got 15 minutes. If you can state your names, and any time not used will be divided among members for questions.

**Mr. Dan Dedo:** Thank you. We'd like to start off, firstly, by thanking the committee for our having this opportunity to come and speak to you about something that is very, very important to our company. Our presentation is broken into two or three pieces. We're going to give you a little bit of background on our company. We're going to share with you GP North Woods' concerns about the legislation, as it's currently written, and some suggestions of where the government may want to spend some time as they consider amendments to this legislation.

**The Chair (Mr. David Oraziotti):** Before you keep going, can you just state your name for the purposes of our recording Hansard? Thank you.

**Mr. Dan Dedo:** You read my mind. My name is Dan Dedo. In my capacity as general manager of wood and fibre supply, I am responsible for the fibre supply for GP North Woods operations in Ontario.

I'll turn it over to my colleague to introduce himself.

**Mr. Paul Brown:** My name is Paul Brown. I manage government and public affairs for Koch Companies in Canada.

**Mr. Dan Dedo:** For those who don't know, Georgia-Pacific is relatively new to the province. Georgia-Pacific is one of the world's leading manufacturers of tissue, packaging, paper, pulp, building products and related chemicals. The company employs on three continents—South America, North America and Europe—approximately 40,000 people.

One of those locations which joined the Georgia-Pacific family last summer is the oriented strand board mill that's located in Englehart, Ontario. This mill employs 200 people directly and approximately 800 people indirectly. The bulk of the indirect employment are folks who are engaged in the harvesting, delivery and regeneration of the forest.

We feel that we have a good and efficient asset in Englehart. We work hard to be productive and innovative. We plan on continuing to invest in the facility to ensure that it remains efficient and competitive. But in order for that to continue to occur, we need a reasonable degree of certainty that our fibre supply will remain reliable and cost-competitive.

Put another way, the key input for the manufacture of OSB—and for those who aren't familiar with the industry, OSB is a misnomer for flakeboard, which is the things that go on the outside of your house or on the roof of your house. It's the things that get nailed to the two-by-fours. With greater than 80% of the facility's fibre coming from crown land, it is very important for us to continue to have a reasonable degree of certainty that the fibre source for this operation remains predictable from the supply perspective and competitive from a cost perspective. Ensuring a reliable and competitive fibre supply is necessary, along with a competitive asset, processes

and employee base, to ensure the viability of the operation. I'm not going to use the three-legged stool analogy, because it gets overused, but I will leave you with that thought in your mind, that one cannot be excluded for the business to be successful.

**1530**

Georgia-Pacific has been and remains supportive of the provincial government's January 2011 announcement as it was laid out: the framework and the intent for a measured approach to tenure and pricing reform. Among other things, the framework included the long-term limited testing of the local forest management corporation pilot model against a predefined set of criteria.

At the same time, it was to focus on initially converting the remaining single-entity sustainable forest licences to the next-generation co-operative SFLs. Fundamental to this approach, and ultimately to the success of our business and others, is a competitively priced, secure and reliable supply of fibre.

The current tenure system does require some adjustments. We've heard previous speakers talk about how it has been in place for 100 years. We're not convinced it has been in place for 100 years—there have been several versions over time—but we do believe that there are some opportunities for adjustment of the current pricing system. But one of the key strengths of the current tenure and pricing system is its ability to provide Ontario mills a competitive advantage, and that competitive advantage comes in terms of the long-term fibre security and predictability of supply. Competitive advantage in Ontario equals long-term fibre security and predictability of supply.

In its present form, Bill 151 has the potential to erode that competitive advantage by:

Firstly, increasing the government's authority to arbitrarily cancel or amend licences, commitments and agreements;

Secondly, removing the existing rights of notice and appeal, as well as options for legal recourse if your licence agreement or commitment was to be amended or cancelled;

Thirdly, broadening the government's access to confidential, competitively sensitive information; and

Finally, providing no certainty on the path forward for tenure and pricing reform.

Initially, in January, we were speaking about limited testing of pilot LFMCS and accelerated conversion to co-op SFLs. The current bill, as it is written, doesn't seem to have that limitation built within it.

So we would like to suggest that Bill 151 would be more effective if it solidified the path forward. What that means, for tenure and pricing reform, includes the limited testing of LFMCS and the accelerated conversion to co-operative SFLs; secondly, to maintain the current level of government authority to cancel fibre licences, commitments and agreements; thirdly, to maintain the wood supply commitments to companies that have used their allocated fibre. The key words there are, "that have used their allocated fibre."

The final suggestion for improvement in the legislation, as it currently exists, is to maintain the current rights of notice and appeal and legal recourse that presently exist, so to remove the clause that seems to speak to immunity within the bill.

Finally, in closing, Georgia-Pacific remains committed to working with the government to modernize the tenure and pricing mechanisms within Ontario, while at the same time strengthening the competitive advantage and the business growth environment enhanced by a secure, predictable fibre supply. With that point, I will open the floor for questions.

**The Chair (Mr. David Oraziotti):** Thank you very much for your presentation. We do have a few minutes for questions. Mr. Bisson, do you have any questions?

**Mr. Gilles Bisson:** A couple of questions. The first place to start, I guess, is in regards to the financing in mills. Currently, you have OSB mills. If you need to raise capital for whatever reason, you either go to your shareholders or you go to the lenders. If I heard you correctly, you're saying this bill puts that at jeopardy. Explain that a little bit for people to understand.

**Mr. Dan Dedo:** Probably the simplest way to answer that, Gilles, is, if you go back to earlier in the presentation, the key number was 300 mills in our system. All of those mills compete with our one shareholder for capital. This legislation, as it's currently written, gives us a disadvantage competing for that capital. It provides the potential of uncertainty from a fibre supply perspective where there once was certainty of fibre supply.

**Mr. Gilles Bisson:** The current system has been pretty resilient against countervail duties. There's been, however, many challenges on the part of the US in regard to trying to prove that Ontario is subsidizing when we truly don't subsidize our industry. In your view, does this, moving in this direction, challenge that position that we're in?

**Mr. Dan Dedo:** I'm not trying to sidestep your question: That's probably a better question to ask the lumber guys. We produce OSB and we've not been part of that conversation.

**Mr. Gilles Bisson:** Okay. I guess the last part is, should we be trying to rush through this process? Is this something that has to be done now?

**Mr. Dan Dedo:** No. I think it's more important to get it right than to do it now.

**Mr. Gilles Bisson:** Thank you.

**The Chair (Mr. David Oraziotti):** Mr. Brown, a question?

**Mr. Michael A. Brown:** Mr. Dedo and Mr. Brown, thank you for coming. I appreciate your point of view because you do represent a multinational company operating on—three continents, did you say? So you would encounter a wide variety of arrangements for fibre supply, I would guess, from a wide-open bite on the private market sort of approach in some places to probably fairly prescriptive supplies in other areas.

You realize the government intends to do two of these and to do them, first, over a five-to-seven-year model,

have a look at them, see how they work, and leave the other SFLs in place until that is determined. You've made some other constructive suggestions, I might add. Following that approach, would you think that's a prudent way to move ahead?

**Mr. Dan Dedo:** We do business in a number of different jurisdictions. One of the things that is distinctly different about Ontario is that 80% of our supply is held by one owner. In other jurisdictions where we do business, we have multiple owners and multiple consumers. So that makes it very different.

We believe that it's important to try things, and we think the LFMC model is something to be tried in a controlled, measured way against a set of criteria.

**The Chair (Mr. David Oraziotti):** Thank you for the comments. I'm going to need to move on. Mr. Hillier, briefly.

**Mr. Randy Hillier:** Thanks very much for coming today. I've got a question for you. Georgia-Pacific, of course, operates around the world. Is there any other jurisdiction that you've ever operated in that you're aware of where the government has taken away all legal remedies and recourse and has put forward an arbitrary mechanism to remove your ability to operate? Has that ever happened in any other jurisdiction that you're aware of? I might also ask, would you have purchased the mills if you had that knowledge that the government might arbitrarily remove fibre supplies, allocations and licences, and without any legal remedy available to you?

**Mr. Paul Brown:** Mr. Hillier, thanks very much for that question. I appreciate it. Typically, it would be challenging to move into a jurisdiction that essentially removes the rule of law from your capacity to operate. There are some fundamental aspects of this legislation that tend to aim in that direction, and we are very concerned—

**Mr. Randy Hillier:** That remove the rule of law?

**Mr. Paul Brown:** When you have immunity and you remove the capacity for appeal, that adds a certain, direct challenge to the rule of law. There's no question about that.

It's a complex matter of investment. What you cited there would certainly be one of them that would go up on the chalkboard, so to speak, when the company makes an investment.

**Mr. Randy Hillier:** Is there any jurisdiction that you work in now where that government could eliminate your ability to do business without any legal remedy? Do you operate in any countries like that, and if so, which ones?

1540

**Mr. Paul Brown:** Our shareholders tend to make very dedicated decisions on where they invest. Certainly, Canada and Ontario is a jurisdiction that they eye as being competitively advantaged, and that's why we are investing here. To my knowledge, no, we haven't invested in any area—

**Mr. Randy Hillier:** In a place like that.

**Mr. Paul Brown:** No.

**Mr. Randy Hillier:** Well, I hope everybody here is hearing your presentation today. Thank you very much.

**The Chair (Mr. David Oraziotti):** Thanks for coming in. That's time for your presentation.

**Mr. Dave Levac:** On a point of order, Mr. Chair: If you have a written report of your presentation, if you could give it to the clerk so all of us could have that with the key points that you've made today. Is that all right, Mr. Chair?

**The Chair (Mr. David Oraziotti):** Yes, absolutely. If you have a report or comments and you'd like to submit them, we can distribute them to members of the committee.

#### NORTHEAST SUPERIOR REGIONAL CHIEFS' FORUM

**The Chair (Mr. David Oraziotti):** The next presentation: Northeast Superior Regional Chiefs' Forum. Good afternoon, gentlemen. Welcome to the Standing Committee on General Government. You have 15 minutes for your presentation. Any time that you do not use will be divided among members for questions. You can start by stating your name whenever you're ready and make your presentation.

**Chief Keeter Corston:** I'll just introduce myself. My name is Chief Keeter Corston, Chapleau Cree First Nation, member of the Mushkegowuk Tribal Council, member of Nishnawbe Aski Nation. Colin's going to do the presentation, so I just wanted to be here with him to introduce myself. I'm the secretary of the regional chiefs—

**Mr. Dave Levac:** Sorry; I couldn't hear you.

**Chief Keeter Corston:** Chief Keeter Corston, Chapleau Cree First Nation.

**Mr. Dave Levac:** Thank you.

**Mr. Colin Lachance:** Good afternoon. My name is Colin Lachance. I'm the corporate secretary to the Northeast Superior Regional Chiefs' Forum, an ad hoc group of First Nation chiefs that have territorial interest in and around the Chapleau crown game preserve.

The chiefs came together four years ago in search of a solutions-based approach to a number of core issues which I can only hope that the committee is fully apprised of. What we have to say here in a very short period of time, and drawing specifically to the punch line on page 4 of our submission, is that after \$1 million worth of dollars scraped together through special projects, funding proposals and arm-twisting, the chiefs have come to the conclusion that we can make far more wealth from the land, keep more of that wealth in the region for both municipal and First Nation communities, rebuild the ecological integrity of the boreal forest, and maintain a balanced relationship with our existing industry partners, all at the same time. This means that we're into a significant transformative change agenda, and tenure reform is long overdue. Multitudes of royal commissions on forestry in Ontario have advocated this since the first one in 1904, I believe, so this is big. For every complex problem, there's a solution that's easy, cost-effective, simple and wrong. So before the honourable Gilles

Bisson gets to ask the question, you've got to take this slow, because there's lots of stuff here that has to be looked at.

Take a look at the philosophy of the chiefs' forum model outlined on page 4. People said that we couldn't get First Nations to work together; we did, and it took a lot of sweat equity. People said that we could never get chiefs and mayors to work together in a region; we have a protocol agreement between six chiefs and six mayors. People said that we would never get industry to buy into an ecological agenda; we did, and we have a signed agreement with Tembec that if we can help them through new innovative approaches in shoring up their economic bottom line, they will trade us ecological considerations in order to rebuild the ecological integrity of the Chapleau crown game preserve. Not to mention the back end of this, which is that this committee and the government of Ontario are staring right in the face of a tremendous amount of legal, political and business risk over the unfinished aboriginal agenda. By partnering up at the local and regional levels, we disperse a lot of risk that people are preoccupied with, but we put it straight forward, right in front of the table, instead of pretending that it doesn't exist.

If we streamline industry activities through integration, particularly in energy, and if we add to it value-added forestry—and our particular focus is on torrefication, because it has tremendous dividends for actually using poplar, which is treated as a weed, as the single greatest economic dividend. It grows faster than any other tree, it's environmentally friendly to the moose, we don't have to silviculture, and we don't have to aerial spray. So the dividends are great, and we need to invest in these new, innovative ideas.

Natural tourism and cultural tourism: \$1.1 billion a year generated from tourism, and with the downturn in the forest economy, nobody's sneezing at that money anymore. It's in perpetuity if it is managed properly, so we have to think along these lines.

The non-timber forest products industry is blossoming. We're looking at a regional blueberry farm that's world-class and that should be up and running within the next five years. We also have carbon credits as an idea.

Every one of these partnership opportunities, every one of these innovative approaches—every single one of them—has a tenure challenge associated with it, so we need to look at all of these at the same time. This is like musical chairs: Everybody has a seat at the table, but everybody has to stand up, take three steps and then sit down again. You can't have this working well unless it's all coordinated. This is the proposed solutions-based approach to the regional chiefs' forum.

When we take a look at the main barriers, or what you would call, from a risk management perspective, this legal, political and business risk, take a look at page 6. When we talk about tenure, let's start with Webster's dictionary.

*Remarks in Algonquin.*

I don't use these worldly definitions from a western perspective, but I have a constitutionally protected right

to look at my land and my resources and the people in the region from an aboriginal cultural point of view. But I can't put that in front of this committee today, because they're not very amenable to the kinds of concepts that we're talking about. They are in this paper; we'll let you read that at your leisure. Strictly from a western Webster's dictionary, "tenure" is about ownership. I'd hate to bust anybody's bubble here, but the resources do not belong to the crown. Under a western rule of law—participatory democracy, egalitarianism, constitutional framework—the resources belong to the people. And then you have the aboriginal rights-based agenda in there too. So what we have is basically 100% regional participatory engagement between chiefs and mayors, and reaching out to the Métis groups, saying we have a better way to manage our resources for the people, by the people. It's constitutionally protected and consistent with treaty rights.

But guess what. We're having a hard time getting some traction, some buy-in. This is why we need to take it slow. This process needs to run its course so that we can have a beacon of hope that will help implement new and innovative ways of transforming the way that we see our relationship with the land.

We do know, from a recommendation perspective, therefore, that we need to broaden the scope of this exercise in support of a more comprehensive and holistic approach so that international obligations, including the one that's in the pamphlet that we handed out earlier today, statutory requirements and mandated responsibilities of a multitude of provincial agencies are giving due consideration to the critical policy, and regulatory gaps can be filled and overlaps avoided.

We need to fully embrace the constitutional concepts of egalitarianism and participatory democracy, not to mention Supreme Court of Canada instructions pertaining to consultation and accommodation of aboriginal rights, as a foundation to a more robust approach to forest tenure reform.

We need to fast-track previous provincial commitments to develop resource revenue sharing agreements and government-to-government relationships with First Nations. Advancing an aggressive forest tenure reform process in the absence of these two critical pieces is like closing the barn after the horses have gotten out. How are you going to talk about tenure and ownership if you're not going to talk about resource revenue sharing, which is already a political commitment of the government of Ontario?

We need to pay closer attention to international trends. We did an international best-practices review that looks at this concept—the acronym is stated there—of community-based natural resources management approaches. We've reviewed over 200 international studies, and they're all saying the same thing: Resource decision-making is more effective when it's brought down to the local and regional level. We still need rule-of-law rules, and we still need overarching principles to be maintained, but let the people who are closest to the land express their

innovativeness. This was the number one conclusion that came out of the forest tenure reform paper that Jeremy and Tom did, in collaboration with the chiefs' forum. If we can have all that innovation coming out of forestry when we have an archaic and antiquated approach to tenure, what kind of beautiful ideas and opportunities will blossom if we actually promote innovation directly inside that legislative framework?

**1550**

We need to work more closely with aboriginal organizations committed to a solutions-based approach. As you probably know, the Chiefs of Ontario and its First Nations forestry task group is starting to get geared up.

I should also state that when we talk about these pilot projects, one of the considerations that MNDMF is giving is to enhance the co-op SFL process. I'm pleased to say that MNDMF—Mark Speers, in fact, who is in this room here today—has given us a letter stating that they're willing to enter into a contribution agreement with the chiefs' forum to continue to invest in the relationship-building, reconciliatory, tear-down-the-racial-barriers approach to regional partnerships. So we see that being a huge dividend in working together in collaboration with all the parties that have a stake in the tenure reform process.

We definitely need to tear down a whole bunch of tensions in the region pertaining to aboriginal attitudes and ill-conceived ideas about aboriginal rights, through a series of cross-cultural workshops, and we definitely need to embrace the energy of what we call the convergence agenda in a multitude of other ways that support reconciliation, including the development of common understanding, mutual respect and trust, as prescribed specifically by the Supreme Court of Canada.

This is a taste of what we've been up to for the last four years.

The only message that we really want to give here today is that tenure needs to be reformed. It needs to be done broadly, holistically and in a participatory, democratic way, so that all those who have a stake in the land and the resources have a meaningful say in the way we shape this process into the future.

Meegwetch.

**The Chair (Mr. David Oraziotti):** Thank you very much for your presentation. Mr. Bisson, we have a couple of minutes for questions.

**Mr. Gilles Bisson:** You've already answered my first question. I appreciate that.

You came here with this declaration on indigenous rights. Explain why you did that. I think it might be lost on some folks.

**Mr. Colin Lachance:** We did that because when we talk about rule of law—which is not the world that we live in but the world that people here in this room, as elected members of Parliament, live in—we are obligated under rule of law to honour international commitments made by Canada in a number of different areas.

The United Nations is that global clearinghouse for international obligations from a rule-of-law perspective.

As you know, they recently endorsed this declaration with respect to aboriginal rights, and Canada is way behind the international curve when it comes to that, and Ontario is way behind the curve of other provinces in Canada, not to mention the fact that there are some fairly important biodiversity commitments that we've made too. So we have the aboriginal agenda, and also the environmental agenda, that need to be given specific consideration in order for us to hold our heads high in the UN and be honourable members of that international body.

**Mr. Gilles Bisson:** Do I have time?

**The Chair (Mr. David Oraziotti):** I was going to move on to the other members.

**Mr. Gilles Bisson:** Very quickly—I've been pretty good about questions.

**The Chair (Mr. David Oraziotti):** Okay.

**Mr. Gilles Bisson:** You say resource managements were best done when decisions happened on the ground. Do you see this legislation as fixing that problem, or at least getting us there?

**Mr. Colin Lachance:** We see the opportunity for the legislation to steer us in the right direction, so that over the course of time we can look for innovative ways to make sure that there's a connection between the top-down command and control and the bottom-up.

**Mr. Gilles Bisson:** I think we agree, but does this legislation do that?

**Mr. Colin Lachance:** As it is right now, there are a number of gaps in that legislation that need to be revisited, as referenced in the challenge section of the submission that we've made to the committee today.

**The Chair (Mr. David Oraziotti):** Mr. Brown.

**Mr. Michael A. Brown:** Chief Corston and Mr. Lachance, it's good to see you. I think it's valuable that you came. I think it's important that First Nations folks and others in local communities have an opportunity to build a model that works in particular areas, and I think that's what you're here talking about.

I know that some of your First Nations are also working—on their own, I suspect, but maybe with you—on a proposal regarding a local management corporation as one of the models. I want to encourage what you're doing to help us—because we're all together in this, as you pointed out—get to where we need to be in northern Ontario and in the province as a whole.

I guess my question is, is this legislation able—I haven't had a chance to look at your recommendations—to be tailored to do that? We are talking about one model, to begin with, used in the northeast and one in the northwest, but that would give the opportunity for us to assess that and for you to assess that. Would it give us the opportunity to see if we can find better results?

I suspect that it won't be the same everywhere, and probably you know that, too: that what works in Chapleau and Wawa and Hornepayne and White River is not going to work, perhaps, in the northwest. I don't know, but I bet that's the case.

Do you want to make some comments on—

**The Chair (Mr. David Oraziotti):** We have time for a very brief response and then—

**Mr. Colin Lachance:** Do we not have as much time to answer the question as he had to ask it?

**Mr. Michael A. Brown:** Sure. We agree.

**The Chair (Mr. David Oraziotti):** No, actually you don't.

**Mr. Colin Lachance:** Really, what we're saying is that—I mean, if we have to spit it out—where is the real spirit and intent of the crown to reconcile? It's not the wording in the statute that's going to make the difference. Are we really willing to meet and sit together and solve these problems before crisis occurs in northern Ontario? The Environmental Commissioner of Ontario is basically predicting it; so are a number of other organizations.

So if the spirit and intent are not there, then the act will fall short. If the spirit and intent are there, then it won't, and in the absence of any proof of the spirit and intent, then it has to be prescribed specifically in the statute, and the statute certainly doesn't do that now.

**The Chair (Mr. David Oraziotti):** Thanks for your presentation. That's the time for today.

**Mr. Colin Lachance:** Meegwetch.

**The Chair (Mr. David Oraziotti):** This time, the respondents' answers were fairly lengthy, so you'll be up first at the next opportunity.

#### TEMBEC INC.

**The Chair (Mr. David Oraziotti):** We're going to move to our next presentation, which is a teleconference with Tembec. Let's see if we can get them on the line here in a moment.

**Mr. Dennis Rounville:** We are on the line.

**The Chair (Mr. David Oraziotti):** Good afternoon. How are you today?

**Mr. Dennis Rounville:** Very good.

**The Chair (Mr. David Oraziotti):** Good. Welcome to the Standing Committee on General Government committee hearings on Bill 151. You've got 15 minutes for your presentation. Any time that you do not use will be divided among committee members to ask questions. If you could just start by stating your name and proceed when you're ready.

**Mr. Dennis Rounville:** Very good. My name is Dennis Rounville. I'm the president of the forest products group with Tembec. With me is Michel Lessard. He's the vice-president of our forest resources management group.

Just for context for the members there, Tembec has six sawmills, two flooring mills, one engineered lumber facility and one newsprint mill in Ontario. So we are a decent-sized operator and, hence, take this legislation to heart.

First of all, thanks to the committee for the opportunity to provide comment. I know there was some concern about where these committees would be held. For me, this works very well. I've got an awfully busy day my-

self, as you do, and the ability for me to save the travel to Toronto or to Timmins or Thunder Bay and do it via conference call works very well for me, so I thank you for that.

To start off, I've been part of a group of industry that's been working with government officials for about the last year, since the tenure reform paper came out. I think we worked fairly well with the government staff in terms of a general understanding of how LFMCs and the enhanced co-ops could unfold. There was a good working dialogue there. But to be frank, when the bill came out, we did have some significant concerns, as we didn't feel that it necessarily reflected our conversations. I'll be fairly short in all this.

Tembec's primary concerns centred around the changes to the Crown Forest Sustainability Act, and that was primarily around subsection 41(1). We thought they went well beyond our understanding that we had with the government officials, and in fact would be a disincentive to investment in Ontario.

However, over the last 10 days or so, we have been in further discussions with MNDMF staff, and we understand that there will hopefully be some changes coming to the bill, so most of my comments will be made within that context.

#### 1600

Starting off with 41.1(2)(c), that is a section, I'm sure you're aware, that gives the Lieutenant Governor the ability to actually cancel licences or agreements per what was yet to be in a still undefined regulation. We had serious concerns with that, because it was kind of a wild card there in terms of what the Lieutenant Governor could do. Our understanding now is that that clause or that proposal will be taken out. We would support that fully.

Clause 41.1(2)(b) dealt with the Lieutenant Governor being able to take away a licence or agreement if, in his or her opinion, the forest resource was not being optimally utilized. That word, "optimally," similarly gave us a lot of concern. You could see a situation where a person would promise to produce one product, and we were already producing another product. Somebody could make the decision that the secondary product would be more optimal, and we could lose our licence. That caused us great concern.

We believe the intent in drafting it was to deal with instances where there was actual hoarding: People weren't using their allotments. We understand that that section will be changed to something like "sufficient and consistent use of the resource" as compared to "optimal use of the resource." "Sufficient and consistent" would then be defined in our licence agreement so we would know what the rules of the game were. If that wording or something like that is put into section 41.1(2)(b), then we would agree with those changes.

Third, initially, if the Lieutenant Governor decided to cancel a licence or agreement under 41.1(2)(b), we had no opportunity to challenge that. We understand again that amendments will be made so that the licence holder would at least have the opportunity to make a representation post-decision. We agree with that.

We would have liked to have seen one additional change there. We would have liked to have seen something introduced into that section that said something like, “and where the licence holder has failed to prove that they can sufficiently and consistently use the resource,” then the Lieutenant Governor could take back the tenure.

We think it’s always better to operate in a situation where you have more information to drive a decision. If the Lieutenant Governor was able to read a report that said that we’ve consulted the licence holder and they have failed to convince the crown that they can utilize the resource, then a decision can be made. But our experience would say that often—sometimes; maybe not often, but sometimes—decisions are made without adequate information, and then we, as a licence holder, spend the next two years trying to undo a decision. We would have encouraged or still do encourage an approach that gets all the information before a decision is made. So we would have liked to have seen that section further modified.

The moving-forward section: There is going to be a change to the Crown Forest Sustainability Act in subsection 69(1) to deal with collection of information to facilitate a move to market-based timber pricing. Again, we understand there will be some changes introduced to Bill 151 that will protect the confidentiality. We think that’s important. I think licensees will co-operate in providing information as long as they know their individual company or individual mill is kept confidential.

The final comment that I’ll make is again around section 41. Again, we understand that there will be some clarity introduced and changes to that section—the Lieutenant Governor can cancel a licence or agreement to create an LFMC or an enhanced co-op SFL. I guess we agree, when it comes to co-ops, that this is necessary. I believe this can happen in regulation already. By moving into legislation, it is going to have the same intent. For licensees that have banded together and said, “We want to move towards an enhanced co-op”—because we’ve gone through this. You have to actually give up your licence or have it taken away so you can create the co-op. We would agree with that. That’s a necessary change.

The move to allow the Lieutenant Governor to cancel, to create LFMCs: We know the intent of that. We do have some concern that if it was written with no context, then it could provide the way for the whole province to move at the will of the Lieutenant Governor, to have LFMCs everywhere. That was not the intent of the working group that was working on this. We believe the intent was to have two, see how it goes, and if it is a good vehicle, then it could be expanded. To that end, I believe there will be some changes made to section 3 of the bill that will indicate that that move towards additional LFMCs would not be made until there’s been a proper evaluation of the two pilots. If that is put into section 3, then I think the powers given to the LG under section 41 will be done within that context, and again, we would agree with that.

Reading through the pages of the bill, there are a lot of other aspects of the bill that deal with the functionality

within government. We’ll leave that up to government to include what they need to drive this in government as a government agency. Based on what I’ve said, then, if those types of changes are in the bill, then we would be supportive of it moving forward and us continuing to work with government staff to put the details in to see how it would work.

Thanks for the opportunity to make these comments. I’ll be happy to try to answer questions, should you have some.

**The Chair (Mr. David Orazietti):** Thank you very much for your presentation. I think we do have some questions, so we’ll move to the Conservative caucus first. Mr. Hillier will be asking questions.

**Mr. Randy Hillier:** Thank you, Dennis. It’s quite interesting listening to your presentation. I think what’s clear is that there’s really no need for democracy or the Legislative Assembly when the minister can just go around and make amendments to this bill without coming to the committee or informing us of that.

You brought up a really good point about the subjective terminology on these licences. We’ve seen recently, up in Sioux Lookout—McKenzie Forest Products, when I was talking to them, told me that the criteria for their allocation was very subjective. The ministry would not take into consideration the number of jobs employed in the bush, only the number of jobs in the plant itself, in the mill. Also, because they had already done a good job on the environmental side, they got a poor ranking on environmental improvements—because they’ve already done a good job. The sense in the community is that no sawmill can win that sort of competition. I’d like to just have your thoughts. You did say that the minister was going to change some of that subjective terminology, but we haven’t seen those amendments here yet. Maybe—

**Mr. Dennis Rounsville:** Yes, and to be very frank, we haven’t seen anything either, so I’m just going based on comments. But we are very concerned with the word “optimally.” For somebody in our business, if somebody makes toothpicks they may create a lot more jobs than somebody who makes two-by-fours, so “optimally” is a concerning word when you have \$100 million invested in your plant.

A move to “sufficient and consistent” is a move in the right direction, because it says if you’re continuing to use your resource in the manner that you promised when you were awarded the licence or agreement, then this should never come up as an event where they would take your tenure away. To that extent, we still need more clarity, and our understanding is that if that sort of wording ends up being in the act, there would be clarity in our licence agreements so we would know what the words “sufficient and consistent” mean.

**Mr. Randy Hillier:** Well, we see it happening right today—

**The Chair (Mr. David Orazietti):** Thank you for that response. Mr. Bisson of the NDP caucus has a question for you.

1610

**Mr. Gilles Bisson:** A question to you, Dennis, and it's the following: Has any thought been given in regards to, will this legislation, if passed as proposed, have any influence in regards to some of the challenges that have come from the US government as far as countervail? Is there a sense that in moving to the competitive system and moving to this particular system, we would be opening ourselves up a little bit more to countervail than we have under the current system?

**Mr. Dennis Rounsville:** I would think it might be the opposite. I'm referring to market-based pricing of tenure. Our experiences in other provinces, I guess primarily in BC, where they have moved to—

**Mr. Gilles Bisson:** Let me just ask you this question. The reason I ask is this: For example, we have a roads program, and the roads program, as you know, is established by the province to do what it does. If we move to a competitive bid system, could they make the argument, "Well, you know, that's clearly a subsidy in a competitive system, so therefore the roads subsidies can't function"? Is there a thought of that? Has anybody looked at it?

**Mr. Dennis Rounsville:** I don't know if the government people looked at it. I don't think they would draw that first conclusion. If we move to a market-based system, we'd have to do that with the acknowledgement of the US coalition if we were still under a softwood lumber agreement, so we can't slip out of that. But I don't see that as a risk. I think the more information we have on timber pricing is better, not worse.

**The Chair (Mr. David Oraziotti):** Thank you for your response.

Mr. Brown, the Liberal caucus, briefly.

**Mr. Michael A. Brown:** I'll be very quick, Mr. Chair.

I just want to thank you for working along with the ministry as we try to get to landing on the best possible bill to put forward, but I especially want to thank you, as the member who represents Chapleau, for the fine employment opportunities you continue to provide in that community.

**Mr. Dennis Rounsville:** Thank you. It's where we're at. We like operating down in that neck of the woods. It has a good forest and a good three and a half seasons of operation, so it's a nice area to work in.

**The Chair (Mr. David Oraziotti):** Thank you very much for being with us today, and that's the time for your presentation.

**Mr. Dennis Rounsville:** Again, thanks for the opportunity.

#### FEDERATION OF NORTHERN ONTARIO MUNICIPALITIES

**The Chair (Mr. David Oraziotti):** Our next presentation is from the Federation of Northern Ontario Municipalities. Mr. Mayor, good afternoon and welcome to the Standing Committee on General Government. As

you're aware, you've got 15 minutes, so you can start by stating your name and start when you're ready.

**Mr. Alan Spacek:** Thank you again and good afternoon. My name is Alan Spacek. I'm the mayor of Kapuskasing, but I'm here today as president of the Federation of Northern Ontario Municipalities, or what is known as FONOM for short.

I'm pleased to be here today to raise the concerns that our association and our member municipalities have with regard to Bill 151, the Ontario Forest Tenure Modernization Act. But before I address our response to the bill under discussion today, I'd like to take a moment to acquaint you with FONOM and its mandate.

FONOM was established in 1963 with a mandate to work together for the betterment of municipal government in northern Ontario and to strive for improved legislation respecting local government in the north. We represent 110 municipalities located in the seven districts of Algoma, Cochrane, Manitoulin, Nipissing, Parry Sound, Sudbury and Timiskaming.

As my time here today is limited, let me say to you that our objections to the passing of this legislation at this time, in its current form, are of two streams, one being the intent and content of this bill and the other being the process around which the bill is being considered.

With regard to the intent and content, we are concerned that this bill will result in arbitrary increases in government authority. The amendments to the Crown Forest Sustainability Act proposed through Bill 151 appear to provide government with the authority and arbitrary discretion to cancel existing wood supply agreements and/or licences for any reason. We are also concerned that there is no recourse for affected parties, as this bill removes existing rights of notice and appeal and any current options around legal recourse if wood is unfairly taken away.

We believe that Bill 151, if implemented, would deter investment and employment because of the uncertainty the bill itself creates. We feel that the bill as presented will significantly devalue existing forest product facilities that rely on crown timber and will discourage capital investment and employment. In short, we believe that this bill creates a great deal of uncertainty.

If you agree with nothing else that is said here today, I'm sure you can agree that this is an already devastated industry and the communities that rely so heavily on it cannot bear another three years or more of uncertainty and reduced investor confidence. We need to have northern Ontario seen in a positive light by industry leaders, investors, shareholders, customers, employees and citizens as a secure, stable and predictable jurisdiction in which to invest scarce capital in their futures.

We are further concerned that this bill proposes a one-size-fits-all approach with regard to local forest management corporations, with little flexibility. Our concern is that this approach rarely works in the north because of our wildly divergent circumstances to make any business enterprise work here. Further, it assumes an untested business governance model that could be disastrous to us in the north.

Another concern that has been raised in the short debate on this bill is that it will permanently open Ontario's forests to international competition under its North American free trade agreement and the World Trade Organization commitments. If this is the case, will the forest industry jobs follow, and will the existing ones remain?

When the minister introduced this bill just over 50 days ago, he spoke about the Ontario Forest Industries Association's support for his ministry's proposed approach to tenure and pricing reform. However, that conditional support from the OFIA was withdrawn in a letter to the minister on March 11, 2011. In that letter, the OFIA states that presently, Bill 151, as drafted, creates more uncertainty for a sector that is just beginning to recover. Since the OFIA has committed to work with the minister to ensure that these concerns are reflected in amendments to Bill 151, they ask that this be done now and that the fast-track process for this bill be slowed down—although I'm aware that more discussion has taken place very recently to address some of these concerns.

This leads me to the second part of my presentation, which is about the debate and the process on this bill, in particular with the lack of consultation in northern Ontario. A number of our members have commented that it seems that this legislation is being rammed through. We think the case has been made for more consultation on this bill and perhaps, more precisely, more meaningful consultation, which would mean holding committee hearings such as this in northern Ontario.

I know the clerk of the committee has received a number of requests for hearings to be held in the north-eastern and northwestern parts of Ontario. We would certainly request that, as it's such an important bill in the effect it would have on our communities. We believe the government has an obligation to hear from northerners in the north. After the input received from the first round of consultations, communities such as Timmins, Espanola, Thunder Bay, Hearst, Cochrane, Wawa and many more have made it clear that they expect the government to consult on legislation that will severely impact their communities and are anxious to be heard on this particular bill.

I'm asking that this committee on general government travel to the north to see first-hand how the forest industry has suffered over the past few years and to give our northern communities the opportunity to be heard on this vital issue.

Just one week after this bill was given first reading, the minister responsible for it unveiled the growth plan for northern Ontario. One of the core principles behind the development of this plan was a more collaborative approach in finding solutions for issues facing northern Ontario. We are therefore disappointed that this approach was not being utilized as it relates to this bill and its far-reaching effects on the forest industry and, therefore, northern Ontario.

I conclude my remarks today by respectfully calling on the government, through this committee, to allow for a

more thorough and careful review and consultation of this proposed legislation through a schedule of hearings in northern Ontario.

Thank you very much for this opportunity. I'm happy to answer any questions.

**The Chair (Mr. David Orazietti):** Thank you very much for your presentation. We've got some time for questions. Mr. Clark, go ahead.

**Mr. Steve Clark:** Your Worship, we're very pleased that you could come and express FONOM's feelings on the bill. It seems, just with our last presenter, that the uncertainty is even more so. The fact that your association, which represents a significant part of the area that's going to be affected, hasn't had the same discussion with the minister as our previous presenter, who knows all the amendments—I'm a little shocked that if the government was going to talk about their amendments, they wouldn't at least have shared them with FONOM.

Certainly, people on this side of the table have been very supportive of having hearings, and I know that the parliamentary assistant, when questioned by me about—I was trying to understand him correctly. This is his quote: "We need to move on. Northerners have had ample opportunity to comment on this." That was from the parliamentary assistant.

We appreciate your comments and the fact that you're asking for northern hearings. I'm glad that you presented that, sir, because I think the two parties here agree with that 100%.

**Mr. Alan Spacek:** I drew out of those comments that you're asking me to comment on the position that enough consultation has gone on. I think it's significant to note that there has been extensive consultation going on in the north. Our view is, though, that it was with respect to gathering information in preparation for the legislation. Now that there's a draft of the legislation out, we think it's equally important that another opportunity be given to speak to what the concerns were that you heard here today.

**1620**

I know I did start off with some of the technical aspects of what we see as challenges in the legislation, but we're really focused on the process, as FONOM and as municipalities.

**The Chair (Mr. David Orazietti):** Thank you. Mr. Bisson.

**Mr. Gilles Bisson:** Putting it simply, does this bill reflect what people said at the consultations? Hearst, Timmins and other communities had the consultations happen in their areas. Does what was said actually get reflected in this bill, in your view?

**Mr. Alan Spacek:** I can't speak specifically to the content of those consultations, but members of FONOM are telling us that they need a second opportunity to properly present what they feel are the shortcomings of the legislation.

**Mr. Gilles Bisson:** What I've been hearing is that—and I know as part of the process—a lot of what people talked about, what they wanted in this bill, didn't end up

in the bill. That's the argument for why you need to go back out and present again.

**The Chair (Mr. David Oraziotti):** Thank you, Mr. Brown.

**Mr. Michael A. Brown:** Thank you, Your Worship. Good to see you.

I attended some of these consultations also, including the one in Timmins. As someone who represents north-eastern Ontario, pretty much, would you—I'm trying to think of how to phrase this right. Given what Mr. Rounsville, who represents Tembec and has a mill in your municipality, just said, would you think that the government has been listening to the views of northerners and the views of municipal folks? That's the way this process works. That's why it has been out there for quite some time in its form and why it gets changed when it gets here. We listen to people and we do what we do. I suspect that if we didn't do that, then there wouldn't be much use having public hearings, period.

I understand that we have made, I think, 166 consultations in 166 communities across northern Ontario, which includes many of my communities, if I can say that: Espanola, Wawa, Hornepayne, Chapleau; you name it and they've pretty much been there. We are now working towards that finished product, and there will be, following this—as people know, this is a fairly broad bill which permits regulations that will again give the opportunity for people to tailor those to particular circumstance. Given the commitment to a model for five years before we decide whether this is the model we want to follow, would you not think that maybe at some point you've got to make at least some of these decisions?

**Mr. Alan Spacek:** Based on your comment about Mr. Rounsville's comments, obviously we're not aware of those. I guess if there had been more opportunity to be aware of those, then we would have a different opinion, but certainly the consistent feedback we had is that there wasn't that opportunity. That's welcome news that there is that ongoing consultation going on with industry.

I think, though, it really just speaks to, again, what our primary concern is, which is the process. The process should allow for that kind of consultation that went on, obviously, with some of the major industry players to occur throughout the north.

**The Chair (Mr. David Oraziotti):** Thank you, Mr. Spacek. That's the time for your presentation. We appreciate you coming in today.

#### TOWN OF ESPANOLA

**The Chair (Mr. David Oraziotti):** Okay, folks, our next presentation is the town of Espanola. Mayor Lehoux is on the line, I believe. Good afternoon. Welcome to the Standing Committee on General Government. This is an all-party committee holding hearings on Bill 151. You have 15 minutes for your presentation. Any time that you do not use will be divided among members for questions. You just have to state your name and you can start your presentation.

**Mr. Joel MacKenzie:** My name is Joel MacKenzie and I'm the CAO for the town of Espanola. I have in my presence here Mike Lehoux, who is the mayor for the town of Espanola.

**The Chair (Mr. David Oraziotti):** Good afternoon. You can go ahead.

**Mr. Joel MacKenzie:** We want to thank the committee, obviously, for the opportunity to address Bill 151, and more importantly for allowing Domtar to make a presentation, which I believe they are doing on April 13. They obviously can address the mechanics of the legislation in more detail than we can. We probably won't need our full 10 minutes, as our late notice precludes us from a lengthy presentation. That may be good.

However, we are concerned about the short time frame to formalize the concerns of all the affected parties. The fact that the hearings were not held in northern Ontario, I think, speaks volumes as to what our voice really means to this legislation.

To begin with, the bill is very reminiscent of past municipal legislation that was developed in the mid- to late 1990s. These were general in nature but consisted of all-encompassing, sweeping legislation—omnibus bills, so to speak—adopted by statute, with the resulting legislation being forced on municipalities without much input.

I remember Alvin Curling, with a filibuster of about 18 hours in 1995; I remember watching that on TV. Believe it or not, it was entertaining.

It was our understanding, however, from the limited information we've been given, that much of the power to implement Bill 151 will be governed through regulations yet to be developed, and the current bill is saying, in effect, "Just trust us." As many of the current council and the staff here know, we trusted the government of the day, and much of our revenues and support evaporated through grant reductions, changes in the property tax system and the downloading of provincial services.

This is not to say the current government has not tried to mitigate the massive damage done by the past government, but as you and many MPPs know, once regulations are in place, they're very, very hard to eliminate or modify.

The impact on the town of Espanola, of course, is our biggest concern. If Domtar, which is our major employer, was to find that the cost of doing business in Espanola is too high because of wood supply costs, we would effectively have to reduce services amounting to approximately \$1.3 million. To put this in perspective, it's the equivalent of closing our whole recreation department. Of course, it would also have a devastating effect on our businesses and the educational and residential communities, with our population being reduced by large losses in employment.

It almost goes without saying that in a one-industry town, which Espanola is, the loss of a major employer is devastating.

One last thought: For a government that is preaching openness and transparency, too much in Bill 151 seems

to be formulated with the future orders in council or cabinet regs, and the resulting power being given to a single minister to make binding decisions. It is interesting to consider that municipalities, thanks to recent provincial legislation in this area, have had to bear the brunt of many challenges, through the Ombudsman etc., for the apparent lack of transparency in making their decisions.

It might show leadership if the government followed some of its own guidelines before enacting this sweeping type of legislation, and allowed for consideration of the proposed regulations before the legislation is passed. If a municipality had the delegated powers from the province to adopt this type of legislation, all potential regulations would have to form part of our discussions.

Again, this may sound harsh—we know that—but we feel that we have to defend our industry in the town of Espanola.

We'd like to thank you for your kind attention to our concerns here.

**The Chair (Mr. David Oraziotti):** Thank you very much for your presentation. We do have some questions.

**Mr. Joel MacKenzie:** Sure.

**The Chair (Mr. David Oraziotti):** Steve Clark, who is part of the Conservative caucus, will ask you the first question.

**Mr. Steve Clark:** Thanks, Joel and Your Worship, for your presentation. We've certainly heard similar concerns from the mayor of Kapuskasing about no hearings in the north. I know, from this side of the table, that the Progressive Conservatives and the New Democrats are very forceful in terms of wanting to have northern hearings.

We heard from a deputant earlier today that they had had some discussions with the minister about proposed amendments. Has anyone in your municipality been contacted by the Liberal caucus, indicating that they've got some amendments coming forward in the next couple of days?

**Mr. Joel MacKenzie:** Not to my knowledge. Again, it just hasn't got to my desk.

**Mr. Steve Clark:** Certainly, if you tried to take away powers from businesses or from some of your ratepayers without an opportunity for appeal, I expect that you'd have a pretty large delegation at your council chambers, would you not?

**Mr. Joel MacKenzie:** We would.

**Mr. Steve Clark:** I guess we've had different people today express to us a willingness to sit down and work out some of these details. Would your municipality be in favour of hosting a consultation meeting in the next month?

**Mr. Mike Lehoux:** Sure.

**Mr. Joel MacKenzie:** Yes, we would. I guess the biggest concern is the regulations. Even talking to the local industry here, with the few minutes we had before this meeting, if they at least had access, or the regulations were fleshed out somewhat and they could see what the impacts were, it would make a difference.

**The Chair (Mr. David Oraziotti):** Thank you. Mr. Bisson, go ahead.

**Mr. Gilles Bisson:** Thank you very much for presenting, Mike and Joel. Just two quick questions. Would you agree that these are fairly significant changes to both the pricing system and the forest tenure system that we have in Ontario?

**Mr. Joel MacKenzie:** From my knowledge and the briefing we had, yes.

**Mr. Gilles Bisson:** And if it is as significant as I believe it is, and I think most people would agree, do you think that this process is rushed and we should put the brakes on a little bit here?

**Mr. Joel MacKenzie:** Yes, that's what we're saying. It is rushed.

**Mr. Gilles Bisson:** Thank you very much.

1630

**The Chair (Mr. David Oraziotti):** We'll move to the government caucus. Mr. Brown has a question.

**Mr. Joel MacKenzie:** Hi, Mike.

**Mr. Michael A. Brown:** Hi, Mr. MacKenzie and Your Worship Mr. Lehoux. I haven't seen the mayor since Friday morning at breakfast.

This is an important bill. I believe Domtar is the single largest employer in the entire constituency, and it is an important player. A week ago Friday, I was in to see the manager, Tim Houle, and Brian Nicks from Econ.

In discussing this, we need to recognize that we, as a government, had representations and consultations in Espanola during the 166 communities that we have already been to. I realize that it's a little bit quick, I suppose, for some. For others, it's not soon enough, and that's the position the government is facing. There's nine million to 10 million cubic metres that haven't been allocated—well, they're now being allocated, but they've been sitting idle. Many of my constituents have been employed at many of the sawmills in the communities I represent, and it seems that it's time to move on.

Given the comments—maybe you didn't hear from Tembec and some other industry officials—it's time to get going. We need to put people back to work, particularly in the Espanola area. There are some other wood supply opportunities that are coming out in the area. I'm just saying that I appreciate the input both from you and the mayor, and from Domtar in Espanola a week ago.

Do you have further comments about the importance of Domtar to the community and the employment of people, both direct and indirect?

**Mr. Joel MacKenzie:** Well, I think it goes without saying, Mike. You know the importance of Domtar to Espanola.

**Mr. Mike Lehoux:** Basically, if Domtar were to shut down, we would be a very poor municipality.

**Mr. Joel MacKenzie:** I think Mike knows what we would be.

**Mr. Michael A. Brown:** Yes.

**Mr. Joel MacKenzie:** The only other thing is that we don't have the detail. I did have a briefing with Tim Houle with respect to some of the details in Bill 151, and you did touch on idle land. I think his concern was that

some of the idle land or property being considered, though, is not usable. I think that was one of their concerns, but I think that's best discussed with their people.

We do thank you for having Domtar at least being able to make representation on April 13 because, as I said, they can flesh out a lot of the details and expand better than we can here. Our main concern is the legislation and how it's being done, and of course the impact on the town of Espanola—what we would do, worst case scenario, if we lost Domtar here.

**The Chair (Mr. David Oraziotti):** Thank you very much, gentlemen. We appreciate your time today. That's the time for your presentation. Have a good afternoon.

**Mr. Michael A. Brown:** Chair, I just would like to correct my record. I said 166 consultations; it was 116.

**The Chair (Mr. David Oraziotti):** Okay. Thank you very much for that.

#### ST. MARYS PAPER CORP.

**The Chair (Mr. David Oraziotti):** We have on the line our next presenter, Gord Acton, president of St. Marys Paper Corp.

Mr. Acton, good afternoon. You're presenting to the Standing Committee on General Government on Bill 151. It's an all-party committee, and you have 15 minutes for your presentation. Any time that you do not use will be divided among members of the parties here to ask questions. Could you just state your name and start when you're ready.

**Mr. Gord Acton:** Thank you very much. My name is Gord Acton. I'm president of St. Marys Paper Corp. and St. Marys Renewable Energy Corp.

St. Marys Paper Corp. is a private company owned by a strategically assembled group of entrepreneurial businesses. We purchased the St. Marys paper mill, which is a groundwood and supercalendered specialty paper mill, in June 2007. This business produces quality paper grades used mainly by magazine publishers and retailing companies for high-quality advertising inserts, flyers and catalogues.

Our business plan was to transform this paper business from a company that converts fibre into a single product, paper, to a company that makes high-value products from fibre, products that the changing consumer is going to want. We intend to produce products that are essential to tomorrow's economy, green products such as green energy in the form of steam, electricity, biofuels; chemicals which are derived from the lignin, which is a part of wood fibre, and from that lignin chemicals are cracked in bio refineries which are used in the plastics, pharmaceutical and other industries; and products that are created by nano-crystalline technology.

The primary step, which we indicated in our business plan conceived in 2007, was first to build a state-of-the-art co-generation plant to produce green energy in the form of two types of energy, steam and electricity, which are essential to convert fibre into usable products. To that end, St. Marys, through St. Marys Renewable Energy,

has signed a long-term power agreement with the OPA to produce biomass-fuelled renewable electrical energy and steam using waste wood. We're currently negotiating the financing and building of the plant, with construction slated to start this year, to be producing electricity by 2013. This co-gen project is essential for our company to achieve its goal of transitioning to the new fibre conversion business of the emerging bioeconomy.

St. Marys has a large regional impact, and the analysis of the Ministry of Northern Development, Mines and Forestry has indicated that the business activities of St. Marys directly and indirectly employ 2,000 people in the Algoma region. That will increase during the two-year construction phase of the co-generation plant and as the operations of the plant, including fibre procurement, commence.

We have extensive partnerships on two successful shareholder-controlled sustainable forest licences and we have crown fibre supply commitments on three other sustainable forest licences.

St. Marys has been sustainably harvesting the same forests for over 100 years, which I think is a real testament to the sustainability and the practices of sustainability that St. Marys employs. Sixty percent of the roundwood and biomass fibre supply utilized by St. Marys is procured from lands on which the business has crown fibre supply commitments, while 40% is from Ontario private lands, Michigan state and private lands and Ontario crown lands where the company does not have a commitment. Sixty percent to 70% of the fibre used by St. Marys is FSC certified. Now, FSC certification is a process where managed forests are evaluated against established environmental principles and performance standards. The Forest Stewardship Council forest certification standard is recognized and endorsed by most in the environmental and paper purchasing communities as the most stringent forest certification standard.

Most of our uncommitted wood procurement activities are conducted in an open-market, competitive environment by a wholly owned subsidiary of St. Marys, and it's called St. Marys-SMP Resources. It operates as a stump-to-dump harvest contractor on the Algoma sustainable forest licence, on Ontario private land and on Michigan state private land. This harvest business produces 300,000 tonnes of forest products annually, which are sold to 20 forest product processing facilities in Ontario, Quebec, Michigan and Wisconsin.

As you can see, as a business located on the border of the United States and Canada, we operate a very dynamic forest business. We swap, we trade, we buy and we sell forest products that go into Michigan, Wisconsin, Quebec and Ontario, and they go both ways. We also use forest products to produce paper, 98% of which is exported.

#### 1640

SMP Resources, the wholly owned subsidiary, and St. Marys Paper Corp. have a range of wood sale, purchase and harvest contracts, which include the following. We have single wood purchase contracts. We have harvest

agreements, which include stumpage agreements, single price process, product price process, landowner sell product process. As well, we have state of Michigan timber sale process, and a must sell commitment process.

St. Marys isn't just a consumer of forest products from the forest. We're also in the tourism business through controlled subsidiaries, which are Ontario Wilderness Vacations and Air-Dale Flying Services. These businesses bring hundreds of fly-in tourists to enjoy the natural beauty and wilderness of the Algoma district. Therefore, when we approach Bill 151, we don't just come to it from a forest processor—we come to it, as well, as a business involved in the tourism business.

We have many active relationships with the communities we live in and the communities that we deal with. We've got strong business and community relationships with area aboriginal communities, the city of Sault Ste. Marie and the smaller towns in the region. We're involved in many varieties of successful initiatives with the local aboriginal communities, including aboriginal land infrastructure development, creation of aboriginal-operated businesses, business partnerships, skills training and community event financial support.

Our company is directly involved with the Sault Ste. Marie Economic Development Corp., the Sault Ste. Marie Innovation Centre, the city alternative energy committee, as well as the city transportation committee to assist the city in its plan to grow into the bioeconomy business.

We believe that the Bill 151 tenure system changes planned will complement the business development efforts of local aboriginal communities and the city of Sault Ste. Marie, which we are involved with. Therefore, we approach this bill from many important perspectives, not from a single perspective of just a forest harvester. We're not just a paper business in transformation, but we're also a buyer and trader of roundwood. We purchase mill residues from other mills. We use the wilderness in co-operation with forest harvesting activities. We are a producer of green energy: We burn wood waste in our boilers today to produce steam. And we will, in the future, produce new-age products, including green energy, and we'll do that in a cost-effective manner on a sustainable basis, as we've done in the past, and in a responsible manner from FSC-certified forests.

Just as importantly, we're speaking to you as a group of Ontario residents, Ontario businesses. The forests that we harvest and use for these many uses are here to support our children and, hopefully, our grandchildren. We're investing our money in Ontario to build a sustainable business that can employ people into the future and be part of the modern conversion of fibre into businesses that use this immense forest that Ontario has.

So we come to the table from this perspective, and when we look at Bill 151, our analysis brings us to a position to support the Minister of Northern Development, Mines and Forestry in his initiative to modernize Ontario's forest tenure business by implementing this bill.

In broad terms, how do we analyze this bill? How will Bill 151 help us in our business? Well, it will help lower the wood cost and provide long-term fibre supply opportunities for businesses wishing to convert fibre into jobs by, first, facilitating an increase in the volume and the number of participants in the harvest activity, which spreads the overhead cost of managing, accessing and harvesting the forests and reduces the costs on a per-unit basis.

Secondly, it's going to create opportunities to harvest more fibre from crown lands, which can be sold or traded into forest product and used by the new bioeconomy mills.

Thirdly, it's going to increase access to the forest resources, and the increased access that the bill will provide will enhance the bioeconomy future for the region and create market opportunities. It will enable the start-up of new forest product processing facilities, which will create markets for fibre and by-product sales and purchases. It's going to establish mechanisms to discourage timber hoarding. It will help establish more local markets, and it will allow for sustainable crown forests through the harvest of all products to supply enhanced markets.

We believe that the design and implementation of a new tenure system over the next five to seven years will provide a system that's more flexible and responsive to the needs of the bioeconomy. It will support St. Marys and others, and those others, including ourselves, who look to change their business model to one which will embrace the new age and embrace new industries, which will include top performers.

Bill 151 is based on sound economic principles which appropriately consider local circumstances and will continue to provide for the sustainability of crown forests in Ontario.

**The Chair (Mr. David Orazietti):** Thank you very much for your presentation, Mr. Acton. We've got the first question: Mr. Hillier of the Conservative caucus has a question for you. We just have a couple of minutes, a brief time, here for questions. Then we need to move on.

**Mr. Randy Hillier:** I'll be as brief as possible. Thank you, Gord.

I understand you're pleased with Bill 151, even though you don't know what the regulations are going to be. Contrary to what others have told this committee, you are left without any legal remedy. If this bill was passed today, your three sustainable forestry licences could be revoked or eliminated at the minister's discretion, without any legal remedy or recourse, and your business could be left with no fibre.

We've heard from the minister that he's been making commitments on changes and amendments to this bill to other people outside of this committee. I'm wondering if the minister has made any of those commitments for changes, or commitments of assurance for your wood allocations, outside of this committee as well.

**Mr. Gord Acton:** First, on your first point, we see it as wholly illogical that any government of any stripe

would simply remove our ability to access the forest and support the jobs which are ongoing on a day-to-day basis. That would be wholly illogical. We are believers in the democratic process to the degree that we think logic would dictate that the types of regulations which ultimately are implemented on any legislation will enhance and accomplish the ends and the policies which are set out in the legislation. So we don't see that as a problem.

Secondly, in the integrated forest which we have described and in which we are a participant, there has to be active dialogue on an almost daily basis with government, and with governments on many different levels. That will continue through the regulatory phase; that will continue through the allocations phase. So we think healthy dialogue with government—dialogue in government—where we provide them with intimate but business information, including our financial information, so they really understand our business, is the best remedy to have good decision-making by governments. So we are not afraid about the future.

**The Chair (Mr. David Oraziotti):** Thank you, Mr. Acton, for your presentation. That's time. We do not have any more time for questions, but we appreciate you presenting today for committee. Thank you.

**Mr. Gord Acton:** Thank you.

**The Chair (Mr. David Oraziotti):** Good afternoon.

**Mr. Randy Hillier:** On a point of order, Mr. Chair: I'd like to just—I think that was it?

**The Chair (Mr. David Oraziotti):** We have one more presentation.

**Mr. Randy Hillier:** Oh, we have one more presentation. Okay.

1650

#### TOWNSHIP OF JAMES

**The Chair (Mr. David Oraziotti):** We have a last presentation today, the township of James. Mr. Barton and Mr. Fiset, are you online?

**Mr. Jeff Barton:** It's Jeff Barton speaking. It's just myself; Mr. Fiset wasn't available to make it to the call on such short notice. I apologize.

**The Chair (Mr. David Oraziotti):** No problem. Good afternoon and welcome to hearings on Bill 151 with the Standing Committee on General Government. You have 15 minutes for your presentation. Any time that you do not use will be divided among the committee members for questions. You can start by stating your name and proceed when you're ready.

**Mr. Jeff Barton:** Very good. Thank you. My name is Jeff Barton. I'm a professional forester and I work closely with the township of James on a number of initiatives related to community economic development. The issue of forest tenure certainly lands on my desk more often than not.

The first thing I'd like to say, and I suspect you've heard this a number of times from northern representatives, is that I can't state strongly enough our disappointment in the government's decision to hold these hearings

only in Toronto. For the past couple of years, I commend the government on their efforts to be inclusive in this process and hold consultation efforts throughout northern Ontario, but it's very disappointing to be shut out in this last stage only by virtue of geography. I think it's poor judgment on the government's part.

For those of you who may not know, the township of James is a small forestry-dependent community in north-eastern Ontario. We're about 200 kilometres north of North Bay. Roughly 90% of the land within the township boundary is publicly owned forest land, so the outcome of this process is of great importance to us as well as to many of the other communities in northern Ontario.

As I mentioned, over the past couple of years, we've committed significant time, effort and our own financial resources to participating in this tenure reform process through travelling to functions in North Bay and Timmins, as well as hosting our own small workshop here back in 2008, really before the onset of this process, trying to do some crystal-ball work ahead of the process to position ourselves as well as we could.

Prior to the implementation and the advent of the SFL system, the township worked quite diligently to develop and implement a model for community-based forest tenure. We were actually one of four selected in the province as pilot community forest projects from 1992 to 1995. Our efforts at that time were to work towards a community-based tenure model. Although we were unsuccessful in this effort, we were subsequently fortunate in that the SFL was issued to an industry co-operative that has had a positive relationship with many of the communities in the area. We feel that they've developed a number of innovative approaches to issue resolution that have served the area well.

The utilization of crown timber in the area has been consistently high and the compliance in their forest operations has been exceptional. This has been recognized through the independent forest audits on a number of occasions.

Our point being that we strongly encourage the government not to dismantle existing, well-functioning SFLs like this one. We are confident, however, that these entities can certainly be improved through the inclusion of community representation. To that end, we've been encouraged and we support the notion of enhanced shareholder SFL and we look forward to the opportunity for communities to be represented through a modified framework.

On other occasions we've expressed, in previous correspondence to northern development and mines staff, that the notions of local forest management corporations may be workable, but we would add a loud note of caution to this initiative, given that the effectiveness of the corporation will be largely dependent on the configuration, professionalism and experience of the board of directors.

Earlier in the reform process, the ministry indicated that it would consider two pilot LFMCS before implementing them on a large scale. This seemed to be a reasonable approach, and we strongly recommend that

the committee endorse a measured approach, and that it's identified in the act.

We continue to be concerned with the overlap between the wood supply competitive process and the tenure reform process. The wood supply process has been well-intentioned; however, as a result of two significant initiatives being carried out simultaneously, adequate human resources really have not been available to finish those. As a result, the wood supply process, which was originally described as taking six to nine months, has now taken nearly two years—over two years, in fact. We encourage the government to expedite the wood supply process and devote the appropriate resources to the tenure reform process.

Due to the delay in the wood supply process, the area has not been able to take advantage of a number of opportunities for new businesses to be established, particularly those related to value-added wood products: bio-energy, pellets etc. Further, existing businesses have not been able to expand, knowing that the wood fibre was available.

Lastly, I would like to reiterate my hope that the government will complete its wood supply process in a timely manner or be cautious in its implementation of the LFMCS and will provide an opportunity for communities to participate in an enhanced SFL framework.

Thank you for the opportunity.

**The Chair (Mr. David Oraziotti):** Thank you very much for your presentation. We have some time for questions. Mr. Bisson, you're up first.

**Mr. Gilles Bisson:** Let me just get to the point. You made a point in your presentation, which I thought was well made, which was that somehow or other people tend to mix up the wood supply process with tenure reform, and they're not the same issue whatsoever. I think that needs to be said more loudly.

The other thing I heard in previous presentations, and that Mr. Brown repeated, is that we've just got to get on with it, man. This bill is going to fix all our wood supply issues. Everybody's going to get access to wood. I just want to say—and it's not so much in the form of a question but a statement—the current act allows us to do that. The problem is that the government and the minister have refused to use the powers under the current act, and to make an argument that somehow or other we have to change the act in order to give the government the ability to do what it should have done in the first place I find passing strange.

At the end of the day, this process is a fairly complex one because we're talking about changing both how we price timber and how we deal with licences. I guess my question to you is, do you feel that the government is trying to rush this process? And do you suggest that we take a little bit more time, slow this down, and, if we're going to do this, we at least take the time to consult adequately with people who use the forest in northern Ontario and that we do it right in the first place rather than trying to throw the baby out with the bathwater?

**Mr. Jeff Barton:** I guess my sense of that, Mr. Bisson, is sort of how I addressed my homework back

when I still had hair on my head and had homework. I'd tackle the easy stuff first and then go to the difficult stuff. I'm not saying that to minimize the challenge of the wood supply process, but it's fairly straightforward, it's almost linear, and it's a mathematical process in a lot of ways. You should be able to finish that. You can write off the business plans that make sense and the ones that don't and the things—you can split 10,000 cubic metres into two piles or three piles. It's fairly straightforward.

The tenure thing is a more complex combination of social challenges, financial challenges, business challenges, cultural challenges. It's a much tougher thing.

I guess my answer to your question is, get the easier one done first and then do the tough one. Yes, at the end of the day maybe it's going to take another six months or 12 months or maybe longer to get the tenure thing done, but it's doable. To do them both at the same time just makes both of them more difficult.

**Mr. Gilles Bisson:** Thank you.

**The Chair (Mr. David Oraziotti):** Mr. Brown has a question for you.

**Mr. Michael A. Brown:** Thank you for joining us this afternoon.

I guess most of us are familiar with the good result of the SFL in your area—the co-operative SFL. Could you kind of expand for me on the opportunities that go with an enhanced shareholder SFL and what you think that might do to the area?

**Mr. Jeff Barton:** Where we see it unfolding, or we're hoping that we can move that way, is to have some community representation sit on the board of directors. I can't speak for everybody, but how big a voting share we get is still a question for another day, I think. But we would like to be at the table because some of the decisions that get made around wood supply or allocations or species or new players fall onto that table, so to have a voice from the community would be valuable.

The case in point, I think, comes back to something like that caribou—whatever you want to call it—along the northern corridor. The forest industry sat there without community involvement and made commitments for land that they had no right giving. We feel strongly that if the communities were at the table, those types of decisions might come out a little bit differently.

**Mr. Michael A. Brown:** Thank you.

**The Chair (Mr. David Oraziotti):** Thank you very much for your presentation today. We appreciate you being with us. Have a good afternoon.

**Mr. Jeff Barton:** Thank you, gentlemen.

**The Chair (Mr. David Oraziotti):** Okay, folks. I think that's it for our hearings. I just want to thank the broadcast folks for setting up the teleconferences this afternoon in the later part of the agenda.

**Mr. Randy Hillier:** On a point of order, Mr. Chair: I've received a couple of hundred letters that I'd like to share with the committee. I'd like to leave copies with the clerk. We've heard quite a bit from delegations today, and I'm just going to read a little bit of this letter:

"I'm writing to express my grave concern"—

**The Chair (Mr. David Oraziotti):** Mr. Hillier, if you want to leave the letters, you can. You certainly are welcome to file those with the clerk. We'll take the letters.

That's it for committee today for hearings. Thank you for your time.

**Mr. Randy Hillier:** It is important that the committee does hear. There are over 200 letters from one community—

*Interjection.*

**The Chair (Mr. David Oraziotti):** Absolutely. We'll distribute those, and if you can file those with the clerk, we'll be happy to make sure all members of the committee have a copy. Thank you.

The committee is adjourned.

*The committee adjourned at 1701.*







**STANDING COMMITTEE ON GENERAL GOVERNMENT**

**Chair / Président**

Mr. David Oraziotti (Sault Ste. Marie L)

**Vice-Chair / Vice-Président**

Mr. Jim Brownell (Stormont–Dundas–South Glengarry LIB)

Mr. Jim Brownell (Stormont–Dundas–South Glengarry LIB)

Mr. Steve Clark (Leeds–Grenville PC)

Mr. Kuldip Kular (Bramalea–Gore–Malton L)

Mr. Dave Levac (Brant L)

Mrs. Amrit Mangat (Mississauga–Brampton South / Mississauga–Brampton-Sud L)

Mr. Rosario Marchese (Trinity–Spadina ND)

Mr. Bill Mauro (Thunder Bay–Atikokan L)

Mr. David Oraziotti (Sault Ste. Marie L)

Mrs. Joyce Savoline (Burlington PC)

**Substitutions / Membres remplaçants**

Mr. Gilles Bisson (Timmins–James Bay / Timmins–Baie James ND)

Mr. Michael A. Brown (Algoma–Manitoulin L)

Mr. Randy Hillier (Lanark–Frontenac–Lennox and Addington PC)

Mr. Lou Rinaldi (Northumberland–Quinte West L)

**Clerk / Greffier**

Mr. William Short

**Staff / Personnel**

Mr. Jerry Richmond, research officer,  
Legislative Research Service

# CONTENTS

Monday 11 April 2011

Ontario Forest Tenure Modernization Act, 2011, Bill 151, Mr. Gravelle / Loi de 2011 sur la modernisation du régime de tenure forestière en Ontario, projet de loi 151,	
M. Gravelle .....	G-257
Ministry of Northern Development, Mines and Forestry .....	G-257
Mr. Mark Speers	
Ontario Professional Foresters Association .....	G-262
Mr. David Milton	
Mr. Tony Jennings	
ArborVitae Environmental Services Ltd. ....	G-264
Mr. Tom Clark	
Mr. Jeremy Williams	
Thunder Bay Chamber of Commerce .....	G-266
Mr. Harold Wilson	
Greenmantle Forest Inc. ....	G-268
Mr. James Harrison	
GP North Woods LP .....	G-270
Mr. Dan Dedo	
Mr. Paul Brown	
Northeast Superior Regional Chiefs' Forum.....	G-272
Chief Keeter Corston	
Mr. Colin Lachance	
Tembec Inc.....	G-275
Mr. Dennis Rounsville	
Federation of Northern Ontario Municipalities.....	G-277
Mr. Alan Spacek	
Town of Espanola .....	G-279
Mr. Joel MacKenzie	
Mr. Mike Lehoux	
St. Marys Paper Corp. ....	G-281
Mr. Gord Acton	
Township of James.....	G-283
Mr. Jeff Barton	