

Press Release

October 4th, 2007

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Timmins Wants MNR to Change Wood Allocation Policies

TIMMINS, ON - October 4th, 2007 – The Timmins Economic Development Corporation (TEDC), City of Timmins and the Timmins Chamber of Commerce are calling on the Ministry of Natural Resources (MNR) to alter the current Sustainable Forest Licence (SFL) system for Crown land wood allocation. The TEDC and partners strongly believe that the current system is preventing new development in an already troubled industry.

Under the SFL system all available Crown land for timber harvesting in the Timmins area is in the control of four companies who hold 20-year SFLs for the Nighthawk and Romeo Malette forests. These licences are reviewed every five years, and if the firm has met the stated requirements for the SFL it is usually extended for an equal period, making the SFL perpetual. “We do understand that the MNR is looking to change that system but it is imperative that communities have a voice and that wood be allocated to smaller SMEs to create value-added products and explore new options for development,” says City of Timmins Mayor Tom Laughren.

“Firms that do not have an SFL are told by the MNR to negotiate business-to-business deals for timber allocation with one of the two companies holding an SFL. The SFL holder can basically decide what management fees to charge for road usage, the type of timber to be harvested and the timeframe in which an agreement is formed. Further, if there are any complications in the negotiation process the MNR indicates that they have little to no power to assist. Firms that want to exploit an opportunity should clearly know the hurdles required to move forward. At the moment our forests are under-utilized and new business opportunities need to be encouraged. Any permanent allocation of wood outside the Timmins area should require public consultation,” says Marilyn Wood, 2007-2008 President of the Timmins Chamber of Commerce.

Ontario's forestry industry is largely export-based, with over half of the raw and manufactured wood products being shipped to other countries. The U.S. accounts for over 70% of these exports, making the industry volatile to their market conditions. U.S. housing starts are declining and the Canadian dollar continues to appreciate, recently reaching parity and surpassing the U.S. dollar in value. The acceleration of the Canadian dollar over the last few years acts just like inflation for an export-based industry. Canadian products that go to the U.S. are now over 40% more expensive to American companies than they were a few years earlier. This has significantly decreased demand.

“The forestry industry pumps billions of dollars into the Ontario economy annually and is responsible for over 90,000 jobs, the majority of which are in Northern Ontario. The recent shutdowns of the Tembec and Grant Forest Products mills in Timmins and the prolonged depression of this industry across the north are of great concern to us. Forestry operations continue to close, and we need to explore all options to revive this industry.

By working directly with smaller SMEs more value-added products could be produced. This would help to spark innovation and the use of secondary forest products to create new viable industries throughout the North,” says Dave McGirr, Chair of the Timmins Economic Development Corporation.

Emerging technologies and efficiencies are creating new opportunities in the forestry industry. These include value-added products and alternative fuels such as ethanol from biomass, using logging and sawmill refuse and wood chips. Europe is the leader in this new aspect of the forestry industry, producing and consuming over 65 million cubic metres of biomass annually.

“With our available forest resources, Ontario should seize the opportunity to become the world leader in biomass and value-added product production. Both small and large firms can implement and use these technologies, but unfortunately current policies around wood allocation are preventing many smaller firms from accessing the necessary forest resources for commercial use. We have researched timber allocation models in other locations and we feel the Province, MNR and industry can learn from these models which have the potential to reverse the current demise of this industry,” says Mayor Tom Laughren, City of Timmins.