

**Lake Nipigon Forest
2001-2006 Independent Forest Audit
Action Plan**

**Lake Nipigon Forest 2001-2006 Independent Forest Audit Action Plan
Signature Page**

Prepared by:

Paul Poschmann, R.P.F.
General Manager
Lake Nipigon Forest Management Inc.

Date: _____

Chris Leale, R.P.F.
Area Forester
Nipigon District, OMNR

Date: _____

Submitted by:

Kim Groenendyk
District Manager
Nipigon District, OMNR

Date: _____

Kevin Leveque
A/District Manager
Thunder Bay District, OMNR

Date: _____

**Lake Nipigon Forest 2001-2006 Independent Forest Audit Action Plan
Signature Page**

Endorsed by:

Allan Willcocks, R.P.F.
Regional Director
Northwest Region, OMNR

Date: _____

Chris Walsh, R.P.F.
A/Director
Forests Branch, OMNR

Date: _____

Dave Hayhurst, R.P.F.
A/Director
Industry Relations Branch, MNDMF

Date: _____

Mark Speers, R.P.F.
Project Director, Tenure and Pricing Review Project
Forestry Division, MNDMF

Date: _____

**Lake Nipigon Forest 2001-2006 Independent Forest Audit Action Plan
Approval Page**

Approved by:

Bill Thornton, R.P.F.
Assistant Deputy Minister
Forestry Division, MNDMF

Date: _____

Rosalyn Lawrence
Assistant Deputy Minister
Policy Division, OMNR

Date: _____

David de Launay
Assistant Deputy Minister
Regional Operations Division, OMNR

Date: _____

Lake Nipigon Forest 2001-2006 Independent Forest Audit Action Plan

INTRODUCTION

The auditor, KBM Forestry Consultants Inc., conducted an Independent Forest Audit on the Lake Nipigon Forest (Sustainable Forest Licence (SFL) #550412) for the period April 1, 2001 to March 31, 2006. The final report was received by Norampac Inc. and the MNR on December 22, 2006 and therefore the action plan was due February 22, 2007. The audit identified 27 recommendations (including the concluding recommendation) and 18 suggestions. The action plan provides a description of the actions required, details on who is responsible and timelines for each of the action items, as well as methods of tracking progress. The audit protocol does not require a response to audit suggestions from the auditors, however, many suggestions have also been addressed in this action plan. Due to the time that has past since the audit progress to date for each of the actions required has also been included as well as future tracking for any actions yet to be completed.

A preliminary draft of the action plan was made available for regional review in late January of 2008 that included company, district, regional and corporate input to date, and review comments were provided on February 29 and March 25, 2008. Completion of the Action Plan was delayed by a number of factors including the transfer of the Lake Nipigon Forest SFL from Norampac Inc. to Lake Nipigon Forest Management Inc. in 2008 and other pressing challenges faced during a period of unprecedented decline in the forest industry. The action plan was finalized following submission and review of the complete revised and updated action plan.

During the audit period of April 1, 2001 to March 31, 2006 Domtar Inc. was initially the SFL holder and then Norampac Inc. became the holder of SFL 550412 on March 1, 2007. Domtar continued to manage the forest on behalf of Norampac and then Cascades after the SFL was assigned by transfer to Cascades Canada Inc. in April, 2007. By May of 2008 the beneficiary mills and traditional loggers on the forest successfully negotiated a shareholders agreement setting the stage for the establishment of a “cooperative” SFL. An outcome of the shareholder agreement was the formation of Lake Nipigon Forest Management Inc. (LNFMI) and the subsequent transfer of the SFL from Cascades Canada Inc. to LNFMI on May 30, 2008. During the summer of 2008 LNFMI entered into a management agreement with Buchanan Forest Products Ltd. (BFPL). Following the receivership of BFPL, LNFMI in April of 2009 entered into a service agreement with GreenForest Management Inc. to continue providing management services. The new SFL holder LNFMI is shown as the organization responsible for the SFL’s action(s) throughout the Action Plan, other than matters previously actioned by Domtar Inc. on behalf of the former SFL holder.

The next 2011 forest management plan (FMP) includes the amalgamation with the Armstrong Forest and therefore relevant actions related to the next FMP are the same or similar to the Armstrong 2006 IFA action plan. The FMP was originally proposed as a 2010 FMP but has subsequently been revised to a 2011 FMP. All actions required have been adjusted for the 2011 FMP expected to be approved in May 2011.

PART I - RECOMMENDATIONS

Recommendation:

#1 The Ministry of Natural Resources must ensure that forest management planning notices to Aboriginal communities are placed in the Aboriginal media identified in the Terms of Reference of the next forest management plan.

Action Required:

1. The Terms of reference for the next 2011 -2021 FMP will identify the Aboriginal media where forest management planning notices are to be placed.
2. The planning team will place notices in the Aboriginal media identified in the terms of reference.

Organization/Individual responsible:

1. MNR Thunder Bay District Planning Forester
2. MNR Thunder Bay District FMP Coordinator

Deadline:

1. Prior to the Phase 1 planning (approx. October 2007)
2. Ongoing, beginning with the 2011-2021 FMP.

Method of Tracking Progress:

1. Terms of Reference for the 2011-2021 FMP.
2. Copies of the media notices will be retained on file.

Progress to Date:

1. Completed. The terms of reference approved November 1, 2007 for the 2011 FMP included direction on placing notices in the Aboriginal media. Based on discussion with participating First Nation the Anishinaabek News and Sioux Lookout Wawatay News were chosen as the preferred local Aboriginal media.
2. Ongoing. The following notices have been placed in Aboriginal media to date:

Stage 1 Invitation to Participate

- Anishinaabek News – November 11, 2007
- Sioux Lookout Wawatay News – November 15, 2007

Stage 2 Review of Proposed Long Term Direction

- Anishinaabek News – December 8, 2008
- Sioux Lookout Wawatay News – November 27, 2008

Stage 3 Information Centre Review of Proposed Operations

- Anishinaabek News – May 15, 2010
- Sioux Lookout Wawatay News – March 18, 2010 (Correction April 29, 2010)

Stage 4 Review of Draft Plan

- Anishinaabek News – November, 2011
- Sioux Lookout Wawatay News – November 11, 2011

Copies of the media notices have been filed by Thunder Bay District.

Future Tracking:

Stage 5 Inspection of MNR Approved Forest Management Plan forecast for June 2011

Recommendation:

#2 The Ministry of Natural Resources must ensure that the Notice of Annual Work Schedule Public Inspection and aerial herbicide program notices to Aboriginal communities meet the requirements of the Forest Management Planning Manual with respect to notices in the Aboriginal media.

Action Required:

1. MNR will contact each Aboriginal community in or adjacent to the forest regarding the requirement to publish a Notice of AWS Public Inspection and notice of aerial herbicide program in local publications in the Aboriginal media to discuss the communities preference for the 2006-2011 plan. This will be done in conjunction with the development of a consultation approach for the 2011 – 2021 FMP. If the discussion does not confirm a preference the requirements described in Part D section 8.0 of the FMPM will apply.

2. Each Aboriginal community in or adjacent to the Lake Nipigon Forest will be contacted to discuss the development of a consultation approach for forest management planning for the 2011-2021 FMP. In those cases where a consultation approach has been developed and contains provisions for annual operations, those provisions will apply. In cases where a consultation approach is not agreed upon the requirements as per Part D Section 8.0 of the FMPM will apply.

Organization/Individual responsible:

1. MNR Nipigon District Area Forester
2. MNR Nipigon District Area Forester

Deadline:

1. Start up of 2011 FMP preparation.
2. Prior to Phase 1 of the 2011-2021 FMP and ongoing during plan production.

Method of Tracking Progress:

1. Meeting minutes/documentation, AWS and aerial tending notices
2. Approved consultation approach and/or copies of all notices/correspondence will be retained.

Progress to Date:

1. Completed. Refer to action 2 progress to date below related to annual operations.
2. Ongoing. All five First Nations on the Lake Nipigon Forest participated in the development of a customized consultation approach for the development of the 2011 FMP, including choosing to participate directly on the planning team. Each First Nation chose to develop a customized approach as each stage of the progress is addressed (completed up to stage 4) to reflect on what has been achieved to date and to respond to evolving community interests, with some preliminary indication of preferred approaches. With regard to annual operations (AWS) notices customized provisions have not been requested as part of the consultation approach, with exception of providing aerial spray overview maps for viewing at the Red Rock Band and Pays Plat First Nation office.

Future Tracking:

2. Development of the 2011 FMP consultation approach will continue until all stages of plan production are completed (Stage 5 Remaining).

Recommendation:

#3 The Ministry of Natural Resources and Norampac Inc. must ensure the Terms of Reference for the next forest management plan is approved prior to the issuance of the Invitation to Participate.

Action Required:

1. The plan author and MNR Planning Forester for the 2011 FMP will ensure the Terms of Reference is approved prior to issuing the Invitation to Participate as required by the 2004 FMPM.

Organization/Individual responsible:

1. Domtar Inc. (at time of Invitation to Participate), FMP Plan Author (lead); MNR Thunder Bay District Planning Forester

Deadline:

1. Prior to Invitation to Participate (approx. October 2007)

Method of Tracking Progress:

1. Documentation of approval of terms of reference on the signature page of the terms of reference.

Progress to Date:

1. Completed. The Terms of Reference for the 2011 forest management plan for the amalgamated Armstrong/Lake Nipigon Forest (known as the Lake Nipigon Forest) was approved by the Regional Director on November 1, 2007. The invitation to participate notices were mailed out and placed in the proposed media between November 3 and 15, 2007.

Recommendation:

#4 The Ministry of Natural Resources and Norampac Inc. must review plan issues at the time the Terms of Reference is being drafted and assign appropriate resources to ensure that issues are dealt with during the planning process.

Action Required:

1. Identify plan production issues as part of the development of the Terms of Reference. Set plan production targets and set up task teams with sufficient people to deal with the issues identified.
2. Address issues during 2011 FMP production

Organization/Individual responsible:

1. Domtar Inc./Lake Nipigon Forest Management Inc., FMP Plan Author (lead), MNR Nipigon District Area Forester and Thunder Bay District Planning Forester
2. Domtar Inc./Lake Nipigon Forest Management Inc., FMP Plan Author (lead), MNR Nipigon District Area Forester

Deadline:

1. June 30, 2007 (or before ToR is signed)
2. As per terms of reference plan production schedule.

Method of Tracking Progress:

1. Approval of Terms of Reference documenting plan production issues.
2. Minutes of Planning Team and Task Team meetings.

Progress to Date:

1. Completed. The approved terms of reference for the 2011 FMP described potential plan production issues (amalgamation, FRI Update, Multiple District, Ground Water Recharge Zones, Diversity of Forest Users, Caribou). Twelve task teams were established focusing on clear roles and responsibilities to support the completion of plan production targets as presented in the terms of reference, including tasks associated with addressing the potential production issues.
2. Ongoing. To date, all identified plan production issues have been dealt with using the task team approach identified above. The change in production schedule from a 2010 FMP to 2011 also provided opportunities to address implementation of the *Forest Management Guide for Conserving Biodiversity at the Stand and Site Scales*, Aboriginal values information, reconciliation of responsibilities for existing roads/road networks and development of use management strategies for same. In response to further delays a one year 2011-2012 contingency plan was prepared and approved to enable forestry operations on April 1, 2011; while the 2011-2021 FMP was completed and approved for implementation (expected to be approved in May 2011).

Future Tracking:

2. Action required will be completed with the approval of the 2011-2021 Lake Nipigon FMP.

Recommendation:

#5 The Ministry of Natural Resources must inform the public of the results of the studies conducted and the decision with respect to the proposed road link between the Armstrong and Lake Nipigon Forests.

Action Required:

1. Based on consideration of the three studies MNR was not prepared to proceed with the preparation of the proposed amendment to allow a road link between the Armstrong and Lake Nipigon Forest. This decision with explanation was documented in a letter to the Domtar Woodlands Manager dated July 26, 2006 and circulated to the affected forest industry stakeholders. The letter was forwarded to the Aboriginal Strategy Group who had engaged the affected First Nations and also to the Wildlands League. The decision was also presented to the two affected Local Citizen Committees (Armstrong and Nipigon East Area). The decision was then reiterated during the start up of the 2011 FMP to participants on the planning team. Informing the broader public will be addressed during development of the 2011 FMP by including a supplementary explanation of MNR's decision to not support moving forward with the road link proposal at the First Information Centre.

Organization/Individual responsible:

1. MNR Nipigon District Area Forester

Deadline:

1. January 2009

Method of Tracking Progress:

1. Copy of LCC minutes and planning team minutes, information centre documentation.

Progress to Date:

1. Completed: Decision reiterated during start up of 2011 FMP to planning team at the first planning team meeting May 4, 2007 as per stated action.

Not completed: Informing the broader public was not addressed at the First Information Centre. Informing the broader public about MNR's decision to not support moving forward with the road link was done through the presentation of proposed primary roads and use management strategies in the Lake Nipigon Forest 2011-2021 Forest Management Plan (draft plan review from December 10, 2010 to February 8, 2011). It is felt that over time members of the public have become aware of the reason for the decision and continued MNR support for the decision through the presentation of the proposed primary roads and use management strategies in the 2011-2012 FMP and through feedback provided at various forums (e.g., LCC meetings including presentation at Geraldton LCC, FMP Information Centres and other informal discussions). No further tracking is necessary.

Recommendation:

#6 Norampac Inc. must include all required text in the “Geology, Soils and Sites” and “Historic Forest” sections of the next forest management plan.

Action Required:

1. Text regarding implications of geology, soil and site conditions and of the historic forest on the development of the forest management plan was a requirement of the 2004 FMPM (page B-12). However, the next 2011 Lake Nipigon Forest FMP is being prepared under the 2009 FMPM which no longer includes these requirements. Therefore, no action is proposed for this recommendation in the 2011 FMP.

Organization/Individual responsible:

1. Not applicable.

Deadline:

1. Not applicable.

Method of Tracking Progress:

1. Not applicable.

Progress to Date:

1. Not applicable. No action was proposed as shown in action required above.

Recommendation:

#7 The Ministry of Natural Resources must ensure that Natural Resources Values Information System information is provided for Forest Management Plan and Annual Work Schedule preparation, as described in the Forest Information Manual. (Repeat recommendation from 2001 IFA.)

Action Required:

1. Data collected during the implementation of the 2006-2011 FMP and data collected in association with the 2011-2021 FMP will be entered into NRVIS and provided to the SFL holder within the required timeframe as set out by FIM. Through this action the data would be available for FMP and AWS preparation.

Organization/Individual responsible:

1. MNR Nipigon District Area Forester (Lead), MNR Nipigon District Area Biologist and MNR Nipigon District GIS Officer

Deadline:

1. 2011 FMP – by October 2007 in advance of Information Centre and any updates during plan development; annual updates by November 1st of each year during implementation of the 2006-2011 FMP and ongoing during 2011 FMP implementation.

Method of Tracking Progress:

1. Values data entry into NRVIS will be date stamped by Nipigon District Information Management Section. Portal submissions of updated NRVIS information provided to the SFL holder are automatically date referenced.

Progress to Date:

1. Ongoing annually during implementation of 2006-2011 FMP: updated NRVIS information was provided annually by November 1st each year and for new values associated with active operations within measured days as per FIM Base and Values Technical Specifications.

Ongoing 2011 FMP: for the 2011 FMP updated NRVIS data was provided for the FMP as part of stage 1 of the plan development (Invitation to Participate). During production of the FMP the annual update continues to contribute to the plan development, including MNR's review of proposed operations (at stage 3 and 4), including through the preparation of the final list of required alterations, based on the most current NRVIS information.

Future Tracking:

1. Updated NRVIS data will continue to be provided during the full plan implementation for active operations.

Recommendation:

#8 Norampac Inc. must ensure that all required text regarding the monitoring and assessment program is included in future forest management plans.

Action Required:

1. The plan author for the 2011 FMP will review the requirements of the 2009 FMPM with respect to monitoring and assessment and meet these requirements in the 2011 FMP.
2. Text regarding the monitoring and assessment program will be included in the AWS in accordance with Part D, Section 3.2.9 of the 2004 FMPM and Section 3.2.7 of the 2009 FMPM.

Organization/Individual responsible:

1. LNFMI FMP Plan Author
2. Domtar Inc./LNFMI SFL Forester

Deadline:

1. 2011 Draft Plan Submission (approx Oct 2010)
2. Ongoing with each AWS, commencing in 2007-08.

Method of Tracking Progress:

1. 2011 Draft FMP text.
2. Annual Work Schedule text.

Progress to Date:

1. Ongoing. Addressing the stated action is continuing with development of the 2011 FMP and will also consider R#19 and S#14. Draft Plan was submitted on October 18, 2010.
2. Ongoing as outlined in action required. Each AWS commencing with 2007/08 has included text regarding monitoring and assessment as required by the 2004 FMPM.

Recommendation:

#9 The Ministry of Natural Resources must ensure that the new Landscape Guide include current science respecting woodland caribou consistent with the spirit and intent of the Declaration Order MNR-71.

Action Required:

1. A review of all forest management guides was completed in response to Ontario Forest Accord Item 27 to ensure guides fulfilled their intended purpose in an effective and efficient manner. The consultants report 'Review of Forest Management Guides' was submitted May 31, 2000. This review included the Caribou Guide. Development of the Boreal Landscape Guide is currently under production and forecast for completion in 2011 for implementation with 2013 FMPs, pending the finalization of the caribou habitat regulation under the Endangered Species Act. The guide is considering the recommendations of the consultants report, recent caribou research, results of implementing the existing guide, the Caribou Conservation Plan, the initiatives stemming from its strategies and actions (e.g. the preliminary screening tool to assess resource development proposals and interim policy interpretation and decision making criteria regarding habitat renewal, road densities, etc.) and the change in species at risk status. The guide production will also involve pilot testing in areas where caribou is being managed prior to finalization of the guide (i.e. the science supporting the draft guide direction is being used during the development of the 2012 FMPs).

Organization & Position Responsible:

1. MNR Forests Branch, Forest Policy Section, Ecology Forester

Deadline Date:

1. Dec 31, 2011

Method of Tracking Progress:

1. Minutes of development team meetings, correspondence, landscape guide pilot testing, final landscape guide

Progress to Date:

1. Ongoing as outlined in action required.

Future Tracking:

1. Completion of action required.

Recommendation:

#10 The Ministry of Natural Resources must ensure that amendment notices to Aboriginal communities meet the requirements of the Forest Management Planning Manual with respect to notices in the Aboriginal media.

Action Required:

1. Exploring a consultation approach for amendments during the implementation of the 2006-2026 FMP will be addressed as part of action 2 below.
2. Each Aboriginal community in or adjacent to the Lake Nipigon Forest will be contacted to discuss the development of a consultation approach for forest management planning for the 2011-2021 FMP. This discussion will include exploring a consultation approach for amendments during the implementation of the 2006-2026 FMP and 2011-2021 FMP. In those cases where a consultation approach has been developed and contains provisions for plan amendments, those provisions will apply. In cases where a consultation approach is not agreed upon the requirements as per Part C Section 7.0 of the 2004 and 2009 FMPM will apply to plan amendments.

Organization/Individual responsible:

1 & 2. MNR Nipigon District Area Forester

Deadline:

1 & 2. Development of a consultation approach prior to Phase 1 of the 2011-2021 FMP; implementation of that approach or Part C Section 7.0 of the FMPM for plan amendments will be ongoing during plan implementation.

Method of Tracking Progress:

1 & 2. Approved consultation approach and/or copies of all notices/correspondence will be retained on file.

Progress to Date:

1. Completed. With regard to the 2006 FMP implementation and associated amendment notices customized provisions were not requested during consultation approach discussions. This appeared to be related to the general interest in addressing customized provisions in advance of each stage of the 2011 FMP (i.e. stage by stage and case by case for amendments). For the Hanson Lake Primary Road major amendment each First Nation was approached to update values and develop a report on the protection of identified values if required, including opportunity for customized consultation. For each stage of the major amendment notices were placed in the Sioux Lookout Wawatay News. The development of customized provisions were not initiated for one minor amendment at the start of the 2006-2011 FMP (commercial thinning trial). The First Nations were contacted for the second minor amendment (Blackwater River Branch Road). No more minor or major amendments are expected after the summer of 2010.
2. Ongoing. All five First Nations on the Lake Nipigon Forest participated in the development of a customized consultation approach for the development of the 2011 FMP, including choosing to participate directly on the planning team. Each First Nation chose to develop a customized approach as each stage of the progress is addressed (completed up to stage 3) to reflect on what has been achieved to date and to respond to evolving community interests, with some preliminary indication of preferred approaches. With regard to the 2011 FMP implementation and associated amendment notices customized provisions have not been developed to date as part of the consultation approach discussions.

Future Tracking:

2. Development of the 2011 FMP consultation approach with respect to amendments during plan implementation will continue.

Recommendation:

#11 The Ministry of Natural Resources must ensure that all amendments are distributed in a manner consistent with the requirements of the Forest Management Planning Manual.

Action Required:

1. Copies of amendments for the 2006-2026 FMP are to be distributed to the required locations as per the timelines identified in the 2004 FMPM and subsequent direction under the 2009 FMPM.
2. Amendments submitted prior to electronic submissions and posting on the eFMP will be re-submitted electronically to cover the earlier distribution requirements and improved accessibility.

Organization/Individual responsible:

1. MNR Nipigon District Area Forester
2. MNR Nipigon District Area Forester

Deadline:

1. As required.
2. By December 31, 2009

Method of Tracking Progress:

1. Correspondence retained with copies of amendments at Nipigon District Office, and eFMP site summary.
2. E-FMP site summary

Progress to Date:

1. Completed and ongoing as required. Amendments submitted after April 1, 2008, are now required to be submitted electronically through the Forest Information Portal. Therefore, copies of amendments are no longer required to be forwarded to other locations because each location can now access the documents via the MNR eFMP site. All amendments submitted after April 1, 2008 (i.e. amendments 15 to 25 (note: amendment request 24 declined)) have been posted on the MNR eFMP site.

2. Not Completed. The intent of distributing the amendments submitted before electronic FMP posting (i.e. amendments 1 to 14) by re-submitting electronically via the FIM Portal was not done. This was a low priority given resources and commitments (e.g., sustained support for both the contingency plan and 2011-2021 FMP preparation). The 2006-2011 FMP amendments on the e-FMP site were unpublished after the expiry of the FMP. Completing this action will not provide public access to the 2006-2011 FMP amendments via the eFMP site (i.e., not required after the expiry of the plan). All FMP amendments are now effectively and efficiently distributed via the FIM portal and then published on the eFMP site. No future tracking required.

Recommendation:

#12: The Ministry of Natural Resources and Norampac Inc. must ensure Forest Operation Prescription changes are appended to Annual Work Schedules.

Action Required:

1. The SFL Forester will append FOP changes to the company AWS and provide a copy to the MNR to append to their copy of the AWS based on personal knowledge/site verification or ground-checks from the over-lapping licensees.

Organization/Individual responsible:

1. Domtar Inc./LNFMI SFL Forester (lead), MNR Nipigon District Area Forester

Deadline:

1. Ongoing with each AWS, commencing with the 2006-07 AWS

Method of Tracking Progress:

1. Documentation of FOPs appended to the applicable AWSs

Progress to Date:

1. Not completed prior to 2008-09 AWS. FOP documentation was provided to MNR as part of the initial submission of the AWS. FOP changes during AWS implementation were not forwarded to MNR, with the exception of some AWS revision submissions.

No longer required starting with 2008-09 AWS. Requirements for reporting changes in FOP's/SGR's have changed with the new 2009 FMPM. Changes are now reported in the Annual Report in a "SGR Change" coverage. Changes were reported in this new format in the 2008-09 Annual Report, submitted November 9, 2009.

Recommendation:

#13 The Ministry of Natural Resources and Norampac Inc. must improve utilization, tree retention and slash management practices. (Repeat recommendation from previous IFA.)

Action Required:

1. Domtar Inc./LNFMI will continue to identify utilization and tree retention as compliance issues in the compliance schedule submitted annually with the AWS and work with overlapping licensees and MNR through compliance and AWS meetings to ensure these issues are addressed.
2. LNFMI will track compliance reporting for all overlapping licensees, and report results internally on a periodic basis.
3. Domtar Inc./LNFMI and MNR will continue to work with the overlapping licensees to improve utilization and tree retention (additional training, use of standard operating procedure flashcards for tree retention, annual meetings, field trips for any outstanding problems and correct operator actions/procedures e.g. identifying trees with defects better left standing as wildlife tree retention trees).
4. Domtar Inc./LNFMI and MNR will continue to explore (with interested parties) opportunities for utilizing slash for other purposes (i.e. biofuel). Domtar Inc./LNFMI will continue to investigate alternate methods of slash piling and during site preparation operations all efforts are made to pile all accessible slash in the area, or in some cases the overlapping licensees are contracted to pile the slash. These areas are then burned in the fall slash pile burning operations. Slash piling and burning will be tracked in the company GIS system as per FIM Annual Report Technical Specifications to better track slash management, to identify effectiveness of slash piling efforts (including equipment used) and to address any problems.

Organization/Individual responsible:

1. Domtar Inc./LNFMI SFL Forester (lead), MNR Nipigon District Senior IRM Technical Specialist, MNR Nipigon District Area Forester
2. LNFMI SFL Forester
3. Domtar Inc./LNFMI SFL Forester (lead), MNR Nipigon District Senior IRM Technical Specialist, overlapping licensees
4. Domtar Inc./LNFMI SFL Forester (lead), MNR Nipigon District Area Forester

Deadline:

1. Beginning with the 06/07 AWS and ongoing annually.
2. Beginning with the 06/07 AWS and ongoing annually.
3. Beginning with the 06/07 AWS and ongoing annually.
4. Ongoing annually.

Method of Tracking Progress:

1. AWS compliance schedules of action; FOIP and field visits; documentation of compliance meetings with overlapping licensees.
2. LNFMI Board of Facility Directors presentation material.
3. Records of training, flashcards, documentation of compliance meetings/field trips with overlapping licensees.
4. Documentation of discussions with interested parties, actual/records of slash used/piled/burned - GIS database for slash piles, Annual Reports.

Progress to Date:

1. Ongoing. Utilization is always entered as a matter to be address in the “Annual Compliance Schedule of Action” developed for each block (Note: forms part of start up notice), along with other matters unique to the block, such as a specific AOC to be checked. Tree retention was not addressed as a specific focus in the start up notices (Annual Compliance of Action), but is a part of normal FOIP reporting. Compliance reports indicate that tree retention has not been a compliance issue. The collapse of the hardwood market after year one (2006/07) created a significant challenge, including the need for a

hardwood utilization strategy in subsequent AWS's. Though some hardwood has been stranded at roadside, the utilization strategy has resulted in both reducing hardwood left at roadside and curtailing this issue. Utilization and tree retention are agenda items covered during the annual AWS meetings attended by Domtar/LNFMI staff, MNR staff along with Overlapping Licensees and operators.

2. Ongoing. Compliance Reporting Summary for 2009-10 year to date presented at the Q2 and Q4 review for the Board of Facility Directors and Stakeholder shareholder meetings. Overall compliance has improved with respect to tree retention and utilization. Lack of hardwood markets recently has created issues for utilization of poplar and birch. No records are available to verify if internal compliance reports were prepared earlier than 2009.

3. Ongoing. Laminated training sheets dealing with a variety of compliance and operating instructions were delivered to overlapping licensees and operators at the annual AWS meetings.

4. Ongoing. In 2009 Terrace Bay Pulp indicated an interest in obtaining slash pile hog fuel. Unfortunately, market conditions led to the shutting of Terrace Bay. Slash pile database kept until with the 2009 FIM requirements changed with coverage reporting not required. An internal database was created with records from 2007 and 2008 of slash piled or burnt. Records were not kept of slash piling in 2009 and no burning was completed.

In spring of 2009 the Red Rock Band harvest in Dublin Blocks included a short term biofuel (hog) contract with Bowater that enabled very high utilization, including improved hardwood and chipper debris utilization. Unfortunately the contract was fairly short lived, but this operation did demonstrate the potential of this market.

Future Tracking:

1. Compliance issues will continue to be highlighted during the annual AWS meetings with MNR and Overlapping Licensees.

2. The stated action will continue to be implemented.

3. With the approval of the 2011 FMP, a revised suite of training requirements will be developed starting with the planned training on the new requirements presented by the Stand and Site Guide and those in the new FMP.

4. LNFMI will continue to explore opportunities for using and managing slash and will continue to track what has occurred. The Stand and Site Guide provides direction on slash and chipper debris management. The 2011 FMP is being prepared using the Stand and Site Guide and the approved 2011 FMP will be implemented upon commencement of operations.

Recommendation:

#14 The Ministry of Natural Resources and Norampac Inc. must ensure that all inactive aggregate pits are properly decommissioned.

Action Required:

1. The MNR and Domtar Inc. will assemble information on the location of inactive aggregate pits as reported to MNR through the "Category 14 Summary Report".
2. Domtar Inc. will survey inactive category 14 aggregate pits as reported to MNR through the Category 14 Summary Report to determine the requirements for decommissioning.
3. Domtar Inc. will work with the over-lapping licensees to decommission inactive category 14 aggregate pits to the appropriate standards, where identified by Action 2
4. The MNR Nipigon East/Terrace Bay Area, through the Annual Compliance Plan, audits 10% of all Category 9 Aggregate Permits for the Lake Nipigon Forest. Since Category 9 Aggregate Permits are issued in perpetuity, upon a request to surrender a Permit, the pit will be inspected to ensure that the pit is rehabilitated as per the site plan. An inspection report is completed and attached to the file indicating that the pit is rehabilitated
5. MNR Nipigon East/Terrace Bay Area will include an audit of Category 14 pits (now referred to as Forestry Aggregate Pits) as identified in its Annual Compliance Plan to ensure that the pits are in compliance with the standards.

Organization/Individual responsible:

1. Domtar Inc./LNFMI SFL Forester (lead), MNR Nipigon District Senior Land and Water Technician
2. Domtar Inc./LNFMI SFL Forester
3. Domtar Inc./LNFMI SFL Forester (lead) and overlapping licensees
4. MNR Nipigon District Aggregate Technician
5. MNR Nipigon District Compliance Inspectors

Deadline:

1. September 31, 2007
2. December 31, 2007
3. October 15, 2009
4. Ongoing Annually commencing with 2007-2008 ACOP
5. Ongoing Annually commencing with 2007-2008 ACOP

Method of Tracking Progress:

1. Documentation in Domtar Inc./LNFMI GIS and MNR Category 14 Summary Report
2. Documentation in Domtar Inc./LNFMI GIS of inactive category 14 aggregate pits
3. Documentation of remedial work completed in Annual Aggregate Report for Category 14 Pits
4. Inspection report and photos attached to file
5. MNR Forest Technician will complete the audits during field inspections and report infractions in the FOIP report.

Progress to Date:

1. Not completed. With the many changes in SFL management and staff, no documentation can be found to determine if this action has been acted upon.
2. Not completed. Same as action 1 above.
3. Not completed. Same as action 1 above. The Operational Standards for Forestry Aggregate Pits in the 2009 FMPM was amended into the 2006 FMP. The 2010-2011 AWS text includes the 2009 FMPM AWS requirements for any forestry aggregate pits scheduled to be rehabilitated in that AWS.
4. Completed and ongoing. In accordance with the Nipigon East/Terrace Bay Area Compliance Plan, under Lands Audits, to ensure compliance with the Aggregate Resources Act MNR has audited 10% of aggregate permits and 100% of CARS reports.

5. Ongoing. Forest industry has reported three tasks in FOIP dealing with aggregate. Two of these issues remain open. One is for no completed aggregate summary and the other is for the lack of rehabilitation. The third task issue was closed. MNR reported one operational issue for aggregate extraction without authority that is being addressed as an infraction under the ARA. Five other open task issues for lack of progressive rehabilitation and other minor contradictions to the operational standards remain open. Only one operational issue concerning rehabilitation has been closed in FOIP. Aggregate activity was reported In Compliance 48 times from 2006 to present, twice Not In Compliance, and 9 times In Compliance With Comments.

Future Tracking:

1. An inventory of inactive forestry aggregate pits needs to be confirmed and tracked during periods of inactivity to ensure all pit faces are sloped at the angle of repose and final rehabilitation occurs by the end of the 10-year period starting from the commencement of the pit (unless converted to Category 9 pit).
2. Once the inventory of pits is complete and any pits that do not meet rehabilitation requirements have been identified, LNFMI and its Overlapping Licensees will work with the MNR to properly identify decommission requirements for any deficient aggregate pits.
3. LNFMI and its Overlapping Licensees will work with the MNR to properly decommission any deficient aggregate pits.
5. Forestry aggregate pits will continue to be reported on during routine inspections using the FOIP system. The seven remaining FOIP tasks will be addressed by the MNR Senior Technician in cooperation with the LNFMI SFL Forester by April 30, 2011.

Recommendation:

#15 Corporate Ministry of Natural Resources must review its priorities and allocation of human resources to deliver its forest management program.

Action Required:

1. MNR funding for the collection of values information, compliance and silviculture effectiveness monitoring rests with Regional Operations Division. Funding from Regional Operations Division is allocated through the MNR regions and to the MNR districts subject to the annual budgeting and priority setting process. Values funding is available to all forest management planning teams annually. However, funding is targeted primarily to those plans that are currently under development to allow for appropriate Area of Concern planning related to the identified values. The allocated funding levels may not be sufficient to cover a complete survey of the entire management unit. As a result, the MNR District, in consultation with the planning team, needs to determine an appropriate prioritized approach for values collection, verification and input into NRVIS based on the allocation of resources. In addition, the Forest Management Planning Manual and the Forest Information Manual outline the requirements for addressing previously unidentified values. This process will continue to occur.
2. The MNR prioritization of forest compliance will be determined at the District level using a risk assessment approach as identified annually in the District's Annual Compliance Operations Plan (ACOP), which is based on the Company submitted Annual Compliance Schedule of Action. Priorities will be adjusted based on the allocation of resources.
3. As noted in the audit report training has been supplied to and funding has been received by MNR Nipigon District since 2004 for silviculture effectiveness monitoring. Refer to recommendation #18 for actions required.

Organization/Individual responsible:

1. MNR Northwest Region, Regional Forest Resources Supervisor; MNR Nipigon East/Terrace Bay Area Supervisor
2. MNR Nipigon East/Terrace Bay Area Supervisor
3. Refer to R#18.

Deadline:

1. Annually beginning 2007-08
2. Annually beginning 2007-08
3. Refer to R#18.

Method of Tracking Progress:

1. Tracking of actual dollars received, resources to conduct work; actual values collection completed.
2. Analysis of actual inspections completed versus those planned by priority.
3. Refer to R#18.

Progress to Date:

1. Completed during plan production. Fixed funding followed by rationalization of how available support will be utilized via a prioritized list of projects occurred. For FMP values collection funding this was coordinated across Thunder Bay and Nipigon Districts, with Thunder Bay as the budget lead.
2. Completed. The District's Annual Compliance Operations Plan (ACOP) has not been updated annually. However, the Nipigon East / Terrace Area sets priorities annually, including the assignment of responsibilities, and the Senior Area Technician (Forestry) tracks accomplishments as requested at monthly Area Team meetings. The Nipigon East/Terrace Bay Area annual report of compliance inspections documents the number of inspections by various regulatory activities and this information is used for adjusting priorities. In the fall of 2007 a concentrated one week audit of Buchanan Forest Products Ltd. operations was conducted on the Lake Nipigon Forest with cross District staffing support.

3. Refer to R#18.

Recommendation:

#16 The Ministry of Natural Resources and Norampac Inc. must ensure that timelines for reporting under the Forest Operations Inspection Program are met and that all inspections are reported as required.

Background to actions: By focussing on compliance timelines as a compliance issue in the Annual Work Schedule and working with over-lapping licensees to ensure that reporting timelines are met, progress has been made in improving timeliness of compliance reporting, particularly in 2006-2007. Therefore, it is appropriate to continue these strategies to address compliance reporting timelines.

Action Required:

1. Domtar Inc./LNFMI will continue to identify timelines to submit FOIR reports as a compliance issue in the compliance schedule submitted annually with the AWS in order to improve timeliness of compliance reporting.
2. MNR and Domtar Inc./LNFMI will continue to work with the overlapping licensees to ensure reporting timelines are being met via regular reviews of FOIP reports and communication with overlapping licensees, including annual compliance meetings of the three parties.
3. Quarterly reporting of compliance reports within LNFMI.
4. Ensure the MNR District ACOP has clear direction regarding the requirement to meet specified reporting and verification timelines. MNR is currently working on their backlog of verification and resolution requirements.

Organization/Individual responsible:

1. Domtar Inc./LNFMI SFL Forester
2. MNR Nipigon District Senior IRM Technical Specialist (lead), Domtar Inc./LNFMI SFL Forester, Over-lapping Licensees
3. LNFMI SFL Forester, General Manager (lead)
4. MNR Nipigon District Senior IRM Technical Specialist

Deadline:

1. Ongoing commencing in 2006-2007
2. Ongoing commencing in 2006-2007
3. Quarterly, commencing October 2008
4. Ongoing Annually beginning April 1, 2007

Method of Tracking Progress:

1. Documentation in AWS. Monitor within FOIP
2. Documentation of reviews, communications, compliance meetings
3. LNFMI Compliance Reporting Tables
4. Annual ACOP, tracking through FOIP and documentation with summary of ACOP accomplishments

Progress to Date:

1. Completed and ongoing. By focussing on compliance timelines as a compliance issue in the AWS and working with overlapping licensees to ensure that reporting timelines are met, progress has been made in improving timeliness of compliance reporting, particularly in 2006-2007. The compliance schedules as submitted with the subsequent AWSs have documented the timelines to submit FOIR reports as a compliance issue.
2. Ongoing. Annual meetings with overlapping licenses have been held since 2006/07 (these meetings had also been held in previous years). Compliance reporting has been one of the topics of discussion. However, compliance reporting is still not as timely as required and needs further attention.
3. Completed. Compliance Reporting Summary for 2009-10 year to date presented at the Q2 and Q4 review for the Board of Stakeholders shareholders meeting.

4. As a supplementary document supporting the MNR District Annual Compliance Operations Plan (ACOP), the annually prepared “Terrace Bay/Nipigon East Area Guidelines for Compliance Program” provides direction by forest audit target themes (description and product) specifying what reporting is expected.

In addition the MNR District ACOP states: *Ensure compliance with CFSA and Forest Management Plan. Run adhoc reports to ensure industry are following their Annual Compliance Plan.* The SFL and MNR run adhoc compliance reports to monitor compliance reporting. Due to the downturn in the local forest industry, the forest resource licensees (FRLs) have had difficulty in hiring qualified inspectors. Certain 2010-11 harvest approvals were held back until the FRLs made significant attempts to update and complete all FOIP issues and missing FOIRs in the 2006-11 FMP. Good progress has now been made in addressing reporting shortfalls. With the start up of the Terrace Bay Pulp Inc. in the fall of 2010, increased wood flow is expected, enabling the completion of harvest blocks and associated FOIPs. The only active operations on the LNF at this time are the First Nation O/L FRLs (3). Buchanan Forest Products Ltd (BFPL) went into receivership in the winter of 2009 with a large backlog of FOIRs to complete. The initial focus has been on addressing the active licensees, but the BFPL compliance legacy needs to be addressed.

Future Tracking:

2. The stated action will continue to occur.
4. Outstanding FOIP issues will continue to be addressed.

Recommendation:

#17 Norampac Inc. must ensure it meets the 2006-2011 FMP forecasts for silviculture assessments and the Ministry of Natural Resources must closely monitor Norampac Inc.'s progress in completing the forecast silviculture assessment program for the 2006-2011 term.

Action Required:

1. The company recognized the deficiency identified by the auditor in the amount of area assessed for FTG and as a result forecasted 31,000 ha for FTG silviculture assessment during the 2006-2011 FMP. Domtar Inc./LNFMI will schedule a portion of the 2006-2011 FMP forecast for FTG silviculture assessment in each AWS, complete the assessments and report the results in the annual report.
2. MNR will monitor Domtar's/LNFMI progress through review of the annual reports and AWS scheduling.

Organization/Individual responsible:

1. Domtar Inc./LNFMI SFL Forester (lead), Senior Technician
2. MNR Nipigon District Area Forester

Deadline:

1. Ongoing with the ARs, commencing in 2006-07
2. Ongoing with the ARs, commencing in 2006-07

Method of Tracking Progress:

1. Annual Reports
2. MNR Annual Report and AWS reviews

Progress to Date:

1. Partially Completed. The number of hectares scheduled for FTG assessment in the AWSs and actually assessed is listed below. Records are not available to determine why AWS scheduled FTG assessment was not completed in the period 2006-2008. From 2008-2010 financial limitations coupled with the transition to SFL co-operative status resulted in a decision not to proceed with FTG assessments. However, in 2010-2011 a contract has been completed, with no results available at this time, for FTG assessment of 7,250 hectares.

Year	AWS Scheduled FTG Assessment (ha)	Annual Report FTG Assessment Completed (ha)	Comments
2006-07	6,388	4,176	
2007-08	3,922	1,967	
2008-09	5,700	0	
2009-10	0	0	
2010-11	7,092		Contract completed for 7250 ha, results not available at this time
Total	23,102	6,143	

2. Ongoing. MNR asked the SFL about the FTG deficiencies repeatedly through reviews of proposed scheduling in the AWS's and subsequent reporting shortfalls. Explanations were not forthcoming with the exception of funding shortfall in 2009/10. In response to MNR indicating that it is unacceptable to not schedule FTG assessments in the 2009/10 AWS, the SFL made a commitment in the AWS text to plan a program in the summer of 2009. This was not implemented.

Future Tracking:

1. Review results of assessment of 7,250 ha of FTG assessment completed in 2010-11.
2. MNR to continue monitoring proposed AWS scheduling and annual reporting of FTG area.

Recommendation:**#18 The Ministry of Natural Resources must complete silviculture effectiveness monitoring on the Lake Nipigon Forest.****Action Required:**

1. Silvicultural effectiveness monitoring was made a Nipigon District-level priority starting with the 2007 field season. Efforts were initially focused on ensuring proper training of all appropriate staff on the Well-Spaced Free-growing Regeneration Assessment (WSFGRA) Procedure for Ontario. The Area Forester for the Kenogami Forest, was also assigned as the Silvicultural Effectiveness Monitoring Lead for Nipigon District. Given that Nipigon District is comprised of five forests (Lake Nipigon, Ogoki, Kenogami, Pic River Ojibway and Black Sturgeon) totaling an area of approximately 3.8 million hectares in crown-managed production forest, it was decided that the SEM field program should concentrate its human resources on completing WSFG surveys on certain forests rather than on all forests in order to obtain sufficient data for meaningful analysis. As a result, WSFG 2007 surveys targets were completed for the Kenogami and Ogoki Forests, while survey targets were partially completed on the Lake Nipigon, Pic River Ojibway and Black Sturgeon Forests. Silviculture effectiveness monitoring of the Lake Nipigon Forest will be made a district level priority for the 2008 and 2009 field season.
2. Staffing requirements to complete the silviculture effectiveness monitoring program on the Lake Nipigon Forest will be evaluated.

Organization/Individual responsible:

1. Nipigon District Manager and Area Supervisor (Lead)
2. MNR Nipigon District Area Forester (Lead), Forester Intern

Deadline:

1. Annual 2007, 2008, 2009, 2010 Lake Nipigon Forest SEM Reports By the following March 2008, 2009, 2010, 2011
2. Prior to 2008 field season.

Method of Tracking Progress:

1. SEM Reports
2. 2007 SEM Report

Progress to Date:

1. Ongoing. The number of hectares targeted for SEM assessments (WSFG - FTG and Extensive - Post 5 year FTG) based on NWR recommended sampling and reported as assessed in SEM Reports is listed below. (Note: Annual figures do not include carryover targets from previous year(s)).

Year	SEM Assessment Target (ha)	SEM Assessment Completed (ha)	Percent of Target
2007-08	604.1	106.2	17.6 %
2008-09	375.0	202.5	54 %
2009-10	144.0	448.9	312 %
2010-11	398.0	912.7	229.3 %
Total	1,123.1	1,670.3	148.7 %

The above accomplishments reflect Nipigon District's decision to focus efforts on the Ogoki and Kenogami Forests in 2007, followed by a shift in efforts to the management units in the Nipigon/Terrace Bay Area. This included catching up on a portion of the earlier regionally set targets.

2. Completed. Resource support analysis completed and reported in the 2007 SEM Report for the Lake Nipigon Forest. The report concluded there were not sufficient resources to complete all core tasks assigned to the Lake Nipigon Forest and Pic River Ojibway Forest. An estimate of the required resources to complete the anticipated 2008/09 targets was made. Starting in 2009 Nipigon District made a decision to support the majority of the SEM program through the hiring of seasonal staff that were dedicated to SEM only. A positive outcome (i.e., significant increase in accomplishments) is reflective in the above summary for action 1.

Future Tracking:

1. Silviculture effectiveness monitoring on the Lake Nipigon Forest will continue to be a district priority in order to meet assessment targets.

Recommendation:

#19 Norampac Inc. must make certain that the monitoring assessment program is adequate for assessing the effectiveness of all silviculture treatments.

Action Required:

1. Domtar Inc./LNFMI will review the monitoring program for all silvicultural treatments.
2. Domtar Inc./LNFMI will implement additional monitoring of silvicultural treatments where the review deems they are lacking, including assessments of aerial tending projects, a procedure for assessing and tracking for FTG status, a procedure for assessing natural upland conifer areas, and monitoring of mixedwood sites.

Organization/Individual responsible:

1. Domtar Inc./LNFMI SFL Forester
2. Domtar Inc./LNFMI SFL Forester

Deadline:

1. October 15, 2008
2. October 15, 2008

Method of Tracking Progress:

1. Documentation of review and procedures. Development of internal Domtar Inc. procedures document associated with renewal and tending
2. Documentation of review and procedures. Development of internal Domtar Inc. procedures document associated with renewal and tending

Progress to Date:

1. Not completed. With the many changes in SFL management and staff, no documentation can be found to determine if this recommendation has been acted upon for the 2006 FMP. Between 2006 and 2008 Domtar staff did institute a formal monitoring program including stocking assessments and tending requirements at years 2 and 5 following establishment. Due to staff and budgetary cuts, this formal program was abandoned.
2. Not completed. With the many changes in SFL management and staff, no documentation can be found to determine if this recommendation has been acted upon for the 2006 FMP.

Future Tracking:

- 1, 2. Refer to R#8 for the next 2011 FMP.

Recommendation:

#20 The Ministry of Natural Resources and Norampac Inc. must ensure that the Year-Ten Annual Report for the 2001-2006 Forest Management Plan will be produced, reviewed and accepted according to the schedule provided in the Forest Management Planning Manual.

Action Required:

1. Domtar will submit the Year-Ten 2005-2006 Annual Report for the 2001-2006 FMP to the MNR.
2. MNR will review the Year-Ten Annual Report and Domtar Inc./LNFMI will address comments resulting from the review and if necessary resubmit the annual report. MNR will acknowledge acceptance of the annual report.

Organization/Individual responsible:

1. Domtar Inc. SFL Forester
2. MNR Nipigon District Area Forester (lead), MNR Northwest Region Analyst; address comments and resubmit annual report if necessary LNFMI SFL Forester

Deadline:

1. November 15, 2006
2. MNR review due Sept 13, 2007

Method of Tracking Progress:

1. Year-Ten Annual Report
2. Documentation of MNR review of Year-Ten AR and Domtar Inc. documentation of addressing any comments, including resubmitted AR if applicable; documentation of MNR acceptance of Year-Ten AR.

Progress to Date:

1. Completed, however, not by November 15, 2006 as required of the FMPM. The Year-Ten Annual Report was submitted August 13, 2007 for the following reasons: late receipt of supplementary aerial photography required to document 2005-2006 depletions and late receipt of FTG survey information from contractor.

Since the Year-Ten AR for 2001-2006 FMP was not submitted on schedule the following information is provided for the 2006-2011 FMP annual reports completed to date.

- 2006-07 AR due Nov 15, 2007 submitted May 27, 2008
- 2007-08 AR due Nov 15, 2008 submitted Nov 14, 2008
- 2008-09 AR due Nov 15, 2009 submitted Nov 9, 2009

2. Not completed - 2005-06 year ten annual report. Following the late submission of the Year-Ten 2005-2006 Annual Report for the 2001-2006 FMP only a quick review of the report was completed by MNR Nipigon District. The report was ultimately accepted for provincial reporting without a formal review.

MNR is not required to review the 2006-07 to 2009-10 annual reports, however, the reports may be reviewed within 30 days of submission. The 2006-07 and 2007-08 were accepted without review. A thorough review of the 2008/09 report was completed. The report was not accepted initially to address some minor editing and technical specification questions, otherwise the report was complete and met FIM specifications.

Future Tracking:

1. Since the 2001-2006 FMP Year-Ten Annual Report was not submitted on schedule the following is identified for future tracking: LNFMI will ensure sufficient resources are available to make sure future annual report submission timelines for the 2006-2011 FMP are met as per FIM. The 2009-10 AR is due Nov 15, 2010 and the 2010-11 Year-Ten AR for 2006-2011 FMP due Nov 15, 2011.

2. Since the 2001-2006 Year-Ten annual report was not reviewed as required the following is identified for future tracking: MNR Nipigon District Area Supervisor will ensure sufficient resources are allocated in order to review and correct future annual reports within FIM designated timelines: Within 30 days of receipt of the 2010-2011 Year-Ten annual report for the 2006-2011 FMP due November 15, 2011 and following the resubmitted report if required. MNR is not required to review the 2009-10 annual report, however, the report may be reviewed within 30 days of submission.

Recommendation:

#21 Norampac Inc. must determine the reason for the decline in the free-to-grow success rate over the past 15 years.

Action Required:

1. Domtar Inc./LNFMI will investigate possible reasons for this decline in free-to-grow success rates.
2. Domtar Inc./LNFMI will implement changes, if required, to either the silviculture program or FTG assessments methods based on Action 1.

Organization/Individual responsible:

1. Domtar Inc./LNFMI SFL Forester (lead), Senior Technician
2. Domtar Inc./LNFMI SFL Forester (lead), Senior Technician

Deadline:

1. September 30, 2008
2. Next 2011 FMP

Method of Tracking Progress:

1. Documentation of investigation into declining FTG success rates.
2. 2011 FMP

Progress to Date:

1. Completed. Review conducted by Domtar in 2008. Changes in forest units over time, the limited amount of data for some forest units, and the lack of forest unit data in some cases make some comparisons between terms difficult or inappropriate. The definition of forest units has changed significantly since 1996, especially with the inclusion of ecosites in the inventory. Changing how a stand is assigned a forest unit and then comparing this 'new' forest unit to the forecast forest unit may result in some stands being considered a silvicultural failure. (e.g. Previously a XX forest unit would only require 60% stocking of jack pine, but a new forest unit of XXY might require 80% stocking of jack pine.) As noted previously in the audit, on some sites there are significant amounts of residuals, and some aerial tending failures – all of which would contribute to declining FTG success rates.
2. Completed. Identified trends considered in Post-Harvest Succession Rules for 2011 FMP. Draft Analysis Package submitted with revised LTMD and approved May 2010. The 2011 FMP Silviculture Ground Rules indicate that there are, for some forest units, more than one silvicultural success future forest unit; and the draft 2011 FMP provides an explanation for renewal success as compared to silvicultural success.

Recommendation:

#22 The Ministry of Natural Resources must determine if the Appendix E approach to wood supply commitments needs to be replaced with a different process.

Action Required:

1. The responsibility for wood supply commitments is now with the Ministry of Northern Development, Mines & Forestry (MNDMF). MNDMF is currently reviewing all wood supply commitments and their current relevance as part of the provincial wood supply competitive process.
2. MNDMF is in the process of conducting a review of Ontario's forest tenure and pricing systems. This review may have implications for the approach to wood supply commitments.

Organization and Position Responsible:

1. Supervisor, Forest Industry Unit, Wood Allocation and Measurement Section, Industry Relations Branch, MNDMF.
2. Project Director, Tenure and Pricing Review Project, Forestry Division, MNDMF.

Deadline Date:

1. The timelines associated with the review of wood supply commitments are subject to the timelines of the provincial wood supply competitive process.
2. The review of Ontario's forest tenure and pricing systems will be subject to the timelines of a comprehensive implementation plan.

Method of Tracking Progress:

1. Results of wood supply competitive process.
2. Results of tenure and pricing review.

Progress to Date:

1. Ongoing. MNDMF is currently reviewing all wood supply commitments and their current relevance as part of the provincial wood supply competitive process.
2. Ongoing. MNDMF proposed a framework to modernize Ontario's forest tenure and pricing system and sought views from all interested residents of Ontario through May and June, 2010. MNDMF is currently examining the contributions and determining the next steps.

Future Tracking:

1. Results of provincial wood supply competitive process.
2. Results of tenure and pricing review.

Recommendation:

#23 Norampac Inc. must complete the Memoranda of Agreements as stipulated in Appendix E of the Sustainable Forest Licence.

Action Required:

1. The Lake Nipigon SFL 550412 Appendix E has a commitment to make available annually, through a long-term MOA, 70,000 m³ of poplar pulp grade wood fibre to the Kimberly-Clark Inc. mill in Terrace Bay, Ontario. The ownership of the Kimberly-Clark Inc. mill was transferred to Neenah Paper Company of Canada in the fall of 2004, and in August of 2006 it was subsequently transferred to Terrace Bay Pulp Inc. (TBPI). In a letter dated June 28th 2006 to Buchanan Forest Products Ltd. and TBPI, the Minister of Natural Resources indicated that the MNR will no longer recognize the aspen poplar allocations to the Terrace Bay pulp mill. As a result of this direction from the Minister, the commitment of poplar pulp grade wood fibre from the Lake Nipigon unit is no longer recognized. The MNR Industry Relations Branch will propose an amendment to the Lake Nipigon Forest SFL, Appendix E, to remove the poplar commitment to Terrace Bay Pulp Inc. This amendment will be processed together with other proposed SFL amendments.

2. The Lake Nipigon SFL 550412 Appendix E has a commitment to make available annually, through a long term MOA, an annual supply of 176,000 cubic metres of spruce, pine and balsam fir roundwood to the sawmill at White River, Ontario. In exchange, the White River facilities will provide equivalent volumes of spruce, pine and balsam fir residual fibre to the facility at Red Rock, Ontario. Indefinite closures at the White River sawmill and the facility in Red Rock have resulted in no need for MOAs between these facilities at this time. In addition, MNDFM is currently reviewing all wood supply commitments as part of the Provincial Wood Supply Competitive Process as outlined under recommendation #22, action #1. No further action is required

Organization/Individual responsible:

1. MNDFM Industry Relations Branch, Wood Allocation & Measurement Section, NWR Forestry Specialist (lead), and SFL Specialist.
2. Not applicable.

Deadline:

1. Expected to be completed by March 31, 2011
2. Not applicable

Method of Tracking Progress:

1. Complete the amendment process for the Lake Nipigon Forest SFL Appendix E.
2. Not applicable

Progress to Date:

1. Ongoing. Since the audit in 2006, Industry Relations Branch (now in MNDFM) has proposed the amendment to remove the poplar commitment to Terrace Bay Pulp Inc., but due to a number of developments with the Lake Nipigon Forest SFL, the amendment has not yet been processed. Notification of the amendment was sent to Norampac Inc. in December, 2006 and in February, 2007, Norampac indicated their agreement with the proposed amendment. However, in November 2006, the Norampac mill in Red Rock was closed and subsequently sold to Red Rock Mill Inc. in November 2007. The SFL was transferred to Cascades Inc. in April, 2007. Industry Relations Branch re-initiated the amendment in October, 2007 by sending notification of the amendment to Cascades. Cascades indicated their agreement with the proposed amendment in February, 2008. However, in May, 2008, the SFL was transferred to Lake Nipigon Forest Management Inc. (LNFMI). Industry Relations Branch sent notification of the amendment to LNFMI in August, 2008 and LNFMI indicated their agreement with the proposed amendment in October, 2008. This SFL amendment will be processed with other proposed amendments, including extension of the SFL as outlined under recommendation #27.

2. Not applicable

Future Tracking:

1. Amendment to the SFL
2. Not applicable

Recommendation:

#24 The Ministry of Natural Resources and Norampac Inc. must meet the Independent Forest Audit Status Report submission date.

Action Required:

1. Domtar Inc./LNFMI and the MNR will set up tracking binders to keep documentation on actions as they are completed. As well, MNR District will review actions with area staff every three months and update the status information as items are completed.
2. Domtar Inc./LNFMI and MNR will submit the IFA Status Report within 2 years of approval of the action plan (due February 22, 2006) as identified in the Independent Forest Audit Process and Protocol document.

Organization/Individual responsible:

1. Domtar Inc./LNFMI SFL Forester, MNR Nipigon District Area Forester
2. Domtar Inc./LNFMI SFL Forester, MNR Nipigon District Area Forester

Deadline:

1. Ongoing following completion of action plan until status report due date approximately February 22, 2008.
2. Status Report due within 2 years of approval of the action plan, approximately February 22, 2008.

Method of Tracking Progress:

1. Records in tracking binders, records of actions reviewed and ongoing update of status information.
2. Dates of signatures on status report signature page.

Progress to Date:

1. Partially completed. Domtar/LNFMI has created a tracking binder to record progress of meeting IFA action plan targets, but not all recommendations are recorded.
Not completed. The MNR proposed routine of updating every three months was not undertaken.
2. Not completed. This document is the action plan and it includes status report progress to date information and future tracking due to the time that has past since the audit. A draft action plan detailing actions required by the Company was completed in 2007, however delays in providing MNR District actions (e.g. District focus on a request to surrender the SFL) contributed to a failure to meet the deadline. A preliminary draft of the action plan was made available for regional review in late January of 2008 that included company, district, regional and corporate input to date, and review comments were provided on February 29 and March 25, 2008. Completion of the action plan was delayed by a number of factors including the transfer of the Lake Nipigon Forest SFL from Norampac Inc. to Lake Nipigon Forest Management Inc. in 2008, changes in LNFMI staff, as well as changes in the FMP production schedule from a 2010 FMP to a 2011 FMP.

Recommendation:

#25 The Ministry of Natural Resources and Norampac Inc. must complete the action items arising from the recommendations in the 2001 Independent Forest Audit as follows:

- **There is no Memorandum of Agreement in place with Neenah Paper.**
- **Slash piling is still inconsistent.**
- **Annual Report submission dates by the Norampac Inc. and the review and correction deadlines by the Ministry of Natural Resources still need improvement.**
- **Audit findings were incorporated into current operations and future planning as required, but the requirement to include an audit summary and progress report in the Annual Report was overlooked.**
- **The definition of what constitutes a permanent stream and water crossing is to be included in the revised access roads and water crossing guide and the revised fish habitat guide being prepared.**

Action Required:

1. Refer to Recommendation #23 regarding the MOA with Neenah Paper.
2. Refer to Recommendation #13 regarding slash management.
3. Refer to Recommendation #20 actions required regarding the 2001-2006 FMP Year-Ten Annual Report and progress to date regarding annual reports for the 2006-2011 FMP.
4. Domtar Inc. included an audit summary and progress report in the 2001-2006 FMP Year-Ten Annual Report.
5. The revised fish habitat guide and access roads and water crossings guide will not be completed, rather a new Stand and Site Guide will be completed. The definition of what constitutes a permanent stream and water crossing will be considered during development of this guide.

Organization & Position Responsible:

1. Refer to R#23
2. Refer to R#13
3. Refer to R#20
4. Domtar Inc. SFL Forester
5. MNR Forests Branch, Forest Policy Section, Forester – Forest Management Guides

Deadline Date:

1. Refer to R#23
2. Refer to R#13
3. Refer to R#20
4. Year-Ten Annual Report was submitted August 13, 2007
5. December 31, 2007

Method of Tracking Progress:

1. Refer to R#23
2. Refer to R#13
3. Refer to R#20
4. 2001-2006 FMP Year-Ten Annual Report
5. Final Stand and Site guide.

Progress to Date:

1. Refer to R#23
2. Refer to R#13
3. Refer to R#20
4. Completed. Year-Ten Annual Report was submitted August 13, 2007

5. Completed. The Forest Management Guide for Conserving Biodiversity at the Stand and Site Scales was finalized March 18, 2010. The guide defines stream segments by low, moderate, and high potential sensitivity to forest management operations. A water classification tool is used to classify streams by potential sensitivity which is then reviewed to ensure all known streams have been classified. The guide requires an Area of Concern for the crossing of moderate and high potential sensitivity streams and conditions on regular operations for crossings of low potential sensitivity streams. The guide includes direction for water crossings for all road categories (primary, branch, operational).

Recommendation:

#26 The Ministry of Natural Resources and Norampac Inc. must continue efforts to identify and implement ways of achieving more equal participation of Pays Plat First Nation in the benefits provided through forest management planning.

Action Required:

1. Domtar Inc./LNFMI will continue to provide economic development opportunities for local First Nation community members in forest management related activities. These economic opportunities include harvest, renewal, tending, access construction/ maintenance, hauling, and processing. These opportunities will be provided in consideration of current capacity, past track record, economic development plans and local first nation community member involvement. Provisions are in place in the LNFMI Shareholder Agreement for potential future harvesting opportunities for currently non-harvesting First Nations, including Pays Plat First Nation.
2. MNR will request a representative from Pays Plat First Nation to participate on the 2011 FMP Planning Team.
3. MNR Nipigon District will continue efforts to identify and implement ways to address the stated audit recommendation. This may include utilizing the following documents provided to District Managers on August 1, 2008:
 - “Aboriginal Peoples and the Forest Economy: Responding to EA Condition 34” that was developed by an interdivisional team of MNR staff to provide guidance to MNR District staff on the implementation and reporting of Forest EA Condition 34, which included the following toolkit.
 - “Aboriginal Economic Development Toolkit” developed to assist District staff and Aboriginal communities in negotiations and in identifying/ implementing economic development opportunities. The toolkit was developed with the assistance of members of the Aboriginal community, Indian and Northern Affairs Canada, the Canadian Forest Service and the Ministry of Northern Development and Mines. One component of the toolkit is a template for development of a strategy for individual communities. The template, which can be used by the MNR District and the local community if they desire, includes the development of local targets.

Organization/Individual responsible:

1. Domtar Inc./LNFMI SFL Forester, General Manager (lead)
2. MNR Nipigon District Manager
3. MNR Nipigon District Manager

Deadline:

1. Ongoing
2. November 1, 2007
3. Ongoing

Method of Tracking Progress:

1. Annual Reports will continue to document results.
2. Request from MNR, 2011 FMP Terms of Reference, planning team minutes.
3. Annual Reports, records of meetings, letters.

Progress to Date:

1. Ongoing. No specific opportunities were reported as being provided directly to Pays Plat First Nation from the SFL holder, with the exception of non-voting Aboriginal representation on the SFL Board of Stakeholders. The forest industry decline, including the permanent closure of the Norampac Inc. Red Rock mill, certainly did not place the forest industry in a good position to make progress. The

engagement of Pays Plat First Nation through the non-voting Aboriginal representation on the Board of Stakeholders has also been limited as expressed by Pays Plat First Nation at FMP consultation meetings.

2. Partially completed. In advance of the Invitation to Participate for the 2010 (now 2011) FMP for the Lake Nipigon Forest, Pays Plat First Nation was provided an opportunity to develop a customized consultation approach, including assigning a representative to the planning team. This included MNR travel and per diem funding support, and support for community meetings and other functions. A representative was assigned, but with limited participation. Pays Plat First Nation recognizes this as an issue related to capacity of the community to support participation (i.e. members assigned are over extended). This capacity issue has also affected the conclusion of values collection exercises (see Suggestion #2)

3. Ongoing.

To date, Nipigon District has not been successful in finding resources to fully make use of the “Aboriginal Peoples and the Forest Economy: Responding to EA Condition 34” direction, including the utilization of the toolkit as outlined above. The district will continue to seek the resources required to implement the goals contained in the toolkit and apply them to this audit recommendation.

The Lake Nipigon Forest First Nations were provided an opportunity to participate in the Provincial Forest Tenure and Pricing Review Initiative. As of June 1, 2010 five meetings had been hosted by Nipigon District and the Project Manager – MNDMF with the Chiefs and other representatives to obtain input (re. Strategic Discussion Paper August 2009). The June meeting, attended by the Chief of Pays Plat First Nation, provided an opportunity to review the proposed framework. One of the objectives described in the proposed framework is to: “Foster a greater level of local and Aboriginal community involvement in decisions about the economic management of Crown forests”. The ongoing forest tenure and pricing initiative received a lot of attention given the advanced involvement of First Nations in the management of the Lake Nipigon Forest. However, Pays Plat First Nation engagement has been limited.

Pays Plat First Nation also chose to submit a proposal to the Provincial Wood Supply Competitive Process – Stage 2 to utilize birch from a nearby forest. Pays Plat First Nation has been seeking a birch supply commitment for some time and has expressed dissatisfaction with provincial support. A positive announcement was made in mid February 2011 indicating that Pays Plat Firewood Ltd. had accepted a new wood supply allocation of 10,000 m³ of white birch to produce firewood at their new processing plant.

Future Tracking:

1. The stated action will continue to be ongoing.
2. Pays Plat First Nation participation on the planning team until approval of the 2011 FMP.
3. The stated action will continue to be ongoing.

Recommendation:

#27 Based on the outcome of this audit and performance with respect to its contractual obligations, the audit team recommends the Minister extend the term of the Norampac Inc. Sustainable Forest Licence 550412 for a further five years.

Action Required:

1. The Industry Relations Branch and Forest Management Branch will make recommendations to extend or not extend the SFL by considering the results of the audit and recommendations from the District Manager and the Regional Director. The recommendations will also consider the implementation of the action plan for all items which the company is responsible.

Organization and Individual Position Responsible:

1. MNR, Industry Relations Branch, Wood Allocation & Measurement Section, SFL Specialist (lead);
MNR, Forest Management Branch, Forest Evaluation and Standards Section, Coordinator Forest Practices Evaluation

Deadline Date:

1. Documentation of SFL extension decision & actual extension of the term of the SFL is forecast for completion after March 31, 2008.

Method of Tracking Progress:

1. Recommendations made by Industry Relations and Forest Management Branches, District Manager, Regional Director. Extension of SFL.

Progress to Date:

1. Completed. Industry Relations Branch and Forest Management Branch recommended the term of the SFL be extended. A letter was sent from the Minister of Natural Resources to the SFL holder on October 31, 2008 indicating the Minister of Natural Resources was taking the five-year extension to the term of the licence forward to the Lieutenant Governor in Council. The responsibility for licence extension is now with the Ministry of Northern Development, Mines & Forestry. Licence extension package will be prepared for approval by June, 2011.

PART II – SUGGESTIONS

Suggestion:

#1 The Ministry of Natural Resources should maintain accurate and complete records of consultation with Aboriginal communities in order to be able to demonstrate that requirements of the Forest Management Planning Manual are being met.

Action Required:

1. MNR will create a file/binder which will be dedicated to retaining copies of all correspondence with Aboriginal communities regarding consultation for the Lake Nipigon Forest 2011-2021 FMP.

Organization/Individual responsible:

1. MNR Thunder Bay and Nipigon District Area Forester for respective Aboriginal communities in their Districts.

Deadline:

1. Ongoing during development of 2010 FMP

Method of Tracking Progress:

1. Copies of correspondence will be retained on file.

Progress to Date:

1. Partially Completed. Binders/files have been created and are dedicated to documenting the correspondence with Aboriginal communities regarding consultation with the 2011-2021 Lake Nipigon Forest FMP.

Future Tracking: Binders/files will continue to be updated by the MNR Thunder Bay and Nipigon District Area Forester throughout the development of the 2011-2021 Lake Nipigon Forest FMP, forecast for approval April 2011.

Suggestion:

#2: The Ministry of Natural Resources should ensure values collection is finalized and supported by Pays Plat First Nation.

Action Required:

1. The audit report noted that in the fall of 2005, there remained an issue with Pays Plat First Nation in regards to values collection as they felt not all of the values had been investigated, in particular the values in the Upper Roslyn Lake area. As such, in January of 2006, with MNR support Lake Superior First Nation Development Trust had extended a community member's contract for an additional two months to complete further investigation. While verification of the site did not occur (due to inability to coordinate with a trapper) additional values were brought forward and existing value descriptions were expanded upon. Finalization of the protection report was still outstanding at the time of the 2006 IFA. MNR Nipigon District will work with Pays Plat First Nation to ensure the protection report is finalized for the 2006 FMP.
2. Under the 2011 FMP MNR initiated customized consultation approach meetings with Pays Plat First Nation and these meetings involve discussions with respect to values collection and outstanding issues regarding values in the Upper Roslyn Lake area. MNR will ensure values collection is addressed through the customized consultation meetings and will develop a Memorandum of Understanding with Pays Plat First Nation should funding be required to complete this project.

Organization/Individual responsible:

1. MNR Nipigon District Area Forester, MNR Nipigon District Aboriginal Liaison (Lead)
2. MNR Nipigon District Area Forester, MNR Nipigon District Aboriginal Liaison (Lead)

Deadline:

1. The report was to have been finalized by March 31, 2007.
2. Prior to 2011 FMP Stage 2: Review of Proposed Long Term Management Direction – January 2009.

Method of Tracking Progress:

1. Final Report on Protection of Identified Aboriginal Values for the 2006 FMP
2. Consultation Approach meeting minutes, copy of MOU retained on file at MNR Nipigon District office, record of values collected.

Progress to Date:

1. Not completed. The draft protection report is to be implemented – but was not finalized pending verification of Upper Roslyn Lake area values. MNR was intending on holding back harvest approvals for the affected area subject to the above being addressed. Potentially affected harvest operations in this area were not expected to proceed during the implementation of the 2006 FMP due to declining harvest levels and this indeed occurred.
2. Ongoing. Progress had been limited initially due to concerns raised by Pays Plat First Nation about the establishment of the Gravel River Conservation Area as Pays Plat First Nation has chosen not to share information that is adjacent to this conservation area. MNR and Pays Plat First Nation continue to look for common ground in addressing this concern. Pays Plat First Nation agreed to enter into a Memorandum of Understanding with MNR in December 2008 to provide additional values collection funding support from MNR. This was in addition to the support provided earlier (January 2008) to complete an updated Aboriginal Background Information Report for Pays Plat First Nation. In the spring of 2010 detailed operational maps (2011-2012 Draft FMP) were provided to Pays Plat First Nation to assist in the identification of conflicts with values, but no feedback was provided. As part of the review of proposed operations (stage 3) a community meeting was hosted on July 9, 2010, with access to a birch allocation being the main interest raised. As of March 31, 2011 a report on the “Protection of Identified Aboriginal Values” has not been completed.

Future Tracking:

2. The stated action will continue, 2011 FMP approval forecast for May 2011.

Suggestion:

#3 The Ministry of Natural Resources should develop a system or procedure to assist in consistently updating the District mailing list.

Action Required:

1. Upon transfer of a commercial facility (e.g. tourism facility), the FMP mailing list will be updated.
2. MNR will update the RSA list in collaboration with the Ministry of Tourism as part of the development of the 2011 Lake Nipigon Forest FMP and any new changes identified will be used to update the District FMP mailing list on an ongoing basis.

Organization/Individual responsible:

1. MNR Nipigon District Area Clerk
2. MNR Nipigon District Area Forester

Deadline:

1. Routine updating ongoing as required
2. Invitation to Participate – November 2007 and ongoing as required

Method of Tracking Progress:

1. Update FMP contact list (Access Data Base)
2. Updated list of resource-based tourism establishments retained on file at Nipigon District office

Progress to Date:

1. Completed and ongoing as required. The mailing list was updated when there were transfers of commercial facilities.
2. Completed and ongoing as required. A thorough review of the resource based tourism (RSA) contact list was completed by the Area Forester in advance of the Invitation to Participate. Comments and questions were forwarded to the Ministry of Tourism and Recreation for updating the RSA list. This included the development of a separate summary of all facilities, including summer and winter contact information and our current understanding of resource uses (last updated September 2009).

Suggestion:**#4 Norampac Inc. should, during the preparation of the next forest management plan:**

- **Review the assessment of areas set aside from harvesting and incorporate existing reserves into the planning inventory to provide the model with a more accurate reflection of areas reserved from harvesting.**
- **Review succession rules to ensure agreement between pre- and post-succession volumes.**

Action Required:

1. The plan author for the 2011 FMP will review the inputs of reserves and succession rules in modeling.

Organization/Individual responsible:

1. Domtar Inc./LNFMI FMP Plan Author

Deadline:

1. 2011 base model submission February 2009

Method of Tracking Progress:

1. 2011 FMP Analysis Package

Progress to Date:

1. Completed. Under direction from the Plan Author, the 2011 FMPM areas reserved from harvesting for riparian and wildlife reserves were identified through an automated process that generated the riparian reserve widths based on digital elevation model points. In addition to water quality/fish habitat reserves (riparian), existing moose aquatic feeding areas, known bird nest reserves, and calving area reserves were also incorporated into this reserve layer. This information was then put into the base model inventory as a percentage of the stand that was reserved from harvest, so that both available and reserve area by forest stand could be calculated. NDPEG accumulating reserves were adjusted based on information and suggestions from MNR Regional advisors (refer to S#9). The Analysis Package was submitted with revised LTMD, February 11, 2009 and further reviewed with revised LTMD, May 2010.

Natural Succession rules were examined for pre- and post-succession volumes by both company and Regional MNR advisors and adjusted where required to ensure the agreement between pre- and post-succession. The Analysis Package was submitted with revised LTMD, February 11, 2009 and further reviewed with revised LTMD, May 2010.

Suggestion:

#5 Norampac Inc. should revise Silvicultural Ground Rules such that acceptable species lists include those species that have a high potential for being on site post-harvest.

Action Required:

1. The plan author for the 2011 FMP will review the Silvicultural Ground Rules including the acceptable species list and make adjustments where warranted.

Organization/Individual responsible:

1. Domtar Inc./LNFMI FMP Plan Author

Deadline:

1. 2011 Draft Plan Submission forecast for October 2010, plan approval forecast for May 2011

Method of Tracking Progress:

1. 2011 Draft and approved FMP

Progress to Date:

1. Ongoing. A description of acceptable and incidental species are included as part of the draft 2011 FMP SGRs. This will be consistent with post harvest success rules in SFMM and silvicultural objectives as they refer back to the future forest condition. SGRs were submitted with revised LTMD February 11, 2009 and further reviewed with revised LTMD May 2010, followed by the draft plan review submission in October 2011.

Future Tracking:

1. The stated action will be completed for the 2011 Lake Nipigon Forest FMP using the 2009 FMPM following the plan approval scheduled for May, 2011. Responsibility is the Lake Nipigon Forest 2011 FMP Plan Author from LNFMI.

Suggestion:

#6 Norampac Inc. should consider re-instating target stocking or updating the measure of site occupancy in the Silvicultural Ground Rules to correlate with the Well-Spaced Free-Growing Regeneration Manual (i.e. list the target and minimum number of well-spaced free-growing trees).

Action Required:

1. The plan author for the 2011 FMP will review the Silvicultural Ground Rules including target stocking or site occupancy standards and compare these to any applicable manuals, and make adjustments including adding target stocking and/or density per ha as required of the *Silviculture Effectiveness Monitoring Manual for Ontario* and as agreed to by the Forest Renewal Task Team and plan advisors.

Organization/Individual responsible:

1. Domtar Inc./LNFMI FMP Plan Author

Deadline:

1. 2011 FMP LTMD February 2009

Method of Tracking Progress:

1. 2011 FMP LTMD

Progress to Date:

1. Ongoing. During the 2011 FMP LTMD (as part of the analysis package) the SGRs have been revised to account for both minimum and target densities expressed as well-distributed crop or all species, and this has been reflected in the draft plan submission (December 2010). Revised LTMD February 11, 2009 and further reviewed with revised LTMD, May 2010, followed by the draft plan review submission in October 2011.

Future Tracking:

1. The stated action will be completed for the 2011 Lake Nipigon Forest FMP using the 2009 FMPM following the plan approval scheduled for May, 2011. Responsibility is the Lake Nipigon Forest 2011 FMP Plan Author from LNFMI.

Suggestion:

#7 Norampac Inc. should include all required renewal support information in future forest management plans.

Action Required:

1. The plan author for the 2011 FMP will review the requirements of the 2009 FMPM with respect to renewal support information and discuss this information in the 2011 FMP.

Organization/Individual responsible:

1. LNFMI FMP Plan Author

Deadline:

1. 2011 Draft Plan Submission

Method of Tracking Progress:

1. 2011 draft and approved FMP Text

Progress to Date:

1. Ongoing. The draft plan submission occurred in October 2010 and plan approval is forecast for May 2011.

Future Tracking:

1. The stated action will be completed as indicated above.

Suggestion:

#8 The Ministry of Natural Resources should evaluate the roles, responsibilities and training of planning and review team members to reduce the number of required alterations.

Action Required:

1. The Terms of Reference for the 2011-2021 Lake Nipigon Forest FMP will identify the following: roles, responsibilities and specific tasks of each planning team member; roles and responsibilities of MNR plan reviewers, including designation of a coordinator for the lists of required alterations; role of the coordinator following the February 2, 2005 MNR direction; the names of plan advisors and mechanisms for review and input of draft plan material. The audit suggestion will be considered in developing these parts of the Terms of Reference.

2. The 2011-2021 Lake Nipigon Forest planning team members, MNR District reviewers and lists of required alterations coordinator will attend FMP training relevant to their Terms of Reference roles and responsibilities.

3. The plan author will ensure the draft 2011-2021 FMP is submitted in accordance with Part A, Section 1.4.2 of the 2009 FMPM.

Organization/Individual responsible:

1. MNR Thunder Bay (Lead) and Nipigon District Manager
2. Relevant MNR District planning team members/reviewers/coordinator, MNR Nipigon District staff, MNR Area Supervisor (lead), relevant company planning team members, Norampac Inc.
3. LNFMI 2011 FMP Plan Author

Deadline:

1. October 2007
2. Ongoing during development of the 2011 FMP
3. 2011 FMP Draft Plan Submission forecast for October 2010

Method of Tracking Progress:

1. Approved Terms of Reference
2. Actual FMP training that occurred and attendance.
3. List of required alterations.

Progress to Date:

1. Completed. This action was considered during the development of the Terms of Reference for the 2011-2021 Lake Nipigon Forest FMP. The roles and responsibilities of all planning team members are identified in the Terms of Reference as well as responsibilities of task team members. The Terms of Reference also identify the plan reviewers roles and responsibilities. A coordinator for the list of required alterations has been designated along with roles and responsibilities. Plan advisors have been identified with corresponding specific areas of the plan.

2. Completed. All FMP training opportunities provided for the development of the 2011-2021 Lake Nipigon Forest FMP have been made available to all planning team members, MNR District reviewers and list of required alterations coordinator.

3. Ongoing. Draft plan was submitted for MNR review in October 2010. The final list of required alteration is being addressed (April 2011), with final FMP approval scheduled for May 2011.

Future Tracking:

3. The stated action will be completed as indicated above.

Suggestion:

#9 The planning team members (both Norampac Inc. and Ministry of Natural Resources) should review the pattern of past harvests and ensure that the harvest patterns and allocations take into account economic factors to the extent possible in developing the next forest management plan.

Action Required:

1. Applicable planning team members and Forest Operations Task Teams will be provided with related audit report text for consideration in determining harvest patterns and allocations in the 2011 FMP.

Organization/Individual responsible:

1. Domtar/LNFMI Plan Author (lead), MNR Nipigon District Area Forester, planning team members, relevant task team members

Deadline:

1. 2011 Draft Plan Submission (approx October, 2010), approved 2011 FMP forecast for April, 2011

Method of Tracking Progress:

1. Planning team/task team meeting minutes, 2010 Draft FMP Text, approved 2011 FMP

Progress to Date:

1. Completed. This suggestion was discussed with the planning team for their input, and it was felt that this was no longer applicable to most of the Forest, as 75% of the Forest is now managed for caribou habitat under a dynamic caribou habitat schedule in which areas identified for harvest are pre-determined. Based on the current economic climate and uncertainty in the forest industry, it would be difficult if not impossible to account for access and economic factors in the allocation selection. Therefore, as discussed with the planning team, allocations were based in the requisite available harvest area. This exercise was concluded through the final preparation of the draft plan submitted for MNR approval in October 2011.

Suggestion:

#10 Norampac Inc. should find ways to improve the site rehabilitation of landings that are covered with chipper debris.

Action Required:

1. Domtar Inc./LNFMI will investigate methods to improve site rehabilitation of landings that are covered with chipper debris through consultation with other Domtar locations, other companies, and/or research groups like FERIC.
2. Following the investigation, Domtar Inc./LNFMI will apply operationally feasible, cost effective methods for site rehabilitation of landings that are covered with chipper debris.

Organization/Individual responsible:

1. Domtar Inc./LNFMI SFL Forester
2. Domtar Inc./LNFMI SFL Forester

Deadline:

1. December 31, 2008
2. Ongoing annually after December 31, 2008

Method of Tracking Progress:

1. Internal Domtar Inc./LNFMI report
2. Annual Work Schedules, FOIP

Progress to Date:

1. Not completed. Due to changes in SFL holder and multiple staff changes, no documentation can be found to determine status of this suggestion. In-bush chipping has resumed but debris is not managed in any special way.
2. Not completed. Refer to progress to date for action 1 above.

Future Tracking:

1. and 2. The 2011 FMP is prepared using the Stand and Site Guide and the requirements in the guide are implemented upon commencement of operations as approved in the 2011 FMP. The Stand and Site Guide provides direction on slash and chipper debris management that will be followed.

Suggestion:

#11 Norampac Inc. should implement an artificial renewal program aimed at maximizing site potential and occupancy, particularly on mixedwood sites.

Action Required:

1. Due to the increasingly weak/non-existent hardwood market, significantly more hardwood is being left unharvested in cutover areas. This is affecting the treatments and efficacy of treatments of these stands. The amount of residual hardwood left on site will not change until market conditions do, therefore silvicultural treatments may have to be adapted to these changing site conditions. Domtar Inc./LNFMI will review silviculture strategies and SGRs and revise where required for the 2011 FMP especially regarding high-productive mixedwood sites. A hardwood utilization strategy to deal with the harvesting and future treatments for these sites will be included in the 2011 FMP. Also refer to R#19 regarding monitoring.

Organization/Individual responsible:

1. Domtar Inc./LNFMI FMP Plan Author

Deadline:

1. 2011 Draft Plan Submission forecast for October 2010, approved plan forecast for April 2011.

Method of Tracking Progress:

1. 2011 Draft and approved FMP Text

Progress to Date:

1. Completed. In the part of the Forest that is managed for caribou, requirements for hardwood utilization and stand renewal have been defined in both the SGRs and in the plan text for the 2011 FMP. Required hardwood utilization strategy alterations were addressed through the review and approval of the 2011-12 contingency plan and are being directly incorporated into the final 2011-2021 FMP.

Suggestion:

#12 Norampac Inc. should make sure that harvest operators follow direction in the Careful Logging Implementation Manual, particularly when advance growth is sparse and seeding potential is low.

Action Required:

1. Continue to identify and monitor these areas and discuss the proper techniques with the overlapping licensees. Review the Norampac *Careful Logging Implementation Manual* with overlapping licensees which includes that operators retain group seed trees on sites where there is insufficient advanced growth. Ensure for each block identified with a CLAAG prescription (as per AWS) the overlapping licensee is aware of the prescribed treatment.

2. Document cases where the prescription was not followed (through FOIP).

Organization/Individual responsible:

1. Domtar Inc./LNFMI SFL Forester (lead), Overlapping Licensees
2. Domtar Inc./LNFMI SFL Forester (lead), Overlapping Licensees

Deadline:

1. Ongoing annually starting with the 2006-07 AWS.
2. Ongoing annually starting with the 2006-07 AWS.

Method of Tracking Progress:

1. Documentation of AWS and annual meeting with overlapping licensees.
2. Documentation of field inspections and FOIP.

Progress to Date:

1. Completed and ongoing annually. Annual meeting minutes are available January 25, 2006, January 31, 2007, January 10, 2008, May 11, 2009. At each meeting, the Overlapping Licensees were reminded of the FMP and applicable guideline requirements for advance growth and seed tree retention.
2. Completed and ongoing annually. To date, no compliance reports have recorded instances where direction in the Careful Logging Implementation Manual has not been followed.

Suggestion:

#13 Norampac Inc. should review its road building standards with the aim of reducing further the environmental impacts related to road construction, with the acknowledgement that considerable progress has occurred in the last decade.

Action Required:

1. Domtar Inc. will review road building and water crossing standards with road construction contractors prior to operations commencing and with overlapping licensees at annual AWS meetings, especially with regard to ROW widths, approaches to achieve the required grade and grubbing (including no-grub zones).
2. Domtar Inc. will conduct periodic Forest Operations Inspections on overlapping licensee water crossing installations and road construction as outlined in the Annual Compliance Schedule in the AWS.

Organization/Individual responsible:

1. Domtar Inc./LNFMI SFL Forester
2. Domtar Inc./LNFMI SFL Forester

Deadline:

1. March 31, 2008
2. Ongoing

Method of Tracking Progress:

1. Documentation of AWS / other meetings with overlapping licensees and/or road and watercrossing contractors.
2. FOIP reports

Progress to Date:

1. Completed and ongoing annually. Road construction and water crossing installation requirements were discussed with the Overlapping Licensees at the annual AWS meetings starting in 2006.
2. Completed and ongoing annually. To date, compliance reports indicate that there have been 34 non-compliance reports with regards to road construction and water crossing including instances with double reports for the same location. However impacts were minor and no further compliance actions were taken. Most of these were early in the plan and recent efforts have concentrated on reducing further, the environmental impacts of roads and water crossings.

Suggestion:

#14 Norampac Inc. should consider completing aerial pre-tending and free-to-grow assessments during or near the end of the leaf-on period.

Action Required:

1. Tending and FTG assessments will be completed when resources are available. Refer to R#19 and R#8 regarding the 2011 FMP.

Organization/Individual responsible:

1. Domtar Inc./LNFMI SFL Forester (lead), Senior Technician

Deadline:

1. Ongoing, Refer to R#19 and R#8

Method of Tracking Progress:

1. Records of any assessments when resources are available, Refer to R#19 and R#8.

Progress to Date:

1. Refer to R#19 and R#8. Ad hoc assessments of tending efficacy and tending requirements have been completed during leaf-on, however aerial FTG assessment has usually been completed when resources were available.

Future Tracking:

1. Refer to R#19 and R#8

Suggestion:

#15 Norampac Inc. should formalize assessments of aerial tending projects, add quality control stipulations to aerial tending contracts and complete formal surveys of ground tending projects, as per contract specifications.

Action Required:

1. Domtar Inc. will utilize a combination of electronic GPS information from the spray aircraft's GIS navigation equipment, digital aerial photography, and/or satellite imagery to evaluate and monitor 2005 aerial tending areas.

2. Based on the evaluation of 2005 aerial tending areas, Domtar Inc. may develop procedures to assess aerial tending projects.

3. The current contract specifications used are relatively new (less than 5 years) and follow a corporate Domtar template that would require a legal review before any suggestions for changes could be made (e.g. quality control).

4. The project supervisor for ground tending projects will be directed to complete formal surveys of ground tending projects as per contract specifications.

Organization/Individual responsible:

1. Domtar Inc., SFL Forester
2. Domtar Inc., SFL Forester (lead), Senior Technician
3. Domtar Inc./LNFMI SFL Forester
4. Domtar Inc., Senior Technician

Deadline:

1. January 31, 2007
2. October 15, 2008
3. July 31, 2007
4. Ongoing during each contract commencing during the 2007 season

Method of Tracking Progress:

1. Documentation of evaluation of 2005 aerial tending areas.
2. Documentation of procedures developed
3. Documentation of investigation and mechanisms implemented in contracts
4. Documentation of formal surveys conducted

Progress to Date:

1. Not completed. With the many changes in SFL management and staff, no documentation can be found to determine if this suggestion has been acted upon.
2. Not completed. With the many changes in SFL management and staff, no documentation can be found to determine if this suggestion has been acted upon.
3. Completed. Aerial tending program in 2010 was completed using GreenForest Management Inc services. This contract contained quality control requirements.
4. Not completed. No ground tending projects have been completed in recent years.

Future Tracking:

1. Tending projects will be evaluated and monitored as resources allow. Tending project coverage is now routinely evaluated through the review of GPS generated spray tracks.
2. Tending projects will be assessed as resources allow.

Suggestion:

#16 Norampac Inc. should ensure that the conclusions and recommendations in the Year-Ten Annual Report for the 2001-2006 Forest Management Plan are clearly identified within the text and summaries.

Action Required:

1. Ensure conclusions and recommendations are clearly identified in the Year-Ten Annual Report for the 2001-2006 Forest Management Plan (i.e. the 2005-06 AR)

Organization/Individual responsible:

1. Domtar Inc. SFL Forester

Deadline:

1. November 15, 2006

Method of Tracking Progress:

1. 2001-2006 FMP Year-Ten Annual Report

Progress to Date:

1. Completed. The Year-Ten 2005-2006 Annual Report for the 2001-2006 FMP was submitted August 13, 2007. The report includes a distinct section within the text to outline recommendations (Section 4.6.2).

Suggestion:

#17 The Ministry of Natural Resources and Norampac Inc. should incorporate the principles listed in the report Towards Resolving Utilization Issues: A Process to Manage Unutilized Fibre (1999) to resolve the Appendix E wood supply commitments.

Action Required:

1. Refer to Recommendations #22 and #23. No further action is required.

Organization/Individual responsible:

1. Not applicable

Deadline:

1. Not applicable

Method of Tracking Progress:

1. Not applicable

Progress to Date:

1. Not applicable

Suggestion:

#18 Corporate Ministry of Natural Resources should consider lengthening the time to prepare an action plan report from two months to six months.

Action Required:

1. The Independent Forest Audit Process was reviewed by a consultant in 2006 and the final report was submitted to MNR in December 2006. The consultant's report covered action plans including action plan preparation timelines and provided options for addressing identified issues. This suggestion will be considered during the analysis of the consultant's report, *Review of the Independent Forest Audit* and during the development of any subsequent program changes.

Organization/Individual responsible:

1. MNR Forests Branch, Forest Evaluation & Standards Section, Supervisor Evaluation and Reporting Unit.

Deadline:

1. March 2008.

Method of Tracking Progress:

1. Any changes to IFA process as documented in IFA Process & Protocol for future audits.

Progress to Date:

1. Completed. Forests Branch made revisions to the IFA Process & Protocol (Appendix E) for 2008 audits to ensure that the action plan due date is clear and based on when the audit report is received. In addition, Forests Branch analyzed the consultant's report referred to in action 1 and made the following changes to the IFA Process and Protocol regarding the production of action plans, beginning with 2008 IFAs. These changes have streamlined production of action plans at the management unit level and therefore the time to submit the MU action plan has not been changed.

- Suggestions will no longer be highlighted in the audit report and will not be addressed in action plans. Suggestions may be included in the text of the audit reports.

- The audit report recommendations will be addressed by two action plans rather than one action plan as in the past:
 - Management Unit Action Plans will respond to all recommendations relevant to the management unit; will not include corporate provincial/policy or regional recommendations as in the past; the MU action plan is to be submitted within 2 months of receipt of the final audit report unless otherwise directed by the Minister
 - Annual Provincial Action Plans will respond to corporate/regional recommendations from all audits conducted during the audit year; the Annual Provincial Action Plan is to be submitted within 2 months of receipt of the last final audit report for the audit year unless otherwise directed by the Minister

Forests Branch also considered the 2 month timing for action plan submission appropriate since it allowed for the immediate development and implementation of a response to the audit; it facilitated transparency on what is being done to address the recommendations; and it maintained the auditee's focus on the issues identified in the audit. Forests Branch delivered training to auditees in 2008, 2009, and 2010 that included the need to begin action plan development at the draft and draft final audit report stages.

END