

ONTARIO FOREST INDUSTRIES ASSOCIATION RED TAPE REDUCTION SUBMISSION

March 18th, 2019

The Ontario Government has implemented an ambitious red-tape and regulatory burden reduction process in order to help deliver on its ‘Open for Business’ objectives in the province. This initiative is welcomed by the forest sector.

The Ontario Forest Industries Association (OFIA) canvassed its membership in December 2018 in order to develop a submission which would feed into the Ontario Government’s red-tape and regulatory burden reduction process. A comprehensive list of 125 recommendations was compiled between OFIA’s Board of Directors, Woodlands, and Environmental Affairs Committees.

Recognizing that the process to reduce red tape will occur in stages over time, the OFIA’s Red Tape and Regulatory Burden Steering Committee have reviewed all submissions from the membership and developed the following initial list of priority recommendations.

<i>Category</i>	<i>Description</i>	<i>Recommendations</i>	<i>Annual Cost Savings and Avoidance</i>
Endangered Species Act (ESA)	<p>The Crown Forest Sustainability Act (CFSA) is an equivalent and much more effective and balanced process for implementing species prescriptions than the ESA. The list of endangered and threatened species continues to grow, based on limited information and a precautionary approach taken by COSARRO, who have unilateral authority to list species.</p> <p>If ESA requirements for this ever-growing list of species are imposed on the forest sector, the legal risk and regulatory burden will be crushing for the industry and for the MNRF, and other forest values will only be managed once the prescriptions for each listed species are fully met.</p> <p>This unbalanced approach to forestry is not sustainable.</p>	<p>1) Permanent recognition (through Sec.55 regulation or legislative change) of the CFSA as an equivalent process coupled with workable prescriptions under the CFSA.</p>	<p>A MNRF impact analysis, verified by the Ontario Ministry of Finance, found up to:</p> <p style="text-align: center;"><i>\$271 million in GDP.</i> <i>\$166 million in tax revenue.</i> <i>Viability of 4 to 8 mills.</i> <i>\$23 million in stumpage charges (4.5M m3/yr reduction of wood supply @ \$5.17/m3).</i></p> <p>In potential costs for just <u>one</u> species at risk.</p> <p>Without this regulation under the ESA, the forest sector would be required to prepare, submit, and revise >50,000 permits to authorize the activity. This represents an enormous amount of red-tape and administrative burden for both the sector and government while not providing any additional benefit to species at risk. The permitting process would cause huge delays in operations and force mills to shutdown due to lack of wood supply.</p>

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		2) Change the authority of COSARRO from a body with species listing authority to a body that recommends species for consideration to the Minister.	<p>> \$2 Million</p> <p>We agree that the listing process of species at risk should be science-based. However, the precautionary approach by COSSARO and lack of adequate inventory information have resulted in listings when they should be deemed “data deficient”. Removing ultimate authority from COSSARO and placing it with the Minister is an improvement to ensure appropriate checks and balances.</p>
Approvals	<p>Despite being low risk, many forest sector approval processes are time consuming, expensive and often of little value to either the sector or the MNRF.</p> <p>In many cases, duplicated approvals are required for forestry activities that have already been approved under other processes.</p> <p>Many approvals often go through multiple levels in various MNRF departments. Streamlining and/or eliminating low risk / low value approvals would reduce red tape and improve efficiency for both government and industry.</p>	1) Modify the current Annual Work Schedule (AWS) requirements from an approval document to a district level submission of a list of stands planned for harvesting in the current year – no approval required.	<p>~\$1,200,000</p> <p>Government and companies spend millions of dollars authoring and approving FMPs for a 10-year term. There should not be an additional requirement of approving annual operations. A simplified portal showing annual operations on each forest could accomplish the same thing at significantly less cost. This will significantly increase efficiencies and reduce red-tape</p>
		2) Change the Authority to Haul (ATH) from an approval document to a district level submission of a list of mills (with facility licences) which will be eligible to receive wood from each SFL. Acceptable scaling requirements for movement can be listed for each mill.	<p>~ \$500,000</p> <p>This change will allow business and MNRF to operate more efficiently. Currently there are many barriers to business and numerous people involved in the process. Much of this process can be automated to produce efficiencies. Reduce the risk for losing new markets for wood products due to delays in approval process.</p>
		3) Eliminate the requirement for a LUP for low risk and/or temporary use (such as for temporary holding yards). Online Permit.	<p>~\$160,000</p>

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			LUPs represent a cost to the sector for no additional benefit to the Crown.
		4) Remove the requirement for closure of gravel pits after 10 years.	Costs are difficult to estimate for this recommendation; however, it does represent a significant amount of administrative burden for SFL companies as pits are typically re-opened immediately beside closed pits. This is an example of unnecessary red tape that bogs down efficiencies and adds layers of bureaucracy.
Forest Management Planning	Forest Management Plans (FMP) are required in Ontario on each Sustainable Forest License (SFL). The process to complete an FMP is expensive and time consuming. In addition, the FMP process involves detailed forest modeling using Forest Resource Inventory (FRI) information provided by the Crown.	1) Reduce the time it takes to prepare an FMP by 50% by limiting the number and scope of approvals required during the FMP process. put emphasis on judgement of professional foresters oversight of planning, with appropriate higher level approval checkpoints for MNRF.	>\$14 million Reducing the time it takes to prepare and approve a FMP will significantly improve cost efficiencies and resources in the forest sector and government. The current layers of approval through multiple levels of bureaucracy make the current system very inefficient.
	There are numerous opportunities to streamline the FMP process and improve the timeliness of decision making, which will make forest management planning more efficient for both industry and MNRF. There is a need to capitalize on the good work already being done. Also, there are opportunities to improve the timeliness and accuracy of the FRI, which is currently unreliable as a planning tool.	2) Transfer responsibility for the FRI to the MNRF Forest Industry Division and appoint an expert panel of forest industry practitioners to oversee awarding of inventory contracts and to provide expert advise to MNRF regarding best inventory technologies and the best methods of photo interpretation. Improvements being made to inventories could also eliminate the need for SEM.	>\$5 Million Current forest inventories are plagued with issues due to poor image interpretation going to the lowest bidder. An expert panel would oversee the awarding of contracts which would prevent additional costs incurred to industry and government due to inaccurate inventories.
		3) Improve the FMP amendment process by scoping down the requirements and number of approvers, except in cases of high-risk operating areas.	>\$5 Million This is an example of duplication of services between MNRF and the forest manager. There is no need for high number of approvals/approvers

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			to bog down the process. Increase role of Registered Professional Foresters of the OPFA.
		4) Consistent policy interpretation and delivery through all Districts, Regions Sections and Branches of MNRF. This is a significant issue for the forest industry across all areas of the province.	This will level the playing field across the province. Cost savings are difficult to estimate in this situation. This could require a policy watchdog position when there are disagreements on policy interpretation between companies and the MNRF
		5) Eliminate the Sustainable Forest Licence requirement for an Independent Forest Audit, if a forest is certified to an internationally recognized standard (SFI, FSC, CSA etc.).	> \$2 Million Companies are suffering from audit fatigue. A large amount of time, money and effort is unnecessarily wasted on auditing to a variety of different standards with no additional value to the public, industry, or government.
Environmental Compliance Approvals	Timelines to get environmental compliance approvals for the manufacturing component of the forest industries are too long. For example, a recent application to amend an approval to match the requirements of the revised wood combustor guidelines took almost 3 years.	1) Improve timelines for Environmental Compliance Approvals. It commonly takes over a year to receive an approval, amendments can take up to 2 years. The service standard should be in the range of 3 to 6 months.	Long time frames for receiving approvals delays and discourages investment that would have improve profitability and the environment.
	Approving engineers don't keep their scope to the proponent's application for amendments - they start arbitrarily adding studies and other requirements not related to the amendment without any justification (red tape). Furthermore, proponents are unable to determine which stage the	2) Controls must be put in place so that approving engineers keep within the scope of the proponent's application for an approval or an amendment to an existing approval.	Scope creep in the approvals process has discouraged investments that would have improved productivity or environmental performance.

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	approval is in, there is no feedback or status updates.	3) MECP should set up a customer service portal or call centre where proponents may be able to log-in or call-in to check on the status of their application.	Facilities/mills are unable to plan construction with any degree of certainty due to the lack of transparency of the applications status. Avoids additional delays in starting projects.
Circular economy barriers - Waste vs Source Material	Sawmill residues, such as sawdust and bark, are being classified as waste products. One sawmill spent three months trying to convince an MECP signing director that our sawdust is a low-value timber product, not a waste product. Giving the material a “waste” designation makes it difficult to store, sell or transport. The purchasers also end up in the position of trying to convince the MECP that it is not a waste processing facility.	1) O Reg 347 should define sawmill residues to be a resource (a marketable material) instead of a waste, thereby eliminating the waste associated requirements.	Opens opportunities to market the materials and avoids landfilling a material that has beneficial uses.
	Similarly, Kraft mills and wood combustors produce ash which could have beneficial uses to neutralize acidic soils. This material has been proven to be beneficial on farmland and for rehabilitating mine tailings. The same material is being used in Quebec and other jurisdictions. Ontario has requirements that prevent it being used forcing the facilities to landfill the material.	2) These materials should be stored in storage piles and not in landfill site. A mechanism needs to be developed to convert these specific landfill sites into material storage sites.	Landfill sites are based on a model where the material will be permanently stored therefore need closure plans and financial assurance to cover the closure and long-term monitoring. These materials are source materials for other applications and will be removed from the sites.
	There are too many restrictions under the Nutrient Management Act and by the MECP requiring certified NASM plans to allow for agricultural application of the site’s by products (ash and sludge).	3) The Nutrient Management Act needs to be amended to make it easier for kraft mill residues and ash to used as a soil amendment to neutralize acidic conditions.	Opens opportunities to market the materials and avoids landfilling a material that has beneficial uses.