



FORESTRY FUTURES TRUST ONTARIO

2014/15 Annual Report

Forestry Futures Trust Committee

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CHAIR'S MESSAGE



It is with mixed emotions that I write my last “letter from the Chair” for the Forestry Futures Committee (FFC). I have accepted a new challenge as a science coordinator for the Forest Ecosystems Research Unit of Ontario’s Ministry of Natural Resources and Forestry and hand the baton on to others to lead the FFC into the emerging reduced carbon-based economy. What started as a “few meetings a year” in the mid-1990’s for a group of five dedicated committee members, who focused on restoring productive forests after natural disturbances, evolved into a full-time passion for a wide variety of program areas that the government and industry entrusted the FFC to co-design and administer.

Since 1996 we have funded over 600 silviculture projects totaling over \$180 M, assigned independent auditors to conduct over 182 Independent Forest Audits, worked collaboratively with the Ontario Ministry of Natural Resources (and Forestry) to co-administer the provincial enhanced Forest Resource Inventory and been involved in several tenure transformation initiatives all grounded in Sustainable Forest Management. In addition, I had the privilege of co-designing and overseeing two special project initiatives – the Enhanced Forest Productivity Science program that funded applied research to better understand where investment and management effort would lead to increased forest productivity, defined either in terms of traditional forest products or in terms of the delivery of ecosystem services, and a Job Stimulus Silviculture Round to support Ontario’s tree seedling producers and supplement plantation establishment during an economically challenging time for the forest industry. The funds have also contributed in a small way to supporting forest genetics programs and in providing opportunities for forest and resource management practitioners to share their experience with others.

Transitions inevitably lead to introspection and recognition of a multitude of mentors who have shaped my philosophy towards both resource management and leadership. I have never lost the influence of pivotal books and teachers such as Ian McHarg’s “Design with Nature,” Bruce Mitchell’s ecosystem-based course on resource management and ecology at the University of Waterloo, John Naysmith’s consensus management style, and MNRs Ken Armson’s emphasis on learning to seek council from forest soils, whose philosophies and insights have played out in today’s management approaches that emulate nature’s approach to growing and restoring forests. I will watch with interest to see what new directions the Forestry Futures Committee will take under new leadership and know that the solid foundation creates a base on which both core and new programs will thrive.

It has been a great privilege working with an extremely dedicated and experienced group of FFC committee members, support staff and colleagues at the Ontario Ministry of Natural Resources and Forestry and Northern Development and Mines. Without their support, the design and delivery of the Forestry Futures Trust programs could not have occurred. Special thanks to FFC members Mike Barker, Bob Elliot, Herb Bax, and Erik Wang, FFC administrative and specialist staff Anastasia Frisby, Ken VanEvery, Sarah Bros, Claire Riddell and in past year’s Mona Wiltshire and Tracey Bradley for both your dedication to the program and your unwavering friendship. And, finally thanks to all of the industry, government and University partners who delivered the programs in the field contributing the health of our forests and our forest industry in Ontario.

H Maureen Kershaw

WHO WE ARE & WHAT WE DO

Forestry Futures Trust

The Forestry Futures Trust (FFT) was established under the authority of the *Crown Forest Sustainability Act* (1994), Part V. Section 51 of this Act states that the Minister may appoint a Forestry Futures Trust Committee to provide advice on the following matters:

1. *The funding of silvicultural expenses in Crown forests where forest resources have been killed or damaged by fire or natural causes.*
2. *The funding of silvicultural expenses on land that is subject to a forest resource license, if the licensee becomes insolvent.*
3. *The funding of intensive stand management and pest control in respect of forest resources in Crown forests.*
4. *Such other purposes as may be specified by the Minister.*

Source: Crown Forest Sustainability Act, Part V, Section 51(3)

Other purposes specified by the Minister for which Trust funds are used include:

- Independent Forest Audit Program - IFA
- Forest Tenure Modernization
 - Enhanced Sustainable Forest License - ESFL design and development
 - Local Forest Management Corporation – LFMC design and development
 - Forest Management Component - FMC
- Enhanced Forest Resource Inventory – eFRI production and delivery.

The Trust fund is managed by the Trustee, RBC Investor Services Trust. Funds are allocated to successful applicants under the direction of the Forestry Futures Trust Committee Chair,

supported by decisions made through consensus by the Forestry Futures Committee (FFC).

The Committee members are appointed by the Minister for a three-year term, which may be renewed at the discretion of the Minister. The Trust is funded by harvest volume charges on Crown timber.

Forestry Futures Trust Committee

CHAIR

Maureen Kershaw, PhD., R.P.F. (member since inception 1995) brings experience from a 35 year career in government, academia, non-government organizations, and the consulting sector. She is a graduate in resource management and ecology from the University of Waterloo and U. of Alberta with a career centered on the development and application of ecological principles in forestry and land restoration after mine development. An active outdoor enthusiast, she has served on the Board of Directors and committees that promote adult and youth engagement and excellence in endurance sports. Maureen resigned as chair in March 2015 to pursue other career opportunities.

MEMBERS



Mike Barker, (member since 1999) had a 32-year career with the Ontario government holding positions such as District Manager, Ministry of Natural Resources, and Assistant Deputy Minister, Northern Development and Mines. He now runs his own business consulting firm.



Bob Elliott, R.P.F., (member since 2006) has had a varied career with the government of Ontario's Ministry of Natural Resources, MacMillan Bloedel and Weyerhaeuser. He now owns a consulting business.



Erik Wang, R.P.F. (ON and BC) (member since 2011) holds Bachelor and Masters Degrees from Lakehead University and UNB. His 30 year career in forestry has included positions

with industry, university and consulting sectors primarily in NB and BC with technical expertise primarily in the areas of resource planning and timber supply forecasting.



Herb Bax R.P.F., (member since 2012) is a forestry consultant with over 35 years of experience. He is past president of the OPFA and has served on numerous

international committees and boards. Herb's work as an environmental and forest auditor across Canada and the US brings an international perspective to the Committee.

Our Support Team

Assisting the Committee is a small team reporting to the Chair:

- Ken VanEvery, R.P.F., Independent Forest Audit and ESFL Program Coordinator
- Tracey Bradley, R.P.F., Silviculture and eFRI Program Coordinator (resigned March 31/15)
- Sarah Bros, R.P.F., Independent Forest Audit Analyst
- Anastasia Frisby, Office Administrator
- Claire Riddell, Financial Information

FFT Secretariat – The Ministry of Natural Resources

Since its inception in 1995 the FFC has enjoyed a productive working relationship with Ministry of Natural Resources and Forestry (MNRF) staff. As the Committee's mandate expanded over the decade, the lines of communication and the number of Ministry contacts correspondingly increased. In this regard, the Ministry Secretariat functions are provided by Peter Henry, Rhonda Hancherow, Diane Black and key staff listed below by program area.

- *IFA Program* –Troy Anthony R.P.F. and Bill Morrison RPF
- *eFRI Program* – Joe Kapron, R.P.F., Murray Radford, Ian Sinclair and Geordie Robere-McGugan R.P.F.
- *Forest Management Component* – Betty Vankerhof, R.P.F
- *Tenure Modernization*- Kevin Coombs, R.P.F., Chad Anderson R.P.F. and Andy Lemmetty, R.P.F.

The FFT Secretariat continues to fulfil its role while honouring the principle of committee independence on all matters related to funding allocations for projects. Chris Walsh - Director Forest Branch; David Hayhurst – Director Operations Branch, Faye Johnston Director Forest Tenure and Economics and Eileen Forestell- Director Science and Research BranchDirector Branch for their continued support.



Natural white pine regeneration from the Sudbury Forest site visit

State of the Trust

The Forestry Futures Trust fund is in a healthy position and has fully recovered for the economic difficulties that previously affected the sector. The fiscal financials, which provide the details, will be available through our website, once tabled in the provincial legislature.

Committee Operations Budget 2014/15

Available Funds	
Received from the <i>Forestry Futures Trust Fund</i>	449,044
2013/14 unspent balance	210,956
TOTAL Funds Available	\$660,000
Expenditures	
Meetings/Travel	90,383
Committee Honorariums	111,102
Professional Fees/Contract Staff	156,654
Admin Support	74,572
Supplies (Communication/consumables)	13,194
Equipment / Signage	8,853
Overhead	51,548
TOTAL Expenses	506,306

OUR PROGRAMS

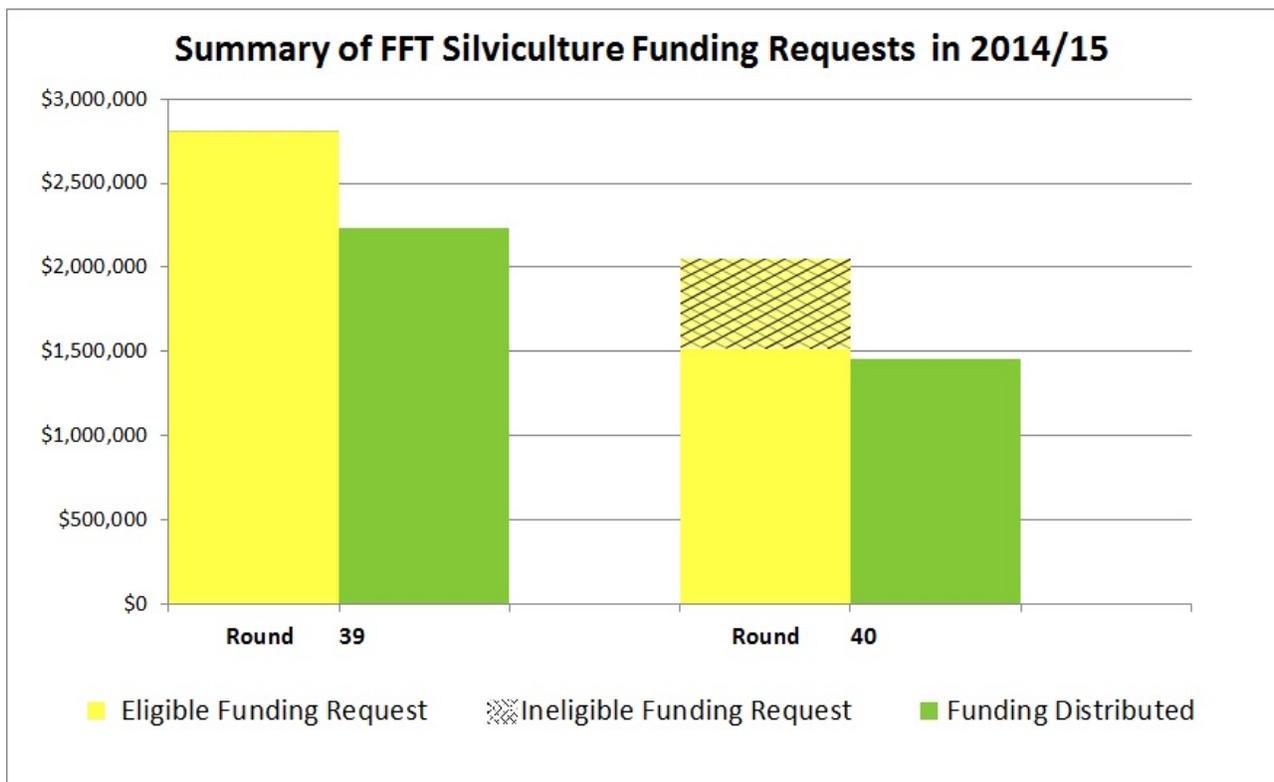
Silviculture Program

The Silviculture program funds silviculture needs resulting from forces of natural depletion such as fire, wind, insects, disease and flooding and past poor forestry practices. Funding requests are received in five categories: Stand Improvement – intensive stand management, Remediation - stand rehabilitation after natural disturbances, Pest Control, Insolvency and Other -as designated by the Minister. Details on each category can be found on our website.



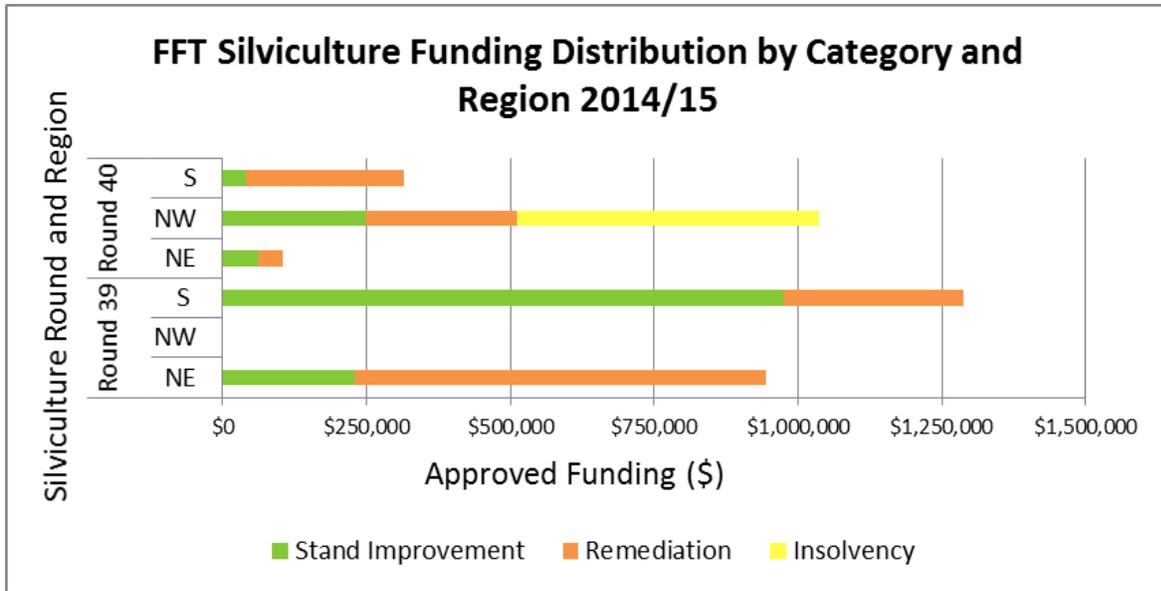
Regeneration from the Spanish Forest site visit

The Committee extended two invitations to apply for FFT Silviculture program funding in the 2014/15 fiscal year: Rounds 39 and 40. A summary is found in the figure below. Funds are distributed as a reimbursement program after work is completed.



In 2014/15, approved funding for silviculture projects totaled \$3.7 million over Round 39 and 40. Funding by region was distributed with 43% of approved funding allocated to the

Southern region and Northwest and Northeast Regions each receiving 28% of the total allocation.



The table above illustrates the funding distribution by region and category for each round. The distribution by category was 42% of approved funds being allocated to Stand Improvement and 44% of approved funds allocated to projects addressing remediation after natural disturbance. Projects addressing a silvicultural liability after bankruptcy represent 14% of the approved funding website.

Note: A list of New, Ongoing and Completed FFT Silviculture Program projects can be found on our website www.forestryfutures.ca



FFT Silviculture Field Report

In 2013 the FFC selecting past projects for site visits to examine the success of treatments. This year the emphasis was on the Round 29 Job Stimulus Program. This initiative provides opportunities to meet with applicants and to inspect projects completed in the early rounds of the Forestry Futures Trust Silviculture Program. Six projects were visited this year, with results posted on our website under the Silviculture Site Visit Report. The interest shown by industry and the MNRF staff to accompany Forestry Futures on these field

visits was greatly appreciated. We look forward to continuing this program over the next fiscal year.

Forestry Futures Trust provides signs for completed projects on an annual basis. Signs are erected by the company in areas of high traffic and visibility. During the summer of 2014, 8 signs were erected -1 sign in the North West region, 2 in the North East Region, 4 in the Southern Region and 1 sign was replaced in the North West.

Independent Forest Audit Program

Since 2002, the Forestry Futures Trust Committee has implemented the Independent Forest Audit (IFA) Program for the Ministry of Natural Resources. FFC responsibilities include: the allocation of funds; selecting audit firms; contract management and communications with the audit firms and key audit participants; attending audit meetings and field examinations; ensuring the audit program is implemented according to the IFA process and protocol; reviewing all draft reports and ensuring final reports are of the highest quality. The Committee also provides recommendations to MNR concerning revisions to the audit program and IFA process and protocol, coordinates auditor orientation sessions with MNR, and makes recommendations to the Minister of Natural Resources as required or appropriate.

The 2014 Independent Forest Audit program consisted of five forests to be audited. The Committee reviewed proposals from the four firms on the Vendor of Record list to conduct the Independent Forest Audits on behalf of the Ministry of Natural Resources. The Committee selections are as follows:

Arbex Forest Resources Consultants Ltd.: Big Pic Forest and Whiskey Jack Forest

Arborvitae Environmental Services Ltd.: Caribou Forest

Craig Howard RPF: White River Forest

KBM Forestry Consulting Inc.: Lakehead Forest

The five audits were awarded at a total cost of \$469,666, including HST. Upon completion of the audits expenses were reconciled with actual expenditures, the actual cost to complete all five 2014 audits was \$447,209.

Detailed action plans to address any issues found during the audits are being prepared and will be posted on the Ministry of Natural Resources Forestry website alongside the audit reports once they are tabled in the legislature by the Minister.

IFA Modernization Initiative

Throughout 2014 the Ministry of Natural Resources and Forestry (MNRF) undertook an Independent Forest Audit Modernization Project. The purpose of the project is to identify potential modifications to the audit program to reduce costs to key parties and gain efficiencies, while maintaining the effectiveness of the audit program. The revised IFA program may be risk based and will focus on those elements of forest management deemed to have the most potential impact on forest sustainability. A risk assessment of the IFAPP was underway by MNRF at the end of the fiscal year 2014. Although the IFAPP risk assessment is being led by the MNRF, auditors and Forestry Futures Committee input has been provided to ensure a balanced risk assessment. MNRF and FFC will test the new model in the 2016 audit year.



Decommissioned and rehabilitated water crossing on the Big Pic Forest

Tenure Modernization Programs

Forest Management Component Program

When Sustainable Forest Licenses (SFLs) are returned to the Crown due to bankruptcy or insolvency, MNRF assumes responsibility for all forest management activities on that management unit. Forest Management expenditures incurred by the Crown to do this work are funded from additional revenue paid to the Forestry Futures Trust from the Crown Stumpage system. The additional funds are generated by a management fee charged for each cubic metre of wood harvested on the area. This has been termed the “forest management component (FMC)”.

FMC accounts are open for the Lac Seul, Big Pic, Kenogami, Armstrong, Magpie, Pic River and Sapawe forests. The Whiskey Jack Forest, under the Kenora District is actively utilizing the program for forest management activities

Enhanced Sustainable Forest License

The Enhanced Sustainable Forest License (ESFL) program was established in late 2011, as an outcome of the Ministry’s tenure modernization initiative, with an allocation of the remaining funds (\$1.8 M) from the SFL Conversion program. In 2012 the Committee developed an application process and the first application was received in April of 2013.

In 2014 the Committee received 2 ESFL applications and approved funding totaling \$359,596:

- ESFL-004-2014, Northeast Superior Forest, approved July 4, 2014
- ESFL-005-2014, French-Severn Forest, approved November 28, 2014

The three previously approved ESFL projects continued throughout 2014, with the Lake Nipigon Forest project being completed in September. The remaining 2 projects continue to progress, albeit at a much slower pace than originally planned.

- ESFL-001-2013, Kenogami Forest
- ESFL-002-2013, Lake Nipigon Forest (includes the former Lake Nipigon and Armstrong Forests), Completed September 8, 2014 after an additional funding allocation of \$13,000.
- ESFL-003-2013, Nipissing Forest

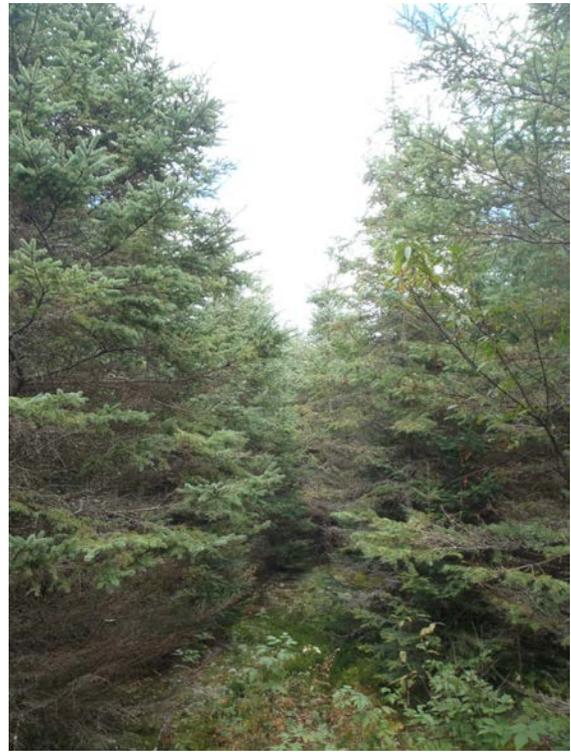


Local Forest Management Corporation Conversion Program

In August 2012, the Ministry of Natural Resources and Forestry added the LFMC Conversion Program to the Forestry Futures Trust Fund. The purpose is to provide funding to support the start-up and establishment of Ontario Local Forest Management Corporations (LFMCs). The Trust serves as an interim mechanism to capture redirected Crown stumpage charges to fund start-up and establishment costs including required forest management activities on the proposed LFMC land area until such time as the Sustainable Forest Licenses are issued to the LFMC.

The first LFMC, Nawiinginokiima Forest Management Corporation (NFMC) was established in May 2012. In 2014-15 the Committee received and approved an application from NFMC for second year funding of \$1.6 M from the LFMC Conversion Program account. NFMC is responsible for the management of the Big Pic and Pic River Forests and is working with the MNRF to have a Sustainable Forest License issued to them for these two forests.

For more information follow the links on the MNR website: www.ontario.ca/page/forest-tenure-modernization .



Manual tending of spruce and white pine from French Severn site visit



Enhanced Forest Resource Inventory Program

The eFRI program is designed to develop a new Forest Resource Inventory utilizing current technologies, for the portion of the province within the "Area of Undertaking" as defined by the Timber Class Environmental Assessment. Funds for this program come from harvest volume charges paid by the Sustainable Forest Licensees for Crown timber. These funds are administered from a separate account within the Forestry Futures Trust account.

The FFC administers the eFRI program, in partnership with the MNRF. The eFRI is a MNRF program designed by MNRF, with work contracted to qualified firms through the government procurement process. The FFC has the lead on designing and co-delivering the knowledge transfer and tool development (KTTD) component of the eFRI.

The 2014/15 fiscal was the eighth year of the eFRI program that built on an earlier forest inventory program funded through the Trust. Program activities that were carried out in 2014/15 are outlined in the table below.

Forest	Status	Approximate Area Interpreted(14/15)
Abitibi River Forest Phase I	Interpretation Ongoing	~ 7,271sq. km (39% complete)
Abitibi River Forest Phase II	Interpretation Ongoing	~ 6,258 sq. km (37% complete)
Algoma	Interpretation Ongoing	~ 5,584 sq. km (51% complete)
Algonquin	Delivered	~ 723 sq. km (100% complete)
Caribou	Delivered	~ 4,718 sq. km (100% complete)
Cat Lake / Slate Falls	Interpretation Ongoing	~ 13,592 sq. km (94% complete)
Constance Lake Area	Delivered	0 sq. km (100% complete)
Dog River-Matawin	Interpretation Complete	~ 9,330 sq. km (100% complete)
English River	Interpretation Commencing	0 sq. km
French-Severn	Interpretation Ongoing	~ 5,931 sq. km (46% complete)
Hearst	Delivered	0 sq. km (100% complete)
Gordon Cosens	Delivered	~ 2,698 sq. km (100% complete)
Lake Nipigon *	Interpretation Ongoing	~ 2,947 sq. km (18% complete)
Marathon Block	Delivered	0 sq. km (100% complete)
Mazinaw-Lanark *	Interpretation Commencing	0 sq. km
Nagagami *	Interpretation Commencing	0 sq. km
Nipissing	Interpretation Ongoing	~ 8,226 sq. km (72% complete)
Northshore	Interpretation Complete	~ 4,160 sq. km (41% complete)
Ottawa Valley *	Interpretation Commencing	0 sq. km
Pineland	Interpretation Ongoing	0 sq. km (60% complete)
Spanish	Interpretation Ongoing	~ 8,313 sq. km (92% complete)
Sudbury	Interpretation Ongoing	~ 2,280 sq. km (21% complete)
Timiskaming *	Interpretation Ongoing	~ 318 sq. km (2% complete)
Temagami	Interpretation Ongoing	~ 4,005 sq. km (63% complete)
Trout Lake	Interpretation Ongoing	~ 5,478 sq. km (53% complete)
Wabakimi Provincial Park	Interpretation Complete	~ 8,871 sq. km (100% complete)
Wabigoon	Delivered	0 sq. km (100% complete)

* training sessions held for field crews and photo-interpreters that will be producing FRI

Update of Knowledge Transfer and Tool Development Component of eFRI

In June 2014, the Forestry Futures Committee, in partnership with MNRF, held a one-day workshop in Sault Ste. Marie that focused on incorporation of the new enhanced Forest Resource Inventory (eFRI) into wood supply modeling, growth and yield and to better facilitate the transition into Forest Management Planning (FMP).

Seventeen participants attended the workshop, which was comprised of presentations on relevant topics and group discussions.

Information discussed included:

- Interpretation and integration of silviculture data
- Forest Information Manual mapping standards and eFRI
- Available tools for integration
- Growth and yield integration with eFRI
- Operational implementation

The outcome of the meeting was to form potential actions for the key integration areas of eFRI products, tools, silviculture, growth and yield, operational implementation and ecological land classification.

In January 2015, the FFC announced a Call for Proposals for eligible projects for up to \$1,000,000 will be allocated in the first round for projects up to two years in duration. The program was open to all interested applicants including, but not limited to, university and private sector researchers, federal and provincial applied researchers, private consultants, non-governmental organizations (NGO), forest company staff, who can provide expertise in the areas of:

- Digital land and provincial forest imagery (Ontario)
- Forest inventory development within the context of Ontario's Crown forests
- Processes to link imagery with land or forest inventory to meet operational

or management needs at the local to provincial scales (applicable to Ontario's forests)

- Creative solutions for developing and utilizing digital imagery and forest inventory

The priorities for Round One included:

- Projects that develop and/or update decision support tools linking the enhanced forest resource inventory to forest management and operational planning processes
- Projects that refine the image interpretation or inventory development
- Projects that incorporate training opportunities to upgrade the skills of users of Ontario's eFRI increasing the uptake and usage of decision support tools

Twenty-four (24) applications & Letters of Intent (LOI) were received requesting \$2.3 million in funding. Successful projects fell into the following themes: research and tools to add value to the current eFRI and imagery; studies for consideration in future inventory development; applications for use of eFRI data in operational field work.

Eight projects were successful with one small-scale project approved and seven projects moving forward from the Letter of Intent stage with a total request of \$928,000. The results from the first round of proposals is summarized on the figure, on the following page.

For further information on this initiative, visit the Forestry Futures website at www.forestryfutures.ca

