
Strategic Plan

2018

Westwind Forest Stewardship
Inc.

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2018 Strategic Plan

Executive Summary

At the time of creation in 1998, Westwind conducted an extensive Business Case and Strategic Plan. Since then, the Strategic Plan was reviewed in 2000 and 2005. A new plan was created in 2012. Each year, the plan is reviewed to ensure we were meeting the strategic objectives and to make any necessary adjustments. Westwind revisited its Strategic Plan again in 2018.

The planning process was greatly enhanced with the assistance of very knowledgeable experts who contributed new thinking to the process and provided sage advice to Westwind. Joining us were: Stephen Harvey, retired MNRF, who ably facilitated our session, and Faye Johnson, Director, Forest Tenure and Modernization, MNRF. We owe them a great debt for their support and for pushing our thinking.

For the most part, we have been successful in meeting the objectives established in 2012.

- Increase operational harvests to 180,000 cubic metres
We increased our operational harvest to an average of 175,000 cubic metres per year over the period.
- Improve our knowledge of the forest by incorporating the new EFRI inventory we received in 2016.
We continue to monitor our pine forest for silviculture effectiveness and monitor our hardwood forest with tree marking audits and mid rotation surveys.
- Improve understanding of delivered wood costs to all stakeholders.
We have been able to communicate all the components of wood costs in a succinct manner to our operators. While our operators are facing ever-increasing fuel, electricity, and insurance costs, we have been able to maintain a stable SFL fee, which represents 2% of delivered wood costs.
- Expand scope of business by leveraging our core skills
At the time of the plan development, MNRF was undergoing a major, operational transformation and it appeared that they were considering the discontinuation of some services in which Westwind had a capability to deliver. This did not happen. In addition, we were keen to explore private land opportunities but found that there was minimal interest in forestry programs on private land.
- Maintain our social license
We work hard at enhancing our social licence by proactively building partnerships, providing educational opportunities and generally being proactive in selling the benefits of sustainable forestry.
- Increase Aboriginal Engagement
Developed and implementing an Indigenous Engagement Strategy in 2015.
- Develop new Marketing collaboration opportunities
Developed new opportunities with Indigenous and local forest operators – timber sales with First Nation forest operators

As we embarked on our planning journey, a central question challenged the Board – how do we build on our foundation and grow our business with a re-defined forest industry, fluctuating markets, climate change challenges and diverse needs of all our operators? Westwind is unique among SFLs by being the only not-for-profit community-based management unit that has a mix of Industry, Independent and Indigenous Directors on its board. Being a not-for-profit SFL enables us to offer a trust-based approach to providing services that may be more attractive for customers and/or investors. While we are a small SFL, our staff has an intimate knowledge of all aspects of forest management. We have a strong business culture because we have a diverse group working together as a Board. Westwind is well-skilled at building collaborative relationships. Our location offers us a positional advantage to southern markets and progressive Indigenous communities. These unique attributes enhance our capability.

In the end, Westwind concluded that many of our current strategic objectives were helping us achieve a stable environment. We will continue to build on our key strengths, hire young talent, and increase our reputation as the best forest stewards. This Strategic Plan, therefore, is a forward look at how we will approach the next 5 years to expand our business, guided by our values as an organization.

Background – A look over the years

- Then (1998) and Now (2017)
 - Operators
 - 45 Operators to 20 Operators
 - Small Operators increasing shares, loggers retiring, weak markets
 - Added Goulard, Portelance, Almaguin, Haliburton, Hokum
 - More operators sharing land base and trading areas
 - 20 new entrants
 - Budget
 - Westwind costs to the Operators has remained steady over the period
 - Total Budget – (1998) \$609K; (2017) \$777K- 21 % over 20 years
 - Forestry Futures funding has averaged \$ 250,000 per year for the forest
 - Logging roads require ongoing support for infrastructure and constant maintenance. MNR Roads funding has been of great support.
 - 7.7 million since 2007; averaging 640 k per year
 - Harvest (m3)
 - Over the past FMP cycle (2009-2017) the harvest risen from 132k m3 to 175 k m3
 - In the current business cycle, the white pine market is slowly building while hardwood pulp, fuel wood and hardwood sawlog markets are steady, with a decline in softwood pulp to Domtar, (not taking our roundwood).
 - Renewal Rates
 - White Pine Grade 1 – 1998 and 2017 - \$11.00
 - White Pine Grade 2 - 1998 - \$11.00; 2017 - \$4.00
 - Hardwood Grade 1 – 1998 and 2017 - \$8.00
 - Hardwood Grade 2 – 1998 - \$1.50; 2017 - \$1.15

Vision

Westwind Forest Stewardship will be a collaborative and adaptive company that will efficiently and cost effectively grow its capacity to deliver forest stewardship while engaging more partners to the delight of its clients and local communities.

Mission

Through collaboration, deliver forest stewardship for the benefit of our communities.

Values

The following values guide Westwind and are shared by the Board and staff.

- Transparency – As a manager of public wood, we have an obligation and endeavour to be as transparent as possible in the management of and communication about Westwind Forest Stewardship. Any information that is not deemed financially proprietary can be shared. We report to the proper authorities on all non-compliance harvest issues that we are aware of and encourage and require that our operators do the same.
- Inclusive – We consider all users of the forests and all perspectives. We value collaboration with partners and stakeholders.
- Respectful – We respect that stakeholders have various opinions on how the forest should be managed and will consider them fully when making decisions.
- Resourceful - We use our human resources, equipment resources and networking opportunities effectively and efficiently while being stewards of the forest.
- Progressive – We attempt to be leading-edge, seek and embrace new ideas and methodologies.
- Continuous learning - Staff and Board members are encouraged to regularly seek new knowledge and skills in a variety of ways.
- Credibility and accountability – We seek to build our reputation and earn the respect of all stakeholders by doing what we say we will do in a responsible manner.

Situational Analysis

External

- Clients
 - Westwind's clients are the forest operators situated in and around the forest. Presently, there are 23 groups of clients with a wide range of wood volume requirements including Rayonier Advanced Materials, Goulard Lumber, Portelance Lumber, Muskoka Timber Mills, Domtar, Almaguin Forest Products, Haliburton Forest, Ben Hokum & Son, Lahaie Lumber and thirteen small shareholders
 - Currently, Westwind has 13.6% of the harvest share This is a significant asset to Westwind and the management of this asset requires a plan that will benefit the organization in the mid-to-long term.
 - There are over 40 different destinations for Westwind wood in southern and central Ontario and beyond
- Stakeholders
 - We have a broad range of stakeholders, some of whom include the Ministry of Natural Resources and Forestry (MNRF), Municipalities, Cottage Associations, Georgian Bay Biosphere Reserve, and the community at large. We interact with MNRF on a daily basis as they are the largest stakeholder and our major partner in the management of the forest. We meet with First Nations and indigenous people on a regular basis and interact with them at the forest level through forestry committees and projects. We are in ongoing discussions with municipalities and cottage associations to update them on planned forestry operations.
 - We also partner with many organizations in the resource sector. Successful partnerships include the Northern Ontario Heritage Fund, Ministry of Transportation, MNRF, Parry Sound Stewardship Network, Ontario Tree Marking Committee, and the Provincial Forest Compliance Program.
- Current Environment
 - Overall, the markets for lumber, veneer and pulp have been growing slowly over the last five years. Variability in market for softwood and hardwood shift significantly from year to year. Generally, pine makes up 40 % of our harvest, so a stalled market adversely affects volume and area harvested. Pulp remains steady in the forest, with fuel wood accounting for 25% of the harvest
 - The impacts of climate change are significant on the forest. Changing and shorter seasons, increased heat, drought conditions and a host of invasive species and insects pose real threats to the health of the forest.
 - MNRF has been working on modernizing how Crown forests are managed, how companies get wood and how wood is priced in the province. Tenure modernization is a long-term commitment that is proceeding slowly in

consideration of interests of communities, the forest industry, and Indigenous people. MNR has developed characteristics and requirements for Enhanced SFLs (eSFLs). Westwind is well positioned to meet many of these requirements, particularly on governance, wood movement and new entrant's requirements.

- Lack of scientific work by MNR hampers our understanding of growth rates and of what we should be expecting as a future forest condition as a result of various silviculture treatments. Invasive species and diseases are beginning to have a significant impact, for example Beech Bark Disease has decimated that species since the last strategic plan was completed.
- Concurrently, the MNR is continuing a process of rationalizing its services in response to the province's need to balance its budget. As MNR reduces its budget through service cuts, the impacts are unknown to Westwind at this point.
- The industry is ever aware of delivered wood costs. While overall costs have trended downwards, the industry continues to live with small profit margins. Ever-increasing transportation and infrastructure costs put significant pressure on profit margins.
- Our management fee (SFL fee) is for the provision of planning services, overseeing compliance, and ensuring the proper implementation of the Forest Management Plan (FMP). It also includes the costs of being certified to the FSC standard. While our fees represent a relatively small percentage of the total delivered wood cost, there is a constant challenge to manage the level of fee that meets the needs of both the industry and Westwind.
- Westwind's social license enables staff and operators to work independently with the partners in the forest. Westwind strives to work hand-in-hand with municipalities, Indigenous people, First Nation communities, recreational groups and cottage associations.
- Demographic view
 - According to the Labour Market Survey, based on census data, there will be a shortage of skilled labour to fill jobs in the future. In forestry, aging contractors have retired, many businesses have failed during the economic downturn and there has been little incentive for new entrants. In contrast, Indigenous Communities represent the fastest rising population segment. There will be limited opportunities for youth in the short term. However, we will do our part to educate the public, especially youth, about the sustainability of the forest in the hopes of building interest for future opportunities when markets are more robust.
- **Current State of the Forest**
 - On a positive note
 - Planning is underway, including a renewed inventory, which may bring opportunities
 - Stand improvement has been taking place
 - Increase in quality growing stock of hardwoods

- Encountering and releasing mid-tolerant species ((black cherry, yellow birch)
 - Achieving some pine removal cuts
 - Diversity with opportunities – pine, hardwood, hemlock, other species
 - Mix of large, medium and small operations able to respond to different sized blocks
 - We have a substantial portion of limited white pine and tolerant hardwood in the province.
 - Unutilized harvest area is a liability but also provides an opportunity
 - Pine stocking levels are higher than some neighbouring forests before Removal Cuts
 - Harvest levels continue to trend upward due to a number of factors – staff diligence and preparation is one of these under WSF.
- Challenges in the forest
 - Stocking in second hardwood selection cuts are not as high as expected
 - Continue to see selection cuts migrating to shelterwood.
 - Need removal cuts in pine – “harvest” is prescribed as the next treatment on many pine stands, but the pine market is weak.
 - Imbalance – front loaded with high cost, time sensitive regeneration cuts
 - Pine regeneration still an ongoing concern – careful logging is paramount to protect existing regeneration.
 - Pine quality is comparatively low in our forest – open grown, shallow nature
 - Diverse nature of forests makes it difficult to harvest specific species/products without markets for the other species/products
 - Intolerant hardwoods, mixed woods getting older – lower stocking and quality
 - Harvest intensity in hardwoods pushing allocations to limits in some cases – low quality hardwood stands are now relied upon
 - Access into blocks often challenging
 - Blandings Turtle life requirements have a negative impact on available harvest time, restrictions from spring to mid-October.
 - Little to no summer pine harvest due to Species-at-Risk restrictions, summer staining of pine logs. Fall/Winter harvests will be the norm for the next few years
 - Bottom line – to improve the quality of the forest, we need to harvest more.
 - Risks
 - Beech Bark Disease
 - Wind events more common
 - Asian Long-horned Beetle, Emerald Ash Borer, other pests
 - Climate change
 - Forest fire, but low risk
 - Potential loss of vegetation management tools such as herbicide use
 - Loss of Stand Improvement from Forestry Futures

Internal

- Staff, Organizational Structure
 - Westwind manages its forest with 6 staff and a small group of forest contractors. We currently have a co-management structure, with an Operations Manager and a Forest Manager overseeing the management, with four field staff devoted to forest surveys, prescriptions, compliance and monitoring. Forest contractors are hired to look after tree marking and tree planting. Two staff have announced their retirement. As our staff is our primary asset, adjusting to this change will be a major focus for us.

- The Board of Directors
 - Westwind is a not-for-profit community-focussed company, making it unique in the province. There are eight Board positions – 3 forest industry, 4 community and one Indigenous.
 - The Human Resources Committee is active in addressing human resources issues and ensuring a performance management system is in place to ensure the corporation meets its business objectives. The Finance Committee meets regularly to review all aspects of financial management and to ensure the corporation is on track to meet budget. The Nominating Committee manages finding and recommending candidates for board approval.
 - The Board continues to self-assess its performance and endeavours to ensure modern governance practices. Governance training is mandatory for new board members.

SWOT Analysis

Strengths

- Westwind has built its credibility as excellent stewards who are very familiar with the forest, have a strong working relationship with MNRF, collaborates with partners and serves the local community.
- Westwind is diverse in its forest species and people. In a modest review, it was felt Westwind was well represented, diverse and capable to carry out its role, with great experienced staff and good governance from a diverse Board.
- We are an inclusive company, focussed on all users of the forest and value our social licence.
- We endeavour to be progressive, leading edge and open-minded.
- Westwind has good governance practices and endeavours to constantly improve.
- Westwind has lead the charge in FSC Certification in Ontario and is very inclusive of community and Indigenous. The forest is in very close proximity to Toronto and has an extensive roadwork that provides lots of accessibility by the public. Most of the wood produced goes to local in the forest markets.

Weaknesses

- While we have a good reputation, we have not built our brand awareness fully. We are not always top of mind and we have undersold ourselves. We have been slow to embrace social media opportunities. We have a strong reputation as an excellent steward and an excellent partner. These attributes need to be broadcast and leveraged. A key to its success is the return to a stewardship series. Need to balance cost of building our brand and keeping SFL fees reasonable.
- From a human resource management point of view, we do not have a written succession plan. With multiple impending retirements, we will soon experience loss of knowledge and experience. We also lack diversity on our Board.
- There is a high cost to recommission roads after a 20-year harvest cycle and the return on investment is costly. The lack of or restricted access to aggregate increases costs and feasibility.
- The forest has about 50% private land which restricts access to many blocks in the forest. Recreational users such as ATVs and snowmobiles are hard on the forest access roads.
- Having a diverse forest makes mechanization systems difficult to implement.
- FSC certification is now dated. FSC Canada does a poor job of selling benefits. We should investigate what other jurisdictions are doing.

Threats

- There is a significant challenge in getting new people to work in the forest industry
- Cable skidders are disappearing. What is the alternative for our type of forest?
- The loss of corporate knowledge with staff retiring coupled with a shortage of trained work force operators poses problem to ensure a stable workforce
- The forest inventory is 10 years old and does not provide adequate info for our forest. Poor quality information significantly impacts good forest management planning. Much more ground truthing and reconnaissance is required to upgrade this information.
- MNRF Growth & Yield (G&Y) doesn't support our forest planning. There is insufficient data.
- Increasing regulatory environment for workers i.e. truckers (training log book) and uncertain regulatory environment with ESA and uncertain political environment will pose challenges moving forward.
- Climate change means shorter winters, wet springs and falls, drier summers, which impacts and reduces operating times in the forest.
- Forest pests and diseases lurk on the borders of the forest.
- Potential inability in the future to move wood on our 13.66% share

Opportunities

- New young staff - It is imperative that Westwind train and develop their new foresters. We need to determine how to keep them, have systems to allow them to come and go, and have development opportunities with work exchanges.
- New technology - Westwind needs to be current in the use of communication and social media tools. Frequent updates on forest technologies and social media would be beneficial for the board and staff.
- Provincial roads program -- Westwind needs to indicate its continued support for the Provincial Roads Program.
- Build partnerships – while a key strength, we need to build even more partnerships with indigenous communities, municipalities, and academia.
- Growth & Yield (G&Y) - Westwind needs to plan for an EFRI pilot project on the ground.
- ESFL - to maintain our progressiveness, Westwind needs to consider if it wishes to pursue the ESFL status.

Strategic Objectives

Increase our operational harvest

Goal

The goal is to harvest 200,000 cubic metres annually within 5 years, while improving the quality of the forest.

Measure

Overall harvest increases in m3; continue to move wood through timber sales, block swaps and new entrants; Number of new initiatives – i.e. log yard, certified buyers/destinations; Number of diverse markets for low quality product

Improve our knowledge of the forest

Goal

It is imperative that we know our forest so well that we know the volumes and the values in the forest. Create EFRI Pilot project with possible connections to schools, colleges

Measure

Reliance and accuracy of the Forest Inventory
Confirmation of actual harvest vs. planned
Create on the ground EFRI project and submit to MNRF

Improve Quality of forest

Goal

To improve quality of wood to increase value of products.

Measure

Review overall wood volumes and wood flow
Review Grade 1-2 split

Improve business knowledge of our forest operators

Goal

Delivered wood costs are essential for wood movement, and therefore our goal is for all stakeholders to understand the true cost of delivered wood.

Measure

Our forest operators are able to demonstrate knowledge of all the components of wood costs in a succinct manner; continue to use FP innovations for research in new projects

Expand Brand Awareness

Goal

By using new technology to tell our story, build and enhance brand awareness by using existing programs such as ittakesaforest.ca
Achieve ESFL status

Measure

Expand on our use of social media
Build a business case for a stewardship series
Obtain letter from MNRF on status of ESFL

Increase Indigenous Engagement

Goal

Strengthen relations with Indigenous peoples.
Recognize and respect traditional land use when planning forest operations
Improve understanding by both parties with a joint educational process

Measure

Recognising and respecting Treaty relations
Enter into Timber sale agreement with Indigenous communities
Pursue Indigenous youth project together
A joint educational session occurred

Challenge of new workers in the forest

Goal

To increase the number of forestry workers in the forest.

Measure

Development of business case with our partners to create a training program and intern job(s) in the forest.

Key Performance Indicators (KPI) 2018-2023

1. Harvest levels - Actual vs. Planned

The Annual FMP Volume is 318,000; the operational target is 200,000

2. Cost for SFL fee

The Annual SFL fee for the operators for 2018 is \$ 449,000. Monitor annually over next five years

3. Operator viability and issues

Assess operator viability with the number of partners
Determine issues such as revenue and costs for operators

Number of partners has increased; fuel cost has increased, insurance has increased; wood sales are low or lower than normal; trucking costs have risen dramatically; MTO rules for trucks on road, roads funding from province critical

4. Feedback - The number of complaints and/or positive feedback from staff, clients, partners

Need to track complaints of a serious nature. Set up a database to track

5. Community education

Tracking of staff time spent on working with partners, education days field trips

6. Engaging with Indigenous Communities

Number of contracts with Indigenous; AWS consultation; Indigenous steering meetings; business to business

7. The number of existing forest operators

Existing partners at 2018- 23; monitor over five years

8. Outcomes of FSC and IFA audits

FSC audit with little to no CARs; IFA audit; 1 per term, no major recommendations

9. Staff transformation

Hire and restructure to adjust to changes

Implementation Plan for our Strategic Objectives

1. Increase Harvest Levels – Responsibility – Operations Manager

The goal is to get to 200,000 cubic metres annually, within 5 years. We will accomplish this through cooperative ventures with our partners.

- a) Wood Movement Between Operators
 - Continue to support wood movement, sharing blocks, and business to business (B2B) arrangements between existing and new operators.
 - Work with MNR to facilitate licensing and approvals
 - Maintain existing markets and encourage new products sectors
 - Continue to encourage new product sectors with Westwind scaling agreement and Manufactured in Canada Exemption

Measures

 - Increased B2B arrangements; Annual Reporting
 - Increase wood movement of all grades

- b) Timber and Negotiated Sales
 - Continue to facilitate Timber and Negotiated sales to move wood.
 - Encourage new operators and strengthen existing operators through strategic sales within the forest.

Measures

 - \$85,000 in timber and negotiated sales annually
 - Increase in number of new partners

- c) Pine Harvest
 - Increase harvest on the pine blocks by 400 ha per year. – Annual Reporting.
 - Through the provincial roads program (if funding is available,) upgrade the North Pickerel (2012) and Smith Bay (2013) roads. Annual Reporting

Measure

 - Increase in pine cubic metres harvested.
 - Increase awareness among operators and others of harvest opportunities.

2. Improve Our Knowledge of The Forest – Responsibility – Forest Manager

- a) Incorporate new FRI inventory into 2019 FMP, especially for stands not currently identified as pine or tolerant hardwoods.

- b) Gain a better understanding of forest unit classification for stands that have the potential to fall under multiple forest units. (E.g. create an improved planning inventory that more accurately identifies tolerant hardwood stands as being suitable for selection or shelterwood management, 2 cut vs. 3 cut vs. seed tree cut white pine).

- c) Sample hardwood stands mid-rotation as well as visiting a higher percentage of stands prior to allocations in forest management plans.

- d) Improve knowledge of growth and yield in tolerant hardwoods through provincial growth and yield program as well as maintaining a modest local program.
- e) Monitor silvicultural activities in white/red pine stands to forecast effectiveness of treatments.
- f) Conduct regeneration surveys as required by the silvicultural ground rules in the forest management plan.
- g) Incorporate an on the ground EFRI project and gain MNRF support
- h) Scope out the use of colleges and technical schools

Measures

- Improved accuracy of actual yields vs. planned yields.
- Less changes of planned forest units vs. actual forest units as determined during Forest Operations Prescription development.

3. Improve Our Quality of the Forest – Responsibility – Operations Manager and Forest Manager

- a) Improve quality of wood to increase value of products
- b) Review Annual wood volumes and grades

Measure

- Improved AGS in tree marking audits
- Increase in the Grade 1 component of the forest,

4. Improve efficiency to our forest operators – Responsibility – Operations Manager

- a) Delivered wood costs are essential for wood movement, and therefore important for all shareholders to understand the true cost of delivered wood
- b) Ability to communicate all the components of wood costs in a succinct manner to our operators; continue to use FP innovations for research in new projects
- c) Prepare letter and or e-mail to MNRF and local politicians for continued support of roads program

Measure

- Success of FP innovation projects
- Continued support from MNRF for roads program

5. Expand Brand Awareness– Responsibility – Operations Manager and Forest Manager

- a) By using new technology to tell our story by expanding use of social media
- b) Build, enhance brand awareness by using existing programs such as ittakesaforest.ca; explore stewardship series
- c) Pursue ESFL status

Measures

- Westwind will create a new website, blog account and twitter account
- Westwind continues to work with Forests Ontario in fostering good forest, management by promoting their Annual Forestry Conference and their ittakesaforest.ca campaign
- Westwind also works with GBBR on their education programs and has assisted in their Amazing Places program and produced an annual forest health report for the general public and cottagers in the GBBR

6. Increase Indigenous Engagement – Responsibility – Operations Manager

- Consult when planning forest operations. Westwind will continue to work with Indigenous peoples and strengthen our relationship and recognize and respect their traditional land use – consult when planning forest operations
- Improve understanding by both parties by holding information sessions and field trips within and around each community. Coordinate events with each community over the next two years. Quarterly Reporting
- Seek advice on what “need for consultation and accommodation” means for Westwind. Steve and Barry to meet with each community Consultation Representative to discuss the community’s consultation process and requirements to work towards a cooperative approach.
- Work with each Indigenous Community to identify business opportunities in the forest sector. Quarterly Reporting.

Measures

- Approved Engagement Plan
- Number of community visits