



Response to Proposed 2 Billion Tree Program Joint Venture and Aggregator Concepts

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Response to Proposed 2 Billion Tree Program (2BTP) Joint Venture and Aggregator Concepts

The following is a compilation of comments and recommendations from Canadian nurseries (see below for signatories)(representing 85% of the Nation's tree nursery capacity) regarding NRCan's proposed joint venture and aggregator concepts presented at their May 15-17, 2023 "2BT | Ramping-Up the Supply Chain – Consultation with nurseries and seed collectors" sessions.

These same nurseries met in Ottawa April 11-12, 2023, and after two days of deliberations prepared a *National Tree Nursery Meeting's Final Report* (see Appendix A) that outlined both the challenges of the 2BTP and recommendations to improve its implementation.

2BTP Joint Venture Model Development and Timing

- 2BTP has outlined its plans to develop a Joint Venture (JV) model which in part supports the development of nursery infrastructure promoting the establishment of new nurseries.
- While the government's recognition of the importance of the nursery sector in delivering the 2BTP is a positive first step, the proposed JV model is not a sustainable solution and in fact, threatens the long-term stability of the sector.
- The proposed JV model has not yet been thoroughly developed and many key questions remain unanswered. As such, there are concerns that further developing the JV model will take a significant amount of time and that once developed, the application/approval processes will result in further delays since competency assessments of the entire supply chain will be required. This will be a new and unproven process that will likely result in confusion further delaying significant engagement in the 2BTP.
- Existing nurseries have clearly stated that they have the capacity to expand production **IF** appropriate conditions are established, namely:
 - o The Federal Government ensures that the financial risks for nurseries are reduced; and
 - o Plantable land is available by way of appropriate incentives to encourage "landowners" to support the creation of new forests.
- Organizations that have the expertise and history of delivering an aggregation model applied early and already have Contribution Agreements in place. They have been told that they cannot reapply to the new JV model and access the additional funding opportunities. The proposed JV model penalizes these organizations, creates an uneven playing field and further fragments current systems.
- There remain concerns that the nursery industry may be faced with a huge demand drop off and abundance of extra capacity and competition following the end of the 2BTP in 2031.

Recommendations

- Increasing existing greenhouse capacity needs to be addressed before new infrastructure is built.
- After ample input from nursery representatives across Canada, the government needs to quickly act on recommendations that support existing private sector nurseries to ensure the success of the 2BTP, and Canada's tree-planting efforts long-term.

- Given the compressed timeframe to accomplish the goals of the 2BTP, the government should not proceed with the proposed JV model, but rather move forward immediately with the recommendations contained within the *National Tree Nursery Meeting's Final Report*.

Financial Risk

- Currently, nurseries take on a significant financial risk.
- Aggregators would potentially control the flow of money to the suppliers who are making investments. If the aggregator fails, no money flows to the nurseries.
- Nurseries are not going to take risk with “new” aggregators with unproven track records.
- The proposed JV model has the potential to create multiple small nurseries totally dependent on the 2BTP funding. This will result in multiple abandoned nurseries at the end of the program.

Recommendations:

- The Federal government must ensure that financial risks to nurseries are reduced.
- If the government wants to incentivize the nurseries to increase overall seedling production, they must financially backstop long-term contracts to reduce nurseries’ financial risk.

Land and Labour

- Land availability to accommodate the planting goals of 2BTP is still in question.
- It is estimated that the labour force will have to double from its current level of 10,000 planters to achieve the 2BTP’s planting goals.
- Lack of adequate labour continues to be a challenge the entire forestry sector. Some nurseries are able to engage migrant workers however current regulations impede many nurseries and tree planting organizations from accessing this labour force.

Recommendations

- Appropriate incentives must be available to encourage landowners to convert their lands to forest (i.e., to ensure that adequate land is available to accommodate increased planting).
- Immigration regulations must be modified to facilitate access to migrant labourers.

Final Recommendations:

- As recommended in the *Report*, the government should revision the 2BTP goals and targets with a focus on increasing Canada’s overall tree planting capacity to support enhanced tree planting beyond 2031.
- Time is of the essence in successfully delivering on the 2BTP.
- The government needs to act on the *Report’s* recommendations immediately.

Signatories:

Collin Phillips, PRT, Can

Scott Formaniuk, Coast to Coast Reforestation and Tree Time Services, AB

Jade Dewar and Kevin Wasylenko, Manitoba Métis Federation, MB

Mike Downing, Harrington Tree Nursery, PQ

Henry Yang, K&C Silviculture, BC

Paul Richardson, Pineneedle Farms Inc., ON

Maureen Jacques, Ferguson Tree Nursery, ON

Judi Tetro, Brinkman and Associates, Can

Rob Keen, Forest Recovery Canada, Can

Appendix A

National Tree Nursery Meeting Report. April 11, 12, 2023. Ottawa



National Nursery Meeting

April 11-12, 2023

Ottawa, ON

Report on Recommendations

prepared by Forests Ontario



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Barrie, ON L4N 2N6

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National Tree Nursery Meeting Marriot Hotel, Ottawa – April 11, 12 2023

Situational Analysis

The session was convened in response to observations by Forest Ontario's (FO) CEO Rob Keen and COO Liz Celanowicz, who met with several tree nurseries and planting organizations across Canada on two separate series of site visits in 2022 and 2023.

The nurseries had a consistent comment - that they had neither heard much about the 2Billion Tree Program (2BTP), nor been contacted by recipients of 2BTP Contribution Agreements funding to secure seedlings.

The FO representatives found this worrisome, recognizing:

- 1) there will be a need for an overall capacity increase in all elements of the tree planting program supply chain to achieve the targets of the 2BTP
- 2) 2 billion trees by 2031) and 2) the apparent lack of any visible increased capacity to date.

Context of Capacity Increase

Currently approx. 600M seedlings are produced annually in Canada to support the forest industry's legally required reforestation of their harvested areas.

Upon announcement of the 2BTP in 2019, and assuming total additionality to current planting levels, an additional 200M seedlings per year would have to be planted to meet the targets by the current program conclusion of March 31, 2031, an increase of 33% of Canada's current planting levels. Similarly, all components of the tree planting supply chain would be required to increase by at least 33%.

As of 2023 with now 8 years left in the program and a reported 29M seedlings planted to date, annual planting levels required to reach the targets are 286M -a 48% increase.

Executive Summary of Key Observations and Recommendation

The following individuals met over two days to discuss the opportunities and challenges regarding the 2 Billion Tree Program and how to best support it (see Appendix A for overview and Agenda). Nursery sector attendees represented 84% of the national's tree nursery growing capacity. The session was also attended by NRCan representatives from the 2BTP program who were extremely helpful in providing context and updates to the discussion.

Collin Phillips (PRT, Can)- 300M, **Scott Formaniuk**, (Coast to Coast Reforestation and Tree Time Services, AB)-60M, **Jade Dewar and Kevin Wasylenko**, (Manitoba Métis Federation - National Government of the Red River Métis, MB)(plan to grow and distribute 2 million trees to their citizens on homeland), **Mike Downing** (Harrington Tree Nursery (PQ) – OPPFQ part of 12 private tree nurseries, collectively grow 100M, **Henry Yang** (K&C Silviculture, BC)- 42 M, **Paul Richardson** (Pineneedle Farms Inc., ON), 2.0M, **Maureen Jacques** (Ferguson Tree Nursery, ON) - 2.5M, **Judi Tetro** (COO, Brinkman and Associates), **Rob Keen** – CEO, Forests Ontario, **Mark McDermid**, Seed and Stock Coordinator, Forests Ontario, **Don Huff** Strategic Counsel, Forests Ontario, **Andrew Pope**, 2BTP, NRCan (attended full session), **Anne Helene Mathey**, ED, 2BTP, NRCan (attended day two), **Randi Anderson**, Director of Policy, Minister Wilkinson's office (attended the later portion of day one)

The following is a summary of the group's comments and suggested recommendations. These are organized into 4 main areas.

1. Communications

Observations/Comments

- The nurseries have not been well informed of the 2 BTP since the program was launched, essentially kept out of the loop.
- They noted that some 175M seedlings have been awarded in recent 2BTP contribution agreements, but none of the nurseries (except for those partnering with Forests Ontario) have been contacted to secure stock even though the proposals require the naming of nurseries that will be supplying stock to the projects.
- If the nurseries are going to supply stock they need to be better informed of the long term targets/projections of the program and engage in appropriate planning, with clear commitments and lead time to ensure availability of planting stock.

Recommendations

- Nurseries must be engaged in the long-term projections of the 2BTP.
- Nurseries must be notified if they are named in any Contribution Agreements.
- Proponents of the CA must provide documentation that they have engaged with named nurseries, prior to final approval of the CA.
- Improvements in outreach and information sharing to the sector would be appreciated.

2. Capacity Incentives

Observations/Comments

- Existing nurseries have the expertise to increase their capacity more cost effectively than the establishment of new nurseries in areas already serviced.
- If the federal government wants nurseries to increase their capacity, there should be funding mechanisms available to assist nurseries with capital investment, mechanization and optimization of current systems.
- Nurseries assume significant financial risk if they are growing stock without long-term supply commitments. To reduce this risk, supply contracts could be made through the proponents (assuming appropriate funding is available), the government and/or co-signed by both parties and/or under righted by the government.

Recommendations

- Develop funding mechanisms to assist nurseries with capital investment, mechanization and optimization of current systems.
- Increase efforts to ensure the establishment of long-term supply contracts.

3. Labour Shortages

Observations/Comments

- It is already becoming increasingly difficult to attract labour into nursery and tree planting jobs. The increased demand in labour resulting from the 2BTP will further stress the system.
- As an example, it is estimated that currently approx. 10,000 people service the tree planting sector and that this will have to at least double by 2028 to address the increased tree planting demands of the 2BTP.
- Several nurseries are now bringing in migrant workers, but it is a very complicated process and long-term commitments to the workers must be made.
- Realistically, tree planting orgs do not have access to this labour force due to the shorter employment period and transient nature of the work i.e., moving site to site to site.
- It is also increasingly difficult to find the highly skilled and trained technical individuals required by the nurseries to replace those retiring. Recently, there has been a significant drain on decades of knowledge.
- Job training and mentoring programs would help address this situation.

Recommendations

- Barriers to importing migrant workers need to be assessed and changes made to facilitate improved access of migrant workers by the nursery and tree planting sectors.
- Mentoring programs must be developed to facilitate the transfer of knowledge and skills from soon-to-be retirees to the next generation of nursery growers (see Appendix B, Bridging the Gap reports assessing the forestry sector labour challenges).

3. Long Term Vision of 2 BTP

Observations/Comments

- It takes “lead” time - 1-2 years to build new infrastructure, 1-2 years to grow the stock - leaving approx. 5 years (2025 – 2031) to recoup their investment in increased capacity.
- The “then what” question was asked several times - i.e., what happens after March 31, 2031? Does the program end and if so, what happens to the increased infrastructure needed to meet the increased required seedling targets (in part tied to slow program roll out).
- Ideally the program and/or vision for the program should be extended beyond 2031.
- If a longer term is not considered, it’s questionable whether nurseries (and likely other organizations within the supply chain) will increase their capacity.
- A successful tree planting program is a highly integrated system. It must consider all aspects of the supply chain, including seed collection, processing, storage, stock production, planting agencies, landowner outreach, long term monitoring, follow up treatments if necessary, and reporting.

Recommendations

- Recognizing the required long-term investments by all participants in the supply chain, the 2BTP commitments must be extended beyond 2031. The program should focus on building capacity to support enhanced future tree planting beyond 2031 - rather than achieving a target by 2031.
- Working with tree planting program experts, reconstruct the 2BTP to ensure the integration of all tree planting components and ensure transparency, information exchange and accountability.

4. Need for a National Tree Seedling Association

Observations/Comments

- The group noted there is a need for a national (single) voice of Canada's forest restoration tree seedling growers and the lack of a national association was seen as a strategic shortfall or gap.
- A national association would provide:
 - enhanced communication and information sharing within the forest restoration tree growing community;
 - support towards efforts to recruit the sector's next generation;
 - a hub for "expert resources" to inform decision making;
 - a voice for the sector – useful to government(s) and issues that intersect multiple ministries.
- NRCAN has suggested that they would look for ways to support the development of such an association with a capacity grant (\$150-200K).

Recommendations

- Develop a proposal to establish and operate a **National Tree Seedling Association (NTSA)**.
 - Proposal will include a description of the components required to establish a not-for-profit designed to serve forest restoration tree nurseries across Canada. Components would include, bylaw, membership structure and recruitment, website development with information sharing portals, communication tools (ZOOM account), start up and annual operating budgets.
- NRCAN will determine funding opportunities to support the establishment of the NTSA with the understanding that it will become self-sufficient in 3-4 years.

Appendix A

Overview and Meeting Agenda

Optimizing tree nursery sectors commitment and contribution to the 2 Billion Tree Program

Nursery Working Group Session

Description

Forest Recovery Canada/Forests Ontario (FRC/FO) will host an information sharing session with nursery sector representatives from across Canada. The purpose is to discuss opportunities and challenges associated with addressing the future stock needs of the federal government's 2 Billion Tree Program (2BTP).

This is an independent initiative of FRC/FO.

Natural Resources Canada (NRCan) is invited to share their perspectives on the 2BTP status, short and long-term progress.

It is anticipated that success be measured by the development of key sectoral recommendations and suggested actions from the Group that support the 2BT program.

Background & Rationale

Without sufficient supply of planting stock the 2BTP chances of success are diminished.

During recent discussions and site visits with tree nursery operators across Canada, Rob Keen, RPF, CEO FRC/FO became aware that the tree nursery community is not feeling fully informed and/or engaged regarding the 2BTP.

He is concerned that despite ongoing outreach by NRCan and his own information sharing, significant knowledge gaps exist. The significance of perceived sub-optimal nursery sector engagement is worrisome. The sectors investment decisions are critical if the 2BTP is to have the appropriate seedlings (species and volume) to meet its target of 2 billion (new) trees planted by March 31, 2031.

Situational Analysis

Both NRCan and FRC/FO has undertaken outreach to inform the nurseries and seedling growers of the opportunities related to the 2BT program.

As well, the National Tree Seed Centre (NTSC) has just completed an extensive cross-country tour of First Nations to explore interest in engaging in the 2BTP.

Arguably, an unintended consequence of the 2BTP Agreements being made between government and tree planting entities, is that nurseries have not been fully informed and engaged regarding the real needs to increase their overall stock production.

This information sharing with major nursery companies, hosted by an NGO with national reach will ideally identify opportunities. Better information should encourage nurseries to optimize the 2BTP opportunity and ensure the program is well supplied with the critical product – seedlings.

Event Description

A session spanning two days (afternoon and morning) will facilitate open discussion and networking. It is anticipated, that informed recommendations flowing from these discussions will be made to decisionmakers in government and industry.

Participant List

Invitees have been invited based on geography and representation within the sector as follows:

Henry Yang, K&C Silviculture, BC

Collin Phillips, PRT, BC

Scott Formaniuk, Coast to Coast Reforestation Coop, AB

Kevin Wasylenko, Manitoba Métis Federation - National Government of the Red River Métis, MB

Jade Dewar, Manitoba Métis Federation - National Government of the Red River Métis, MB

Judi Tetro, Brinkman, BC

Maureen Jacques, Ferguson Nursery, ON

Paul Richardson, Pineneedle Nursery, ON

Ryan Scott, Scott and Stewart Forest and Nursery, NS

Mike Downing, Pépinière de Harrington inc., QC

Rob Keen, FRC/FO

Don Huff, FRC/FO

Mark McDermid, FRC/FO

Anne Helene, NRCan

Accommodation Details:

A block of rooms has been reserved at the **Ottawa Marriott Hotel, 100 Kent Street, Ottawa**, (613) 238-1122, under Forests Ontario. Attendees are required to book and pay for their own rooms. Rate is \$228.00 plus applicable taxes for the night of April 11th. Please use the following link to book your room(s).

[Book your group rate for Forests Ontario Rooms Block Apr2023](#)

Meeting Location:

Meeting location will also be at Ottawa Marriott Hotel, 100 Kent Street, Ottawa.

Draft Agenda
Meeting - April 11/12, Ottawa
Ottawa Marriot, Kent Street

Schedule	Event Details	Notes
Tues Day 1		
1:00 pm	FO/FRC welcomes participants. Confirm Agenda Forest Recovery Canada (Forest Ontario)	Address logistics of meeting Expectations of meeting – Recommendations to enhance 2BTP results and next steps FRC understanding of program to date Status report on Ontario 50 MTP program/how FRC/FO program works and seedling supply
	Attendee Updates i) Description of current operations ii) Observations on experiences with 2BTP iii) Potential and requirements to increase capacity and production	
	CFS Update i) on “tree grower” focused consultation to date ii) Q&A	
	Senior Ministerial staff anticipated (approx. 3:30 pm)	Highlighting the important contribution of nursery sector to make the 2BT program successful
5:30 pm	Evening Reception and Dinner	
Wed Day 2		
8:30 am	Continental Breakfast	
9:00 am	Discuss recommendations and/or identify potential sectoral “pinch points”, opportunities, etc. for ongoing attention	
	NRCan available for Q&A and response to initial recommendations	

	Identify sectoral suggestions and finalize key sectoral recommendations to ensure 2BTP program success.	
	Windup – next steps	
Lunch - Noon		
	Optional - Ferguson Nursery Tour	40-50Km distance

Appendix B

Bridging the Gap – An Analysis of Labour Shortages in the Forestry Sector

[Bridging the Gap Executive Summary](#)

[Additional Bridging the Gap Reports](#)