

**Building the Capacity of the Forest Sector's Harvesting Employers to
Better Serve Mills Within the Mattawa-Bonfield Region.**

**A Labour Market Analysis of Forest Harvesting Businesses Within and Adjacent
to the Nipissing, Sudbury, French Severn, Temagami and Algonquin Forest
Management Units**

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INTRODUCTION

On Thursday July 13, 2017, The Mattawa-Bonfield Economic Development Corporation (MBEDC) announced that International Wood Industries (IWI), an Ontario based company is planning to invest approximately \$140 million towards the construction of a new state-of-the-art mill facility on a 212-acre site in Bonfield. The annual payroll to support an anticipated 90 full time jobs (one shift) is estimated to be \$4.5 million.

At a media conference held that day, IWI President Gary Medwid said the state-of-the-art facility will process both softwoods and hardwoods, producing lumber as well as value-added products such as tongue-and-groove decking, hardwood flooring and pre-packaged log homes. In addition, wood waste from the operation will be used on site to create pellets for home heating. He also noted that the operation will be a zero-emissions mill that will use by products to fuel itself. Pending the completion of a number of site studies and the acquisition of a mill license, construction of the facility is expected to begin in the spring of 2018 and be operational in 2019.

According to harvesting businesses and regional Sustainable Forest License holders that have been contacted, the announcement of a new mill of this size will stimulate immediate growth within the harvesting area of the forest sector's business community. IWI indicates their business plan requires approximately 350,000 cubic metres of hardwood and softwood annually. Harvesting companies have expressed concern that the local population is not prepared to respond to employment opportunities presented by growth in the region's forest sector.

In 2009, during a period of economic downturn in the sector and around the world, Tembec's Mattawa sawmill, which had been idle since July 2008, announced its permanent closure. During the same period, Columbia Forest in Rutherglen closed its veneer mill eliminating 64 full time jobs. Together these two mills when they were fully operational employed between 500 - 600 people. In 2016, Columbia Forest resumed operations and now employs approximately 70 persons. Since 2009, there have been a number of new forestry business startup attempts at the former Tembec sawmill facility.

It has been nearly a decade since the economic crisis which left many regional changes in its wake. The labour force of 2009 has aged. Many have relocated and skills amongst those who remain are outdated. Current employers, mills and harvesting businesses across Northeastern Ontario contacted since IWI made their plans known indicate that there is no interest amongst the working age population in pursuing job opportunities within the harvesting field, that the cost to train/retrain new employees and that the capital needs to grow or start a harvesting business today are prohibitive.

If measures are taken soon to address the shortage of skilled workers to meet the projected demand, IWI, other mills and the industry in general stands to benefit. It is conceivable that the new mill would draw its wood supply from at the least five Forest Management Units closest to the mill's Bonfield location. Increased harvest levels would mean financial benefits to the current SFL holders who could negotiate new business to business arrangements with the new mill. Businesses who harvest the forests have an opportunity to grow and with that growth, new employment opportunities will be realized.

Sustainable Forest License holders have formally expressed a keen interest in negotiating business to business agreements with a new mill but have also voiced their concern about the lack of an available and trained workforce to support the harvesting companies' current and future business needs. Their expressed concerns provide the basis for this project.

It was determined that an effort was needed to formally approach harvesting companies who operate out of the five neighboring Crown forests identified as the forests that will primarily supply the wood to feed the new mill in the Mattawa-Bonfield region to:

- identify the current and forecasted (2-5 years) employment and business growth opportunities within the forestry sector's harvesting businesses
- identify what are their current and forecasted human resource, skills development and training requirements
- identify what other barriers to business entry or expansion exist for current and new harvesting businesses
- identify the employment and business support programs; forest sector education, training and skills development programs and services currently available within the district,
- identify the program and service gaps within the district to support the current and forecasted needs within the harvesting business community
- through consultation with education, industry and First Nation communities within the area, make recommendations for how to better ensure the availability of a trained, qualified labour force to meet the current and forecasted needs of the region's harvesting business community.

We would be remiss to not thank the Ontario Government (Ministry of Advanced Education and Skills Development) for providing the funds to carry out this project.

A very special thank you goes out to the sector stakeholders from throughout the five forest management areas (harvesting businesses, forest management associations, First Nation communities, training and education institutions) who actively participated in this project by sharing their knowledge and expertise in the design of the sector survey, reviewing draft reports and contributing to the project recommendations. A special thanks goes out to Canadore College, Dokis First Nation, International Wood Industries, Janveaux Forest Products, Sturgeon Falls Brush & Contracting, Workplace Safety North who helped to guide this project as adhoc committee members. We look forward to moving the recommendations to action so that the Mattawa-Bonfield region, one with historical and deep roots in the forest sector can become more diversified, prosperous and once again vibrant.

Meegwetch, Merci, Thank You!

Donna Maitland, Director of Economic Development MBEDC.

BACKGROUND AND SUMMARY OF FINDINGS

The history of the Mattawa-Bonfield area and the region is steeped in forestry which has contributed greatly to the success of local communities. Mattawa is home to the Canadian Ecology Centre which is a non-profit science education and research facility. The CEC is also home to the Canadian Institute of Forestry, which is the national voice of Registered Foresters in Canada. Mattawa was also home to a hardwood mill which was owned by Tembec. In 2009 Tembec announced the permanent closure of the sawmill, resulting in the loss of nearly 60 full time jobs. The closure was a result of difficult economic forces for many sectors across Canada, including the forestry sector. Soft markets and a strong Canadian dollar presented difficulties for many resource development companies across Canada. The job losses in Mattawa had a major impact on the region.

In 2013, Canada's forest industry directly and indirectly employed 321,300 people. Jobs in the sector range from forest management, silviculture and harvesting to mill operations, manufacturing and marketing. According to statistics from Workplace Safety North, there are currently 2,760 workers in Ontario employed directly in logging.

The forest sector was a major employer in Ontario for many years, however since 2008, the forest sector had to navigate through many difficult economic challenges. The sector saw a considerable number of job losses and economic decline in the past decade however the economic climate is currently changing due to increased trade opportunities and foreign markets for Canadian timber products. The Forest Products Association of Canada has predicted that Canadian forest product enterprises will need to hire as many as 120,000 new workers by 2020 to meet demand.

The forest industry across Canada has conducted labour market research which identifies overall a demand to fill forest sector jobs across the country. The Forest Products Association of Canada, in 2012 committed itself to renewing the forestry sector workforce with 60,000 new recruits across the country. The forest sector has acknowledged that 80% of all First Nation communities in Canada are forest based with a growing youth population and has set focus on these communities to encourage Aboriginal youth employment within the sector. Demographic research in Canada indicates that there is a trend towards declining and aging rural populations. These communities are experiencing significant youth out migration. Many communities in Northern Ontario which are located near forest management units are not expected to be able to respond to the labour market demands that will emerge due to retirement of an aging workforce, and any business expansions that are anticipated. A shortage of workers with the right training and skills would be a drag on any business expansion. A report on to the Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities in 2012 noted there will be a shortage of Logging machinery operators between 2011 and 2020.

More Aboriginal youth are working in forestry than ever before. The 2006 census shows that Aboriginal youth (age 15 to 24) constituted 17.6 per cent of the Aboriginal labour force in the forest sector, compared with 13.1 per cent for non-Aboriginal youth. The census also determined that 3.5 per cent of the Aboriginal labour force worked in the forest sector, compared with 1.8 per cent of the non-Aboriginal labour force. There is also great involvement at the business development level as two thirds of self-employed Aboriginal workers reported participation in the forest sector (2006 census). What these trends reveal is an emerging forest-based economic opportunity for Aboriginal communities through partnership development, knowledge exchange/creation and project funding. In this paper, MBEDC has identified many of the Aboriginal communities associated with the forest management units in the region.

Technological innovation and a commitment to sustainable environmental practices has meant that the forestry industry has changed considerably. There has been a shift across Ontario from traditional forestry industries such as pulp and paper to more modern enterprises like the production of medium density fibre board or wood pellet mills. The evolution of new building materials such as engineered cross-laminated timber will allow the construction of higher wood framed buildings. Ontario has now changed building codes to allow for six story buildings to be built of wood. It has been predicted that this will result in a significant increase in demand for lumber and wood products. These innovations will mean considerable opportunities for regions such as Mattawa-Bonfield.

In 2017, The Mattawa-Bonfield Economic Development Corporation announced that International Wood Industries (IWI) would be building a state of the art mill facility in the Township of Bonfield. This new mill would create 90 new jobs in the region. Construction is scheduled to begin in 2018 and the mill is expected to be operational in early 2019.

Given that the Mattawa-Bonfield area is located within proximity to a number of Ontario's Forest Management Units and mill facilities, including the newly proposed IWI mill, the population of the region may be well positioned to respond to the demand for workers in the forest sector, provided that trained workers are in place before the mill opens.

Regional forestry harvesting companies have expressed concern about a lack of trained and available harvesters to meet the forecasted demand for employees in their operations. Indigenous communities in the region have also expressed concern that their communities are not equipped to respond to emerging opportunities in the forestry sector due to a lack of training support geared specifically to forest harvesting.

This study achieved the following objectives:

- inventoried the forest sector businesses including those who identify as First Nation who harvest or mill within the five neighboring Crown Forests
- surveyed the forest sector's harvesting community to identify their current and forecasted human resource needs
- identified forest harvesting business' barriers to growth, including capital and human resource
- inventoried the training and education programs specific to the forest sector available within the Nipissing district
- identified financial incentive programs available to support workers who wish to enhance their skills and employers who wish to hire them
- identified business development funding programs to support new forest sector enterprises, or forest sector business expansion
- made recommendations about how to ensure the region's labour force is prepared to respond to job opportunities available within the harvesting area of the forest sector
- made recommendations about how to ensure appropriate skills and training programs are available to meet the sector's business needs.

SCOPE AND METHODOLOGY

For the purposes of this project the area of analysis was defined using Forest Management Units from where mills within the Mattawa-Bonfield region would draw its fibre supply; French Severn, Algonquin Park, Nipissing, Sudbury and Temagami. These Forest Management Units are managed through Sustainable Forest Licenses with the Ontario Ministry of Natural Resources and Forestry, with the exception of the Temagami Forest which is being managed by the Crown, and Algonquin Park which is managed by a Crown agency, the Algonquin Forest Authority.

Managers of the Forest Management Units and forest managers who hold Sustainable Forest Licenses from the Province of Ontario were contacted to assist in identifying forest harvesters who operate on each forest management unit. Lists of contacts were prepared identifying key regional players in the sector including, mills, operators, First Nation and Metis communities. A community profiles of the district of Nipissing was prepared. Much of the time on this project was spent in identifying the key contact people in forest harvesting in the region. Mills contacted during this project expressed a reluctance to release information on harvesters or harvesting companies because there was a fear that others were head hunting and drawing workers away from their operations. This concern is reflective of the acute shortage of skilled harvesters. Also, some harvesting companies that were contacted by phone expressed they were overwhelmed with work and were not able to respond to the survey; by phone or electronically.

What did become evident from this overview of key stakeholders is that there are many communities both Indigenous and non-Indigenous who are impacted by forest management activities because of their geographic placement within the management units. Within many communities there are mills or processing facilities, or workers who derive their livelihood from forest management, including forest planning, harvesting, road construction or haulage. The forest sector continues to be a major contributor to the region's economy.

Representatives from the forest management authorities, industry, education and training and First Nation communities were approached to form a committee to assist in the development of a survey that would be used to collect information from the region's targeted forest sector parties. The survey was then delivered to the parties for completion and the data was compiled. In addition to the survey, a literature review of labour demands in the forest sector was undertaken to assess the state of labour in Ontario and Canada generally.

The survey was sent by email to 6 forest management authorities, 13 mills and wood processing facilities, 28 forest harvesting businesses, and 21 First Nation and Metis communities and forest harvesting businesses. Follow up phone calls were made and follow- up emails were sent to try and bolster the number of respondents.

Although the response rate to the survey was 20%, the respondents' answers came mainly from the harvesting businesses and were consistent with other findings in national and provincial labour market studies specific to the forest sector. The project committee felt confident that the survey results were consistent with the findings of the literature review and are consistent with what the sector reported verbally pre- SPPG time.

DEMOGRAPHIC PROFILE OF WORKING POPULATION WITHIN THE DISTRICT OF NIPISSING

The population of the District of Nipissing district is 83,150. The District includes the 5 communities within MBEDC's area of service; Bonfield, Calvin, Papineau-Cameron, Mattawa and Mattawan.

Working Age Population

The District's labour force has grown by a small percentage of 10% over the past 20-year period, while the participation rate has decreased by 0.5 % and the unemployment rate has remained unchanged. The participation rate refers to the total labor force, as a percentage of the population aged 15 yrs. and older, and at the time of the 2001 census, was at 60%. As the District's working-age population (age 15+) has also increased by 10% over this period, this indicates the same proportion of people accessing the District's job market, over time. Combined with stagnant population growth, a steady participation rate could have negative implications for the District's economic development, as optimal output and income per capita is not achieved. As a benchmark, Ontario's unemployment rate has averaged 7.8% during this same period - approximately 2% lower than the District's. Employment rates in general, tend to move with the business cycles and thus produce short term fluctuations. At the Provincial level, the long term trend indicates that employment levels have grown in line with the growth in the labour force and total population. At Nipissing District's level, employment levels appear to have not grown, given the insignificant population growth. **(Source: District of Nipissing Social Services Administration Board, Nipissing District Socio-Economic Report; D. Plumstead, June 2006.)**

The unemployment rate ranges from 5.6% in Nipissing to approximately 24.0% - or nearly one quarter of the population- in Sundridge. Most of the municipalities and areas in this group have relatively high unemployment rates that start above 10.0%. While in absolute terms this represents a relatively small number of people, it would still translate into increased social and economic pressure in these respective areas.

The working age population (15 to 64) represented 64.7% of the total population. **(StatsCan)**

Education

Of concern however, is the amount of people without a high school education, which on an overall population basis has decreased only slightly since 1981. Approximately 23% of the District's core wage-earning group (20-64) is still without a High School Diploma. As those lacking a high school education face the highest unemployment rates and lowest incomes, this particular group needs to be targeted more effectively at the District policy and planning level. **(Source: District of Nipissing Social Services Administration Board, Nipissing District Socio-Economic Report; D. Plumstead, June 2006.)**

INDUSTRY TRENDS

Industry Labour Market Projections Demonstrate Need

Each one of the mills in the area must be supplied with wood. Mills for the most part have a reliance on forest harvesters for supply; meaning they contract out the harvesting side of the business and do not manage their own harvest crews. It is clear that harvesting is a key part of the sector. However local industry has expressed concern that harvest operator positions may be difficult to fill. Generally across the country, the forest sector is expressing concern about an inability to recruit workers and campaigns to attract workers are underway in New Brunswick and British Columbia.

In 2015 there was a provincial analysis of the forest sector conducted by the Ontario government. The forest sector supported an annual average of 51,660 direct jobs between 2009 and 2013. Research indicates that over the past decade, there has been a downward trend in the industry due to an economic downturn and what the forest industry has called “a perfect storm” that culminated in 2008. Market prices decreased, trade challenges arose under the North America Free Trade Agreement (NAFTA) with softwood lumber disputes, while the cost of fuel and energy for production increased making profit margins thin. With this downturn, there was no focus on harvesting and many of these jobs disappeared over time as mills closed.

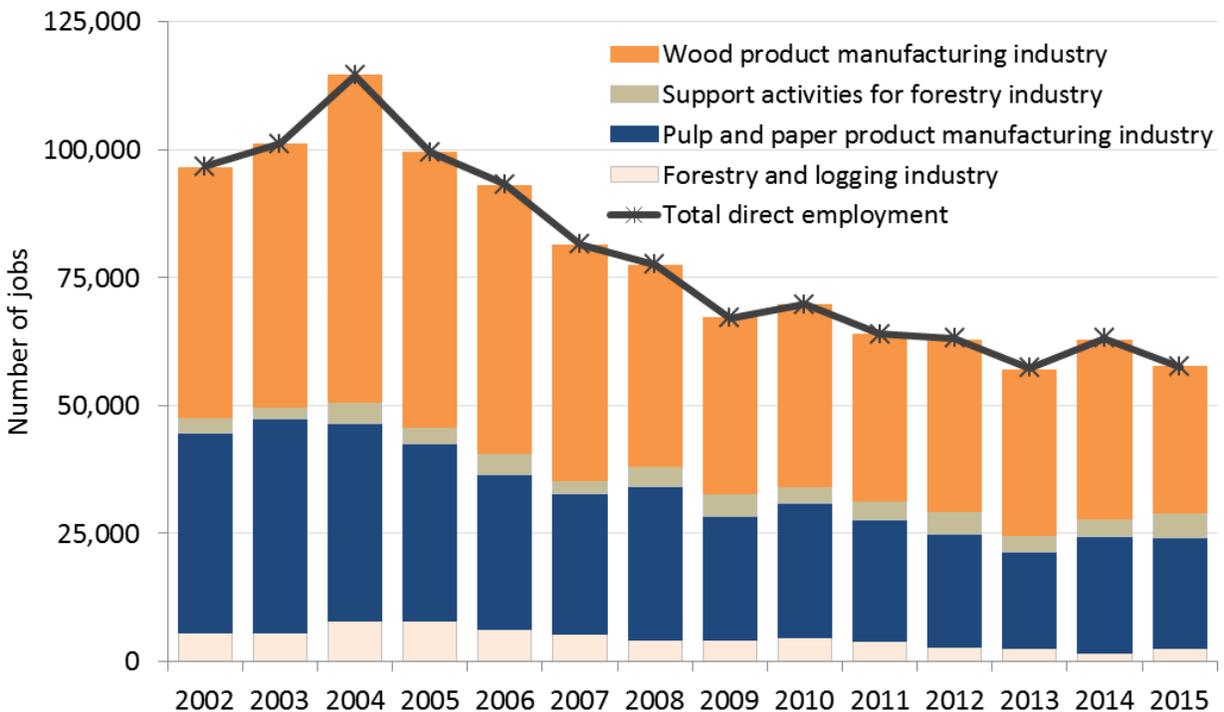
However, with an aging population in the workforce and new emerging trade opportunities and markets, the forest sector is predicting an increased need for workers. In May 2012, Forest Products Association of Canada (FPAC) took on the work of Canada’s Forests Product Sector Council. FPAC launched its Vision 2020 which publicly articulated a goal of recruiting 60,000 workers into the forest products industry by 2020. Industry experts have identified labour market needs and predict considerable growth in the sector.

“In 2011, the Forest Products Sector Council (FPSC) indicated in its study, *Renewing Canada’s Greenest Workforce: A Labour Market Intelligence Report*, that depending on future economic conditions Canada’s forest products sector would require as little as 40,000 to as many as 120,000 new workers by 2020. The study included a set of labour demand projections and employment demographics of the most in-demand occupations on a national, regional and sub-sector level.”- ***The Greenest Workforce***

With the announcement of a new mill to be built at Bonfield there is an interest in how wood will be supplied to this new operation given that a shortage of harvesters is becoming increasingly evident.

Past Trends

Source- Ontario State of Natural Resources Forests 2016



Employment levels are lower than in 2004-2008. The trend has been steadily declining from 2004-2013; **however, the most recent data show that employment levels may be stabilizing.** There is a clear relationship between employment trends in the forest sector and the area harvested. Past, unfavourable market conditions lead to reduced harvest levels and lower levels of employment across all industries in the forest sector. On average, direct employment levels fell from 93,262 direct jobs in 2004-2008 to 64,252 in 2009-2013; a decline of over 30%. Average wages and salaries decreased accordingly from \$2.97 billion in 2004-2008 to \$1.99 billion in 2009-2013; a decline of 33%. – **State of Ontario's Natural Resources Forests 2016.**

Current Trends

Much of the labour market capacity which existed in the forest sector was lost in the decline. However, today, with increased market access, the forestry sector in Canada is experiencing a renaissance but employers are facing difficulties in hiring workers in certain occupations. Some of the key “in demand” occupations include:

- Process operators — including those working in sawmills and pulp/paper mills
- Harvesting and logging machinery operators
- Millwrights
- Stationary engineers
- Sawfilers
- Electricians
- Professional foresters and engineer

The human resource needs analysis conducted by The Greenest Workforce indicates that employers are having difficulties:

- retaining workers;
- attracting youth and recruiting new workers;
- supporting industry training at appropriate levels; and,
- maintaining educational and training programs.

Employers surveyed by The Greenest Workforce reported a number of barriers to meeting their labour needs including not enough qualified workers and a shrinking local labour pool in rural areas due to declining rural populations. In contrast to the shrinking rural populations, many Indigenous communities are reporting considerable growth in youth populations.

As can be expected, the local and regional forest sector employers are sharing an experience with others in the sector across Canada.

In a 2014 submission to the Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities (HUMA), the FPAC outlined a need to also focus on Indigenous persons in the forest sector workforce.

In many forest-based communities there is a long history of Aboriginal involvement in the forest products industry. One reason is a shared geography. It is estimated that 80 percent of Aboriginal people live in or near forested areas, while, by contrast, 75 percent of Canadians as a whole live within 160 kilometers (100 miles) of the U.S. border. Today, the forest products industry is one of the top employers of Aboriginal people, directly or indirectly employing more than 17,000 Aboriginal people and does business with more than 1,400 Aboriginal businesses.

The forest sector landscape has changed much in the past three decades with a change in the forest management and tenure system and the introduction of Sustainable Forest Licenses. The industry relies

heavily on contract employment. This requirement places a burden on small operators who hope to harvest wood, to develop small businesses in order to take advantage of opportunities. Aside from skills and training required to conduct safe wood harvesting techniques, operators must be able to manage business enterprises successfully. Technological advances in the industry mean that harvesters now rely on mechanized harvesting operations, which require enhanced skill sets that include computer literacy and numeracy. Many companies in Ontario have adopted specialized techniques in the field such as GPS systems and mechanized log harvesting. Bio-technology is being used to produce bio-fuels, bio-chemicals, plastics and pharmaceuticals. As a result, the skill sets required to work in this sector are considerable.

The outsourcing of specific skills such as forest harvesting is common in the industry. It is a trend that has had a large effect on the availability of forest harvesters. Forest harvesters must now contract with the Sustainable Forest Licensees to harvest their wood. Workers are hired directly by forest harvesting companies.

SURVEY RESULTS

In the Forest Manager (SFLs) category there was a response rate of 33%. In the Mills and Wood Processing category there were no respondents. In the Forest Harvester category, the response rate was 42% of forest harvesters surveyed. In the First Nation and Metis Category, there was a response rate of 4%. The overall response rate was 20%

Most respondents (60%), expect an increase in the total forest employee population within their respective organizations. Forty per-cent expect an increase of 5%, while 25% expect an increase of 25%.

The following skills were deemed most important:

1. Industry Specific knowledge
2. Functional knowledge
3. Creative/Innovative thinking
4. Communication Skills
5. Problem solving skills
6. Collaboration/teamwork skills
7. Leadership Skills
8. Technological Literacy

The region's industry typically requires 0 to 2 years of experience for entry level positions.

Most respondents agreed that recent employees were well prepared to join the workforce.

Seventy per-cent of respondents indicated that they are not working with an educational institution to prepare students for joining the workforce. Many respondents relied on apprenticeship programs or co-op programs.

With respect to confidence in the ability to replace the skills and knowledge of retiring forestry workers only 7% feel they will be able to do so, while 30% indicated that they will not be able to do so.

Thirty per-cent of respondents indicated that 6-10% of their workforce will retire in the next 2 to 5 years. Twenty-three per-cent expect that more than 20% will retire in the same period.

Most respondents (46%) disagree that they will be able to find qualified people to fill positions created by retiring workers. Fifteen per-cent agree they will be able to do so.

The most popular recruitment channels are

1. Employee Referrals
2. Recruitment
3. Websites
4. Social media tools and networks
5. Campus Recruitment
6. Work-integrated learning programs

The most persistent skills gaps are

1. Logging Machinery Operator

2. Logging worker
3. Truck Drivers/Haulers
4. Heavy Equipment Operator
5. Hand Faller

Forty-six per-cent of respondents believe there is not an adequate supply of skilled forest workers in the region.

Also, 46% indicated there are plans to expand or grow their forestry operations.

Seventy-six (76%) per-cent indicated the difficulty in finding trained and qualified workers was a barrier to their plans for expansion.

61% of businesses indicated that they have partnered with a First Nation Metis or Aboriginal organization, while 37% of First Nation or Metis communities have partnered with a forestry company.

66% of business respondents stated they have sub-contracted services to a First nation, Metis or Aboriginal organization.

44% of respondents disagree that there is an adequate supply of qualified workers from the First Nation Metis or Aboriginal community.

100% of all respondents agreed that partnerships between Aboriginal organizations and forest sector businesses will help Aboriginal communities fulfill their economic development goals, and 72% of respondents agreed that training Aboriginal workers in the sector is a priority.

91% of all organizations sub-contract the services of forest and logging companies.

Only 7% strongly agreed that local training institutions were responding to the training needs of the forest sector, while 23% strongly disagreed.

GENERAL COMMENTS FROM THE SURVEY

One respondent expressed concern about the unsuccessful training programs that were offered in the past, noting that the training was unaffordable because the costs for mechanized equipment is highly expensive.

Another issue of concern that was noted, is the selection process for screening suitable candidates for training. Training is expensive and screening must be made available in a way that ensures candidates are aware of what their involvement in the industry will mean, i.e. that they may often have to work in remote or isolated locations. As the respondent stated, "Candidates need to know that forestry is not a nine to five job within five minutes of the nearest Timmy's. "

Comment 1

"The industry is dealing with a lack of trained available workers. I feel that it is important to invest more heavily in the youth (First Nations) or otherwise. It is essentially important to get more trained and capable into the work force, but the monies that are paid to the forest contractors for services from tree marking to harvesting don't provide enough money to provide the required commitment for training."

Comment 2

"It's up to the band member to ensure they have adequately trained individuals and equipment."

Comment 3

"I am willing to work with anyone or this new mill opening up. This will bring a lot of employment for all our First Nation communities all over the northern Ontario. This new mill will help out a lot of employment for everyone. "

CONCLUSIONS

There is significant improvement in the market economy since 2007. There is a marked increase in softwood lumber sales in international markets. At present there is increased demand for Canadian wood products in the US and European markets. Yet there is increasing uncertainty with how the NAFTA negotiations will proceed and what results these negotiations will yield.

The number of job losses in the past decade, are evidence that the industry is extremely responsive to market volatility. The significant downturn in the economy and in the forest sector with mill closures and layoffs resulted in a loss of forest harvesting capacity and created a perception that forestry jobs are insecure. The loss of many sector jobs during the economic downturn makes the industry less appealing to job seekers who are looking for long term stability. The perception of insecurity and instability may make career pathways to forestry unappealing to new recruits. There may also be outdated perceptions of what skills are needed to perform a forest harvester's job. With these perceptions in mind, an awareness campaign may be needed to ensure that new recruits are aware of the skills required in these new opportunities that are emerging in harvesting.

With the announcement of the International Wood Industries new mill in Bonfield and the re-opening of Columbia Forest in 2016, there is an expectation that new job opportunities will be available in the region. With the downturn and mill closures that took place in the past decade, surplus wood may be readily available for other facilities such as this new mill. For example, at present, aside from wood commitments to shareholders of the SFL, there is only one formal ministerial wood supply commitment on the Sudbury Forest.

Research conducted by Workplace Safety North in 2015 indicates that with increased markets there is a demand for new workers however finding workers to fill jobs is difficult. The forest sector is experiencing challenges in filling job openings.

The arms-length nature of the relationship between harvesters and mills may be the underlying reason why mills did not respond to the survey. Because the mills rely on contracted operators, the mills are only indirectly impacted by the need for skilled and trained forest harvesters and haulers.

The survey generated most interest from the harvest sector, as this is the part of industry that feels shortages most acutely and most immediately. Nearly half of those who responded stated they felt they would not be able to find qualified workers to fill available positions. The industry at the supply end relies heavily on independent contractors to harvest and haul wood supply to mills. These independent contractors are required to be completely independent of mill facilities and must assume all responsibility for every aspect of a small business management including training. Training costs in this sector are extremely expensive and may be beyond the reach of independent contractors, or Indigenous communities who may be interested in training people. Independent contractors who harvest wood for the mills, must develop business models that are in compliance with all regulations governing forestry operations, and must meet all legal requirements of independent operators including carrying liability insurance, Workplace Safety Board Insurance, and still have an operational plan that is profitable.

Independent contractors must heavily invest in expensive mechanized harvesting equipment. They require a trained and skilled workforce to ensure their success.

Overall, most respondents expressed concerns that a trained and skilled workforce is not available to meet emerging employment opportunities. There is no confidence that they will be able to replace retiring workers. The lack of skilled workers is a direct barrier to growth and expansion for businesses in the study region. Most employers are not working with educational or training organizations to address worker shortages. Most respondents indicated that training institutions are not responsive to training needs in the forest sector.

When examining the question of who must assume the challenge of ensuring a trained workforce is available there are a number of variables to consider. The Forest Management organizations are primarily focused on forest management planning. They are the body responsible for ensuring all harvesting is in compliance with the Crown Forest Sustainability Act. The mills and wood processing facilities are primarily focused on production of wood products. It is the harvesting contractors or operators who are facing the skills shortages directly. Although the lack of harvesters will ultimately impact on other parts of the forestry sector, it is the harvesters who are dealing directly with this labour market gap. Yet the cost of training may be beyond their reach as individual, small businesses.

The cost of training is highly expensive because of the specialized equipment required. There are no training institutions in Ontario where curriculum involves spending any time on harvesting equipment. Individual operators indicate that the only way to train employees today is on the job. Those who may wish to train new recruits may not be able to afford the cost (including time costs) of doing so without the cooperation of training institutions, communities or other harvesting companies.

Much of the project was spent identifying who should be contacted to participate in the needs analysis. Most harvest businesses do not advertise their services. These are for the most part small operations whose management works in the field all day and is not reachable until late in the evenings and many do not use email. Once the parties were identified, there was little time left to undertake the survey. The project overall required more time to reach harvesting community, however time constraints set by the grant deadlines did not allow for this.

Indigenous Communities

The lack of responses to the survey from Indigenous communities may mean there is a lack of awareness of the emerging opportunities in this sector, or a lack of interest. Most respondents to the survey did have previous contacts and discussion with Mattawa-Bonfield Economic Development Corporation about the project. This includes 3 neighboring First Nation communities. In essence, there was a relationship on which to base the survey.

It should be noted that one of the main reasons for a lack of participation in the project could be directly linked to the fact that most First Nations do not have forest management plans. This in fact is the case

with the First Nation Community within the MBEDC region as well as with a close neighboring First Nation community.

We learned through this project of a partnership in Northern Ontario whereby Kenora Forest Products, Workplace Safety North, Seven Generations Education Institute, and Ozhibii'igewigamig Employment and Training Centre, Shooniyaa Wa-Biitong and Ne-Chee Friendship Centre resulted in the successful training and recruitment of Indigenous workers at the Kenora mill where more than 50 per cent of the workforce is comprised of Indigenous people. The training provided at Seven Generations Education Institute is along the lines of health and safety training and a cultural awareness piece vs practical equipment training.

RECOMMENDATIONS

- 1. Develop and deliver a campaign to promote forest sector career pathways (including promoting apprenticeships and co-op learning opportunities). Includes Careers in Forest Industry Handbook; Career Info Day**

- 2. Establish a regional training consortium to**
 - **address the lack of equipment operation skills training available to meet current and future labour force opportunities**
 - **investigate the feasibility of replicating the delivery of safe workplace training programs delivered by the Seven Generations Education Institute**
 - **incorporate small business training into training curriculum**

- 3. Promote hiring incentive programs available to harvesting companies who hire new employees**
 - **Incorporate into Recommendation 1 and 2 activities**

- 4. Promote the need for and the availability of capital grant programs to assist the forest sector's harvest businesses to compete and to grow.**
 - **Incorporate into Recommendation 1 and 2 activities**

NEXT STEPS

MBEDC will pursue Stage 2 funding from the Ministry of Advanced Education and Skills Development to focus on the recommendations of this Stage 1 project.

Of the local mills, harvesting companies, First Nation Communities and forestry stakeholders approached to work on next steps, the following organizations have agreed to participate on committees that would address the recommendations highlighted in this report. We look forward to working with:

- Canadore College
- Dokis First Nation
- International Wood Industries
- Local Ministry of Advanced Education and Skill Development Employment & Training Consultant
- Mattawa-North Bay Algonquin First Nation
- Near North District School Board OYAP/Dual Credit representative
- School to Work College Initiatives – RPT8
- Sturgeon Falls Brush and Contracting
- The Greenest Workforce
- The Labour Market Group
- Workplace Safety North
- YES Employment Services Nipissing Inc.