



ONTARIO FOREST INDUSTRIES ASSOCIATION

MEDIA RELEASE

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Growing a stronger, greener Ontario

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Forest Companies – Big, Small, Traditional, New, All Agree that Tenure Proposal is Flawed Government Recommendations Threaten to Undermine Progress

The Ontario Forest Industries Association (OFIA) is giving the Ministry of Northern Development, Mines and Forestry top marks for two of its recent initiatives – the Provincial Wood Supply Competition, which makes available approximately 30% of the province’s industrial fibre supply to existing facilities and new entrants, and the continued move to Co-operative Sustainable Forest Licenses (SFLs).

“We see both of these initiatives as very progressive” says Jamie Lim, President and CEO of the OFIA. “If continued and done properly, these will provide certainty to forest companies, big and small, traditional and value added, and will put people back to work – something that is desperately needed”.

However, the OFIA, which represents members ranging from multi-national companies to family owned and operated value added mills, believes the recent government proposal on tenure reform, *A Proposed Framework to Modernize Ontario’s Forest Tenure and Pricing System*, will undermine the potential gains associated with these initiatives and jeopardize the future of the industry.

“The simplest way to support existing facilities is for the government to recognize and honour existing wood supply commitments” says Lim. “The mills that are still open in the province, both large and small, are those that have been able to adapt to challenges such as the rising Canadian dollar and have shown that they can still employ hard working Ontarians and they have continued to invest in this province. Instead of rewarding these companies, the government is proposing a system that could remove their wood supply and open the door for our natural resources to be moved outside the province for manufacturing. How does that make any sense?”

“We are not opposed to tenure reform but we think the government has gone way too far with their recent proposal” says Scott Jackson, Manager of Forest Policy at the OFIA. “For the past three years our members have invested time and money to implement a more co-operative system on the landbase at the government’s request, and it is working. Why does the government want to jeopardize this progress with this new tenure framework?”

While there are elements of the government proposal that the OFIA supports, such as the amalgamation of smaller management units into larger more efficient and cost effective units, and the need to be inclusive of First Nations and community interests, it is believed that these can be easily achieved under the Co-operative model.

Last April, when the government first announced its intention to review tenure, the OFIA submitted a series of Objectives and Business Principles to the government, in an effort to ensure that the needs of the forest sector, including big, small, new entrants, existing facilities and everything in between, were considered. It appears from the Proposed Framework that these were largely ignored by government.

At the heart of the OFIA's Objectives and Principles is the need for tenure to impart a competitive advantage for mills that are willing to invest and operate in Ontario.

"A successful tenure system should be focused on reducing costs for the forest sector" says Jackson. "Reducing costs is a fundamental principle for any successful business. Unfortunately, this is not something that the government addresses in their proposal."

Considering some of the elements contained within the government proposal, the OFIA and its members believe that costs will rise as a result of the newly proposed system, something that would be detrimental to the sector and the communities it supports.

Maintaining and supporting existing investments, as well as being able to attract new capital investment are also seen as critical elements of a successful tenure system by the OFIA.

According to a medium size, family run OFIA member company, "If we lose the opportunity to have an affordable, reliable long term wood supply, our ability to sell value added material is greatly affected. The supply agreement is and has always been part of our sales pitch when talking to prospective customers. This is something that gives them a degree of comfort that when product supply gets tight they can feel confident that we will still be able to serve them."

"This should never be about giving up on the industry that we have spent decades building. It should be all about improving the system to provide the security to maintain and attract investments that will build on this foundation and increase the number of jobs for our province" concludes Lim.

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