



FORESTRY FUTURES TRUST ONTARIO

Forestry Futures Trust Committee

2015/16 Annual Report

***Forestry Futures Trust Committee***

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## **CHAIR'S MESSAGE**

On April 1, 2016 a new version of the Forestry Futures Trust Committee (FFTC) was born. That date saw the retirement of two highly effective and valuable Committee stalwarts, Bob Elliott, who had been a member of the Committee for a decade, and Eric Wang who had also provided wise council for the previous five years. Replacing them on that date were forester and manager Bill Baker who came to the committee with some 30 years of government service behind him, and James Harrison, another forester who had spent a career with the forest industry in Northwestern Ontario. They joined Mike Barker, the new dean of Committee members with some 17 years of Committee participation directed by a career in the Northern Ontario forest which ranged from fighting fires to procuring fibre, and forester Herb Bax, with some four years of Committee involvement drawing from a career in forestry consulting, not only in Ontario but elsewhere in Canada as well as offshore. On that same date I joined the Committee as its new chair, replacing former founding Committee member and eventual Chair H. Maureen Kershaw who had earlier resigned to take up a new challenge in forest research.

The jitters of the 'newbies' as to whether we could measure up to the high bars set by our predecessors were early eased when we realized that the combination of our experienced Member colleagues, a small but highly effective staff cadre, and support by an MNRF FFTrust secretariat would collectively nurture us along and keep us out of trouble! So the past four months have provided an intensive learning curve for the three of us but my sense is that we are getting to understand the role of the Committee and the uniqueness of the opportunity set out before us.

The Forestry Futures Trust Committee was created by the Minister of Natural Resources in 1995 under the auspices of Subsection 51 (7) of what was then the new Crown Forest Sustainability Act. The Committee, should the Minister create same, has been assigned two statutory obligations: i) to advise the Minister on the criteria to be used in making payments from the Trust, and ii) to issue directions to the Trustee on a) how much of the funds of the Trust shall be paid out in any year, and b) on what payments to make from the Trust funds to best implement the above referenced selected criteria. March 2016 saw the completion of the joint review and update of the FFTC Terms of Reference, by the MNRF and FFTC. One of the early tasks of the renewed Committee will be to assess how these statutory obligations are being carried out and whether or not some process changes may be in order to ensure the Committee meets its obligations to both the legislation and the Minister.

The original intent of the Trust has been set out on the following page. The described silviculture responsibilities continue to form a significant element in the FFTC operational program; pest control less so to this point in time. The legislation allows the Minister to assign additional purposes to the trust and to that end the Committee today also carries a significant role as a mechanism to manage funds in the areas of independent forest audit, forest tenure modernization, and enhanced forest resource inventory production and delivery. The past 20 years has seen the FFTC become an effective and efficient force in managing and directing some of the funding directed toward Ontario's future forest estate. That history would also suggest that there may be further benefits to accrue via further Ministerial investment in the FFTC opportunity. Stay tuned!

*R A Riley*

## 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 Trust Committee (FFTC).

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



**Ray Riley**, P Eng., R.P.F. (Hon) (member since February 2016). Ray holds degrees in geology from Acadia and Queens and has been a member of the Professional Engineers Ontario

for over 40 years. He comes the FFT Committee after 30 years with the Ontario government culminating as Assistant Deputy Minister of Operations for Ontario's Ministry of Natural Resources. Subsequent to his career in government he was active as a consultant for some 25 years focusing on natural resource management for the Forest Industry, First Nations, Ontario, and Canada.

#### 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. Bob retired from the committee March 31, 2016



**Erik Wang, R.P.F.** (ON and BC) (member since 2011) holds Bachelor and Master 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. Erik retired from the committee March 31, 2016.



**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.



**Bill Baker**, (member since February 2016) had a 30 plus career in natural resource management primarily as a senior manager with the

Ontario Ministry of Natural Resources. Bill has worked throughout Ontario but has spent much of his career in Thunder Bay. After retiring in 2010, Bill shifted direction and spent time as a board member of the Northwestern Ontario Community Care Access Center.



**James Harrison**, (member since February 2016) holds a Forestry Degree (1975) from Lakehead University. His 39 year career with industry

included positions with Kimberly-Clark of Canada and Greenmantle Forest Inc. In his spare time, James volunteers as a driver with the Red Cross and enjoys golfing.

## 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
- Aaron Dorland, R.P.F., Silviculture and eFRI Program Coordinator
- Sarah Bros, R.P.F., Independent Forest Audit Analyst (resigned March 31/16)
- Anastasia Frisby, Office Administrator
- Claire Riddell, Financial Information

## 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 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 RPF, Matt Kendrick RPF and James Fitzpatrick
- *eFRI Program* – Joe Kapron, RPF, Ian Sinclair and Geordie Robere-McGugan RPF
- *Forest Management Component* – Betty Vankerkhof, RPF
- *Tenure Modernization*- Kevin Coombs, RPF, Chad Anderson RPF and Andy Lemmetty, RPF

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 Branch for their continued support.

## 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 2015/16

|                                                      |                   |
|------------------------------------------------------|-------------------|
| <b>Available Funds</b>                               |                   |
| Received from the <i>Forestry Futures Trust Fund</i> | 545,307.00        |
| 2014/15 unspent balance                              | 153,693.69        |
| <b>TOTAL Funds Available</b>                         | <b>669,000.69</b> |
|                                                      |                   |
| <b>Expenditures</b>                                  |                   |
| Meetings/Travel                                      | 85,578.72         |
| Committee Honorariums                                | 87,416.83         |
| Professional Fees/Contract Staff                     | 123,595.72        |
| Admin Support                                        | 86,578.07         |
| Supplies (Communication/consumables)                 | 10,863.74         |
| Equipment / Signage                                  | 7,782.92          |
| Overhead                                             | 51,533.66         |
| <b>TOTAL Expenses</b>                                | <b>245,942.47</b> |

## OUR PROGRAMS

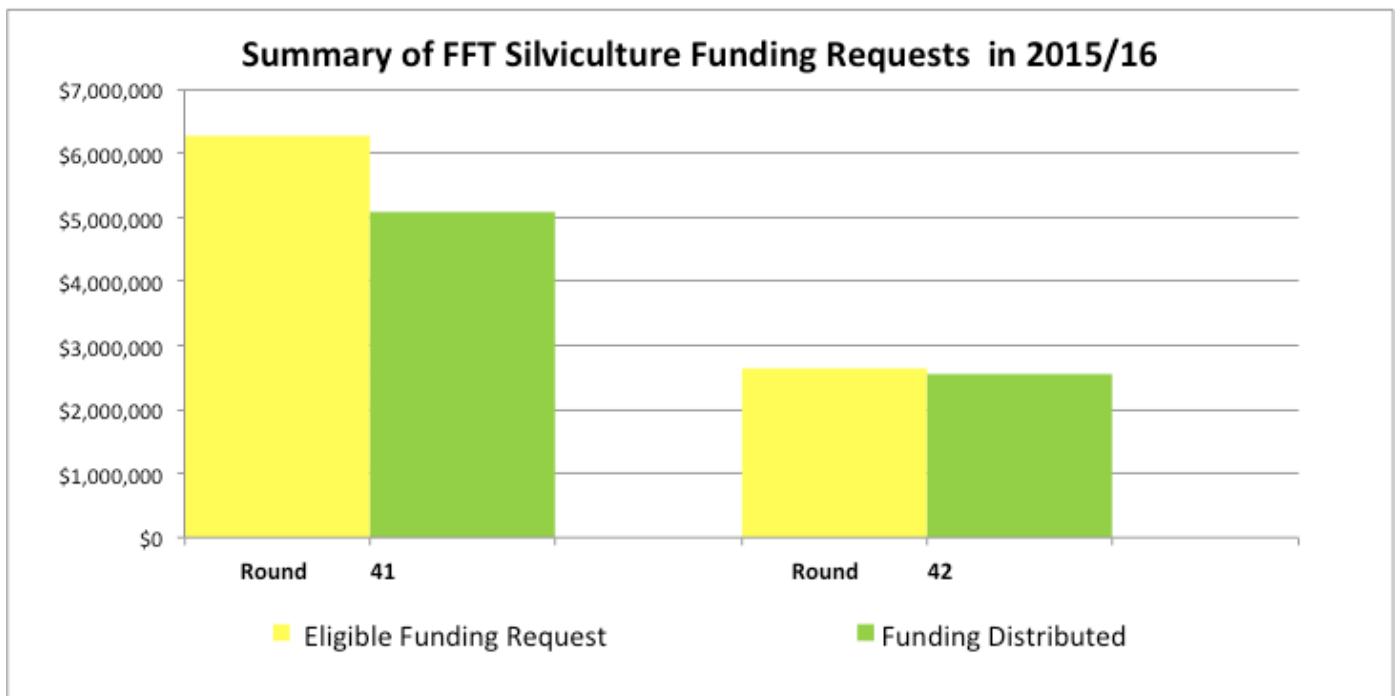
### Silviculture Program

The Silviculture program funds silviculture needs resulting from forces of natural depletion such as fire, wind, insects, disease, 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.



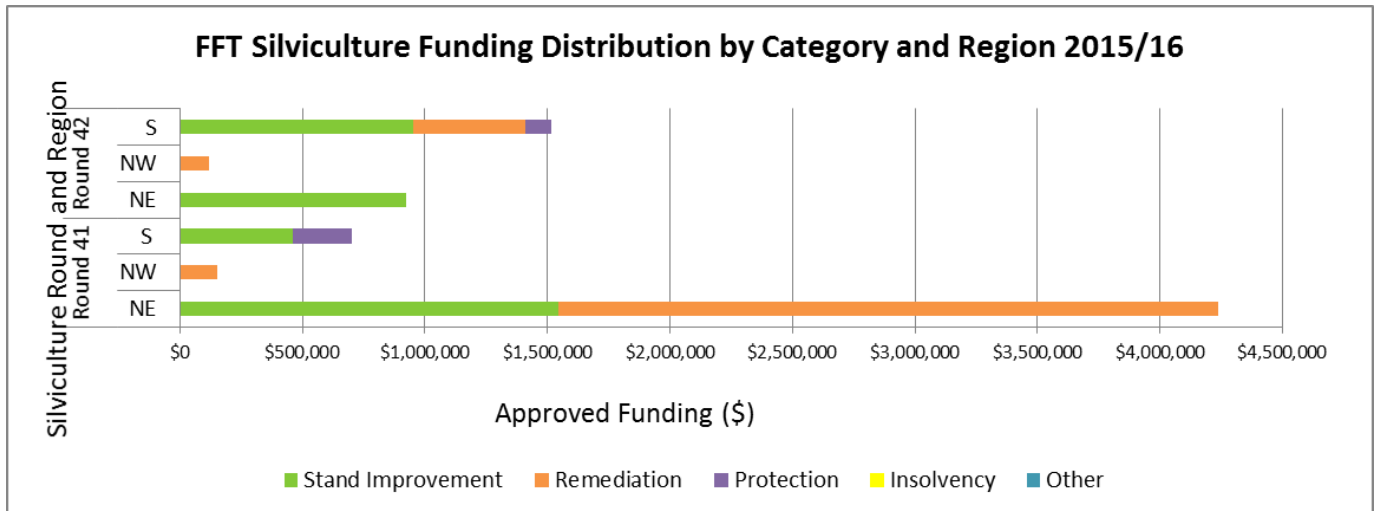
*Silviculture Field visit to Abitibi River Forest*

The Committee extended two invitations to apply for FFT Silviculture program funding in the 2015/16 fiscal year: Rounds 41 and 42. A summary is found in the graph below. Funds are distributed as a reimbursement program after work is completed.



In 2015/16, approved funding for silviculture projects totaled \$7.7 million over Round 41 and 42. Funding by region was distributed with 29% of approved funding allocated to the

Southern region, 4% to the Northwest Region and the Northeast Region each receiving 67% of the total allocation.



The graph above illustrates the funding distribution by region and category for each round. The distribution by category was 51% of approved funds being allocated to Stand Improvement and 45% of approved funds allocated to projects addressing Remediation after natural disturbance. Projects addressing Protection represent 4% of the approved funding.

**Note:** A list of New, Ongoing and Completed FFT Silviculture Program projects can be found on the FFTC website [www.forestryfutures.ca](http://www.forestryfutures.ca)

### FFT Silviculture Field Report

As in previous years, the FFTC selected past projects for site visits to examine the success of treatments. This initiative provided 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 in 2015, 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 Committee provides signs for completed projects on an annual basis. Signs were erected by the company in areas of high traffic and visibility. During the summer of 2015, 11 signs were erected:-2 sign in the North West region, 2 in the North East Region, 5 in the Southern Region and 2 signs were replaced in the Wawa area.

### Independent Forest Audit Program

The Forestry Futures Trust Committee implements the annual Independent Forest Audit (IFA) Program for the Ministry of Natural Resources and Forestry (MNRF). FFTC responsibilities include: the allocation of funds to cover the cost of the audits; 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 MNRF concerning revisions to the audit program and IFA process and protocol, coordinates auditor orientation sessions with MNRF, and makes recommendations to the Minister of Natural Resources and Forestry as required or appropriate.

The 2015 Independent Forest Audit program consisted of scheduled audits on six forest. A review of the proposals from the four firms on the pre-approved Vendor of Record List saw the Committee award audit opportunities as follows:

Arbex Forest Resources Consultants Ltd.: Dog River Matawin Forest, Kenogami Forest and Wabigoon Forest

Arborvitae Environmental Services Ltd.: Red Lake Forest and Trout Lake Forest

Craig Howard RPE: English River Forest

The six audits were awarded at a total cost of \$592,264, including HST. Upon completion of the audits expenses were reconciled with actual expenditures, the actual cost to complete all six 2015 audits was \$568,822.

Four of the six 2015 Independent Forest Audits resulted in a positive conclusion; however every audit had a number of recommendations for improvement. Two audits identified a number of critical recommendations that resulted in a conditional auditor conclusions. Detailed action plans to address issues found

### IFA Modernization Initiative

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 will 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 FFTC input has been provided to ensure a balanced risk assessment. MNRF and FFTC will test the new model in the 2016 audit year.

during the audits have been prepared and will be posted on the MNRF website alongside the audit reports once they are tabled in the legislature by the Minister of Natural Resources and Forestry.



*Wabigoon Forest IFA field portion 2015*

## 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 Big Pic, Kenogami, Armstrong, Lac Seul, 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 submitted in April of 2013.

The Committee did not receive any ESFL applications in 2015. Three previously approved ESFL projects remained active throughout 2015, with the Nipissing ESFL project reaching a conclusion in June 2015. Active projects in 2015 included:

- ESFL-003-2013, Nipissing Forest
- ESFL-004-2014, Northeast Superior (Martel and Magpie) Forest
- ESFL-005-2014, French-Severn Forest

The Kenogami Forest project (ESFL-001-2013) remains open however no progress was reported in 2015



## Local Forest Management Corporation Conversion Program

In August 2012, the MNRF added the Local Forest Management Corporation (LFMC) Conversion Program to the Forestry Futures Trust Fund. The purpose is to provide funding to support the start-up and establishment of Ontario 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 (NFMFC) was established in May 2012. In 2015-16 the Committee received and approved an application from NFMFC for third year funding for \$0.5 M from the LFMC Conversion Program account. NFMFC is currently 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 in 2016.

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



*English River IFA field portion 2015*



## 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 FFTC 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 FFTC has the lead on designing and co-delivering the knowledge transfer and tool development (KTTD) component of the eFRI.*

The 2015/16 fiscal was the 9<sup>th</sup> year of the eFRI program that built on an earlier forest inventory program funded through the Trust. The MNRF program accomplishments for 2015/16 are outlined in the table below.

| Forest                 | Status                    | Approximate Area Interpreted in 2015/2016 |
|------------------------|---------------------------|-------------------------------------------|
| Abitibi River Forest   | Interpretation Ongoing    | ~ 18,394 sq. km (91% complete)            |
| Algoma                 | Interpretation Ongoing    | ~ 7,001 sq. km (80% complete)             |
| Algonquin              | Complete                  | ~ 841 sq. km (100% complete)              |
| Black Spruce           | Interpretation Ongoing    | ~ 3,054 sq. km (22% complete)             |
| Cat Lake / Slate Falls | Complete                  | ~ 1,058 sq. km (100% complete)            |
| Caribou                | Complete                  | ~ 39 sq. km (100% complete)               |
| Dog River-Matawin      | Complete                  | ~ 9,330 sq. km (100% complete)            |
| Dryden                 | Interpretation Ongoing    | ~ 1,479 sq. km (48% complete)             |
| English River          | Complete                  | ~ 9,642 sq. km (100% complete)            |
| French-Severn          | Complete                  | ~ 4,938 sq. km (100% complete)            |
| Gorden-Cosens          | Complete                  | ~ 41 sq. km (100% complete)               |
| Lac Seul               | Interpretation Ongoing    | ~ 2,116 sq. km (19% complete)             |
| Lake Nipigon           | Interpretation Ongoing    | ~ 10,339 sq. km (83% complete)            |
| Magpie                 | Interpretation Ongoing    | ~ 4,017 sq. km (92% complete)             |
| Mazinaw-Lanark         | Interpretation Commencing | ~ 4,106 sq. km (42% complete)             |
| Nagagami               | Interpretation Commencing | 0 sq. km                                  |
| Nipissing              | Complete                  | ~ 2,715 sq. km (100% complete)            |
| Northshore             | Interpretation Ongoing    | ~ 8,445 sq. km (99% complete)             |
| Ottawa Valley          | Interpretation Commencing | 0 sq. km                                  |
| Pineland               | Complete                  | ~1,584 sq. km (100% complete)             |
| Sapawe                 | Complete                  | ~5,524 sq. km (100% complete)             |
| Spanish                | Complete                  | ~ 1,000 sq. km (100% complete)            |
| Sudbury                | Interpretation Ongoing    | ~ 6,785sq. km (84% complete)              |
| Timiskaming            | Interpretation Ongoing    | ~ 7,986 sq. km (54% complete)             |
| Temagami               | Complete                  | ~ 2,309 sq. km (100% complete)            |
| Trout Lake             | Complete                  | ~ 4,961 sq. km (100% complete)            |
| Wabakimi Park          | Complete                  | 164 sq. km (100% complete)                |
| Whiskey Jack           | Interpretation Ongoing    | 205 sq. km (2% complete)                  |

### ***Update of Knowledge Transfer and Tool Development Component of eFRI***

In January 2015, the FFTC announced a Call for Proposals for eligible projects for up to \$1,000,000 to 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
- 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 LOI stage with a total request of \$928,000.

During 2015/16 work progressed on all eight projects. The small scale project titled "Developing GIS software to process photogrammetric point cloud data for inventory production" was completed, and a workshop was held on November 25, 2015 in Thunder Bay. The workshop was intended to teach participants the theory behind how area-based forest inventories are created from point cloud data, as well as providing hands on experience. There were 25 participants that attended the workshop.

### **Forest Genetic Resource Management Program**

On June 4, 2015, the Minister of Natural Resources and Forestry specified Forest Genetic Resource Management (FGRM) Program as a new purpose for the Forestry Futures Trust.

The funding of forest genetic resource management activities that benefit Crown forests. The amount of funding for this purpose is not to exceed \$300,000 per annum and is funded from the Forestry Futures Trust base charge. Regional associations are eligible to apply for this funding. These include: Superior Woods Tree Improvement Association, Northeast Seed Management Association and Forest Gene Conservation Association

