

Management Responsibilities and Forest Industry Descriptions

Background

Administration of the Lac Seul Forest by the Ontario Ministry of Natural Resources and Forestry (OMNRF) is primarily the responsibility of the Sioux Lookout District Office. The OMNRF is responsible for the approval of land and resource-use decisions pertaining to the forest. The Lac Seul Forest is managed by Ondaadiziwin Forest Management Inc. (OFMI) under Sustainable Forest License (SFL) # #553776. OFMI assumes all associated responsibilities of the eSFL holder in terms of the management of the Lac Seul Forest. Obishikokaang Resources Corp. (ORC) provides the forest management services through a long-term forest management contract with OFMI.

The Lac Seul Forest is located in northwestern Ontario approximately 100 km north of the community of Dinorwic along Highway 17. The southern portion of the forest is bound by Highway 72 and Highway 642 with the community of Sioux Lookout at the junction. Lac Seul First Nation is near the southwestern corner of the forest, north of Hudson via Highway 664. The community of Slate Falls Nation is located near the northern portion of the forest at the end of the Slate Falls Road approximately 176 km north of Sioux Lookout. The Lac Seul Forest is predominantly Crown-managed land occurring in large continuous tracts with three provincial parks (St. Raphael, Ojibway and Windigo Point) and three conservation reserves (Gull-Christina, Lac Seul Islands and Whitemud). The Lac Seul Forest is comprised of:

- 7,930 square kilometres of Crown-managed land, which includes
- 7,452 square kilometres of productive land and
- 478 square kilometres of unproductive land.

The Lac Seul Forest is an important contributor to the local economy and wood consumer mills in Dryden, Kenora, and Ignace. This forest also provides important non-timber benefits to local communities, First Nations and the tourism industry. This area is an important recreational, hunting, and fishing area, and a significant destination for forest-based tourism. Several cottage lakes are located within the forest as well. The forest is also home to a variety of wildlife species such as caribou, moose, deer, bald eagles, osprey, marten and a variety of hawks, owls and other stick nesting raptors.

Change in Management Since 2011-2021 FMP

In 2008-2009, the forest industry in Ontario suffered through an exceptional decline and countless facilities across Northern Ontario ceased operations. Since many large industrial users closed their mill facilities during the downturn, the continued recovery in the forest industry remains slow and forest companies are still facing difficult economic circumstances. As a result of these economic realities, fewer and fewer companies were able to finance the management of their SFLs. One example of this economic reality was the bankruptcy of McKenzie Forest Products Inc. (MFP) in Hudson. MFP was the former holder of the SFL for the Lac Seul Forest in April, 2011.

With the previous forest licence being under the control of a single company, MFP, there were few economic opportunities on the Lac Seul Forest for local First Nations. Much of Ontario had the same management model as the Lac Seul Forest. Under this model, disputes between forest companies and First Nations were quite common, as First Nations were often treated as stakeholders rather than a partner in the management of SFLs in their Traditional Territories. Additionally, disputes arose regularly between companies over sharing costs of management and distribution of forest resources. Both the Domtar mill facility in Dryden and the Weyerhaeuser

iLevel facility in Kenora were having significant economic challenges due to the industry downturns and due to First Nation disputes. It was becoming apparent that First Nations wanted to manage their traditional territories.

After learning the sawmill in Hudson had not received a wood supply through the Provincial Wood Supply Competitive Process (WSCP) and facing fines from the Ministry of Environment (MOE) for on-site environmental liabilities, MFP filed an assignment in bankruptcy on April 26th, 2011. McKenzie Lumber Inc. (MLI) was formed following the bankruptcy of MFP. MLI operated the sawmill in Hudson for an approximate 34-month-long period between January 2013 and early fall 2015. The shutdown in early fall 2015 was as a result of the slow recovery of the North American housing market and unfavourable market pricing for stud lumber. At present, MLI remains under a market-related shut down.

Eventually the OMNRF had to take over managing the Lac Seul Forest without the appropriate level of staffing or funding. The OMNRF asked Lac Seul First Nation to come up with a business plan in participation with professional forest managers that would ensure participation from local industry and ensure the continued or expanded wood flow from the management unit. To capture the opportunity to derive meaningful participation and benefit from the management of the Lac Seul Forest as the result of the bankruptcy of MFP, Lac Seul First Nation prepared a Business Plan to demonstrate their interest in managing the Lac Seul Forest in the interim while a new longer-term governance model was developed.

On July 31, 2012, the Minister of Natural Resources granted a forest resource license (FRL # 552441) for the Lac Seul Forest to Obishikokaang Resources Corporation. The term of FRL # 552441 was from April 1, 2012 to March 31, 2017. The FRL was extended for one-year until the enhanced SFL (eSFL) workload was completed and a new eSFL license was issued by the OMNRF to Ondaadiziwin Forest Management Inc. (OFMI).

Obishikokaang Resources Corporation (ORC)

Obishikokaang Resources Corporation (ORC) was established in 2012 by Lac Seul First Nation Chief and Council to manage the Lac Seul Forest and provide economic development opportunities for the First Nation on their Traditional Territory. ORC is wholly owned and operated by Lac Seul First Nation and managed through the oversight of the Lac Seul Forest Advisory Board. Since 2012, Obishikokaang Resources Corporation has been responsible for all forest management planning, forest renewal, and forest road construction & maintenance activities and for economic opportunity development on the Lac Seul Forest.

As part of the interim management model, a business relationship was developed between ORC and Domtar Inc. Domtar Inc. is the holder of the largest Crown wood supply directive from the Lac Seul Forest. In June 2012, the business relationship culminated in a Memorandum of Agreement (MOA) between ORC and Domtar Inc. in Dryden for the payment of management fees that support forest management activities on the Lac Seul Forest. In return, Domtar Inc. had a secure and consistent access to their directive on the forest.

At about the same time, the Independent Crown Operators (ICOs) on the Lac Seul Forest also made arrangements with Domtar and Weyerhaeuser to purchase wood supplies from the forest. Lac Seul First Nation developed an arrangement with one of the independent loggers to harvest its wood harvesting commitment. Slate Falls Nation negotiated a letter of intent with ORC that was also incorporated into the Framework Agreement.

Ondaadiziwin Forest Management Inc. (OFMI)

Over the past several years, the business relationships between ORC, the mills (Domtar and Weyerhaeuser), the independent crown operators, and Local First Nations (Slate Falls and Lac Seul) matured through many small agreements. These agreements were very important and are the collection of verbal and written agreements that allowed stakeholders to capture opportunities that developed during that same time period. As the relationships developed, the stakeholders began to consider an encompassing framework agreement that would identify the roles and responsibilities of the stakeholders on the Lac Seul Forest.

In 2017 a Business Plan was developed that outlined each of the member's different stakeholder groups and how they would work together in managing the Lac Seul Forest under the new eSFL company named Ondaadiziwin Forest Management Inc. (OFMI).

OFMI has recently been granted the eSFL (March 2018) for the Lac Seul Forest and assumes all associated responsibilities of the eSFL holder in terms of the management of the Lac Seul Forest including the preparation of the 2021-2031 FMP. Obishikokaang Resources Corp. (ORC) will continue to provide the forest management services through a long-term forest management contract with OFMI.

The following table (Table 1 Responsibilities on the Lac Seul Forest SFL) summarizes the management responsibilities for each member of the eSFL for the Lac Seul Forest.

Table 1. Responsibilities on the Lac Seul Forest SFL

Activity	Lead	Review/Endorse	Formal Stamp/Approval	Implementation	Dispute Resolution Mechanism
PLANNING					
Forest Management Plan	OFMI	LSFAC	OFMI (RPFs), GM	OFMI/Domtar, ICO	MNRF/MOE Processes
Annual Work Schedule	OFMI	LSFAC	OFMI (RPFs), GM	OFMI/Domtar, ICO	MNRF Process Via FMP Confirmation
OPERATIONS					
Harvest Schedule	OFMI /Domtar/ICO	LSFAC	OFMI (RPFs), GM	OFMI/Domtar, ICO	MNRF Process Via FMP/AWS Confirmation
Compliance Plan & Schedule	OFMI/Domtar, ICO	LSFAC	OFMI (RPFs), GM	OFMI/Domtar, ICO	MNRF Process Via FMP/AWS Confirmation
Roads					
Primary & Branch	OFMI, Domtar, SFN, ICO	LSFAC	OFMI (RPFs), GM	OFMI/Domtar, ICO	Flow Through Agreement
Operational	Domtar and ICO	LSFAC	OFMI (RPFs), GM	OFMI/Domtar, ICO	MNRF Process Via FMP/AWS Confirmation
Silviculture Program	OFMI	LSFAC	OFMI (RPFs), GM	OFMI	MNRF Process Via FMP/AWS Confirmation
BUDGETS & RATES					
Roads Budget	OFMI/Domtar/WY	LSFAC	Domtar/WY/GM	NA	NA
Renewal Rate	OFMI/Domtar/WY	LSFAC	OFMI (RPFs), GM	NA	MNRF Regional Director
Forest Management Planning Rate	OFMI/Domtar/WY	LSFAC	OFMI (RPFs), GM	NA	NA
OTHER					
Forest Certification	OFMI/Domtar	LSFAC	OFMI (RPFs), GM	OFMI/Domtar, ICO	NA
Independent Forest Audits	OFMI	LSFAC	OFMI (RPFs), GM	NA	NA

Acronyms

OFMI – Ondaadiziwin Forest Management Inc.

Domtar – Domtar Inc.

ICO – Independent Crown Operators

SFN – Slate Fall Nation

LSFAC – Lac Seul Forest Advisory Committee

GM – OFMI General Manager

WY – Weyerhaeuser