



NFRM

Nipissing Forest Resource Management Inc.

128 Lansdowne St. East, P.O. Box 179, Callander, ON P0H1H0 (705)752-5430

www.nipissingforest.com

June 24th, 2019

Heather Farrer
Forest Industry Division, Operations Branch Forest Industry Unit
5520 Highway 101 East
P.O. Bag 3020
South Porcupine, ON
P0N 1H0
Canada

Re: ERO Number 019-0132, Licence for a Forest Resource Processing Facility

Dear Ms. Farrer,

On behalf of Nipissing Forest Resource Management Inc., thank you for the opportunity to comment on ERO Number 019-0132 in consideration of issuing a Type “D” forest resource processing facility license for the construction and operation of a new sawmill facility in Bonfield, Ontario.

As outlined in the proposal, the facility is expected to produce approximately 90 million-foot, board measure of product per year and directly employ 90 people. This includes products such as conifer dimensional lumber, hardwood lumber, red and white pine timbers for home construction, hardwood flooring, red and white pine tongue and groove boards and decking, pallet stock, mouldings, and fuelwood.

Existing mills in the area currently face difficulties accessing a reliable supply of timber, particularly for certain log species and quality. We believe many opportunities exist in the region, however, not necessarily all of the products identified in the proposal or at the volume required to support such a facility.

Ontario’s forest products sector is highly integrated. New entrants have the potential to strengthen supply chains and make accessing standing timber more reliable and affordable for established facilities currently operating in the region. As Ontario develops a provincial forestry strategy aimed to “*unleash the potential of Ontario’s forest sector*”, we hope more businesses recognize the opportunities available in this province.

In order to supply this size of facility, it is estimated that doubling the existing work force would be required in a short period of time. Forest Industry locally is struggling with a number of challenges simply maintaining the workforce it currently utilizes. For example, a 20-truck haul fleet would be required the day this facility is open, and currently, existing mills struggle to find one or two new trucks to haul their fibre. Present harvesters will use the existing workforce to satisfy current demands in their own mills, or with current customers, making it difficult for this facility to gain access to new fibre.

While the SFL, its shareholders and independent operators are keen on increasing local markets, it is difficult to be certain that the desired volume and more particularly desired quality are present in an economically favourable geographic proximity to the proposed mill site. Over the years, government investment has not kept up in supporting business investments of this size. Developments have not been made by the province towards more detailed tree inventories, growth rates and modelling techniques required to state with confidence that the volume and quality of fibre is, with certainty, available to support

this facility long-term. Without this information and certainty, there is risk in jeopardizing existing business interests on the landscape.

The current business models operating on the Nipissing Forest require periods of shutdown due to social and environmental values on the landscape. The time required to access this amount of fibre would require harvesting at 24 hour, 365 days of the calendar year, which is not feasible in the current climate of forest management planning. Operations are highly seasonal and consistent pressure on the wood supply could compromise values on the forest such as species at risk, social values, and site sensitivity that accompany forest management in the Great Lakes/St. Lawrence forest region. The facility would require 85,000 to 100,000 cubic metres in storage to facilitate the level of production proposed, and for a period of time that would lead to product damage such as drying, staining or bug infestations.

The Ministry of Natural Resources and Forestry (MNRF) has examples of projects where unstable private financing, inaccurate estimates of harvestable wood supply, and lack of knowledge regarding existing business-to-business agreements have resulted in the premature closure of new facilities. In many cases, this has been after the province has invested significant amounts of limited public funds into supporting new ventures. Several of these initiatives have occurred in the past 15 years in the Nipissing region in attempts to expand the utilization of the forest. Many have either not had a solid business case, viable plan to get product to market, geographic proximity to volume, competing interest with existing business. These factors have led to unsuccessful endeavours.

Current supply chains are not being satisfied from the Nipissing Forest due to the challenges noted above. The true compliment to the current supply from the crown forest in central Ontario is one that is geographically diverse and handles low grade roundwood adjacent to high quality saw material that is already in high demand by existing business.

To avoid history repeating itself, we would strongly encourage the MNRF to consult directly with forest resource license holders, existing processing facilities and SFL Managers in the area to determine what realistic level of volume, species and quality may be present to support an operation of such a large-scale facility proposed in ERO Number 019-0132 before a license is issued.

We would be happy to work with the MNRF and the Ontario Government in identifying these opportunities to ensure the greatest chance of success for new entrants and make Ontario's forest products sector stronger.

Sincerely,

A handwritten signature in black ink, appearing to read 'M. Lockhart', written in a cursive style.

Mark Lockhart, MScF, RPF
General Manager
Nipissing Forest Resource Management Inc.