

Changes to Ontario's Forest Tree Seedling Production: 1992 to 1997

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Donough, T. 1997. Changes to Ontario's Forest Tree Seedling Production: 1992 to 1997. In: Landis, T.D.; Thompson, J.R., tech. coords. National Proceedings, Forest and Conservation Nursery Associations. Gen. Tech. Rep. PNW-GTR-419. Portland, OR: U. S. Department of Agriculture, Forest Service, Pacific Northwest Research Station: 8-11. Available at: <http://www.fcnanet.org/proceedings/1997/.pdf>

Thank you for the opportunity to speak to you all once again and to bring you up to date on what has happened to Ontario's seedling production program over the past couple of years. I hope you will permit me to depart somewhat from giving you the plain details about what happened so that I can also tell you a bit about the human side of these changes; the response of staff with the hope that should anyone one here go through a similar change, you will be able to anticipate, just a bit, how your experience might go.

Government seedling production has a very long history in Ontario. Because it has such a long history, government involvement in seedling production created generations of nursery staff, local economies and traditions. Our oldest nursery in Ontario has even been established as an Ontario historical site. A history such as this creates attachments. Attachments that are made with people, many of whom find it difficult to separate the history of the nursery from their own family histories. Far from being a bad thing, this attachment to such a government institution resulted in the pride that our nursery production staff took in their work. The attachment resulted in the high quality of stock that was produced. I am sure this is the same for all nurseries with long histories, whether they are government or privately run.

Histories are important to the point that they remind us where we have been as nursery people. But histories of nurseries, no matter how long and how illustrious they might have been, do not, can not prevent changes from occurring. Change, like rocks, death and taxes, is inevitable. From what has been our experience in Ontario, we can say that it is very difficult to predict how change will occur, how long or short the time frame will be, and why it will occur.

The first nursery in Ontario was established in 1908 near the town of St. Williams in southwestern Ontario. This nursery was created to produce seedlings for planting on large areas of blow sand and other heavily eroded and damaged farm land areas. Other nurseries followed from 1920 on, until there were ten nurseries in Ontario providing both bareroot and container seedlings for reforestation programs on Crown and private land.

At the height of production levels in the 1980's the nurseries along with container production were pumping out in the vicinity of 200 to 210 million seedlings per year. Even at these production levels, nurseries were not operating up to the capacity for which they had been built or improved.

A substantial change occurred in the mid - 1980's with the transfer of the container programs

to the private sector. With considerable government assistance, a large number of private growers got into the production of containerized reforestation stock. In a sense, and with the benefit of hindsight, this marked the beginning of the end of government-run seedling production. The government bareroot nursery staff often refer to this change as the start of the decline of their work. Such a view is understandable, but unfortunately it obscures the tremendous developments that have occurred in container seedling production in our province and does not take into account the large areas of harvested forest that were perfectly suited for the container seedling stock type. In 1992, just five years ago, the Ministry of Natural Resources (MNR) began the first in what became a series of reorganizations. This began as an attempt to chart a new direction for the MNR and to try and flatten out what had become a very large government structure. Team work was introduced with the intent to eliminate some of the middle management and to put the decision making more in the hands of the people in the field. As part of this re-organization, the nurseries were taken out of the regional management system that existed and were centralized under a head office manager.

As fate would have it, at the same time that this reorganization was working itself out, the Ontario government was hit by a substantial reduction in available funding due to the general recession that was being felt throughout North America. Government funding had to be cut and each Ministry was reviewed to see what constraints could be applied to their programs. Under centralized management, the nurseries were a prime target as they were prime locations for operational and salary allocations of funds.

During the same period of time, container production, supported with good research and continued improvement of facilities and product quality, was gaining more and more market share of the total numbers of seedlings planted in the province.

Undergoing an internal review as part of the constraint exercise, it was determined that the government bareroot nurseries were operating at between 60 and 70% capacity. It became obvious that this could not be continued over time with the funding reductions that were occurring and that some form of rationalization of the nursery production system would be needed. As a result, four nurseries (Thunder Bay, Midhurst, Chapleau, and Gogama) were identified for closure. This closure was to be phased in as stock was allowed to mature for shipping purposes. These facilities ceased operation in the spring of 1994. Staff from these nurseries were absorbed into the MNR.

The recession continued, available government funding continued to decline, and the MNR was continuously reviewing how it went about its business. Without sufficient operational funding needed to continue, it soon became clear that the work that the MNR did was going to have to change.

In January of 1995, the OMNR issued a new document, "Direction 90's - Moving Ahead in 1995", that identified the need for the Ministry to concentrate on those roles that were most vital to ensuring that the provincial interests in resource management were defined and achieved. It was felt that Ministry staff were tied up in many repetitive, operational activities that locked them into routine day to day work that did not add to their ability to improve resource management. We were doing too much "fire fighting" - issues, and little in the way

of planning for the future of our resources.

It was also felt that given the fiscal realities, budgets and staff were unlikely to grow, and indeed would have to shrink. The Ministry could not continue to add to its many responsibilities (CFSA and Timber EA decision) and try to do more with less. The target had been set. The MNR was going to move more towards the "steering" of things as opposed to the "rowing".

As the government contemplated these moves, the nurseries in northern Ontario were confronted for the first time with the need to set a price for seedling stock. This was in anticipation of the forest users having to be responsible for purchasing their own stock. The prices arrived at, in trying to make the nurseries break even, gave some of our clients a considerable amount of gas, accustomed as they were to free seedlings.

Within ten months, with budgets continuing to shrink and with the market for bareroot seedlings continuing to decline, the Ministry of Natural Resources announced further closures of government nurseries in October of 1995. The nurseries of Orono, Kemptville and Thessalon were the operations involved in this round of cutbacks. This rationalization of our nurseries would not be a phased-in event, but would result in the immediate closure of the operations following the spring lift in 1996. It was intended that the land, buildings and assets of the nurseries along with the remaining seedlings would be sold as soon as possible. These nurseries were not sold as going concerns but were to be tendered as surplus Crown lands. Staff were declared redundant and were given notice of layoff.

At the time, it was also suggested that the remaining three nurseries, St. Williams, Swastika and Dryden, should be privatized as "going concerns" in order to continue to have the bareroot stock type available as a stock option for reforestation.

In 1996, a new business plan was created for the MNR and that plan outlined the roles that the Ministry saw for itself as its "core" duties. For four years, the government nursery production system had been reduced. Now, despite the historical place nurseries have held in Ontario's forest management system, the continued production of nursery stock was confirmed as not being a part of the MNR's core business. The new business plan for the Ministry also confirmed the earlier decision to privatize the three remaining nurseries and our Forest Renewal Section initiated a process that would result in the privatization through the issuing of a request for proposals.

The Government of Ontario in the meantime was looking at privatization on a Provincial level of certain programs of the civil service. As a result, they created a Privatization Secretariat to develop a process and to lead any privatization effort in the province. Given that the MNR had already made a decision on its own to privatize the remaining three nurseries, the Provincial Privatization Secretariat felt that the nurseries could be the pilot to establish the process. To this end, consultants have been hired to look at the marketability of the nurseries, public consultations have taken place, and the Privatization Secretariat is considering what the next steps will be. In the interim, the three nurseries are continuing to carry out seeding and other cultural activities. The intent is still to hand over operational

nurseries to new private ownership.

If you were to ask government nursery staff about the changes that have taken place, I am sure that many will tell you that the changes have been catastrophic. As a former nursery manager, I would have to agree with that assessment, but only in terms of the impact that these changes have had on the staff. Who had long histories of dedicated work and commitment to reforestation in Ontario. But the line that has to be drawn here has to acknowledge their contribution. The changes have not been an indictment of poor performance or of a poor quality product. The changes were brought about by external forces that nursery staff could do little about. For those three facilities remaining, privatization will occur. I believe that as this era ends, we have to celebrate the contribution that the government nurseries made, the contribution of the people who are our nurseries. An end has been reached and it is time to move on.

The private sector will, I am confident, pick up the bareroot production in as much as the market for this seedling type will bear it. No doubt, there will be a learning curve and problems will be encountered with consistency of quality and quantity. But as in the container industry, with cooperation between those who have the technology and knowledge and the private industry, quality bareroot seedlings will be available for so long that a market exists for their use.

Do we have any concerns about bareroot production in the future? Yes we do. We are concerned about the transfer of our technology to the private sector. Will they (private sector owners) be able to produce the quality and quantity of bareroot seedlings on a consistent basis? How long will it take them to get up and running? Will our staff find opportunities for employment in the private sector? Will the clients, conditioned to subsidized seedling prices, pay the increased cost for seedlings that is likely to be established? Will appropriate silvicultural decisions be made with respect to planting stock type and quality? These are all questions that the Forest Renewal Section has an interest in tracking.

Despite the concerns in the nursery end of things, the other changes that have been made with respect to responsibility for forest management in Ontario have resulted in less uncertainty for silvicultural programs and far more optimism.

The OMNR has negotiated with timber companies (large and small) to have them take over much of the responsibility for the operational activities associated with forest management. To fund this, a trust has been established to provide for appropriate funding levels. The money for this trust fund comes from a renewal charge that is applied to forest harvesting activities. The revenue from this charge is placed in a trust fund, in the name of the company or Sustainable Forestry Licence (SFL) holder. When any forest management work is carried out on the site, the SFL holder or company applies back to the fund for repayment once the work is completed. In this way, there is always funding available. The rates for the renewal charge are also set up so that the fund will not be depleted.

What has occurred is that for the first time in Ontario, forest renewal activities can be planned for over a larger time frame than one fiscal year. The money is guaranteed to be there and is

not subject to changes in government spending directions or constraints. Forest management is based on long term planning and now there is funding that can be depended upon in advance of one fiscal year.

As I had mentioned, an era in Ontario's forest management program has ended. A new era has been started and hopefully, this era will be as successful as was the first. The goal of the MNR continues to be the sustainable management of all our natural resources for the benefit of the people of Ontario. The responsibilities to achieve this goal have been shared with a wider number of stakeholders who will have to fill very large shoes indeed as they manage Ontario's forested lands.

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