



2009/10 ANNUAL REPORT



Forestry Futures Trust Committee

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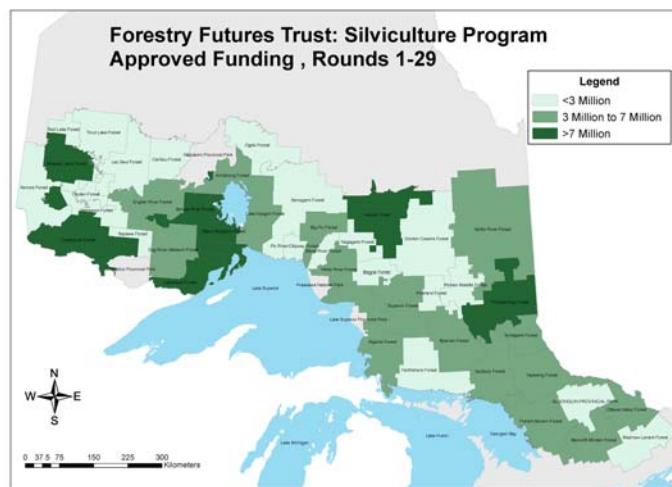
CHAIR'S MESSAGE



This year ended with cautious optimism and our programs gained momentum towards year end. The core Forestry Futures Trust (FFT) funding mechanism remains based on a fixed (\$0.48/cu m) charge levied on harvest volumes. This year, the core FFT Silvicultural program was very limited as the fund rebuilt in parallel with a modest harvest year by a forest industry that continues to face structural changes. A conservative spring (Round 27 – 15 projects funded for a total of \$2.7M) and fall core program (Round 28 – 6 projects funded for a total of \$1.9M) provided support for multi-year programs with a balance of stand improvement and remediation projects. As shown on the map, there is also a good balance in the distribution of funding across the province since the establishment of the Forestry Futures Trust. The investment of funding supports recovery of sites degraded by natural disasters in the north and northwest and the need for supplementary funding for tolerant hardwood stand improvement, in areas where past

practices degraded stand quality, in the southern parts of the area of the undertaking.

One of the key highlights of 2009/10 was a unique opportunity to partnership with the Ministry of Northern Development and Mines and Forestry that provided \$6 M for job creation in the tree nursery and forest silvicultural sectors. The Forestry Futures Trust Committee issued an additional call for Round 29 Stimulus FFT Silviculture package. Decisions made by the Committee funded 22 new projects (of the 49 requested), projected to create 3500 person weeks of employment and plant 10 M trees. The industry rapidly rose to the challenge, planning and executing much needed planting programs across the province on areas depleted by wind or fire, and enhancing productive areas that had been left to scattered natural regeneration. On behalf of the Committee, I congratulate the industry on both the excellent quality of the applications we received and the quality of the seedling production and planting operations.



The 2009 Independent Forest Audit program consisted of seven independent forest audits by four consulting firms. Overall audit findings reported effective forestry practices throughout the province with one exception where forest renewal

lagged behind optimum.

The accomplishments of the enhanced Forest Resource Inventory program in 2009/2010 lead by the Ontario Ministry of Natural



Resources and a suite of private sector consulting firms were commendable: digital imagery was captured for approximately 83,000 sq km; eFRI production was completed or well underway for the Gordon Cosens Forest, Big Pic Forest, the Lakehead Forest, Quetico Provincial Park and Constance Lake NBI. Fall workshops, conducted by the Ontario Ministry of Natural Resources, showcased the program to a wide audience in Peterborough, Timmins, Sault Ste. Marie, Thunder Bay and Fort Frances.

The enhanced Forest Productivity Science Program launched in 2005, wrapped up its activities in 2009/10 with only a few of the 42 projects still outstanding. The \$6.4 million program successfully leveraged \$16.4 million dollars for applied research activities. Similarly, the Community-based Land Use Planning component of the Far North Forestry Development Initiative Program continues to wind down with projects in the First Nation communities of Cat Lake, Constance Lake, Eabametoong (Fort Hope), Moose Cree, Slate Falls and Pikangikum.

This was the third year for the Committee's involvement in the FFT Sustainable Forest License Conversion to Cooperative program. The program continues to evolve with the fluctuations in the industry and regulatory philosophies. Hearst Forest Management Inc. is to be congratulated on completing their Shareholder Agreement among Constance Lake First Nations, Columbia Forest Products and Longlac Wood Industries. In 2009/10, progress continues with other proposed cooperative ventures in Lake Nipigon-Armstrong and the Kenora Forests.

This year the Committee met for a total of 18 meetings (in-person approximately once per month, with additional conference calls) to discuss committee business and to carry out field inspections of representative activities.

Meetings were held in Sault Ste. Marie, Toronto, Orillia and Timmins with field visits to Limestone Lake and the Lakehead Forest blowdown. It was with sadness that we said good-bye to committee member Dr. David Balsillie who stepped down at the end of December 2009 to engage in other endeavors.

I would like to thank committee members Bob Elliot, David Balsillie, Michael Barker and Mr. Ric Monzon for their dedicated and active participation in committee business. The support of the management team lead by Mona Wiltshire with contract administrative support by Charlotte Miller, Janice Erdman, and Claire Riddell, and the forest audit and Far North consulting support of Ken VanEvery and Sarah Bros is greatly appreciated. It remains a privilege to Chair the Forestry Futures Trust Committee and to oversee the implementation of the wide variety of programs that contribute positively to enhancing forestry in this province. In closing, it is my pleasure to present you with the 2009/10 Annual Report of the Forestry Futures Trust.

H. Maureen Kershaw

WHO WE ARE

FORESTRY FUTURES TRUST (FFT)

The Trust was established under the authority of an amendment to the *Crown Timber Act*; that amendment was subsequently carried forward in Part V of the *Crown Forest Sustainability Act* (1994).

According to Section 51 of the *Crown Forest Sustainability Act*, the Forestry Futures Trust shall provide for the following matters on such terms and conditions as may be specified by the Minister:

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 licence, 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)*



An example of oak regeneration in the “oak eyes” cuts.

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

- Independent Forest Audit Program
- Enhanced Forest Productivity Science Program
- Far North Forestry Development Initiative
- Enhanced Forest Resource Inventory
- SFL Conversion to Cooperative Initiative

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

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 that are paid by Sustainable Forest Licensees.





FORESTRY FUTURES TRUST COMMITTEE (FFTC)

CHAIR

Maureen Kershaw, R.P.F., (member since inception 1995) manages her own consulting firm which she established in 1989 following a career with the Ontario Ministry of Natural Resources. She is a forester and ecologist and has taught at Nipissing and Laurentian Universities. An active outdoor enthusiast, she volunteers her spare time with Cross Country (Ski) Ontario and Cross Country (Ski) Canada.

MEMBERS

David Balsillie, R.P.F. (Hon), (member since 2006) has a diverse career background, including Assistant Deputy Minister, Environmental Services Division; Assistant Deputy Minister, Policy Division, Ontario Ministry of Natural Resources; and Associate Professor with the Faculty of Forestry at the University of Toronto.

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 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.

Ric Monzon, R.P.F., (member since 2006) has held several positions in the Ontario government including that of Assistant Deputy Minister, Ministry Natural Resources. He also served as Executive Director and Registrar for the Ontario Professional Foresters Association (OPFA).



OUR SUPPORT TEAM

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

- Mona Wiltshire, R.P.F., General Manager
- Ken VanEvery, R.P.F., IFA, EFPS and FNFD Coordinator
- Sarah Bros, R.P.F., IFA Analyst
- Janis Erdman, Charlotte Miller, Administrative Assistance
- Claire Riddell, Financial Tracking

The support team operates on an as-needed contract basis.

FFT SECRETARIAT - THE MINISTRY OF NATURAL RESOURCES

Since its inception in 1995 the FFTC has enjoyed a productive working relationship with Ministry of Natural Resources 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 Thom McDonough (silviculture) and Diane Black (financial). The FFT Secretariat continues to fulfil its role while honouring the principle of committee independence on all matters related to funding allocations for projects. Other MNR staff with whom the Committee confers includes the following:

- IFA Program – Spooner Collins, R.F.P., and Bill Morrison
- FNFD Program – Roy Sidders, R.P.F., for Northwest, and Mike Cartan for the Northeast
- eFRI Program – Frank Kennedy, R.P.F., Joe Kapron, R.P.F. and Murray Radford.

Thanks to Bill Thornton, Assistant Deputy Minister, MNDMF; Rich Greenwood, Director, Forest Branch; and, Mark Speers, Director, Industry Relations Branch for their continued support.

OUR PROGRAMS

SILVICULTURE PROGRAM

“Silvicultural needs resulting from forces of natural depletion such as fire, wind, insects, disease and flooding “

ELIGIBLE PROGRAM APPLICANTS

Silviculture project applications can be submitted by Sustainable Forest Licence (SFL) holders who have a forest management unit account or sub-account in good standing in the Forest Renewal Trust. In the case of the forest pest management projects, the Ministry of Natural Resources may also apply. The Committee cannot consider project applications submitted by a licensee, where the Minister advises the Chair that the licensee is delinquent in paying Crown charges related to the licensing or harvesting of Crown timber.

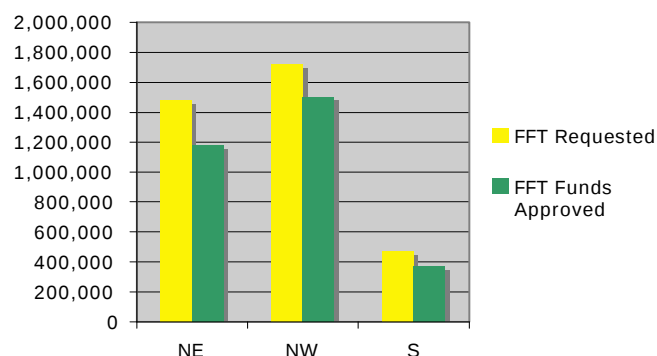
The Committee extended three invitations to apply for Forestry Futures Trust Silviculture program funding during the 2009-10 reporting year: Round 27, Round 28 and Round 29. On average there are only two rounds held during the year, a spring and fall round. This year however, there was special funding for Round 29 from the Ministry of Northern Development Mines and Forestry to hold a fall job stimulus round.

Each round is individually summarized:

Round 27 Summary

There were 16 applications for funding for Silviculture Round 27; 8 from Northwest Region, 4 from Northeastern Region and 4 from Southern Region. The focus for this round on which the decisions were made were for *“Productive sites suitable for intensive management, which have good access and are a reasonable distance from a mill”*.

**FFT Silviculture Round 27
Distribution of Funding**

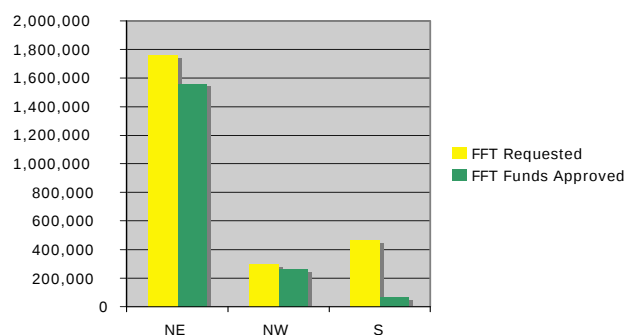


The approved funds were distributed as follows: 50% went to Category 1: Stand Improvement projects and 50% to Category 2: Remediation projects.

Round 28 Summary

There were 7 applications for funding for Silviculture Round 28; 2 from Northwest Region, 3 from Northeastern Region and 2 from Southern Region. The focus for this round on which the decisions were made were for *“Productive sites suitable for intensive management, which have good access and are a reasonable distance from a mill”*.

FFT Silviculture Round 28 Distribution of Funding

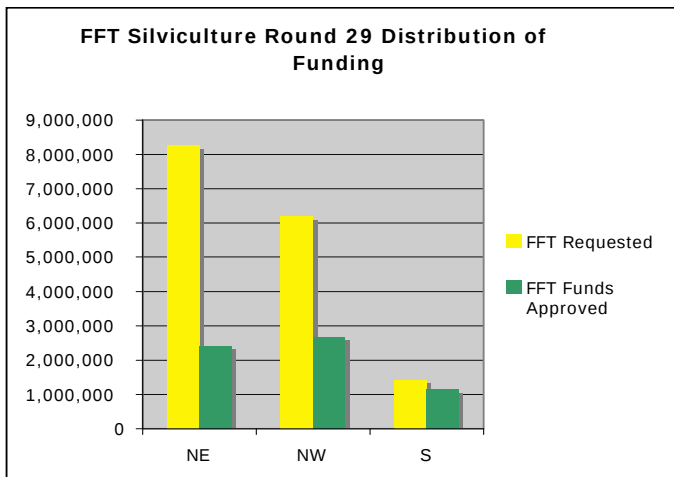




The approved funds were distributed as follows: 78% went to Category 1: Stand Improvement projects and 22% to Category 2: Remediation projects.

Round 29 Summary

As previously discussed, this round was a special one-year silviculture job stimulus program that was funded by an infusion of \$6 million in the Forestry Futures Trust from the Ministry of Northern Development, Mines and Forestry. This round received 49 applications: 21 from Northwestern Region, 21 from Northeastern Region and 7 from Southern Region.



The approved funds were distributed as follows: 35% went to Category 1 projects and 65% to Category 2 projects.

Although the same categories were used for this special round, the definition for Category 1 was different. FFT Silviculture Round 29 Category 1 was intended for “Incrementality” projects or projects that showed:

- Seedling production, site preparation and planting in areas of natural disturbance for which the SFL holder had no responsibility for renewal.
- Seedling production, site preparation and planting in areas previously

identified for natural or basic renewal activities.

There were additional differences for Round 29 compared to other regular FFT Silviculture Rounds. These differences are summarized below:

- 1) Streamlined project application (which did not specify applicant contribution) and project work reports.
- 2) Applications could include an applicant cost of up to 5% of the project to cover overhead expenses associated with the project.
- 3) Every invoice submitted required a project work report that reported on the activity(ies) being expensed.

SIGNAGE

Each year the Committee selects completed projects exemplifying effective forest operations made possible through the Forestry Futures Trust fund. Signage is prepared promoting positive stand improvement and remediation work that project staff carried out in the field throughout Ontario. These signs are then delivered to the company to be erected in an area receiving the most exposure to a wide audience.

During the spring of 2009, a total of 11 signs were produced. Of these, 7 signs were erected in the Northwest region, 3 in the Northeast region, and 1 were delivered to the Southern region.



FFT COMMITTEE FIELD TRIPS

Date: July 27th, 2009

Location: Arrowhead Lake, Lakehead Forest, Thunder Bay, Ontario



Purpose: Blowdown remediation project – as part of the Independent Forest Audit (IFA) field assessment. To view the results of the Arrowhead Lake salvage and remediation project from blowdown in 2000.

Participants: Ministry of Natural Resources (MNR) district, regional and head office representatives, Greenmantle Forest Inc., Arbor Vitae Environmental Services (AVES) (IFA auditors) and Forestry Futures Trust Committee member Mike Barker and contract staff Mona Wiltshire, Ken Van Every and Sarah Bros.

Description: This project was funded through Forestry Futures Trust. Approximately 1,250 hectares were site prepared and planted to jack pine, red pine, black spruce, and white spruce .



Over 1.7 million trees were established in the project area. This plantation will contribute to future wood supply demands on the Lakehead Forest. The plantation also provides visitors to Arrowhead Lake with a view of a healthy productive and green landscape.

Site Visit: On July 27th, the blowdown site was visited, 10 years post blowdown, as part of the IFA site visits. The photographs illustrate how well the site has been regenerated. A healthy productive forest has replaced the wind damaged plantation.

Date: August 27 & 28th, 2009

Location: Big Pic Forest, southwest of Manitouwadge



Purpose: To view progress on remediation of a 38,000 hectare forest fire on the Big Pic Forest. This fire wiped out an entire age class from the production forest landbase in addition to over 2,300 hectares of 10-year old plantation. The fire will have an impact on the future wood supply on the Big Pic Forest.

Participants: Forestry Futures Trust Committee Member Bob Elliott and contract staff Sarah Bros accompanied MNR district and corporate staff, members of Arbex audit team, and Manitouwadge Public Advisory Committee (MPAC) Chair.



Description: Intensive treatment of 2,339.6 hectares of young plantations burned in the 2003 fire on the Big Pic Forest occurred over a 3 year period. Project 2 regenerated the southern section of the fire. 1,050 hectares were mechanically site prepared in the first year, while 1,289.6 hectares were tended in the second year and 1,050 hectares were planted. The third year of the project tended 1,050 hectares of new plantation.

Site Visit: As part of the Independent Forest Audit (IFA) for the Big Pic Forest, FFTC member Bob Elliott and contract staff Sarah Bros visited several sites in the project area during the field audit. The remediation project has been successful in regenerating the area burned by the fire. The photograph highlights the successful regeneration of jack pine.

Date: September 14th & 15th, 2009

Location: Mazinaw-Lanark Forest, Cloyne, Ontario

Purpose: IFA field audit – to view company efforts to increase red oak on the forest landscape. The area treated, if successfully regenerated to red oak, represents 9.4 percent of the current oak forest in Lanark, producing a predicted volume of 24,000 cu m of high value red oak timber for the forest industry over one rotation. This project will also provide experience for local forestry staff.

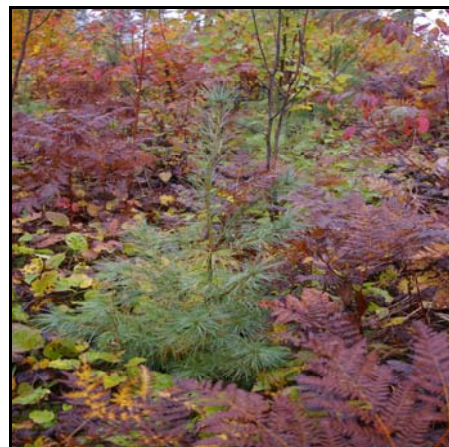
Participants: Forestry Futures Trust Committee member Mike Barker, contract staff Sarah Bros, Craig Howard audit team, and MNR visited the remediation site.

Description: This project was approved by Forestry Futures Trust to fund intensive seedbed preparation for red oak regeneration to coincide with the bumper seed crop. This project was part of a Forest Management Plan (FMP) objective to increase red oak on the Forest. The company's

efforts were admirable but met with mixed results. Although there was some oak regeneration the project was not successful from a silvicultural investment standpoint.



Site Visit The site visit was held in conjunction with the IFA field visits on September 14th & 15th, 2009. Small openings in the canopy where mature red oak was harvested were treated mechanically to expose mineral soil creating a seedbed for the bumper seed crop to establish. Heavy shrub and grass competition prevented successful seeding in of the red oak seed. The result was a lot of competition and minimal establishment of red oak. Some regeneration was noted along the edge of the cut. Committee member Mike Barker is shown at the edge of the cut boundary.



Independent Forest Audit Program (IFA):

The 2009 Independent Forest Audit program was successfully implemented and resulted in the completion of seven independent forest audits. The Committee reviewed proposals from five audit firms to conduct the Independent Forest Audits on behalf of the Ministry of Natural Resources. The Committee selected four audit firms to undertake the IFAs, as follows:

Arborvitae Environmental Services Ltd.: Lakehead Forest and Timiskaming Forest

Arbex Forest Resources Consultants Ltd.: Big Pic Forest and Caribou Forest

Craig Howard: Mazinaw-Lanark Forest

KBM Forestry Consultants Inc.: Trout Lake Forest and Whiskey Jack Forest



The seven IFAs were awarded at a total cost of \$695,910. Overall, the results of the 2009 Independent Forest Audits are very positive with two notable exceptions:

(i) One audit found that forest sustainability, as assessed through the Independent Forest Audit Process and Protocol, will not be achieved unless corrective measures are immediately taken to address issues with the forest renewal program.

(ii) Due to bankruptcy of the licence holder for the audited forest a recommendation regarding license extension could not be made. Had the SFL holder been in a financial position to meet its forest management obligations on the unit, the audit team would have recommended license extension.

Forestry Futures IFA Role

Since 2002, the Forestry Futures Trust Committee has implemented the IFA Program for the Ministry of Natural Resources. FFTC 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.

Most of the audits had an average number of recommendations for improvement. Detailed action plans to address issues found during the audits are being prepared and will be posted on the Ministry of Natural Resources website alongside the audit reports.

The 2009 final reports and the Action Plans will be publicly available once they are tabled in the legislature by the Minister of Natural Resources.



OTHER PROGRAM FUNDS MANAGED BY THE FFTC:

ENHANCED FOREST PRODUCTIVITY SCIENCE PROGRAM (EFPS):

ELIGIBLE PROGRAM APPLICANTS

The Enhanced Forest Productivity Science (EFPS) program was established in January 2005 as a three-year initiative with an allocation of \$2.3 million per year from the Forestry Futures Trust fund. Funds from the EFPS program were available to all forest researchers (government, industry, academic and private) through a request for proposal system. EFPS applicants were required to provide matching funding from other sources.

The purpose of the Enhanced Forest Productivity Science program was to support scientific initiatives that have significant potential to improve the productivity of Ontario's Crown forests within the Area of the Undertaking, consistent with the criteria and indicators of sustainable forest management. The work conducted under the EFPS program was intended to benefit forest sustainability on Crown lands in Ontario. All results are considered to be in the public domain and all information and knowledge generated from these projects are required to be communicated by the investigators to the forestry community and other relevant groups using a variety of effective methods including publication, presentation, website and workshops.

The EFPS program has funded 42 projects for a total of \$6.4 million, with \$16.4 million in matching contributions. The \$16.4 million of partner funding can be further broken down as \$5.6 million in cash and \$10.8 million of in-kind contributions.

By the end of the 2009 fiscal year approximately three quarters of the approved EFPS projects have been successfully completed. The remaining projects have scheduled end dates in 2010. As projects are completed actual levels of funding achieved are being entered into a database so a final review can be completed at the end of the program.



Note: A list of New, Ongoing and Completed Enhanced Forest Productivity Science Program can be found on our website.

<http://www.forestryfutures.ca>

FAR NORTH FORESTRY DEVELOPMENT INITIATIVE PROGRAM (FNFD):

In June 2005, the Ministry of Natural Resources announced that the Ontario government was providing a \$2.0-million fund to be used by First Nation communities for projects related to land use planning and collection of background information which is necessary to evaluate the feasibility of commercial forestry in Ontario's far north. The funds were allocated to the Forestry Futures Trust for disbursement.

Eligible activities for funding under this initiative include: community-based land use planning; community consultation; collection, analysis and documentation of bio-physical data; collection, mapping and written; documentation of indigenous values and traditional knowledge; and, feasibility and business planning studies. Fifteen First Nations in proximity of the Northern Boreal Initiative were eligible to apply to the Forestry Futures Trust for these funds.

Three requests for applications were released in 2005, 2006 and 2008 by the Forestry Futures Trust Committee. The Committee awarded \$833,725 in Round 1, \$404,000 in Round 2 and \$793,000 in Round 3 for a total of \$2,030,725. The additional funds are the result of interest accrued on the Trust account.

In 2009 the Forestry Futures Trust Committee continued to support five projects which include the following First Nation Communities: Cat Lake, Constance Lake, Eabametoong, Moose Cree, Slate Falls, and Pikangikum. All of the allotted \$2.0 million has been awarded and the Committee will continue to work with applicants to ensure successful completion of any unfinished projects in 2010.

The Ministry of Natural Resources has embarked on a new Far North Initiative which will include the area and communities covered by this program.



Note: A list of New, Ongoing and Completed Far North Development Initiative Program can be found on our website.

<http://www.forestryfutures.ca>



ENHANCED FOREST RESOURCE INVENTORY PROGRAM (eFRI):

Designed to develop a new Forest Resource Inventory, this program is utilizing current technologies, for the portion of the province within the “Area of Undertaking” as defined by the Timber Class Environment Assessment. Funds for this program come from a percentage of the harvest volume charge that is paid by the Sustainable Forest Licensees on Crown timber. These funds are administered from a separate account within the Forestry Futures Trust account.

FFTC administers the eFRI program, in partnership with the MNR. It is, however, a MNR program that is managed by the MNR and must follow the regulated work standards and government procurement and contract management requirements.

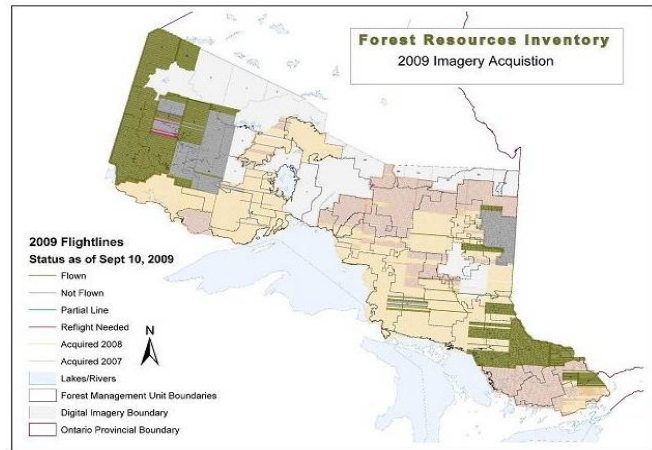
FFTC eFRI ROLE

The FFTC will take an active role working in partnership with the MNR to administer the eFRI program. The MNR has assumed the full responsibility for the delivery of the forest resource program focusing on accuracy, completeness and currency. The MNR and FFTC will share a lead role in administering the program. The MNR retains the overall scheduling and priority setting, standard setting, and quality control.

The 2009/ 10 fiscal year was the fourth year of the new program.

Program activities that were carried out in 2009/ 2010 included:

- Acquisition of digital imagery covering approximately 83,180 sq. km.
- Interpretation of 255 permanent forest inventory photo plots.



- FRI production for the Hearst Forest – equivalent of approximately 2,420 sq. km interpreted.
- FRI production for Quetico Provincial Park – equivalent of approximately 1,300 sq. km. interpreted (unit complete).
- FRI production for the Constance Lake NBI area – 664 calibration plots installed and measured, equivalent of approximately 445 sq. km. interpreted.
- FRI production for the Gordon Cosens Forest – 346 calibration plots installed and measured.
- FRI production for the Marathon Block – 787 calibration plots installed and measured, equivalent of approximately 5,840 sq. km. interpreted.
- FRI production for the Lakehead Forest – 1,524 calibration plots installed and measure, equivalent of approximately 1,235 sq. km. interpreted.

In the fall of 2009 (October) the MNR ran a workshop across the province that was a series of presentations to unveil the enhanced Forest Resources Inventory. Quetico Provincial Park was used to showcase the new provincial enhanced Forest Resource Inventory. The workshop was held in five different locations: Peterborough, Timmins, Sault Ste. Marie, Thunder Bay and Fort Frances. In total, 230 people attended.

SFL CONVERSION TO COOPERATIVE INITIATIVE PROGRAM (SFL COOP):

This was the third year that there was activity in the FFT SFL Conversion to Cooperative program. This year saw a lot of changes and potential changes to the forest industry, which translated to the FFT SFL Conversion to Cooperative program. A couple of projects were considered incomplete and were closed due to change in business status and the announcement of Tenure Review resulted in uncertainty for another project.

Forestry Futures Trust SFL Conversion to Cooperative Role

This FFT program assists in the conversion of single entity SFLs to shareholder SFLs where the following benefits can be reliably anticipated: more efficient management of disputes, increased wood availability, reduced delivered wood costs, equitable sharing of costs amongst shareholders, increased wood supply and reduced management costs with management unit amalgamations.

There were no new projects applied for or approved in the 2009/10 reporting period. Of the \$1,313,166 allocated for distribution to this program \$133,130.29 was spent in 2009/10.

A summary of activity follows:

- CC-1 Hearst Forest Management Inc. completed its Shareholder Agreement for expansion to include additional stakeholders. These additional stakeholders include: Constance Lake First Nation, Columbia Forest Products and Longlac Wood Industries. This is a closed project.

- CC_2 Thunder Bay Woodshed – Reported no activity.
- CC_4 Lake Nipigon Forest Management - It was decided that there would not be a formal attempt to move to Phase 2 that entails the joining of the Armstrong Forest to the Lake Nipigon Forest Management Inc. Cooperative.
- CC_5 Cochrane Area Cooperative – On December 15, 2009, a Shareholder Agreement was signed. A new company was formed “Abitibi River Forest Management Inc. A licence transfer was set for April 1, 2010 for the new forest called Abitibi River Forest. There was a transfer of duties to First Resource Management Group Inc. This project was open during this reporting period.
- CC_7 Kenora Forest – This Miitigoog Limited Partnership, Miitigoog General Partnership completed the formation of this cooperative using the modified Limited Partnership business partnership model. First Nations will manage the 1.2 million hectare Kenora Forest with their industry partnership. This partnership includes: Wabaseemoong Independent Nation, Dalles First Nation, Whitefish Bay First Nation, Weyerhaeuser Canada, Kenora Forest Products, Wincrief Forestry Products and Kenora Independent Loggers. This is a closed project.

Note: A list of New, Ongoing and Completed SFL Conversion to Cooperative Initiative program can be found on our website.

<http://www.forestryfutures.ca>



PROGRAM OPERATIONS

The 2009/10 Annual Report of the Forestry Futures Trust Committee (FFTC) marks the fifteenth year of operation of Ontario's Forestry Futures Trust.

The Trust fund is managed by the Trustee, RBC Dexia Investor Services Trust and funds are allocated to successful applicants under the direction of the Forestry Futures Trust Committee. The Committee members are appointed by the Minister of Natural Resources 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 that are paid by Sustainable Forest Licensees.

COMMITTEE OPERATIONS

In 2009/10 the fiscal year began with a meeting and Committee members continued to hold or participate in a total of 18 more meetings or conference calls, discussing Committee business, and/ or consulting on program operations. Ten of these meetings were attended by the Committee as a whole. Meetings generally were attended in person or via teleconference at the FFTC office in Thunder Bay, however, five meetings made it necessary for some members to travel to Sault Ste. Marie, Toronto, Orillia, or Timmins.

Some members of the Committee and support team also participated in full day field trips including: Limestone Lake, the Lakehead Forest, Big Pic Forest and Mazinaw-Lanark Forest.

In addition to formal meetings, regular exchanges took place between the Committee Chair, general manager, project applicants and managers, IFA auditors, and MNR staff. The general manager oversaw the day to day operations.

COMMITTEE BUDGET

The following is a statement of the Committee's operating budget for the period April 01, 2009 to March 31, 2010.

TABLE 7: FORESTRY FUTURES TRUST COMMITTEE OPERATING BUDGET 2009/10

Available Funds

Received from the <i>Forestry Futures Trust Fund</i>	\$430,842.00
Prior Year unspent balance	<u>\$408,454.93</u>
TOTAL Funds Available	\$839,296.93

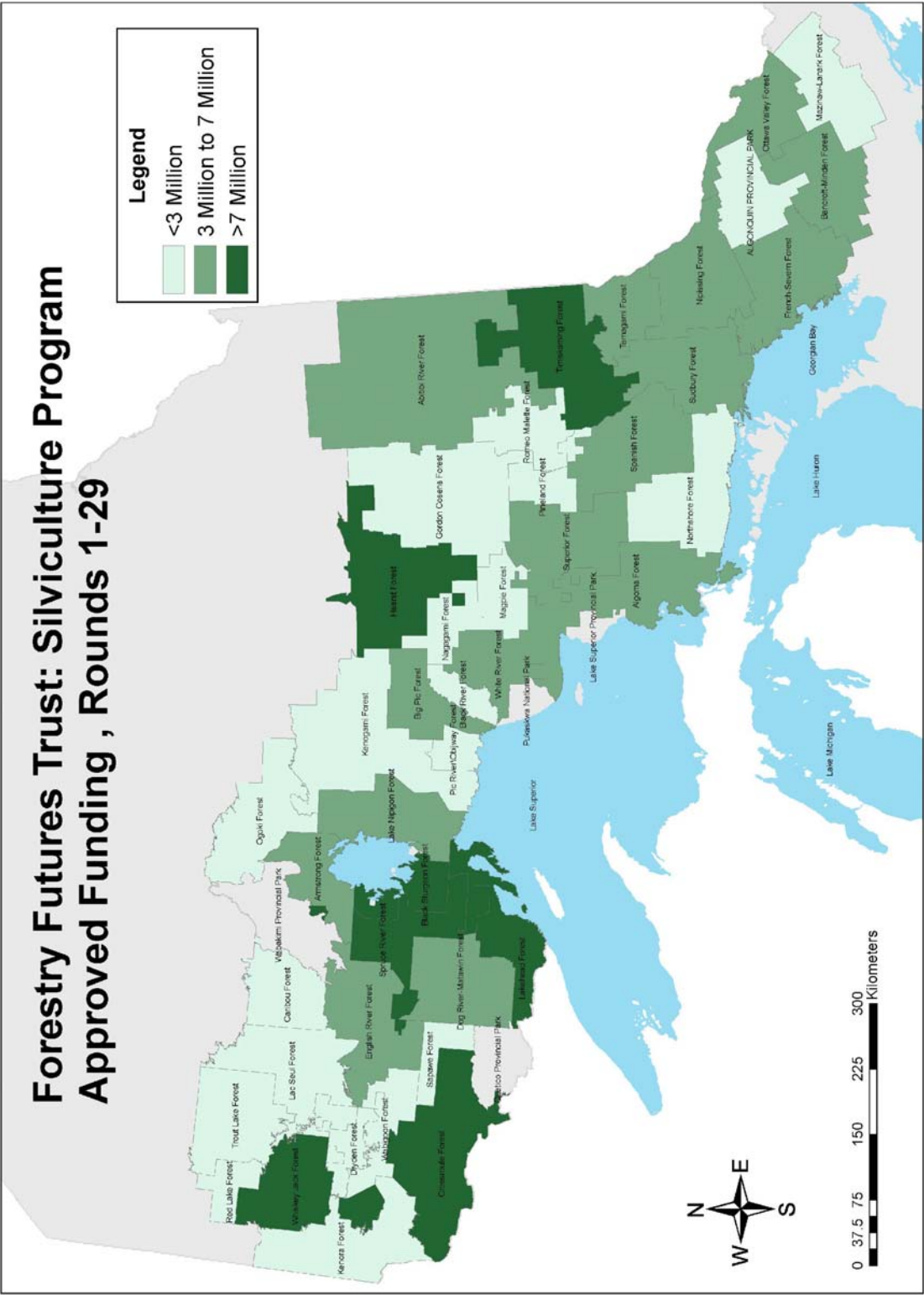
Expenditures

Meetings	\$78,620.25
Per diems – Committee	\$81,745.00
Per-diems – Professional Staff	\$159,373.12
Admin Support	\$51,256.98
Supplies (Communication/consumables)	\$16,447.50
Equipment / Signage	\$9,038.00
Overhead	<u>\$54,856.70</u>
TOTAL Expenses	\$387,959.38

NOTES:

Please check our website at www.forestryfutures.ca for the following:

- Auditors' Report (once tabled in legislation)
- A listing of new, ongoing, and completed project detail for the silviculture, EFPS, FNFD, eFRI and SFL Coop programs.





Appendix 2

