Ministry of Natural Resources

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95-2026-1934

July 16, 2026

Gord Clark
Chair
Algonquin Forest Authority
chair@algonquinforestry.on.ca

Dear Gord:

I am pleased to acknowledge receipt and approval of the Algonquin Forestry Authority's Agency Business Plan for 2026/27 to 2028/29. I would like to thank you and the members of the Board for your hard work and dedication to the people of Ontario. You are entrusted with the responsibility of harvesting Crown timber, selling forest products and undertaking forest management in Algonquin Provincial Park.

Thank you also for outlining how your organization intends to continue fulfilling its role and obligations as detailed under the *Algonquin Forest Authority Act* over the three-year horizon of the plan. I appreciate the authority's continued collaboration with ministry staff to implement sustainable forest management.

Sincerely,

The Honourable Mike Harris
Minister of Natural Resources

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Date: **July 14, 2026**

To: **Minister Mike Harris, Ministry of Natural Resources**

From: **Gord Clark, Chair, Algonquin Forestry Authority**

Subject: **2026/29 Government Priorities Attestation – Business Plan**

I am pleased to submit the following government priorities attestation for the 2026/29 Business Plan for the Algonquin Forestry Authority (AFA).

I understand that, per the Agencies & Appointments Directive (AAD), the Algonquin Forestry Authority's business plan must demonstrate the agency's plans in fulfilling the expectations set out in 2025/26 Annual Letter of Direction.

I also recognize that in 2025/26, the letter of direction that we received from you included the following high-level government commitments for our agency to achieve. In response to these expectations, I am pleased to provide you with how the Algonquin Forestry Authority plans to achieve these priorities.

Protect Ontario

- **Local wood distribution** to Ontario mills under Ministerial Wood Supply Commitments.
- **Commitment to Ontario/Canadian procurement**
- **Cost containme**nt to keep wood product prices stable for Ontario businesses and families.
- **Exploration of domestic partnerships**, while noting red-tape constraints on out-of-province resource movement.

Deliver Better Services

- **Digital transformation**, including digital reporting, digital contract signing, and digital statements for clients and contractors.
- **Implementation of a new Sales system (202**5) to improve efficiency and data quality.
- **Lean-oriented process review**, identifying opportunities to reduce administrative burden while complying with Forest Management Planning Manuals.
- **Advocacy for materiality-based reporting** to reduce red tape for small agencies.

Drive Innovation & Value for Money

- **Strict adherence to Ontario Public Service accounting policies**, internal controls, and annual audits by the Auditor General.
- **Disciplined workforce management**, maintaining a stable staffing level and developing a comprehensive HR Strategy to address long-term stability, seasonal staffing challenges, and succession planning.
- **Technology adoption** to enhance productivity, including digital reporting and improved data retention systems.
- **Operating within self-generated revenue**, with cost management prioritized due to anticipated financial losses in 2026–27 and 2027–28

Therefore, per the information included above, I attest that the Algonquin Forestry Authority's 2026/29 Business Plan complies with the requirement of the Agencies and Appointments Directive and sets out our plans to fulfill government priorities set out in the October 8, 2025, Annual Letter of Direction.

Thank you,

CClark

Gord Clark,
Chair, Board of Directors
Algonquin Forestry Authority

cc: Trevor Griffin, A/Regional Director; Southern Region/Regional Operations
Tracey Bradley, General Manager, Algonquin Forestry Authority

ALGONQUIN
FORESTRY AUTHORITY

AGENCY BUSINESS PLAN

April 1, 2026, to March 31, 2029

An agency of the Province of Ontario

Ontario

December 31, 2025

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EXECUTIVE SUMMARY

The Algonquin Forestry Authority (AFA) enters the 2026–2029 planning period operating within a highly constrained and increasingly complex business environment. Global and North American economic conditions are stabilizing, but regional market deterioration—particularly the collapse of pulpwood outlets and reduced demand for low-end material—continues to limit harvesting viability and depress financial performance. These pressures, combined with rising operating costs, volatile weather patterns, and ongoing uncertainty in the U.S. softwood lumber trade, are expected to result in financial losses in 2026–27 and 2027–28, with recovery anticipated in 2028–29.

AFA remains responsible for sustainably managing the Algonquin Park Forest, supplying wood to local mills, and supporting regional employment and economic activity. The Authority continues to align its operations with the Minister's 2025–26 direction, including strengthening Indigenous engagement, advancing the 2020–2030 Strategic Plan, modernizing internal systems, and maintaining strong governance, accountability, and financial controls.

Operational risks—including reduced business levels, delays in Annual Work Schedule approvals, climate-related disruptions, and heightened public scrutiny of forestry in Algonquin Park—require ongoing mitigation through adaptive planning, stakeholder engagement, and disciplined cost management. Despite these challenges, demand for key species such as white pine and red pine remains steady, and emerging biomass markets may support modest volume growth by 2028–29.

AFA's mandate, governance structure, and sustainable forest management practices position the organization to continue delivering public value. Through prudent financial management, strengthened partnerships, and continued alignment with provincial priorities, the Authority will work to maintain operational continuity, support local industry, and uphold the long-term health and sustainability of the Algonquin Park Forest.

MANDATE

The Algonquin Forestry Authority Act, R.S.O., 1990, (the "Act"), the Authority's primary constituting instrument, entrusts the Algonquin Forestry Authority (AFA) with the responsibility to harvest Crown timber from the Algonquin Park Forest, subject to the Crown Forest Sustainability Act, R.S.O. 1994 (CFSA), to produce logs therefrom and to sort, sell, supply and deliver logs; to perform, undertake and carry out such forestry and land management and other programs and projects as the Minister may authorize and to advise the Minister on forestry and land management programs and projects of general advantage to Ontario. The Minister of Natural Resources (MNR) is responsible for the administration of the Algonquin Forestry Authority Act.

After fifty years of operations the AFA's mandate and objectives continue to be relevant to the public interest. The Authority is well positioned in Ontario's "Open for Business" and "Buy Ontario" environment. Contributions to economic growth through sustainable forest management, wood supply and jobs in the forestry sector help to achieve prosperity objectives described by Premier Ford in a letter to Ontario Public Service staff; "Ontario is blessed with the greatest people, a skilled workforce and abundant natural resources; with your support we will turn these advantages into prosperity and opportunity that every Ontarian will share." The Authority's objectives complement the MNR's responsibility to protect Ontario's biodiversity while promoting economic opportunities in the resource sector and outdoor recreation.

The October 8, 2025, Letter of Direction issued by Minister Harris to the AFA Board Chair sets out expectations and direction for AFA in 2026-2027. AFA's governance structure, Strategic Plan and implementation tools, business planning and budgetary process, including in-year checkpoints ensures the objectives set by the Letter of Direction are kept in the forefront. The elements of the letter appear below and progress to achieving will be contained in the 2026-2027 Agency Annual Report. The Letter of Direction, previous business plans and annual reports are available on the Authority's public-facing website at

http://www.algonquinforestry.on.ca

ALIGNMENT WITH GOVERNMENT PRIORITIES

The Ministry of Natural Resources issued a letter of direction on October 8, 2025 with the following government wide priorities:

Protect Ontario

Priority	AFA Response
Expand domestic partnerships within Canada, to promote the development of supply chains and economic opportunities across Canada and support economic resilience, particularly in light of ongoing U.S. tariff threats and economic uncertainty.	AFA's responsibilities include the harvesting and distribution of wood products to mills in communities adjacent to Algonquin Park. This distribution is guided by Wood Supply Commitments as determined by the Ministry and confirmed during the development of the Forest Management Plan. AFA is open to increasing their economic resilience through the expansion of domestic partnerships, however, by general principle Crown forest resources should be processed in Ontario resource processing facilities. The protocols to direct Crown resources both out of province, and out of country, are effective, but add red tape that can inhibit the ability of AFA to fully explore these potential partnerships.
Procure from Ontario and Canadian businesses whenever feasible.	AFA operates on a local level and will continue to procure from Ontario and Canadian businesses whenever feasible.
Provide economic relief for Ontario families, consumers and businesses by freezing government fees and fares, unless approved by the oversight Minister.	AFA is funded through the sale of wood products from the Algonquin Park Forest. AFA continues to operate as efficiently as possible to keep cost of wood products from Algonquin Park down.

Deliver Better Services

Priority	AFA Response
Focus on a user-centered client/customer experience by simplifying interactions, improving satisfaction, and expanding and optimizing digital service offerings.	AFA continues to move to a more digital environment while engaging with clients and contractors. This includes improved reporting associated with financial payments, digital

	contract signing and provision of digital statements. AFA does not have any public-facing digital service offerings.
Identify opportunities to enhance efficiency, improve services, drive innovation, and achieve cost savings for the people of Ontario, including through the use of AI and other advanced technologies.	AFA continues to review its internal technology to improve services, drive innovation and achieve cost savings. The implementation of a new “Sales” system in 2025 highlights AFA’s investment in leveraging new, improved technologies.
Eliminate unnecessary bureaucracy and red tape by applying lean methodologies or other modalities to achieve operational efficiency.	AFA’s forest management is guided by the Ministry of Natural Resources and associated Forest Management Planning Manuals. AFA adheres to the policies and procedures set out therein. Opportunities for reductions in bureaucracy and red tape can be found in the implementation in the Agencies and Appointment Directive. Reporting requirements continue to increase having a direct impact on overall AFA costs. Smaller agencies, such as AFA, do not have the staff to handle the additional reporting requirements without an increase in staff and/or staff time. A materiality clause with associated reporting could significantly reduce the red tape burden of operating as an agency with a small workforce.

Drive Innovation & Value for Money

Priority	AFA Response
Find innovative solutions to use public resources efficiently and to effectively deliver on the agency’s mandate while operating within agency’s financial allocation, supported by accurate financial reporting, effective internal controls, and proactive fraud management practices.	AFA is not publicly funded with its main source of revenue generated from wood sales. Difficult economic conditions and external pressures have resulted in anticipated financial losses as described in ‘Financial Budget’. AFA adheres to Ontario Public service accounting policies and procedures with effective internal controls. This includes an annual audit conducted by the Office of the Auditor General (OAGO).

Manage agency workforce with careful responsibility to stabilize expenditures and preserve long-term financial viability by: • strictly adhering to the hiring control parameters, including ceasing hiring for non-business critical and non-public-facing positions, including the use of consultants; • operating within a defined maximum workforce size (including consultants); • ensuring compliance with the Broader Public Sector Executive Compensation Act (BPSECA); and • enhancing productivity and efficiency by using technology wherever possible.	AFA has not experienced growth in organizational size over the past three fiscal years. This trend is expected to continue based on current financial projections and economic instability. AFA has been developing an overall Human Resources strategy that will re-align positions to current operating parameters. AFA is in compliance with the executive compensation of 2018 as reflected in the BPSECA. AFA continues to explore implementing technologies to improve productivity and efficiency wherever possible. This includes the adoption of digital reporting internally and reviewing technological options for data retention.
Create a span of control policy that recognizes different streams of work within the organization and sets minimum span of control benchmarks and provide it to the Minister for approval by March 31st, 2026.	AFA is committed to providing this document to the Minister.
As communicated on August 14, 2025, provide to your oversight minister by October 1, 2025, the amended human resource policy, guideline or directive that adheres to the OPS in-office standard of four (4) days per week effective October 20, 2025, and five (5) days per week effective January 5, 2026, and work with your oversight ministry to address any office space constraints.	This policy has been completed and provided to our oversight Ministry.

In addition to these priorities, the Minister has directed AFA to focus on the following priorities:

Priority	AFA Response
Continued implementation of mitigation strategies to alleviate the agency's cashflow pressure, including the finalizing the Line of Credit with the Ontario Financing Authority, and providing regular updates to the ministry	Strategies to alleviate cashflow pressures have been implemented. The cyclical nature of expenses and revenues due to the seasonality of forest operations will continue to place pressure on the Authority's cash flow while poor market conditions persist. Line of Credit with the Ontario Financing Authority has been secured.
Implementing the 2020-2030 Algonquin Forestry Authority Strategic Plan and updating it if necessary to ensure alignment with Ontario's Forest Sector Strategy and the Protect Ontario objectives listed above;	AFA's Strategic Plan was reviewed by the Board of Directors in 2025 and objectives were confirmed to be relevant in the current climate and are reflected in the current Implementation Plan. The plan is consistent with Ontario's Forest Sector Strategy and Protect Ontario objectives.
Identifying and implementing opportunities to further engage Indigenous communities in the governance of the AFA as well as in any economic development initiatives available;	Indigenous communities engaged regularly through Annual Work Schedule and Forest Management Planning directives. Additional efforts include in person meets and field visits to review values and mitigate potential impacts. Sponsorship of activities such as the Algonquins of Whitney Pow Wow continues.
Supporting my ministry's efforts to achieve greater equity, inclusivity, and diversity across the board of directors when filling board vacancies;	AFA remains committed to equity, inclusivity and diversity on the Board of Directors and continues to support the Ministry in appointing Board Members to help meet this objective.
Developing a Human Resources Strategy as identified in the 2025-2028 Algonquin Forestry Authority Business Plan to ensure the long-term stability of the organization, address seasonal staffing challenges, and formalize recruitment, retention and succession planning approaches.	AFA has a Human Resources Strategy in development to ensure the long-term stability of the organization and modernizing structure of the organization to promote efficiency and productivity.
Continuing to focus on the purposes for which the corporation was established as	AFA continues to focus on and meet the elements of their mandate.

outlined in the Algonquin Forestry Authority Act: • Ensure the sustainable management of the Algonquin Park Forest; • Plan all forestry operations; • Harvest and distribute wood products to mills consistent with Ministerial Commitments; • Monitor forestry operations; and • Undertake such forest management activities as the Minister may authorize in the Algonquin Park Forest.	The Algonquin Park Forestry Agreement, made pursuant to the Act and the Provincial Parks and Conservation Reserves Act, subject to the Crown Forest Sustainability Act (CFSA), sets out obligations for the Authority's forest management activities. These include forest management planning, silviculture (forest renewal and tending), forest access, monitoring, and reporting. AFA's Mission and Vision Statements are contained within its Strategic Plan (see Section 3.0) and within AFA's Sustainable Forest Management (SFM) policy.

CURRENT & FUTURE PROGRAMS AND ACTIVITIES

Harvesting

AFA's primary program is the harvesting and sale of wood products from Algonquin Park for mill facilities local to Algonquin Park. Budget projections are set at a total volume (all species, all products) of 365,000 m3 for 2026-27. This will result in a financial loss (see Budget Projections).

Progress toward achieving target volumes over the past two fiscal years has been slowed by the loss of major pulpwood clients and lack of market for low-end material. This is the most significant barrier to growth of harvest volumes. Higher costs, less volume and inability to secure consistent sales of sawmill residues are directly impacting sawmill clients.

Market conditions and economic unpredictability continue to have a substantial impact on achievement of volume targets. As such, the Authority will maintain volume production targets from harvesting activities of 365,000 m3 in the first year of this Business Plan and are expected to remain steady in 2027-28. Volume targets in year three increase to 380,000 m3 as new biomass markets are anticipated to be operational within this timespan. Budgets will continue to be focused on forecasting species and product mixes and setting achievable revenues to cover costs. Much of this will be based on previous years' experience. Nimbleness will be required to react to uncertain demand and changes in productive capacity and market demand.

Advanced operational planning and staging of operations, specifically road and water crossing construction, prescription setting, and tree marking will be conducted to invest in the earliest possible contractor start-ups and contingency areas, depending on demand for forest products. This will also help to avoid issues and costs associated with last-minute changes required to adjust to changing markets and/or weather conditions. Concentration and merchandizing yards also help to smooth out haul schedules and extend the wood-flow and cash-flow season for our contractors.

Operating yards is an extra cost, but cost/benefits of focused merchandizing include optimizing recovery of higher value products and client satisfaction.

The Authority has entered into an agreement with Ontario Parks, subject to funds being allocated by the Government, for the maintenance of certain public roads leading to Park facilities within Algonquin Provincial Park. The revenue received from Ontario Parks appears under General – Interest and Other with corresponding costs included under General – Public access road maintenance.

Forest Management

Forest management targets are predicated on actual harvest levels and renewal success and are outlined in AFA's Annual Work Schedule (AWS) and strategic Forest Management Plan (FMP 2021-2031). These documents are publicly available through the Natural Resources Information Portal managed by the Ministry of Natural Resources.

RISK IDENTIFICATION, ASSESSMENT AND MITIGATION STRATEGIES

The Authority utilizes a risk identification, assessment and mitigation of risk system and reviews risk on a continual basis. At the corporate level, risk evaluation is part of annual strategic business planning exercises involving the Board of Directors, senior managers and staff with program responsibilities.

Risk at the operational level is evaluated within AFA's ESFM system and mitigated by a suite of management system procedures and operational controls, including, but not limited to monitoring and on-site supervision by competent AFA employees and contractor supervisors. The effectiveness of AFA's ESFM system is formally evaluated annually by its implementation team, by third-party auditors and on an on-going basis by staff.

The following are the key risks identified to AFA's achievement of its mandate for the duration of this Business Plan:

Reduced Business Levels

Increasing the volume of harvested forest products increases the revenue to fund forest management activities and improves the agency's ability to achieve its objectives. Local factors that limit the production of forest products include: available human and equipment resources (productive capacity); market demand and affordability; inclement weather; timely approval of AWS revisions and FMP amendments; and timing restrictions to make way for positive recreational experiences and avoid potential negative impacts on biological features such as species at risk. The risk of not being able to generate sufficient revenues to cover costs is reviewed frequently by managers and the Board of Directors.

Mitigation is built into the Business Plan by setting targets and reviewing progress monthly to identify pressures, and opportunities and adjust accordingly. AFA continues to use analytics to support decision-making and engage with the broader forest industry to find solutions. Reduced production will be dictated by market demand and the ability to move low-end material. Reductions will be met with a corresponding reduction of expenditure if sales margins are not sufficient to offset.

Currently, AFA has the contractor capacity to produce enough volume to meet financial objectives. However, market conditions and sale contracts continue to reduce the amount of volume AFA can sell. This is particularly true of less desirable products (poplar, hemlock, etc.) and non-sawlog materials.

Not remaining cost competitive within the market can be directly linked to reduced business levels. Commodity markets are very sensitive to cost structure and maintaining control of cost structures with AFA is of high priority. Cost positioning is evaluated as part of business planning and open dialogue with client mills continues to ensure AFA is well positioned moving forward.

Meeting New Requirements

Adapting to change has been continual for the agency. This includes the implementation of updated forest management planning direction (e.g. spatial wood supply modeling for the next FMP or updates to Species At Risk protections). Changes in government policies also requires the review of the Authority's policies and procedures to be revised to ensure compliant delivery, relevancy and currency. Risk mitigation involves reviewing emerging requirements and current practices at Board and managerial levels, engaging with change proponents, and adjusting operations, policies and procedures to suit.

Indigenous Engagement

Ontario's economic development principles provide positive opportunities for AFA and Indigenous communities alike. Communication and engagement are the keys to mitigating the risk of not fulfilling our Indigenous engagement obligations, including movement toward reconciliation. Underlying strategies include improving relationships with representatives and their communities, providing capacity-building opportunities, and building upon existing business-to-business successes. AFA's strategic direction includes Indigenous partnership as a key focus area. Indigenous cultural awareness training for all staff and directors is a key first step in the process. The Board has one Indigenous director.

AFA is engaged in the land claim negotiation process through the Committee of External Advisors and is also regularly invited to share information with the Algonquins of Ontario (AOO) Parks and Forestry Working Group. AFA works closely with the AOO representatives participating in the forest management planning process and meets to discuss annual operating plans and to update forest values that may be affected by AFA operations.

Social License

The Authority's operations within Algonquin Provincial Park are sensitive to people with a protectionist view of how provincial parks should function. Campaigns against logging in Algonquin Park may adversely affect the Authority's reputation, its clients' expectations, create economic uncertainties and negatively affect employee and contractor morale. To mitigate this risk, AFA will maintain education and outreach programs, self-market and continue to respond as effectively as possible. Certification to a recognized independent third-party forest management standard and meeting legal obligations are critical to maintaining social license in Algonquin Provincial Park. AFA will work with external organizations (i.e., forestry professional associations) and industry partners to guard against and counter inaccurate public statements and promote sustainable forestry.

Accounts Receivable

As a self-financing organization, timing of our clients' payments for delivered wood directly impacts cash flow and is a cause for concern when accounts carry large overdue balances. This (accounts receivable) risk element requires frequent review and analyses by managers, communication with clients and cooperative action to mitigate. Interest is charged on overdue accounts as a disincentive and the Board of Directors reviews accounts of concern based on established thresholds. In addition, management determines the need to write off any uncollectible debt on an annual basis.

ENVIRONMENTAL SCAN

Issues and trends that may influence the Authority's achievement of objectives are described in this section.

External Environment

Legislative, Regulatory & Policy Context

- Ontario's Forest Sector Strategy supports improved access to wood supply, competitiveness, and innovation, though regulatory requirements continue to evolve.
- Environmental advocacy campaigns periodically intensify during planning cycles, influencing public perception and requiring coordinated responses. A recent article in the Toronto Star has re-invigorated anti-logging campaigns within Algonquin Park.

Fiscal Environment & Economic Outlook

- Global and North American economies are expected to remain stable through 2026, with inflation and interest rates steadying.
- A weak Canadian dollar benefits exporters and reduces U.S. lumber imports into Ontario.
- U.S. housing starts and political climate remain volatile, affecting softwood lumber demand.
- Tariff uncertainty and the unresolved Canada–U.S. softwood lumber dispute continue to pose significant risks to primary and secondary markets.

Operating Environment Trends

- National lumber production declines, mill closures, and collapsing pulpwood markets have created a regional supply crisis, limiting harvesting viability.
- Fuel price volatility remains a major cost driver, though recent stabilization has reduced risk. AFA's fuel surcharge program continues to mitigate exposure.

- Capital investment is uneven across the sector, with some clients upgrading facilities while others downsize or exit.
- Climate change impacts—including extreme weather, wildfire risk, and unpredictable seasonal conditions—disrupt operations and increase infrastructure costs.

Demographic Shifts, Labour Market & Employment Conditions

- Labour shortages persist in logging, trucking, and mill operations, with rising contractor costs and competition for skilled workers.
- AFA continues to engage in public outreach both in regard to forestry within the Park, as well as opportunities for employment in the forest industry. AFA is continuously looking for ways to assist the industry to develop and implement strategies to support recruitment and training of employees within the forest management and harvesting contractor workforces.

Internal Environment

Key Cost & Program Delivery Drivers

- Rising costs for diesel fuel, freight, equipment, and labour continue to pressure operating margins. These input costs keep delivered wood costs higher, particularly in regions, such as Central Ontario, with long haul distances and limited competition for low end fibre.
- The collapse of local pulpwood markets increases haul distances and reduces revenue from low-end products, affecting access to higher-value sawlogs.
- Maintaining reliable contractor capacity requires predictable supply and competitive rates.

Workforce Demographics & Labour Relations

- An aging contractor workforce and limited new entrants mirror broader sectoral challenges.
- Increased interest from Indigenous partners and the public has resulted in increased time allocation and specialized knowledge and training to meet the needs of the consultation process.

Structural & Organizational Considerations

- AFA's role as a Crown agency operating within a provincial park creates unique constraints, including heightened public scrutiny and complex regulatory oversight.
- Operational flexibility is affected by land claim processes, species-at-risk timing windows, and park-specific management requirements.
- Market instability and mill closures require continual adjustments to harvest planning and client allocations.

Program Reviews, Audits & Oversight

- Forest certification audits and financial audits reinforce environmental, social and governance expectations and accountability standards.
- Ministry oversight and reporting obligations shape strategic planning, risk management, and operational transparency.

Overall Business Environment Summary

AFA operates in a highly constrained, economically volatile, and politically sensitive environment. External pressures—including weak global growth, U.S. housing market uncertainty, declining pulpwood markets, climate change, and evolving Indigenous governance—directly influence operational stability and financial performance. Internally, rising costs, workforce challenges, and structural constraints within Algonquin Park require adaptive management, strong stakeholder engagement, and disciplined planning.

The growing green economy, sustained demand for certain wood products, and provincial strategies supporting innovation present opportunities for continued resilience and strategic advancement.

HR IMPACTS OVER UPCOMING THREE FISCAL YEARS

AFA has 23 permanent positions on the organizational chart. AFA has not increased the number of full-time equivalents (22), or executives (1) over the past three years, with no changes anticipated over the span of this Business Plan. AFA hires staff on short-term contracts (seasonal staff) during critical periods to support operations (e.g. tree markers, silviculture surveyors).

AFA has a Human Resources Strategy in development to ensure the long-term stability of the organization and modernizing structure of the organization to promote efficiency and productivity.

PERFORMANCE MEASURES

Algonquin Forestry Authority has four key performance measures:

Performance Measure	Achievement
Financial Performance • Self-sustaining/cost recovery	Budget projections anticipate a financial loss for 2026-27 & 2027-28 with recovery beginning in 2028-29 Further details can be found under Financial Budget and discussion below.
Volume Harvested • 2026-27 Target - 365,000 m^3 • 2027-28 Target - 365,000 m^3 • 2028-29 Target - 380,000 m^3	Volume targets have been adjusted based on current economic and market conditions as discussed below.
Forest Management Targets	Measured and reported in separate public reporting documents required by the Crown Forest Sustainability Act, 1994 (CFSA) Available at: https://nrip.mnr.gov.on.ca/s/fmp-online
Maintain Third Party (SFI) certification	No issues with achievement anticipated.

Achievement of financial performance objectives and volume targets are interlinked, however, market conditions through 2024-25 deteriorated in Central Ontario. This trend has continued through 2025-26 with no imminent relief anticipated.

Several factors contribute to the projected financial loss. These include:

- Disappearance of a market in Central Ontario for poplar sawlogs and low-end material.
- Reduction in outlets for low end material province wide such as the closure of Domtar in Espanola and reduced volume for the Rayonier mill in Temiskaming
- Unpredictable weather patterns, particularly in the fourth quarter which makes up approximately 40% of our annual volume.
- Delays in approvals of Annual Work Schedule revisions can negatively impact operational planning and continuity of operations and may add significant additional cost.

FINANCIAL BUDGET

AFA's Statement of Operations can be found in Table 1. The Authority does not receive funding from the Consolidated Revenue Fund to carry out its mandate as financial resources are derived from the sale of forest products.

Forest management (silviculture) targets are funded by revenues generated from the renewal portion of stumpage. Renewal rates are reviewed annually to ensure that the minimum balance in the Algonquin Park Forest's renewal fund is maintained at a level sufficient to fund the planned silviculture program. A surplus of funds had accrued in prior years and has been cautiously drawn down to continue funding necessary forest renewal activities. Renewal rate increases are imminent in the short term to continue funding planned silviculture activities as depicted in Table 1. Forecast financials for 2026-2029 reflect modest renewal rate increases with the renewal fund balance projected to meet the level required by the Crown Forest Sustainability Act throughout all periods of this Business Plan. This projection is based on forecast silvicultural activities and potential increases in renewal rate to ensure the minimum balance is maintained. These funds are dedicated to renewal of the forest and are not considered part of the province's contingent liability and are not included in provincial financial forecasts.

Revenues for 2025-2026 were 27,430,981 exceeding the budgeted amount of $26,365,000. This excess is due to additional provincial roads funding, higher than planned harvest volumes, and unexpected income from the Ministry of Environment Conservation and Parks for storm damage cleanup. Expenditures remained in line with budgeted amounts at $23,662,237, compared with the budgeted $23,790,000. Given the increase in revenues, the stable level of expenditures is unexpected. This reflects an increase in contractor efficiency, and aggressive cost management during the year. Overall, Net income for the year was $1,380,303, a significant increase over the budgeted amount of $109,000.

Total revenues of $24,409,000 are budgeted in 2026-2027 from a planned harvest level of 365,000 m3. $3,263,000 of this will be Crown stumpage of which $1,305,000 is directed to the province's Consolidated Revenue account and the Forestry Futures Trust Fund. $1,958,000 of this will be directed to the forest renewal trust fund. Total Revenues in the renewal Trust fund will amount to $2,550,000 which includes Forestry Futures Trust revenue. Logging operation expenditures ('General' account) for 2026-2027 are budgeted at $20,154,000, while renewal fund program costs are budgeted at $2,500,000. The resulting net loss for the year is budgeted at $134,000 in the general fund and $277,000 in the renewal fund, totaling a combined loss of $411,000.

Financial losses are projected to persist through the 2027–28 fiscal year as lumber markets continue to face economic challenges. However, markets are expected to turn around beginning in 2028–29, and improved harvest levels will contribute to a reduction in losses. Refer to Table 1 – Forecast Financials: Statement of Operations for current year estimates and multi-year projections outlined in this Business Plan.

Capital expenditures are presented in Table 2. Capital expenditures are for the purchase of vehicles, (trucks, ATVs, snowmobiles), trailers, computer equipment and bridges, over the 3-year term of this Business Plan. No capital projects are planned.

Table 1 - Forecast Financials - Statement of Operations

Algonquin Forestry Authority

	2024/25 Audited General $ (000s)	2024/25 Audited Renewal $ (000s)	2024/25 Audited Total $ (000s)	2025/26 Budget General $ (000s)	2025/26 Budget Renewal $ (000s)	2025/26 Budget Total $ (000s)	2025/26 Audited General $ (000s)	2025/26 Audited Renewal $ (000s)	2025/26 Audited Total $ (000s)
Revenue	22,201	2,535	24,736	23,100	3,265	26,365	24,871	2,560	27,431
Expense	21,267	2,596	23,863	21,300	2,490	23,790	21,768	1,894	23,662
Operating Income	934	(61)	873	1,800	775	2,575	3,103	666	3,769
Administrative & Other	1,937	320	2,257	1,691	660	2,351	1,985	403	2,388
Net Income <Loss>	(1,003)	(381)	(1,384)	109	115	224	1,118	262	1,381
	2026/27 General $ (000s)	2026/27 Renewal $ (000s)	2026/27 Total $ (000s)	2027/28 General $ (000s)	2027/28 Renewal $ (000s)	2027/28 Total $ (000s)	2028/29 General $ (000s)	2028/29 Renewal $ (000s)	2028/29 Total $ (000s)
Revenue	21,860	2,550	24,410	21,860	2,690	24,550	22,654	2,777	25,431
Expense	20,154	2,500	22,654	20,161	2,500	22,661	20,886	2,600	23,486
Operating Income	1,706	50	1,756	1,699	190	1,889	1,768	177	1,945
Administrative & Other	1,840	327	2,167	1,947	334	2,281	1,911	341	2,252
Net Income <Loss>	(134)	(277)	(411)	(248)	(144)	(392)	(143)	(164)	(307)

Notes to the above:

1) The “General” column in Table 2 refers to costs/revenues associated with harvesting operations. The “Renewal” column details costs/revenues associated with eligible silvicultural expenses, as determined from the Algonquin Park Forestry Agreement.

2) The 2025/26 estimated year-end above is from the 6+6 forecast (October 2025). Final outcome is dependent on fluctuating external circumstances, including weather and market conditions

3) Forecasts for all three years are based on current demand from client mills and current market conditions. Change in either factor can significantly impact achievement of forecasts identified.

Table 2 - Capital Expenditures

Algonquin Forestry Authority

	$ (000s)					
CAPITAL ITEM	**2024/25 Audited**	**2025/26 Budget**	**2025/26 Estimated**	**2026/27 Budget**	**2027/28 Forecast**	**2028/29 Forecast**
Roads & Bridges	-	120	-	100	100	100
Office Equipment	-	-	25	-	-	-
Computer Equipment	47	80	20	-	25	-
Vehicles/ Equipment	47	110	142	50	150	150
TOTAL	**94**	**310**	**187**	**155**	**275**	**255**

IT/ELECTRONIC SERVICE DELIVERY PLANS

Algonquin Forestry Authority (AFA) manages, maintains and supports a comprehensive set of Information Technology (IT) systems which assist in the delivery of forestry management planning, forestry operations, and the business and administration required to fulfill the Authority's statutory mandate.

Key performance indicators of AFA's information technology management approach include a high level of system uptime, data protection and security including cyber security and protection of personal information, systems life cycle management, risk management, and a low total cost of ownership for IT operations.

To maintain an appropriate balance between continual modernization/improvement and investments required, AFA annually reviews and refreshes an IT plan which identifies priorities for technology operations and projects.

Current industry trends indicate several opportunities and challenges for AFA which include a migration from on premises technology to cloud based technology, less control over software costs due to the proliferation of subscription-based fees, increased rigor regarding cyber security, and a widening scope of available technologies to choose from and therefore manage.

Additionally, AFA will continue to participate in Cyber Security Ontario with a goal to achieve best practices for the Authority.

INVENTORY OF AGENCY'S ARTIFICIAL INTELLIGENCE

Currently, AFA is using artificial intelligence (AI) selectively for administrative purposes by scribing and summarizing information with staff review and oversight before AI outputs are adopted for use. As per requirements of the 'Responsible Use of Artificial Intelligence (AI) Directive' from the Treasury Board Secretariat, AFA is developing an AI Risk Management framework that will identify and assess risks associated with the use of AI. AI use cases will be identified to MPBSDP annually.

INITIATIVES INVOLVING THIRD PARTIES

This Business Plan includes commitments of financial aid and in-kind contributions to third parties for research, bursaries, cultural activities, education and outreach programs and opportunities to self-market. These activities and organizations in turn support the achievement of AFA objectives, representing collaborative approaches to providing social, economic, and environmental benefits.

- Algonquin College: AFA staff on forestry advisory committee, speaking engagements and field tours, spring work experience.
- Algonquin Forestry Authority Education and Science Bursaries
- Whitney and area Algonquins & Algonquin Park All Nations Gathering Committee support for gathering at cultural grounds at Whitefish Lake
- Fleming College: AFA staff on forestry advisory committee, speaking engagements and field tours, fall camp work experience.
- Forests Ontario: Envirothon, It Takes a Forest Campaign,

- FP Innovations: contractor workshops, contractor diagnostics, engineered wood bridges.
- The Friends of Algonquin Park: Logger's Day, logging museum and exhibit improvements.
- Local Timber Sports, Logger's/Forestry Festivals, Community Events: local support and self-marketing.
- Ontario Parks: provision of cedar for roofing for exhibits and attendance at logging day to discuss logging history and current sustainable forest management practices
- Ontario Professional Forester's Association: AGM & Conference sponsorship and staff attendance.
- Ontario Forest Industries Association – participation on the Woodlands Committee, sponsorship of the annual convention.
- University of Toronto – Masters of Conservation: field tour, speaking engagements.
- Shaw Woods: financial and in-kind support for youth education.
- Central Canada SFI Implementation Committee – committee members and associated research, public relations and education support
- Participation in MNR committees on forest resource inventories, changes to legislative manuals and technical specifications
- In addition to the above activities, AFA conducts tours and provides presentations to interested groups. Other initiatives that arise during the year are brought forward to the Board for discussion. For more information, please visit our website at www.algonquinforestry.on.ca.

IMPLEMENTATION PLAN

Implementation of the guidance provided by this Business Plan is entrusted to the Board and staff through the conduct of their respective roles and responsibilities for oversight, accountability, and program delivery. An Implementation Plan was created and is maintained by the Board to schedule deliverables and track progress of strategies contained in the Strategic Plan and this Business Plan.

The AFA's legislated mandate as a self-financing operational enterprise demands constant attention to these important objectives. Policies and governance structures are in place and adequate for delivery. This Business Plan describes various public reporting, consultation, and communication requirements, which include but are not limited to the public posting of business plans, letter of direction, and audit results that ensures public transparency and accountability.

COMMUNICATION PLAN

AFA's communication policies guide communication activities, including protection of privacy, customer service standards and describes roles and responsibilities. AFA's communication plan is supported by the MOU with MNR and covers internal/external communication, public relations, media relations, requests for information and complaint resolution. The Board of Directors monitors AFA's communication policy and plans in today's fast-moving social media environment.

The Authority's public website includes general information, governance documents and up-to-date information on its activities. AFA will continue to self-market in the region to enhance sales opportunities, recruitment and retention of a viable workforce, as well as to enhance public opinion and Park user understanding of the benefits of sustainable forest management in Algonquin Provincial Park.

Although financial forecasts are grim, no negative stakeholder reactions to this Business Plan are anticipated. Market conditions and financial performance of AFA have been well communicated and all entities are experiencing the same impact from the current economic climate.

Clients, contractors, Local Citizen's Committee, and the Algonquins of Ontario have continued to show support for the important economic contribution made by the Authority to regional communities. These groups made important contributions to the development of AFA's 2020-2030 Strategic Plan.