

Red Lake Forest

Independent Forest Audit

April 1, 2015-March 31, 2020



Final Report

ArborVitae Environmental Services Ltd.

November 11, 2020

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Table of Contents

| | | |
|------------|---|-----------|
| 1.0 | EXECUTIVE SUMMARY | 2 |
| 2.0 | TABLE OF AUDIT FINDINGS | 4 |
| 3.0 | INTRODUCTION | 6 |
| 3.1 | AUDIT PROCESS | 6 |
| 3.2 | MANAGEMENT UNIT DESCRIPTION | 6 |
| 4.0 | AUDIT FINDINGS..... | 9 |
| 4.1 | COMMITMENT | 9 |
| 4.2 | PUBLIC CONSULTATION AND INDIGENOUS INVOLVEMENT | 9 |
| 4.3 | FOREST MANAGEMENT PLANNING..... | 11 |
| 4.3.1 | <i>Harvesting</i> | 11 |
| 4.3.2 | <i>Silviculture</i> | 12 |
| 4.3.3 | <i>Values Planning</i> | 12 |
| 4.3.4 | <i>Access</i> | 13 |
| 4.3.5 | <i>Annual Planning</i> | 13 |
| 4.3.6 | <i>Amendments/ Revisions</i> | 14 |
| 4.4 | PLAN ASSESSMENT AND IMPLEMENTATION | 14 |
| 4.4.1 | <i>Harvest Operations</i> | 14 |
| 4.4.2 | <i>Silvicultural Operations</i> | 15 |
| 4.4.3 | <i>Access</i> | 17 |
| 4.4.4 | <i>Values Protection</i> | 18 |
| 4.5 | SYSTEM SUPPORT | 18 |
| 4.6 | MONITORING | 18 |
| 4.6.1 | <i>Compliance Monitoring</i> | 18 |
| 4.6.2 | <i>Annual Reports</i> | 19 |
| 4.6.3 | <i>Silvicultural Assessments</i> | 20 |
| 4.6.4 | <i>Free-to-Grow Assessments</i> | 20 |
| 4.6.5 | <i>MNRF District Silvicultural Effectiveness Monitoring Program</i> | 21 |
| 4.7 | ACHIEVEMENT OF MANAGEMENT OBJECTIVES & FOREST SUSTAINABILITY..... | 21 |
| 4.7.1 | <i>Summary of the Trend Analysis</i> | 21 |
| 4.7.2 | <i>Assessment of Objective Achievement</i> | 22 |
| 4.7.3 | <i>Assessment of Sustainability</i> | 22 |
| 4.8 | CONTRACTUAL OBLIGATIONS..... | 23 |
| 4.8.1 | <i>Assessment of the Recommendations of the Previous IFA</i> | 23 |
| 4.9 | CONCLUDING STATEMENT | 24 |
| | APPENDIX 1 – AUDIT FINDINGS | 26 |
| | APPENDIX 2 – ACHIEVEMENT OF 2008 FMP MANAGEMENT OBJECTIVES | 46 |
| | APPENDIX 3 - COMPLIANCE WITH CONTRACTUAL OBLIGATIONS | 54 |
| | APPENDIX 4 – AUDIT PROCESS..... | 60 |
| | APPENDIX 5 – LIST OF ACRONYMS..... | 67 |
| | APPENDIX 6 – AUDIT TEAM MEMBERS AND QUALIFICATIONS | 69 |

1.0 EXECUTIVE SUMMARY

This Independent Forest Audit (IFA) assessed the management of the Red Lake Forest for the period April 1, 2015 – March 31, 2020, which encompasses the two-year extension of the 2008-2018 Forest Management Plan and the development of the 2020-2030 Plan. This audit reviewed the performance of the SFL-holder, Red Lake Forest Management Company Ltd. (RLFMC) and the Ministry of Natural Resources and Forestry, Red Lake District.

The auditors conducted site inspections over the course of two days and interviewed members of the Local Citizens Committee, Indigenous community representatives, staff members of Red Lake Forest Management Company, Licensees, and MNRF. Operations reviewed in the field far exceeded the minimum 10% sample size identified in the Independent Forest Audit Process and Protocol. Circumstances related to the Covid pandemic complicated aspects of the audit – virtually no in-person meetings were held at any time, with the exception of interactions during the site visit, considerably more than normal on-line and electronic interaction occurred, and the format for site visits was altered somewhat compared to those that normally occur. Nonetheless, the audit team is comfortable in asserting that the results of this audit fairly reflect representation of the management circumstances on the forest.

This audit identified that a number of critical aspects of forest management are being well addressed on the Red Lake Forest – the harvest level is well within sustainable bounds, renewal activities are conducted well with indications of good regeneration as revealed by on-site inspections of recent silviculture and areas that have been assessed as free-to-grow. The Forest Management Plan is a high-quality document and the Local Citizens Committee is a well-functioning group. Contractual Obligations of the Licence holder as identified in the Sustainable Forest License related to various aspects management of the forest, payment of dues etc. have been addressed, with the exception of the requirement related to the provision of Indigenous communities to benefit from forest management, which is the subject of a finding.

Most of the objectives of the 2008 FMP were assessed by the audit team as being achieved. These objectives included those that address natural landscape pattern, forest composition, the extent of Crown productive forest and the performance of the Local Citizens Committee. Objectives not fully achieved include those related to working with Indigenous communities and those that are reflected in compliance performance, specifically values protection and forest cover protection.

The nature of auditing is generally to identify practices in need of improvement. All forest audits identify findings, and this audit is no different in that regard. This audit identifies 14 findings that cover a variety of topics. The only strong theme that emerges from the findings relates to compliance of operational aspects of forest management. The quality of water crossings and aggregate pits is not consistent with direction in forest management guides or the Forest Management Planning Manual. In addition, issues with the MNRF's compliance planning, implementation of the compliance monitoring and high number of compliance issues detected during this audit's site visit provide evidence that this is an area in striking need of improvement. Especially concerning is the fact that compliance issues were identified in recommendations of the two previous Independent Forest Audits, conducted in 2015 and 2010. Several other recommendations of the previous audit were not fully addressed either, suggesting that the identification of issues to be addressed in IFAs has not been a strong incentive for improvement in some cases.

The generally good performance by RLFMC and MNRF in managing harvest and renewal aspects of forest management buttresses the argument that sustainability is being achieved, but the audit team believes that the tepid performance in addressing important aspects made in previous audits warrants a qualified finding of sustainability.

The audit team concludes that with the critical exceptions noted below, management of the Red Lake Forest was generally in compliance with the legislation, regulations and policies that were in effect during the term covered by the audit, and the Forest was managed in compliance with the terms and conditions of the Sustainable Forest Licence # 542548 held by Red Lake Forest Management Company Ltd. The forest is being managed consistently with the principles of sustainable forest management as assessed through the Independent Forest Audit Process and Protocol. The critical exceptions related to satisfactorily addressing recommendations from previous audits related to the quality of water crossings (Finding # 6), the quality of aggregate pit management (Finding # 9 Finding # 8), and working with MNRF to improve compliance consistency (Finding # 8).



Chris Wedeles
Lead Auditor

2.0 TABLE OF AUDIT FINDINGS

| Concluding Statement |
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| <p>The audit team concludes that with the critical exceptions noted below, management of the Red Lake Forest was generally in compliance with the legislation, regulations and policies that were in effect during the term covered by the audit, and the Forest was managed in compliance with the terms and conditions of the Sustainable Forest Licence # 542548 held by Red Lake Forest Management Company Ltd. The forest is being managed consistently with the principles of sustainable forest management as assessed through the Independent Forest Audit Process and Protocol. The critical exceptions related to satisfactorily addressing recommendations from previous audits related to the quality of water crossings (Finding # 6), the quality of aggregate pit management (Finding # 9Finding # 8), and working with MNRF to improve compliance consistency (Finding # 8).</p> |
| Findings |
| <p>1. MNRF Red Lake did not meet all its obligations related to overseeing and auditing operational aspects of forest management.</p> |
| <p>2. The Company did not meet its requirements to notify MNRF regarding the status of operations.</p> |
| <p>3. The Company is not planning/ listing the appropriate water crossings in Table AWS-1 or listing decommissioning in Table AWS-2.</p> |
| <p>4. MNRF's review of proposed amendments to the Forest Management Plan have not been completed and approved in a timely manner.</p> |
| <p>5. The Company did not meet its requirements in the Annual Work Schedule compliance plans to mark the boundaries of harvest blocks.</p> |
| <p>6. Installations of several water crossings did not meet safety and environmental standards as identified in the Forest Management Plan. Recommendations to address this issue as identified in the 2015 and 2010 Independent Forest Audits have not been addressed. The MNRF/Department of Fisheries and Oceans Protocol for the Review and Approval of Water Crossings was not applied as intended.</p> |
| <p>7. Red Lake District MNRF did not meet its obligations associated with the development of comprehensive district compliance plans or the achievement of the compliance targets identified in the plans.</p> |
| <p>8. Red Lake MNRF District staff and industry staff do not have a shared understanding of what constitutes operational compliance and have not used mechanisms to improve consistency.</p> |
| <p>9. Aggregate pits do not meet the operational standards for forestry aggregate pits as identified in the Forest Management Planning Manual.</p> |
| <p>10. The requirements (as identified in the 2020 IFAPP Procedure 8.1.9) of the Action Plan Status Report related to the 2015 IFA Recommendation # 19) were not addressed.</p> |

- | |
|--|
| 11. The use of the rate of non-compliance as the sole measure of success in achieving objectives related to maintenance of forest values and healthy ecosystems does not provide a sufficient means by which to assess sustainability or the quality of forest management. as required in the Forest Management Planning Manual (Section 1.2.5.1). |
| 12. There is insufficient evidence that local First Nations received sufficient benefits from forest management planning on the RLF to conclude that Section 20 of the SFL was met during the audit period. |
| 13. The MNRF does not readily provide important financial information regarding the payment of Crown dues for timber harvested to the SFL Manager. |
| 14. The requirements (as identified in the 2020 IFAPP Procedure 8.1.9) of the Action Plan Status Report related to the 2015 IFA Recommendation #21 have not been addressed. |

3.0 INTRODUCTION

3.1 AUDIT PROCESS

The Crown Forest Sustainability Act (CFSA), and one of its Regulations (160/04), directs the Minister of Natural Resources and Forestry (MNRF) to conduct regular audits of each of the province's managed forests. These audits assess compliance with the CFSA, the Forest Management Planning Manual (FMPM), the forest management plan (FMP) and whether the licensee has complied with the terms and conditions of its Sustainable Forest Licence (SFL). The effectiveness of operations in meeting plan objectives and improvements made as a result of prior IFA results are also to be evaluated.

The guiding document which describes the precise manner in which audits are to be carried out is the Independent Forest Audit Process and Protocol (IFAPP), which is produced by the MNRF (available online at <https://www.ontario.ca/environment-and-energy/independent-forest-audit-process-and-protocol>). The IFA process has recently been modified to include an early-stage screening of the risk associated with 73 of the approximately 170 audit procedures. The procedures that are screened for risk are those that MNRF has assessed as having a low impact on sustainability in the event of a non-conformance or poor effectiveness. As a result of this screening, three of the optional procedures were selected to be audited. Greater detail regarding how the audit process was followed, the approach used in the risk assessment, and the operational sampling intensity can be found in Appendix 4.

An important characteristic of the IFAs is that they review the performance of both the MNRF and the SFL-holder, which is Red Lake Forest Management Company Ltd. (referred to in this report as RLFMC or 'the Company'). The responsibilities of RLFMC include implementing management operations, considerable aspects of operational planning, reporting, and compliance monitoring. The MNRF's many responsibilities including review and approval of key documents (including the FMP, annual reports, annual work schedules, etc.), overseeing management of non-timber resources, undertaking compliance inspections, etc. In other words, the activities and accomplishments of both parties with forest management responsibilities are covered by the audit.

This audit covers the period April 1, 2015 – March 31, 2020 which encompasses years 7 – 10 of the 2008-2018 FMP and a two-year plan extension from April 1, 2018 – March 31, 2020. This period also includes the development of a 2020 Forest Management Plan, which came into effect on April 1, 2020. The audit examined all forest operations that occurred within the audit period as well as the process of developing the FMP. ArborVitae Environmental Services Ltd. (AVES) undertook this IFA using a four-person team. Profiles of the team members, their qualifications and responsibilities, are provided in Appendix 6.

3.2 MANAGEMENT UNIT DESCRIPTION

The Red Lake Forest (RLF) is located in northwestern Ontario (Figure 1) near the northern limit of commercial forest management in Ontario. The Forest is bounded to the north, south and east by the Whitefeather Forest, the Whiskey Jack Forest, and the Trout Lake Forest, respectively, and to the west by Woodland Caribou Provincial Park, one of the Province's largest protected areas. The Forest is located within MNRF's Red Lake District in the Northwest Region and is centred on the towns of Red Lake, Balmertown, and Cochenour.

The SFL is held by RLFMC, a shareholder owned company. During the audit period, the Whitefeather Forest Community Resource Management Authority held a contract from RLFMC to manage the Red Lake Forest. In early 2020, Domtar Inc purchased the majority of the Class

B shares, which have harvest rights associated with them, which means that going forward Domtar Inc or its contractors will undertake the majority of harvesting on the Forest.

There are no First Nations communities located within the Forest, however Pikangikum First Nation (located to the north) and Lac Seul First Nation (located to the east) have an interest in the Forest. Some members of Wabauskang First Nation have traplines on the RLF

Table 1 shows that the RLF has a total area of 315,504 ha, of which 21% is water. The Forest is quite small compared to other provincial forests. Some 193,500 ha of managed Crown land is productive forest, which is available for timber harvesting. Approximately 20,000 ha is patent (private) land, most of which was acquired by mining companies although on most of these lands, the Crown retains the timber rights. Woodland Caribou Park and Pakwash Park account for another 21,837 ha of the Forest. (The majority of the 4,500,000 ha Woodland Caribou Park is located outside of the RLF.).

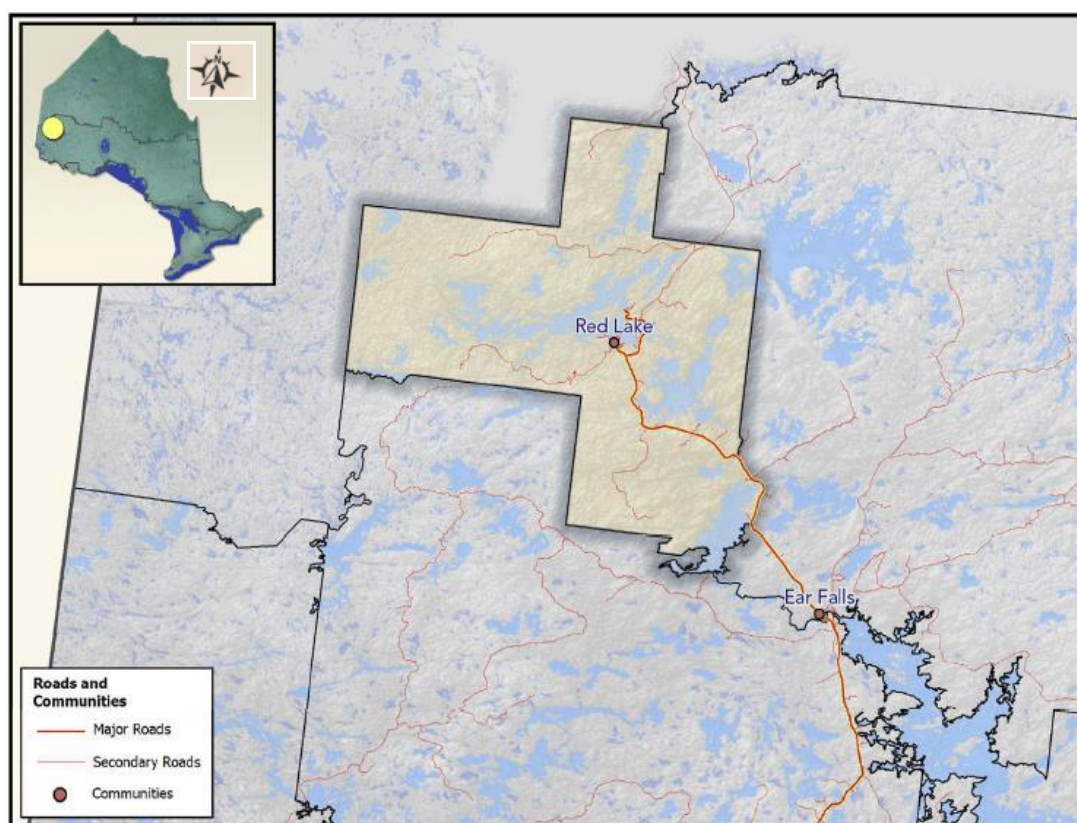


Figure 1. Map of the Red Lake Forest.

In addition, two areas in the RLF have been scheduled to be added to Woodland Caribou Park as a result of the Living Legacy Process, however they are still part of the managed forest, although they have been reserved from harvesting.

Table 1. Area description of the Red Lake Forest (From Table FMP-1 2020 FMP).

| Land Class | Managed Crown ^a Land | Total Area ^b |
|------------------------------------|---------------------------------|-------------------------|
| Water | 67,152 | 67,152 |
| Non-forested | 1,566 | 3,821 |
| Non-productive Forest ^c | 11,555 | 13,539 |

| | | |
|--------------------------------|---------|---------|
| Productive Forest ^d | 193,471 | 230,992 |
| Total | 273,744 | 315,504 |

a – includes Crown land available for forest management purposes

b – Includes Managed Crown land plus land not available for forest management purposes, including provincial parks, conservation reserves, etc.

c – areas incapable of growing commercial trees, such as muskeg, rock, etc.

d – forest areas capable of growing commercial trees

The range of forest types found on the RLF is indicative of the relatively simple structure of northern boreal forests, with a small number of tree species dominating the flora. Black spruce, jack pine, balsam fir, and trembling aspen are the main species, with some white birch being present. Eastern white cedar, black ash, red and white pine, burr oak and American elm are less common and occur as scattered stands, minor components of stands or as individual trees.

Figure 2 shows the area by age class distribution of the Forest by forest type¹. Limited commercial forestry, primarily along the Chukuni River, started in the 1930's, primarily to supply the mines and mining towns. Forestry became more industrial during the 1960's, accompanied by construction of the first all-weather access roads on the Forest. The large amount of area in the 21-40 year age class of the PjDee forest unit (jack pine dominated stands) originated from two large fires in 1980 (27,846 ha) and 1986 (24,316 ha).

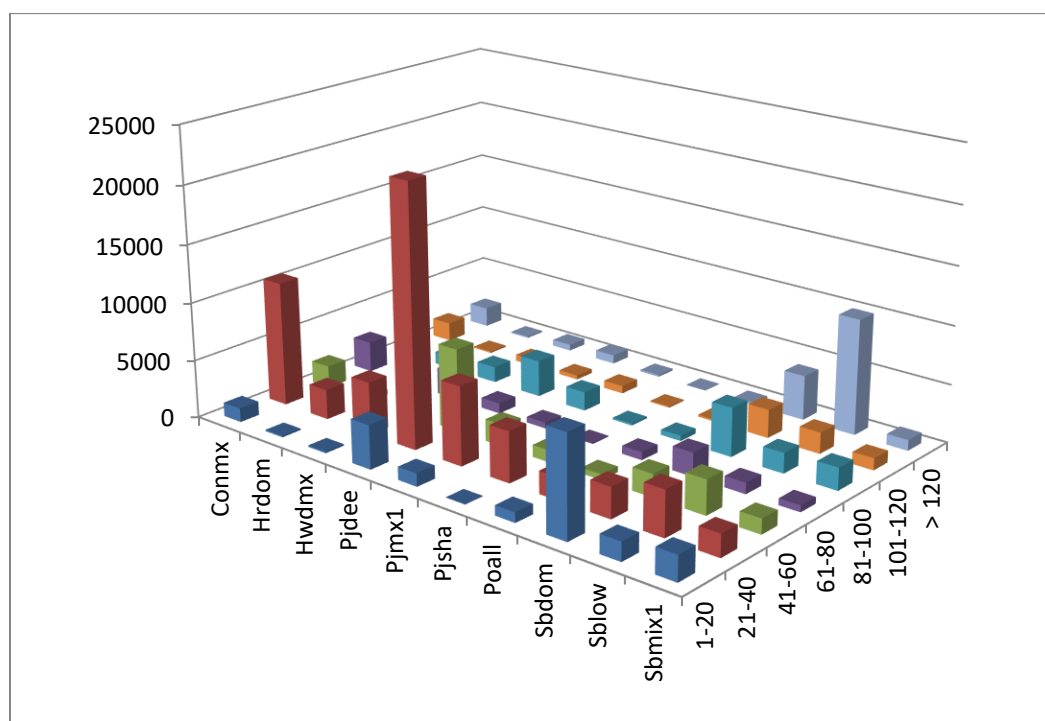


Figure 2. Age class distribution of major forest types on the managed Crown productive forest portion of the Red Lake Forest (From 2020 FMP, Table FMP-3.)

The Forest provides high-quality recreational opportunities, including hunting, fishing, canoeing, snowmobiling, ATV-ing, cross-country skiing and camping. In addition, there are 25 remote tourism outfitters with facilities located within or adjacent to the Forest; according to the FMP,

¹Forest types shown in Figure 2 are mixed coniferdominated stands (ConMx), Hardwood dominant (Hrdom), mixed hardwood dominated stands (HwdMx), Jack pine on deep soils (PjDee), Jack pine mixedwood (Pjmx1), Jack pine on shallow soils (Pjsha), Poplar all (PoAll), spruce dominated stands (SbDom), spruce lowland (SbLow), and spruce mixedwood (Sbmix), .

they generate an estimated \$17 million of revenue each year. Key lakes include Pakwash, Parker, Little Vermillion and lakes in the Red Lake – Gullrock Lake system. There is one signed and five draft Resource Stewardship Agreements (RSAs) between RLFMC and some remote outfitters as a result of discussions associated with the development of the 2020 FMP. Other available commercial and recreational opportunities include trapping and baitfish harvesting. Red Lake is very well-known as a gold mining centre, with key mines owned by Evolution Mining. There are numerous mineral exploration companies active in the area.

Like all Ontario forests, the Red Lake Forest supports a variety of wildlife species that depend on a mosaic of habitats. Many of the species common to the Forest are highly valued for providing recreational opportunities such as hunting and viewing, and commercial opportunities such as trapping. Moose and black bear are the main big game species in the area. However, as discussed in Section 4.3, forest management is more strongly influenced by Woodland Caribou, which is classified as threatened by the Committee on the Status of Endangered Wildlife in Canada (COSEWIC). The FMP reports that the Berens and Sydney Caribou ranges overlap the Red Lake Forest, which is fully within the range of continuous caribou habitation.

Wolverine, bald eagle, short-eared owl, black tern, great gray owl, barn swallow, common nighthawk, and olive-sided flycatcher are among other wildlife species classified as at risk either by COSEWIC or by the Committee on the Status of Species at Risk in Ontario (COSSARO) and are known to occur on the Forest, or whose range overlaps with the Forest.

4.0 AUDIT FINDINGS

4.1 COMMITMENT

As the forest is not certified to a 3rd party Standard, the procedures in this principle are to be audited. The audit team had extensive engagement with staff of MNRF and RLFMC during the audit and found them to be highly committed and knowledgeable regarding provincial forest management requirements in general and management and ecology of the Red Lake Forest in particular. However, at the corporate level of MNRF, commitment to forest management is less clear given the government's limitations on filling staffing vacancies within the MNRF District office during the latter part of the audit term. These limitations, combined with the ongoing challenges of staffing in remote locations such as Red Lake, affected the MNRF's ability to meet some of its obligations as is described more fully in the Systems Support discussion below and in Finding # 1.

4.2 PUBLIC CONSULTATION AND INDIGENOUS INVOLVEMENT

Local Citizens Committee

Due to Covid restrictions, the audit team did not meet in person with any LCC members or the committee as a whole, although several members attended the field inspections. Input for this audit was provided through telephone interviews with four committee members and e-mail correspondence with others. Input was also provided through discussions with MNRF and RLFMC staff and through a review of the minutes of the committee's meetings. Review of the committee's meetings for the term of the audit revealed good attendance - only once in the five-year audit term did the committee not achieve quorum at its monthly meetings.

The Red Lake LCC provides MNRF with input into the planning and management processes for three forests – Red Lake, Trout Lake, and Whitefeather. The committee is able to maintain a distinction between the circumstances and issues related to the forests and the audit team identified no concern related to them serving multiple forests.

Most members of the Red Lake LCC have been on the committee for many years. While members believe that most relevant interests are represented on the committee, they also recognize the value of bringing fresh perspectives into the group. Recent attempts to bring new members onto the committee not been very successful. (This is a challenge for many LCCs based in relatively small towns, and this committee is fortunate to have a high degree of dedication in its members.) One related issue that some members feel is important is the lack of representation of Indigenous Peoples on the committee. Effort has been devoted to attempting to address this, with limited success to date, however there seems to be willingness on part of the committee and in the MNRF to continue these efforts.

Additional positive aspects of the LCC's involvement on the Red Lake Forest include:

- The high degree of satisfaction within the committee on the extent to which MNRF and RLFMC prepare for and provide information at meetings and the organizations' responsiveness to questions raised by the committee;
- The efficient manner in which planning amendments are reviewed by the committee;
- The effective representation of the LCC representative on the 2020 FMP planning team;
- Well run and organized meetings and provision of excellent records facilitated by MNRF through the meeting minutes;
- A positive self-assessment of the committee included in the Supplementary Documentation of the 2020 FMP which indicated general satisfaction with the structure of the LCC and its input into plan preparation; and
- The provision by MNRF of guest speakers at LCC meetings to discuss topic areas of interest by committee members.

Committee members identified several points about which concern or interest exists. They do not warrant being identified as findings, but the Audit Team suggests that MNRF work with the LCC to identify whether any responses or changes to procedure are appropriate to address them.

- There does not appear to be any process or specific training materials provided or available to prospective new committee members. Existing members recounted that upon their entry into the committee they were provided with a copy of the FMPM as introductory material and were subsequently just brought into LCC meetings without much provision of context or expectations.
- On operational topics committee members expressed concern about the quality of the road network (lack of maintenance) and general concerns regarding the potential impacts of herbicide and insecticide applications.

Indigenous Peoples Involvement

The MNRF determined that there were three First Nations and no Métis communities adjacent to the Red Lake Forest and all of them were contacted at the times required during the planning process to invite their participation and to provide notifications of the various stages and information sessions held during planning. None of the First Nations opted for customized consultation and the level of involvement on the part of the First Nations was not high. The Summary of First Nation and Métis Involvement (Supplementary Document D of the 2020 FMP) provided a detailed list of interactions between MNRF and First Nation members; some but not all interactions between the Company and the First Nations were recorded.

The 2020 FMP lists a representative of Lac Seul as being on the planning team; neither of the other two First Nations designated a representative. Wabauskang's involvement appeared to amount to some comments provided on specific areas and a number of discussions regarding how the planning process could be improved. Pikangikum opted to have minimal involvement. Lac Seul became more involved as the planning process progressed, and MNRF delivered a

presentation of the Proposed Operations to the Chief and Council on April 16, 2019, which led to some further discussion and the identification of some values. There was considerable discussion regarding the preparation of an First Nations Background Information Report by one or more of the First Nations, but in the end it seems that they did not provide much information for the report that was prepared for this plan.

In summary, the MNRF provided the notifications required at the times required, and followed up as required. Some discussions were held with representatives of Wabauskang and Lac Seul First Nations however none of the First Nations chose to consistently participate in the planning process.

4.3 FOREST MANAGEMENT PLANNING

The audit team reviewed the 2020 FMP in considerable detail. In general, the plan is well-written and meets the requirements of the FMPM.

The objectives of the 2020 FMP are very similar to those used in the 2008 FMP, and many of the indicators used to assess the achievement of the objectives are the same or similar. However, some of the 15 objectives from the 2008 FMP were combined, so that there are now 10 objectives in the 2020 FMP. Direction for the objectives and indicators comes from a variety of sources, including the 2017 FMPM, the Forest Management Guide for Boreal Landscapes², and comments put forward at the Desired Forest and Benefits Meeting.

4.3.1 *Harvesting*

For the 2020 FMP, the entire Red Lake Forest was considered to fall within the zone of continuous caribou use, compared with only 67% of the forest in the 2008 FMP. This has resulted in the expansion of the Dynamic Caribou Habitat Schedule (DCHS) to cover the entire forest. This will have the effect of concentrating harvesting in areas with high concentrations of mature forest, and will likely assist the Company in moving the distribution of patch sizes in the direction of the template identified in the Boreal Landscape Guide, which generally has fewer small blocks and more large blocks than are currently present in the forest.

The forest is dominated by conifer, and the desired annual harvest of spruce-pine-fir (SPF) is 180,000 m³/year, up from 150,000 m³/year in the 2008 FMP. The 2008 FMP specified a desired poplar harvest of 30,000 m³/year, whereas the 2020 FMP simply states that the desired harvest of all non-SPF species is 30,000 m³/year. The Available Harvest Area (AHA) calculated for the 2020 FMP is 17,745 ha for the ten-year plan period; this compares with an AHA of 17,507 ha in the 2008 FMP.

The actual harvest on the Red Lake Forest has declined by 70% since the 1991 plan period, and there is little reason to expect the actual harvest to exceed 50% of planned in the near-term, especially considering that one of the sawmills which was a key destination for wood from this forest entered bankruptcy protection in 2019. The 2020 FMP sets the planned harvest at a level just below the AHA, and this lack of realism continues to undermine the credibility of the planning process. The risk assessment process that was added to the 2017 FMPM was supposed to include an investigation of recent wood utilization, however the results of this investigation, if it was in fact done, were not reported in the 2020 FMP.

The 2020 FMP has, as a long-term goal, the reduction of the hardwood component of the forest. The justification provided is that caribou management entails the creation of large areas of conifer forest and the belief that the pre-industrial forest had less hardwood in it than the current forest. The effect of this direction can be seen in Table FMP-8 in the 2020 FMP, which

²Ontario Ministry of Natural Resources. 2014. Forest Management Guide for Boreal Landscapes. Queen's Printer for Ontario. 104 p.

shows the projected harvest area by forest unit at twenty-year intervals between 2020 and 2120. The table shows the projected available harvest of the poplar all forest unit declining from as much as 90 ha/year to zero from 2080-2120, with the other two hardwood-leading forest units exhibiting similar declines, indicating that their extent is being reduced.

4.3.2 **Silviculture**

The audit team reviewed the Conditions on Regular Operations, planned renewal, tending and protection operations, renewal support requirements, and forecasts of expenditures in the 2020-2030 Forest Management Plan. All elements were in conformance with applicable planning requirements and were adequate to reflect the proposed 10 years of operations.

Silvicultural Ground Rules (SGR's) and the associated silvicultural standards were revised for the 2020 FMP. SGRs were updated to include additional regeneration standards, using Northwest Region guidance to assist in the development of renewal standards and to ensure that provincially consistent terminology was used. MNRF and RLPMC made good use of local information, including historical free-to-grow results and District Silviculture Effectiveness Monitoring (SEM) information, to refine SGRs by identifying those which had been most successful over time. This simplified and reduced the number of SGRs and should ensure that prescriptions are well-suited to local conditions and locally available silvicultural resources.

4.3.3 **Values Planning**

Areas of Concern (AOC) planning proceeded as required in the FMPM. There were no values or prescriptions identified as exceptions. Evidence of public comment was reviewed and revealed a number of concerns expressed regarding tourism. The audit team is satisfied that these comments were considered in the finalization of AOC prescriptions; specific AOCs have been developed for a number of remote tourism operators, including those who have signed or are negotiating Resource Stewardship Agreements.

The prescriptions presented in Table FMP-11 were reviewed, and discussions regarding selected prescriptions were held with MNRF and RLPMC staff. Many of the AOC prescriptions were either taken or adapted from the Stand and Site Guide³, as is appropriate. The prescriptions are an evolution of those included in Phase II of the 2008 FMP as several of the previous prescriptions (e.g. those related to water quality) have been amalgamated to make for more efficient documentation and use, and several have been updated to provide clearer and more effective direction (e.g. several related to nests of birds of prey).

One issue was identified regarding protection of a bird species – bank swallow, a threatened species. Bank swallows seem not to be afforded the same level of protection as other birds addressed in the AOCs and Conditions on Regular Operations (CROs). The Bank Swallow AOC prescription just applies to 'large colonies', which the Stand and Site Guide defines as having more than 100 pairs. Bank Swallows frequently nest in considerably smaller colonies and often nest in gravel pits (evidence of one such colony was observed during the audit at a pit in Block 8758). MNRF staff informed the audit team that this oversight is likely the results of a 'cut and paste' error when text from the Stand and Site Guide was used to develop the AOC prescription. This oversight should be fixed and the correct prescription brought into the FMP through an amendment.

Values maps were reviewed by the Audit Team and were found adequate for planning. Discussions with RLPMC and MNRF provided assurance that all reasonable sources of information were included in the assembly of the values maps.

³Ontario Ministry of Natural Resources. 2010. Forest Management Guide for Conservation Biodiversity at the Stand and Sites Scales. Queen's Printer for Ontario. Peterborough, ON 211 p.

Descriptions of species at risk (SAR) in the FMP meet the FMPM requirements. No SAR of which the audit team is aware has been omitted from the FMP.

Caribou

On the Red Lake Forest, as is the case for all of Ontario's tenured forests within caribou range, the DCHS is the means by which caribou habitat is managed. Through detailed age-class and habitat analyses, the forest has been divided into a number of blocks or mosaic areas. Harvesting is planned in a highly-scheduled manner that permits focused activities in different blocks through time so that industrial demand is satisfied while attempting to maintain large blocks of caribou habitat. The area encompassed by the DCHS in the 2020 FMP includes all of the Red Lake Forest, whereas only 67% of the Forest was included in the DCHS in the 2008 FMP. The increase in area is a result of a revision of caribou range in the 2009 Caribou Conservation Plan⁴. There are nine broad caribou habitat blocks with a number of sub-blocks for which management via habitat scheduling has been planned for the next 120 years, in 10- and 20-year increments. The Audit Team finds that the DCHS approach as planned for the RLF is the result of considerable sophisticated analysis that is consistent with the MNRF's direction.

DCHS blocks have also been identified as Strategic Management Zones (SMZs) in the 2020 FMP. This is appropriate as the DCHS blocks address many of the criteria associated with SMZs in the FMPM, including achievement of landscape pattern objectives, strategic considerations applicable to the Management Unit, and accessibility of harvest considering issues such as SAR.

4.3.4 Access

The Phase II 2008 FMP indicates that no primary road construction was planned and 21.1 km of construction of branch road was planned. Annual Reports for 2015-16 to 2018-19 indicate that no primary or branch road was constructed. Data for 2019-2020 are not yet available.

Planned construction as identified in Table FMP-18 in the 2020 FMP is 8.7 km of primary and 37.1 km of branch road. Supplementary documentation as included in the FMP related to road planning is appropriately detailed, following FMPM direction. Content for primary roads includes maps, analyses of alternative corridors and identification of the proposed corridor, use management strategy, and summary of public comments. For branch roads the required planning content is less detailed, and also meets FMPM requirements.

4.3.5 Annual Planning

The Company prepared and submitted Annual Work Schedules each year of the audit period, and the submissions were on time, permitting operations to begin by April 1. The AWS contained the appropriate sections and data sets however a number of the data sets were incomplete. This was particularly the case with water crossings. Two water crossings were installed by the company's licensee on Great Bear Road that were not listed in the AWS. One of the initial culverts that was installed was undersized (600mm), and after a MNRF inspection was replaced with a 2200mm culvert. A water crossing decommissioning was also omitted from the AWS in the year it was removed. Crossing #290 on Little Dixie Lake Road was not listed for construction in either the FMP supplementary documentation or the 2019/ 20 AWS Table 1. These omissions, contributed to MNRF's lack of awareness regarding what operations were being undertaken on the forest, and the situation has resulted in Finding # 3.

⁴Ontario Ministry of Natural Resources. 2009. Ontario's Woodland Caribou Conservation Plan. Queen's Printer for Ontario. 24 p.

4.3.6 *Amendments/ Revisions*

Over the course of the audit period eight amendments were considered. Seven were submitted by RLFMC and one was initiated by the MNRF. The MNRF amendment related to modifying the FMP to comply with a revised MNRF/Fisheries and Oceans Canada protocol for the review and approval of forestry water crossings. Processing of all amendments followed appropriate processes for categorization, including consultation with the LCC. Most of the amendments submitted by RLFMC were categorized by the MNRF within the 15-day window described in the FMPM, however, the length of time for approval was long, averaging more than 80 days. Amendment processing records provided by MNRF do not provide an indication of the reason for the length of the reviews. This is addressed in Finding # 4.

4.4 **PLAN ASSESSMENT AND IMPLEMENTATION**

4.4.1 *Harvest Operations*

The Trend Analysis reports that the actual harvest area during the twelve-year term of the 2008 FMP averaged 553 ha/year, representing 34% of the planned level of 1,626 ha per year (note that the planned average annual harvest in Table FMP-15 of the 2008 FMP was 1,751 ha/year). Annual harvests were lowest during the beginning of the plan term and improved as the industry rebounded from the 2008-09 recession, however mill demand was slow to recover in the region and never reached pre-recession levels. Most significantly for the Forest, the Red Lake mill closed permanently in 2008. EACOM's sawmill in Ear Falls opened in 2014, after being closed in 2009 while another sawmill that used wood from the Red Lake Forest – Kenora Forest Products – re-opened in 2016 after suspending operations in 2008. Unfortunately, the Kenora mill closed again in 2019 and entered bankruptcy in December 2019.

During the audit period, just over 4,000 ha was harvested through regular operations and there was a significant amount of salvage harvesting as well. The harvest level during the audit period was well above the average harvest level during the entire twelve-year plan period. The salvage harvesting was undertaken in stands that were damaged by an early heavy snowfall in 2012, as well as stands damaged by jack pine budworm and high winds. Based on information in the Annual Reports and an estimate of harvest area from the RLFMC General Manager, 1,125 ha was salvaged during the audit period; RLFMC is commended for its efforts to undertake such a significant amount of salvage harvest.

The majority of conifer is harvested for sawlogs, however from time to time Domtar brings in-bush chipping onto the forest to either chip low-volume/small-wood stands or chip the pulpwood component of the harvest that is brought to roadside. Hardwood is used by Weyerhaeuser; fortunately, there are markets for all of the main timber species in the forest. Table 2 shows the planned and actual harvest data for Phase II of the FMP. The planned harvest figures were taken from the original harvest forecast, so they do not include the unharvested area and volume carried over from Phase I into Phase II. The table shows that the actual harvest volume levels, as a fraction of the planned levels, were quite uniform across all major species except for birch. The difference in actual and planned area versus volume suggests that the growth and yield curves underestimated volume by approximately 5%, which indicates that they are reasonably accurate.

The quality of the harvesting operations was generally good. Timber utilization was generally good – there were three compliance reports that identified bundles left in the cutover. The audit team noted unhailed bundles on one site inspected. (This was also identified as a compliance issue – See Section 4.6). Most of the left bundles have been subsequently retrieved.

| | Phase II Planned | Phase II Actual | Actual vs. Planned (%) |
|--------------------------------------|------------------|-----------------|------------------------|
| Harvest Area (ha) | 1,516 | 563 | 37 |
| Harvest Volume (m ³) | 188,493 | 62,501 | 34 |
| Poplar Volume (m ³) | 23,855 | 7,230 | 30 |
| Spruce Volume (m ³) | 117,867 | 41,406 | 35 |
| Jack Pine Volume (m ³) | 35,235 | 12,377 | 35 |
| Balsam Fir Volume (m ³) | 3,032 | 860 | 28 |
| White Birch Volume (m ³) | 6,077 | 8 | 0 |

Table 2. Annualized Planned and Actual Harvest Data.

The retention of residual trees was generally good, there was little site disturbance observed, which is a notable accomplishment considering the amount of lowland area on the forest. The management of harvest debris – both from chippers and full-tree operations – was much improved compared with the previous audit. The company piles slash and burns it, and chipper debris was spread out to a depth of 1-6 inches on four sites where it was measured; on one site the chipper debris had not been spread.

There were several compliance issues identified with trespasses, and one instance where a block was harvested without a harvest approval from MNRF – MNRF subsequently approved the harvest to enable the wood to be hauled. The audit team identified two issues related to harvesting that have led to findings. The first concerns the lack of notification provided by the Company to District MNRF staff regarding the status of harvest operations. Specifically, the Company and/or licensees are required to inform MNRF when operations are beginning on a harvest block, when they are suspended, and when they are completed. While the Company maintains that it frequently notified MNRF, MNRF's tracking of notifications showed very few were received regarding harvests until 2019-20, when the company became a more regular notifier of start-ups, but there were no notifications of suspensions or completion. (The Company also failed to notify MNRF regarding most water crossing operations.) The Company did not respond to a request from the Audit Team for evidence of notifications. Finding # 2 has resulted from this non-compliance. The audit team observed that MNRF struggled throughout the audit term to maintain a grasp of what was happening on the forest and the lack of notifications was a key contributing factor in this regard.

The audit team observed during its field inspections that many of the harvest block boundaries were not ribboned, including where the block bounded an AOC. The MNRF and the Company disagree over what is required to suitably mark a block boundary; the Company's Annual Compliance plans state that boundaries will be marked, and additional text suggests that this implies that they will be ribboned – Finding # 5 is the result of the audit team's assessment.

4.4.2 **Silvicultural Operations**

Silvicultural projects observed in the field were generally of good quality; the prescriptions were appropriate for the site conditions and were executed properly. The observed treatments were consistent with the SGR's and the associated silvicultural standard. On a few sites, the regeneration appeared to be somewhat spotty, but this may be due to the variable nature of the sites, with pockets of poor drainage and shallow soils interspersed with well-drained, deeper soils. It is likely that over time natural ingress will fill in these gaps. Overall, considering the whole range of sites observed in the field, there were no systemic issues or concerns associated with renewal operations. This conclusion is reinforced by the fact that free-to-grow results from surveys of past operations show a high degree of success.

The auditors examined 21% of the area of FRT-funded operations during 2018-19, the year of the specified procedures report, and found that the operations on the ground matched what was reported to FRT.

For the 2008-2020 FMP term, the total renewal effort on the forest was 10,141 ha. This represented 42.5% of the planned effort, based on the FMP forecast area of 23,850 ha. However, the actual area harvested during the 2008-2020 FMP Phase I term was only 37.4% of the planned area; thus, the total regeneration conducted was consistent with the FMP forecast in proportion to the actual harvest levels. The average time between completion of harvesting on a block and completion of artificial regeneration (SIP plus planting or seeding) on the Red Lake Forest during the 2008-2020 FMP period was 2.1 years. RLFMC has done a good job of keeping up with renewal treatments in relation to harvested area over time, and there is no significant backlog of sites requiring renewal that has been carried over from prior FMP terms. RLFMC had planted some operational roads, and also experimented with direct seeding on in-block roads as a cost-effective alternative where operations were complete.

During the first four years of the audit period, RLFMC planted approximately 2,620,000 trees, consisting of (in order of abundance) jack pine, black spruce, white spruce, and red pine. RLFMC has done a good job identifying sites that are well-suited to seeding prescriptions for jack pine renewal. Most sites observed in the field by auditors had little or no competing vegetation present, and the treatments appeared to have been successful.

Results for natural regeneration of poplar was generally successful, although the distribution of aspen regeneration was observed to be somewhat inconsistent within some blocks, with gaps occurring on roads and landings where there had been soil disturbance, and in wet pockets. The forest manager informed the audit team that most of the hardwood in the forest was harvested during summer, which is usually the least favourable season for encouraging natural renewal. The manager also informed the audit team that hardwood renewal was not a high priority on the forest, since it was located within the zone of continuous caribou occupation and that the LTMD called for a decrease in the amount of hardwood present on the forest.

Site preparation was conducted on approximately 70% of artificial regeneration projects during the audit period, which was sufficient considering the range of site conditions observed during the field audit. Mechanical site preparation treatments were conducted with power disk trencher equipment using a local operator. Chemical site preparation, which was completed manually using backpack sprayers, was also utilized on some of the more productive, high competition sites during the audit period.

No tending was conducted during the first four years of the audit period, but a sizeable aerial tending program was implemented in the final year (2019-20). Over the course of the 2008-2020 FMP period, 2,117 ha were tended, compared with the planned area of 1,966 ha (108%). Due to the small amount of area requiring treatment, and the difficult logistics of conducting an aerial tending program in a remote location, RLFMC does not conduct tending annually, but waits for several years until sufficient area has built up to be able to implement the tending program economically. This means that tending on some sites will be conducted later than prescribed, which may lead to some loss or reduction of growth of conifer crop trees due to competing vegetation. RLFMC tries to compensate for this in a variety of ways, such as the use of chemical site preparation. During the 2008-2020 FMP period, a total of 597 ha was treated with chemical site preparation, which is approximately 9% of the total site preparation effort.

The renewal support program was reviewed and found to be sufficient to support RLFMC's proposed artificial regeneration program. There are three seed orchards within or in close proximity to the Red Lake Forest. Work was prescribed and implemented on the Beauregard Seed Orchard during the audit period. Cone collection was conducted for jack pine and black spruce during the audit period. The current seed inventory is sufficient to conduct planned

aerial seeding of jack pine, and the planned production of tree planting stock over the next several years for all species except for white spruce, however, a second-generation white spruce seed orchard is expected to begin production in the near future, which should address this need.

4.4.3 Access

In general, the quality of road surfaces driven on during the audit was appropriate for their intended purpose. One significant erosion event was inspected at km 10 on Pineridge Road. Erosion occurred at a culvert when a beaver dam appeared to have given way and recent heavy rains also likely played a role in the situation. The company was aware of the circumstances and plans were in place to fix it.

Notwithstanding the reasonable quality of roads and the erosion event described above, the audit team viewed several water crossings which were not of good quality. Erosion into stream-beds was evident – the result of inadequate installation with insufficient use of rip-rap and/or too-steep slopes. In other circumstances pipes used for the crossing were too short or too small, also creating issues. In other places, decommissioning of crossings left steep banks of erodible material close to the stream that, in the opinion of the audit team, will likely lead to erosion into the stream channels. These issues are addressed in Finding # 6.

Another issue related to access, already described in Section 4.4.1 above, is the lack of notification regarding the state of operations. As described in Finding # 2 the company is required to notify MNRF in writing when harvest operations are started, suspended and/or completed. Both water crossing construction and decommissioning require that a notification form be completed and provided to MNRF. The company was not able to provide evidence that such notifications were provided, while the MNRF provided records indicating that insufficient or no notification was provided for a number of circumstances. In addition, it was striking that during the site visits, MNRF staff stated at several crossings that they were unaware of the existence of the crossings that were being inspected.

The fact that MNRF staff were only viewing some crossings for the first time during the audit indicates not only that there are issues with the notification process, but suggests that there may be issues with MNRF presence in the field. Although Covid-related restrictions had been in place for approximately half a year at the time of the site visits, some crossings inspected were approximately two years old (or more). To the audit team, it is striking that MNRF's on-site presence seems to have been so limited. This is addressed in more detail in Section 5 and Finding # 1

During the site visits the audit team viewed a number of instances in which the company had made significant efforts to render impassible roads that are no longer required for forest management in order to be in compliance with the caribou habitat management strategy. The company estimates that 10 km of road has been decommissioned through berming, water crossing removal or seeding or planning of the road way. The audit team was also made aware of the challenges faced by the company in circumstances in which mining and mineral exploration companies are not integrated into, or respectful of, road closure efforts. It seems there is a role for the MNRF to both encourage mining companies to respect RLFMC's efforts and play a facilitation role in developing access management strategies that address both industries' needs and requirements.

A number of aggregate pits inspected during the site visit were of poor quality resulting in safety and/or environmental issues in contravention of the Operational Standards for Forestry Aggregate Pits as identified in Appendix VII of the 2017 FMPM and the same instructions provided in Appendix V of the 2020 FMPM. Comparable issues were also identified in the Recommendations of the two previous IFAs. More detail is provided in Finding # 9.

4.4.4 **Values Protection**

Given the limited extent of operations during the audit term, there was little need for the company to employ many of the AOC prescriptions that are provided in the FMP. Most AOCs inspected during the site visit were for water-bodies. Some 14 instances of values protection, primarily watercourses, were inspected, mostly in conjunction with harvest blocks and water crossings. As noted in the earlier discussion on access, and in Finding # 6, the audit revealed that instances of inadequate protection of watercourses related to crossings exist on the forest. Another issue related to AOCs relates to the lack of ribboning to mark their boundaries. While ribboning was observed on the boundaries of some AOC's, the majority of AOC boundaries viewed by the audit team did not have ribboning. This is addressed in Finding # 5.

4.5 **SYSTEM SUPPORT**

While the audit found most aspects of education, training and document management sufficient, the audit team's attention in dealing with System Support focused on the ability of the organizations to meet their broader commitments in managing the forest sustainably. A number of flags were apparent related to the MNRF's capacity, including:

- lack of meeting obligations related to development of comprehensive district compliance plans (Finding # 7);
- submission of very few completed inspection reports to the Forest Operations Information Program (FOIP) as outlined in Section 4.6 below; and
- MNRF's apparent lack of presence in the forest as indicated by the fact that several non-compliances related to water crossings were found during the site visit portion of the forest and some MNRF staff were unaware of road and water-crossing construction that had taken place over the past two years.

The audit team understands that the circumstances related to District MNRF's capacity are complex, but has concerns nonetheless that MNRF's level of staffing has not been sufficient to contribute to oversight in the field so as to identify and forestall the occurrence of operational issues. These are identified in Finding # 1.

4.6 **MONITORING**

4.6.1 **Compliance Monitoring**

MNRF and the Company were both required to prepare annual compliance plans during the period of the audit. Both organizations did so; the plans prepared by the Company met the requirements of the FMPM and the Forest Compliance Handbook while MNRF's plans were frequently incomplete (See Finding # 7).

There was a total of 116 compliance inspections entered into the FOIP for the audit period. Of the 116 inspections, 103 were entered by the Red Lake Forest Management Company (RLFMC), for an average of 20.6 per year. The MNRF averaged 2.6 compliance inspections per year, which is a very low number that reflected in part staffing turnover and vacancies and a lack of certified compliance inspectors on staff. The MNRF did not submit any inspection reports to FOIP during the first two years of the audit period, and only one in 2017-18, three in 2018-19, and eight in 2019-20. During the audit period, the District MNRF had between 1 – 4 compliance inspectors on staff at any time who were responsible for compliance on two other forests that are managed out of the Red Lake MNRF District in addition to the RLF. This level of compliance inspections meant that MNRF did not meet its targets in the Annual Compliance Plans for the number of inspections. Based on information provided by MNRF, the targeted number of compliance reports from 2015 - 2019 indicated that fewer-than-planned inspections

were completed in all years. The inadequate number of MNRF compliance inspections is addressed in Finding # 7.

A total of 78% of the Company inspections dealt with access and road maintenance on the forest. This is because the Company uses the compliance system to track its regular inspections of roads and water crossings on the forest to demonstrate that it is meeting its commitment in the FMP for regular inspections. The remaining inspection reports focussed on harvest and renewal.

Of the four FOIP reports submitted by MNRF during 2015 – 2018, two inspections resulted in operational issues. In 2019 – 2020 there are 15 inspections (industry and MNRF combined) that resulted in 17 issues. The compliance issues include block/area of concern not ribboned, poor utilization with bundles of wood left on the block, aggregate pits located outside an approved area and not sufficiently sloped, construction of an operational road outside the operational road boundary, and debris not piled. Most of the access reports concerned water crossings that were improperly installed and were omitted from the Annual Work Schedule (AWS).

It is notable that the nine of the twelve MNRF compliance inspection reports from the audit period identified non-compliances, as well as one pending issue. In comparison, the company reports identified two pending issues. Based on the differences in the number of compliance issues identified by the Company and MNRF, the audit team concluded that the MNRF and Company are not in full agreement regarding what constitutes compliance.

The Company compliance plan in the Phase II FMP contained a strategy to improve consistency: *Strategy 4 – Develop and/ maintain methods of open and productive communication* which was to be implemented via the following action: “Encourage joint inspection opportunities between inspectors from RLFMC, Contractors, Overlapping Licensees and the MNRF.” Despite this intention, FOIP records only one joint inspection over the five years of the audit term. The result of this joint inspection was that an operational issue was able to be remedied by a corrective action, whereas other operational issues have been closed through administrative penalties, compliance orders or written warnings. Conducting joint inspections will facilitate MNRF and the Company staying in synch regarding compliance calibration and expectations. This is addressed in Finding # 8.

4.6.2 **Annual Reports**

The Company prepared an Annual Report for each year during the audit period and submitted the draft through the on-line Forest Information (FI) Portal by November 15, as required. The FI Portal records that District MNRF provided comments on all but the submission for the 2017-18 year. The revised AR was usually submitted in February following the initial submission.

Annual reports prepared over the audit period included all required sections and were presented to the LCC. District MNRF and RLFMC prepared information on harvesting, silvicultural treatments and monitoring in Annual Reports as required during the audit period. All reports contained the required content and discussions of the progress towards the objectives and targets identified in the FMP, and explanations of significant deviations between the planned activity versus the actual activity. However, the ARs were incomplete in that they omitted reference to some of the activities that occurred during the year – these omitted activities tended to be water crossing installations and road construction that were not included in AWS and were not reported to MNRF via start-up notice (See Finding # 2). Because MNRF had a limited awareness of the activities that were taking place on the forest during much of the audit period, the District was not in a strong position to review the ARs for completeness.

4.6.3 **Silvicultural Assessments**

During the audit period, RLFMC staff conducted informal monitoring of treatment needs, quality, and effectiveness by walking through treatment blocks and doing visual assessments. These assessments, done following harvesting, were designed to assess the forest operation prescriptions assigned to the site, and determine if modifications were needed based on the observed site conditions. Another informal inspection was conducted following implementation of the renewal treatments on these sites. These inspections were made to determine renewal effectiveness, assess any further treatment needs, and to evaluate the effectiveness of tending. There was no formalized scheduling of these site visits, although they were generally done promptly following harvesting and/or renewal treatments. The field inspections provide the basic information needed to finalize decisions on silvicultural intensity and to verify Forest Operations Prescriptions (FOPs). The information is also used to determine site preparation requirements, to estimate the need for tree planting and for ordering planting stock by species and stock type. Changes to FOPs and SGRs are generally informally recorded at the time of these assessments on maps, then later submitted to MNRF in the format required by Forest Information Manual (FIM) specifications for Annual Reports. In the opinion of the audit team these informal assessments were sufficient to manage the silvicultural program and Company staff had a good working knowledge of the forest in terms of silvicultural needs and the status of silvicultural projects.

Digital maps and associated information on silvicultural treatments and Free-to-grow (FTG) assessments in ARs were submitted to MNRF by RLFMC in accordance with the appropriate FIM standards. Digital imagery to be used in the production of an updated eFRI was acquired by MNRF in 2009 and 2010. In 2010, District MNRF and RLFMC received a complete set of this imagery for use in operational planning. The updated eFRI for the Red Lake Forest was delivered in March 2014. In general, the company does a good job of inventory updating in preparation for forest management planning, including the management of harvesting and silvicultural records.

4.6.4 **Free-to-Grow Assessments**

The Company used GIS-based tools to identify and map areas requiring free-to-grow assessments every year, including areas that were previously assessed and scheduled for re-survey because they were determined to be not free-to-grow. During the 2008-2020 FMP period, RLFMC assessed 8,255 ha for free-to-grow status, or 60% of the FMP forecast of 13,780 ha. Despite the difference between planned and actual free-to-grow assessment area, the amount of free-to-grow assessment conducted during the audit period was consistent with current and past levels of harvest.

FTG assessments were completed by a contractor to RLFMC, using supplementary large-scale aerial photographs of candidate areas. Field inspections conducted during the audit did not identify any issues with the accuracy of the FTG surveys completed using this method. Because the supplementary photography was conducted in spring, prior to leaf out, the assigned stand compositions may have somewhat under-estimated the amount of hardwood present, but this was not a significant concern as subsequent forest inventories will update the stand composition, which is evolving as the stand develops.

Table 3 shows the results of free-to-grow assessments conducted during the 2015-2020 audit period. A total of 3,861 ha of area were assessed during this time. All this area was declared to be free-to-grow, and for 84% of the area, the free-to-grow Forest Unit was the same as the target Forest Unit specified by the relevant SGR. Since a large proportion of sites are tracking towards the expected forest condition, this indicates that silvicultural prescriptions appear to be largely successful in meeting silvicultural standards.

| Target Forest Unit (FU) | Area Assessed | Area Declared Free-to-grow | FTG FU Is Same As Target FU |
|-----------------------------|---------------|-------------------------------|--------------------------------|
| ConMx | 132.8 | 132.8 | 114.4 |
| CoSha | 292.0 | 292.0 | 279.6 |
| HwdMx | 8.3 | 8.3 | 0.0 |
| PjDee | 612.1 | 612.1 | 584.4 |
| PoAll | 331.4 | 331.4 | 318.8 |
| SbDee | 2,221.8 | 2,221.8 | 1,782.3 |
| SbLow | 263.0 | 263.0 | 175.6 |
| Grand Total | 3,861.4 | 3,861.4 | 3,255.1 |
| Proportion of Area Assessed | | 100.0% | 84.3% |

Table 3. Summary of free-to-grow survey results for the 2015-2020 audit period.

The total area assessed for free-to-grow status during the audit period was 3,861 ha, while the area harvested was 3,809 ha. During the audit period, RLFMC conducted a GIS exercise to identify any backlog area requiring assessment. Approximately 700 ha of area from the previous 10-year FMP term was found to still require assessment, and these sites were flagged and scheduled for completion of free-to-grow surveys over the next two years (2020-21 and 2021-22).

4.6.5 *MNRF District Silvicultural Effectiveness Monitoring Program*

During the audit period, MNRF District staff at Red Lake implemented SEM programs on core tasks according to direction from the Provincial Silvicultural Program and from the Northwest Region. Work was completed on required core tasks to an acceptable level. In general, there was good correlation between the results of FTG assessments conducted by MNRF and the Company.

4.7 ACHIEVEMENT OF MANAGEMENT OBJECTIVES & FOREST SUSTAINABILITY

The sustainability of the Red Lake Forest was assessed based on the findings identified in this audit, the audit team's assessment of the performance of MNRF in managing the forest, the quality of operations inspected during the site visit, and information provided by all parties interviewed during the course of the audit.

4.7.1 *Summary of the Trend Analysis*

The Company prepared a Trend Analysis for the audit following the direction in the IFAPP and FMPM. The analysis covers four prior plans (from 1991, 1996, 1998, and 2003) as well as the 2008-2020 FMP, which covered 12 years as a result of a two-year extension. The Trend Analysis meets the requirements of the IFAPP and the 2017 FMPM; some of the trends that are evident are discussed thoroughly while others are given a limited review. For example, the low level of harvest during the 2008 FMP period is primarily ascribed to the recession of 2008-09, even though the harvest has been declining on the Forest since the 1990's.

Overall, the data presented in the Trend Analysis are very helpful, as is the assessment of the achievement of 2008 FMP objectives, since this information is not readily available in other reports. The Forest Manager assessed the achievement of 2008 FMP objectives using the indicators identified in the plan. A number of the objectives had indicators based on compliance, and that is how the achievement of the indicators was assessed. (The 2015 IFA issued a recommendation regarding the appropriateness of basing the assessment of an objective on compliance results – see Finding # 10). The auditors note that they reached

somewhat different conclusions regarding the achievement of some of the objectives of the 2008 FMP, as discussed in the following section.

4.7.2 **Assessment of Objective Achievement**

The audit team's assessment of the achievement of the 2008 FMP objectives is provided in Appendix 2. The assessment identifies that most objectives have been achieved, but some, in the opinion of the audit team, have only been partially met, and one was not achieved. Important objectives that have been achieved include those related to the movement towards a natural landscape pattern and natural range of forest composition, levels of wildlife habitat, Crown productive forest, and the performance of the Local Citizens Committee. Objectives only partially met include those that relied largely on compliance performance to indicate the quality of operations, including values protection and forest cover protection. The objective related to wood supply was also only partially achieved – this is mostly indicative of the considerably less-than-planned harvesting that took place during the term of the 2008 FMP. The objective of working with Aboriginal Communities and Individuals was also only partly achieved, as explained in Appendix 2. The lone objective that was determined to not have been met is that related to maintenance of forest productivity. Two related factors explain this: the indicator identified in the FMP draws upon the compliance performance, and there were several instances of lack of compliance over the audit term (and the previous audit term), and relatedly, the site visit portion of the audit observed a number of water crossings that were not adequately installed which was adversely affecting water quality (Finding # 6).

4.7.3 **Assessment of Sustainability**

The assessment of sustainability for this audit is somewhat complicated. As noted above and in Appendix 2, some objectives identified for the forest will not be fully achieved, and this is not an overtly positive result. Further, a number of findings for this forest relate to aspects of management often considered as contributing to sustainability – provision of opportunities for Indigenous Communities (Finding # 12), quality of water-crossings (Finding # 6), and compliance performance (Finding # 7). However, the suite of considerations identified above, and in other findings provided in Appendix 1 are only some of those which are taken into account in broad conceptions of sustainability. Most perceptions of unsustainable forest management include overharvesting, poor implementation of regeneration practices, lack of consideration of wildlife habitat and other non-timber values, and poor incorporation of social inputs. These circumstances do not apply to this forest. Nonetheless, the audit team has concerns that several of this audit's findings were identified as weaknesses in forest management in previous IFAs, and do not appear to have been addressed suitably. This is addressed more fully in Sections 4.8 and 4.9 below.

A number of factors support a generally positive conclusion for this audit:

- **Harvest Level:** the actual level of harvest during the audit period was well below the maximum amount determined to be sustainable in the FMP, indicating that no concerns from overharvesting exist;
- **Renewal Activities:** The quality of renewal activities was very good, and the extent of renewal activities is consistent with, or exceeds those required given the level of harvesting;
- **Quality of Operations:** The company's harvesting and silviculture operations were well implemented.
- **Free-to-Grow:** The level of regeneration success as shown in free-to-grow surveys was high;

- **Planning:** The 2020 FMP is a high-quality and thoughtful document that meets the requirements of the Forest Management Planning Manual and, if implemented as laid out will protect non-forest and social values; and
- **LCC:** The Local Citizens Advisory Committee is well co-ordinated, functions well and provides good-quality advice to the MNRF.

4.8 CONTRACTUAL OBLIGATIONS

The RLFMC, as holder of the SFL for the Red Lake Forest, is required to meet the terms and conditions of the licence. A full assessment of the extent of compliance with the SFL is presented in Appendix 3 – this section summarizes the auditors' assessment.

The company was found to be in compliance with the requirements of the SFL to prepare a Forest Management Plan, Annual Work Schedules and Annual Reports. RLFMC prepared annual compliance plans as part of the AWS and included a ten-year compliance plan in the FMP. The Company also maintained the forest inventory, monitored operations to assess compliance, and monitored blocks where operations had been conducted to implement appropriate renewal activities and ensure that they were effective. Digital maps and associated information were submitted to MNRF in accordance with the standards of the Forest Information Manual.

The Company did not commit wasteful harvest practices and worked well with the MNRF District office to make good use of salvage opportunities. The renewal program is generally of a high quality and it is keeping up with harvesting; there are limited silvicultural liabilities on the Red Lake Forest. The Company has met all silvicultural and monitoring obligations on Class Y and Z Lands, as described in the IFA Report for the 5-year period 2010-2015.

The Forest Renewal Trust was managed well throughout the audit period, with the minimum balance being maintained and eligible activities being invoiced. A sawmill that was an Agent of the Crown and which used a substantial amount of timber from the Red Lake Forest went bankrupt in December 2019, and the General Manager had to follow an unnecessarily lengthy and circuitous process to find out from MNRF the amount of FRT payments that were owing; this information was required for the GM to be able to apply to Forestry Futures Trust to replenish the amount owed by the bankrupt company (See Finding # 13). There are also outstanding Crown dues and other payments owed from the Red Lake Forest, although these are not owed by RLFMC.

The auditors have also concluded that the evidence provided is consistent with the Company largely failing to provide opportunities for Indigenous communities to benefit from forest management (Finding # 12).

4.8.1 *Assessment of the Recommendations of the Previous IFA*

The previous (2015) IFA identified 22 Recommendations. While many have been addressed, a number have not, and the topics were also identified as shortcomings in this audit, including:

- Recommendation #4 of the previous audit that required RLFMC to fully meet the requirements of the applicable FMP when preparing AWSs – this has not completely been addressed as this audit has identified a finding related to incomplete planning/listing water crossings and decommissioning's in AWS tables (Finding # 3);
- Recommendation #9 of the audit required RLFMC to ensure that all aggregate pits are managed according to the FMP's operational standards. This audit makes a comparable finding (Finding # 9);

- Recommendation #10 of the audit required RLFMC to ensure that all water crossings are installed according to the requirements of the Stand and Site Guide. This audit makes a comparable finding (Finding # 6);
- Recommendation #15 of the audit identified that the MNRF to complete Annual Compliance Plans. This audit also finds that MNRF did not meet its obligations associated with the development of District compliance plans (Finding # 7);
- Recommendation #17 of the audit required MNRF compliance staff to work with RLFMC compliance inspectors to improve implementation of the compliance system. Finding # 8 of this audit addresses the need to develop a common understanding of operational compliance; and
- Recommendation #21 of the audit required MNRF to restart negotiations with RLFMC to find a mutually acceptable way to enable the Living Legacy commitment to be addressed. Although an analysis was undertaken during planning of the 2020 FMP, no substantive progress was made. This is identified in Finding # 14.

The results of this audit suggest other recommendations were not fully addressed, including:

- Recommendation #3 provided direction to amend the FMP to include direction related to conservation of uncommon tree species. The plan was not amended, nor is there content in the new FMP that addresses the concern.
- Recommendation #11 required RLFMC, with the assistance of the MNRF, review training provided to contractors and staff to address weaknesses that could have contributed to poor operational performances. In spite of the progress noted in the Action Plan Status Report, the continued poor performance regarding water crossings and aggregate pits suggests that the training that took place was not very effective.

4.9 CONCLUDING STATEMENT

This audit of the Red Lake Forest for the period April 1, 2015-March 31, 2020 has identified 14 findings that identify a suite of topics for which improvements should be made in the management of the forest. The audit results are based on extensive review of field operations, considerable research by the audit team based on a wide variety of forest management documents at its disposal, interviews with staff of RLFMC and MNRF, and interviews with several LCC members and input from representatives of two Indigenous communities. The topics identified in the findings are varied. Of particular concern to the audit team are two important topics identified in this audit that were also identified in the two previous IFAs (2015 and 2010). These topics are the quality of water crossings (Finding # 6) and the quality of aggregate pits (Finding # 9). Another comparably important topic is the development of a shared understanding of what constitutes operational compliance, which is addressed in Finding # 8, and which was also identified as a need in the previous audit. While these topics stand out to the audit team as being of most concern, others identified in Section 4.8 above also indicate a lack of success in addressing a number of the recommendations of the previous audit. The generally good performance of RLFMC and MNRF in managing harvest and renewal aspects of forest management buttress the argument that sustainability is being achieved, but the audit team believes that the tepid performance in addressing important recommendations made in previous audits warrants a qualified finding of sustainability.

The audit team concludes that with the critical exceptions noted below, management of the Red Lake Forest was generally in compliance with the legislation, regulations and policies that were in effect during the term covered by the audit, and the Forest was managed in compliance with

the terms and conditions of the Sustainable Forest Licence # 542548 held by Red Lake Forest Management Company Ltd. The forest is being managed consistently with the principles of sustainable forest management as assessed through the Independent Forest Audit Process and Protocol. The critical exceptions related to satisfactorily addressing recommendations from previous audits related to the quality of water crossings (Finding # 6), the quality of aggregate pit management (Finding # 9), and working with MNRF to improve compliance consistency (Finding # 8).

APPENDIX 1 – AUDIT FINDINGS

Independent Forest Audit – Record of Finding

Finding # 1

Principle 5: System Support

System support concerns resources and activities needed to support plan development and implementation so as to achieve the desired objectives. The organization's human resources and information management systems must support sustainable forest management.

Background Information and Summary of Evidence: A number of disconcerting signs were apparent related to the Red Lake District MNRF's staffing capacity throughout the audit period, including:

- lack of meeting obligations related to development of comprehensive district compliance plans (Finding # 7);
- submission of only one completed inspection report to the Forest Operations Inspection Program (FOIP) in the first three years of the audit period, and only four in the first four years; and
- MNRF's apparent lack of presence in the forest as indicated by the fact that several non-compliances related to water crossings were found during the site visit portion of the forest and some MNRF staff were unaware of road construction that had taken place over the past two years.

These factors may be partly attributable to the challenges of staffing in remote locations, such as Red Lake, but it is also the audit team's understanding that the MNRF's level of staffing through a portion of the audit period was a function of attempting to comply with direction from the provincial government to curtail or limit filling staff positions. It is the audit team's understanding that at present the District has one forester with responsibilities for three Management Units, two acting biologists and a vacant position, and two or three vacant resource technician positions as part of five or six vacancies in total related to resource management responsibilities. The audit team was informed that throughout the audit period the District experienced similar levels of understaffing.

Discussion: The District MNRF has attempted to deal with its staffing shortfalls through implementation of a 'vacancy management' strategy and a 'one division one resource concept' which facilitated sharing of professional positions among other MNRF districts and the MNRF region to fill gaps in expertise and completion of tasks. MNRF notes that through direction of the Regional Operations Division operational practices are restricted to site visits/inspections to high risk and complex matters. The audit team observes that based on compliance issues uncovered during this audit and MNRF staff's apparent lack of presence in the forest, this direction has not been effective in preventing issues from occurring.

In spite of the shortcomings in levels of staffing, the MNRF played a strong role in producing a high-quality FMP, although the audit team notes that key roles previously played by District MNRF staff are now the responsibility of regional staff.

The audit team also notes that while there have been limitations on staff activities during the current pandemic, the circumstances described here were occurring before recent restrictions on staff activities were in place.

Conclusion: MNRF Red Lake has faced challenges regarding staffing related both to its remote location and staffing practices mandated by the provincial government. MNRF staffing levels and directives have not been sufficient to contribute sufficiently to oversight in the field so as to identify and forestall the occurrence of operational issues.

Finding: MNRF Red Lake did not meet all its obligations related to overseeing and auditing operational aspects of forest management.

Independent Forest Audit – Record of Finding

Finding # 2

Principle 4: Plan Assessment and Implementation

Criterion 4.3: Harvest and 4.7 Access

Direction 4.3: Harvest operations must be conducted in compliance with all laws and regulations including the CFSA, approved activities of the FMP including SGRs, AWS and FOPs.

Direction 4.7: Road construction, various types of water crossings including crossing structures, road monitoring, maintenance, aggregates and any other access activities must be conducted in compliance with all laws and regulations, including the CFSA and approved activities of the FMP and AWS.

Background Information and Summary of Evidence: The Company is required to notify MNRF in writing when harvest operations are started, suspended and/or completed. Notification must also be provided if part of the Compliance Reporting Area (CRA) is released. Forest Compliance Handbook 2014 Directive FOR 07_03_05 (pgs 2-3) provides the minimum notification requirements for harvest, access and renewal (i.e. start-up, suspension, completion and release). In the 2017 FMPM, both Section 3.2.5.1 Water Crossing Construction, and Section 3.2.5.3 Water Crossing Decommissioning require that a notification form be completed and provided to MNRF.

MNRF staff indicated that the Company and the licensee on the forest had a poor record of notification; the Company disagreed. The audit team made the following request to both MNRF and the Company:

- a list of the water crossings installed during the last two years (2018-19 and 2019-20), by road and water crossing number;
- the notifications associated with them;
- a list of road and water crossing decommissions during the last two years, including road name and block id/ water crossing #,
- The notifications associated with them.

The Company did not respond to the request. Red Lake MNRF provided tables that it maintains of notifications received for 2016-17, 2018-19, and 2019-20. Email notifications were provided from 2017-18. For both 2016-17 and 2019-20, notifications were provided for one harvest block and for tree planting. The AR for that 2019-20 indicates that there were two water crossings installed – no notifications were provided in any year for road construction or water crossing related operations. For 2017-18, several e-mails were received by MNRF regarding harvest operation start-up and one regarding road brushing. For 2019-20, notifications were provided for all harvest blocks, tree planting, and for one of two water crossings installed.

Discussion: The evidence indicates that while the Company provided more notifications during 2019-20, its record of notification was poor in the previous three years, as reported to the audit team by MNRF. Red Lake District MNRF has experienced a high number of staff vacancies throughout much of the audit period, and there has been a high rate of staff turnover in some positions (Finding # 1). This has impaired MNRF's ability to adequately oversee operational activity on the Forest, and staff reported finding water crossings that they were unaware of on the Forest, and this in fact occurred during the audit site inspections. The lack of Company notifications has also hampered MNRF's ability to implement its compliance program and maintain an awareness of the operations that are taking place on the forest.

Conclusion: The Company has not met its requirements to notify MNRF regarding the status of harvest and water crossing installation and decommissioning operations throughout the audit period. This has contributed to MNRF's lack of awareness of activities that are taking place on the Forest.

Finding: The Company did not meet its requirements to notify MNRF regarding the status of operations.

Independent Forest Audit – Record of Finding

Finding # 3

Principle 4: Plan Assessment and Implementation. Verification of the actual results of operations in the field...and compliance with laws and regulations.

Criterion 4.7 Access. Direction: Road construction, various types of water crossings including crossing structures, road monitoring, maintenance, aggregates and other access activities must be conducted in compliance with all laws and regulations, including the CFSA and approved activities of the FMP and AWS.

Procedure 4.7.1: Review and assess in the field the implementation of approved access activities. Include the following:

- ...culverts, bridges, road maintenance, forestry aggregate pits

the following... determine whether the operations implemented were consistent with the locations in the approved FMP, AWS, conditions on construction... and use management (maintenance, access control, any decommissioning or reclamation provisions) ...

Background Information and Summary of Evidence: In 2019 there were six access reports submitted through FOIP by the MNRF that dealt with improperly installed water crossings, and water crossings not reported in tables AWS-1, or AWS-2 of the Annual Work Schedule. Five of these crossings were listed in the 2008-2018 FMP, Supplementary Documentation 8.4.4 for Culvert Selection and Watershed Calculation. Crossing #290 on Little Dixie Lake Road was not listed for construction in the FMP supplementary documentation or the 2019/ 20 AWS Table 1. Of the six installed water crossings, one revision was found (Revision #3 of the 2019/ 20 AWS), that addressed three of the crossings constructed without being in table AWS-1.

One of the crossings that was not in the 2019/20 AWS-1 was visited on Tour #1 of the IFA. Crossing #463 on Great Bear Road generated discussion that the original culvert installed was undersized (600mm), and after a MNRF inspection was replaced with a 2200mm culvert. The culvert size was documented in the 2008-2018 FMP, supplementary documentation, although was not brought into the 2019/ 20 AWS.



Culvert #463 on Great Bear Lake Road after a 2200 mm pipe was installed

One operational issue was identified in 2019 that discusses a water crossing being decommissioned that was not listed in AWS-2 of the 2019/ 20 AWS. As per section 3.2.5.3 of the FMPM all water crossings to be decommissioned must be submitted for inclusion in the AWS. The operational issue was automatically closed by a corrective action providing for a revision to the AWS-2.

Discussion: The RLF 2008-2018 FMP, Supplementary Documentation 8.4.4 for Culvert Selection and Watershed Calculation has water crossings and calculations listed for the correct size of culverts. These water crossings are not being brought over to AWS, and are not being listed in Table AWS-1, water crossings being decommissioned are not being listed in Table AWS-2 and some water crossings and newly constructed roads are not reported in the Annual Reports (section 4.6.2).

Conclusion: The contractor or overlapping licensee (OLL) are constructing water crossing on mapped streams without knowledge of the required size, or authorization from the AWS.

Finding: The Company is not planning/ listing the appropriate water crossings in Table AWS-1 or listing decommissioning in Table AWS-2.

Independent Forest Audit – Record of Finding

Finding # 4

Principle 3: Forest Management Planning

Procedure 3.14.1.2: Amendment Process & Rationale: Determine the frequency of plan amendments, and in consideration of information gained from procedure 1 above, assess whether reasons for the amendments are symptomatic of a gap in information or inadequate planning.

Background Information and Summary of Evidence: As described in Section 4.3 of this report, over the course of the audit period eight amendments were considered. Seven were submitted by RLFMC and one was initiated by the MNRF. Of the seven amendments initiated by RLFMC three dealt with reclassification of roads (upgrading from operational to either branch or primary), and four dealt with harvesting new or contingency areas (primarily related to salvage). One of the RLFMC amendments was classified as minor, the others were administrative. MNRF review of all amendments followed appropriate processes for categorization, including consultation with the LCC. One amendment (Amendment #6 which related to salvage, submitted by RLFMC) was not approved. Most of the amendments submitted by RLFMC were categorized by the MNRF within the 15-day window described in the FMPM. Although amendments were generally classified in good time, the length of time for approval was long, averaging more than 80 days. Amendment processing records provided by MNRF do not provide an indication of the reason for the length of the reviews.

Discussion: The FMPM provides direction on the appropriate length of time for amendment classification (15 days) but provides no such direction for amendment approval. However, the process it describes for review of administrative amendments is expeditious, particularly in that no public consultation is required. Therefore, in the opinion of the audit team, an average total review period exceeding 80 days is far too long. Prolonged timelines for amendments to be approved can have implications on the efficiency of operations.

Conclusion: In general, Red Lake District MNRF is taking too long to process and approve FMP amendments. An internal assessment of the review process by MNRF would help understand reasons for the delays and identify opportunities for performance improvement.

Finding: MNRF's review of proposed amendments to the Forest Management Plan have not been completed and approved in a timely manner.

Independent Forest Audit – Record of Finding

Finding # 5

Principle 4: Plan assessment and implementation**Criterion 4.2: Areas of Concern**

Direction: Operations in AOCs must be conducted in compliance with all applicable laws and regulations including the CFSA and the approved operational prescriptions (FOPs) of the FMP, AWS.

Background Information and Summary of Evidence: The audit team viewed many areas that had been harvested during the audit period and on many of the sites, there were no ribbons evident on the boundaries of the harvest block or the AOCs. Some sites viewed during the field inspections did have ribboning, but the majority of the blocks viewed did not have ribboning on either the block perimeter or along the AOC boundary. None of the five annual compliance plans in effect during the audit term specifically stated that ribboning was required, however the plans all referred to boundary marking and stated that “Operators will cease operations immediately if they lose sight of the ribboned boundary line ...”.

Harvest boundaries have traditionally been ribboned however this is a time-consuming activity and the emergence of Global Positioning System (GPS) capability has opened up the possibility that GPS can be used to ensure that harvesting takes place within the identified block area. In circumstances where an AOC width is dependent on slope, GPS may not be sufficiently accurate. The AWS compliance plan speaks to the use of GPS as a verification tool, and when stand boundaries are not clearly demarcated on the ground, however there is no inference that GPS may be used to replace boundary marking.

Discussion: Each of the annual compliance plans in effect during the audit term observed that the most frequently encountered historical compliance problems on the Red Lake Forest included incursions into AOCs and line marking errors resulting in incursions into unallocated areas.

The Annual Compliance Plans in the AWS clearly state that block boundaries must be marked but do not specifically equate marking with ribboning. This has become a point of contention between MNRF and the Company, and was a point of disagreement between the two organizations during the development of the 2020 FMP. There were two trespasses recorded during the audit period however there were actually relatively few compliance inspections done of harvest areas – 11 by the Company and four by MNRF. During the audit, one riparian AOC was measured and found to be 18 metres versus the 30 metres that was required – this had not been identified in compliance reporting. This evidence suggests that at a minimum, ribboning is prudent along AOC boundaries.

Conclusion: On more than half of the harvest blocks viewed by the audit team, the Company is not following the direction in the Annual Compliance Plan of the AWS to mark the block boundaries.

Finding: The Company did not meet its requirements in the Annual Work Schedule compliance plans to mark the boundaries of harvest blocks.

Independent Forest Audit – Record of Finding

Finding # 6

Principle 4: Plan Assessment and Implementation

Criterion 4.7: Access.

Procedure 4.7.1: Review and assess in the field the implementation of approved access activities. Include the following:

- various types of water crossings – winter, culverts, bridges, road maintenance, decommissioning and reclamation) from primary, branch and operational roads constructed

8.1.9 Audit action plan and status report. 2. Review the audit action plan status report and assess whether ...

- the approved action plan was implemented;
- The status report appropriately reflects what actually occurred to address the audit findings; if any actions were inconsistent with the approved action plan whether a reasonable explanation has been provided; and
- Actual actions were effective in addressing the audit findings.

Background Information and Summary of Evidence: Several water crossings were inspected during the site-visit portion of the audit that were not of a suitable standard to address environmental or safety requirements. For example:

- A bridge installed in Block 8764 had a significant accrual of road material on the deck, that was also noted in FOIP report 691284, submitted in October of 2019;
- The removal of a culvert at water crossing 454 in Block 8789 was inadequate – banks of erodible material on either side of the stream were left at steep inclines and not pulled back a sufficient distance from the channel and no mesh mats were employed to mitigate erosion. Erosion of soil and sediment into the stream is certain to occur. Similarly, removal of crossing 313 in Block 8510 also resulted in steep inclines of erodible material close to the channel. Although mesh mats had been employed, given the steepness of the removed material, in the opinion of the audit team, they were insufficient to guard against erosion into the stream;
- A plastic pipe was used to cross a Low Potential Sensitivity stream in Block 8902 was too-small (approx. 300 mm) and too short. Minimum pipe size for culverts is 500 mm. Although water was flowing through the pipe, both ends were obscured with overhanging material from the road, and it is likely that the pipe will be blocked at some time;
- A repair order was issued in October of 2019 for water crossing 463 on Great Bear Road (FOIP inspection 688894) because the original culvert was too small; and
- Several culverts were observed for which the roadside slope at the culvert was too steep and/or armouring was insufficient to adequately protect the stream from sedimentation.

From these examples, it is evident that the MNRF/Fisheries and Oceans Canada (FOC) Protocol for the Review and Approval of Forestry Water Crossings, that was to be applied for all water crossings constructed under the FMP was not actually implemented. The Protocol includes minimum levels of performance requirements that are to be met by tenure holders when constructing and decommissioning water crossings.

Discussion and Conclusion: Problems with the quality of water crossings were observed at several locations related to inadequate installation, maintenance or removal, and inadequate safety measures. These issues, and comparable ones, if they exist, should be remedied.

The audit team notes that issues with improperly installed water crossings were the subject of recommendations in both the 2015 IFA (Recommendation #10) and 2010 IFA (Recommendation #6), so

there appears to be enduring and systemic issues related to the quality of water crossing installations. Failure to implement the MNRF/FOC Protocol is not in conformance with the requirements of the FMP.

Finding: Installations of several water crossings did not meet safety and environmental standards as identified in the Forest Management Plan. Recommendations to address this issue as identified in the 2015 and 2010 Independent Forest Audits have not been addressed. The MNRF/Department of Fisheries and Oceans Protocol for the Review and Approval of Water Crossings was not applied as intended.

| <p style="text-align: center;">Independent Forest Audit – Record of Finding</p> <p style="text-align: center;">Finding # 7</p> |
|--|
| <p>Principle 6 Monitoring</p> <p>Criterion: 6.1 District compliance planning and associated monitoring.</p> <p>Procedure 6.1.1: Review the MNRF District Compliance Plans in place during the term of the audit to determine how forest management activities were to be monitored for compliance by MNRF and assess whether the actual level of the overall monitoring program was in accordance with the FMP/plans and whether it was appropriate based on evidence gathered through analysis of related criteria, including field audits.</p> |
| <p>Background Information and Summary of Evidence: Complete Annual Compliance Operations Plans (ACOPs) were not produced every year by the MNRF. The 2015 ACOP targets the need to prioritize forest inspections based on risk. There is no evidence this was done and only one harvest inspection was entered for this period. The reports for 2015 and 2016 are incomplete in that they do not provide tracking of results. The year end results are summarized by one day of flights completed for the AWS inspection. The 2016 report lists five harvest blocks on the Red Lake forest, yet no harvest inspections were entered for that period. The 2019 ACOP list targets of 10 harvest reports and 8 access reports but does not indicate if the targets were met.</p> |
| <p>Discussion: Staffing issues were noted as being responsible for the underachievement of meeting inspection targets as well as a high turnover in staff, and a lack of certified inspectors.</p> |
| <p>Conclusion: During the audit term, MNRF has not met expectations related to ACOP production or achievement of the target number of inspections identified in the ACOPs. Challenges in meeting targets and development of ACOPS were attributed to staffing issues.</p> |
| <p>Finding: Red Lake District MNRF did not meet its obligations associated with the development of comprehensive district compliance plans or the achievement of the compliance inspection targets identified in the plans.</p> |

Independent Forest Audit – Record of Finding

Finding # 8

Principle 6: Monitoring**Criterion 6.1. District compliance planning and associated monitoring**

Procedure 6.1.1: Review the MNRF District Compliance Plans... and assess whether the actual level of the overall monitoring program was in accordance with the FMP/plans and whether it was appropriate based on evidence gathered through analysis of related criteria, including field audits.

Criterion 6.2 SFL Compliance planning and monitoring

Procedure 6.2.1: Review the ten-year compliance strategy and the Annual Plans of Action. Determine whether ... the actual level of the implemented overall monitoring program is appropriate and effective.

Background Information and Summary of Evidence: Over the audit term RLFMC completed 103 compliance inspections as entered into FOIP. Of these, 80 were related to access; the Company uses the FOIP system to record road and water crossing inspections that are done as part of its regular monitoring process. Twelve of the remaining inspections were related to harvesting, and eleven to renewal. The Company's compliance reporting identified two pending issues, both of which occurred in 2019-20.

MNRF undertook twelve compliance inspections during the audit period; MNF's activities are discussed in more detail in Finding # 7. MNRF recorded nine non-compliances and one pending issue. FOIP records indicate that one joint inspection was carried out over the last five years of the audit term.

Discussion: The audit team is of the opinion that the difference in the number and frequency of non-compliance and pending-issue findings between the MNRF and the Company is indicative of a difference in interpretation regarding what constitutes compliance. This was also identified as an issue in the 2015 IFA.

MNRF's lack of certified compliance inspectors during the first three years of the audit period indicates that there was little opportunity for the Company and MNRF to develop a greater shared understanding of what constitutes compliance. However, during the last two years, MNRF has gained certified compliance capacity on its staff, but there seems to have been little attention paid to the apparent difference in standards between the organizations, other than MNRF inviting the RLFMC manager to participate in MNRF compliance flights.

Policy Directive FOR 07 03 04 from the MNRF 2014 Compliance Handbook which establishes overall direction regarding the undertaking of compliance inspections notes that joint inspections are encouraged to be undertaken "from time to time as good business practice to promote the partnership aspect of the forest Compliance Monitoring program." The Policy Directive describes the benefits as calibration of operational standards, and clarification of issues and interpretation. The audit team believes that having only one joint inspection in the last five years of the audit term is insufficient to meet the intent of the policy directive.

RLFMC staff have noted that they do visit the forest to review practices with MNRF staff occasionally, but these trips do not result in formal compliance inspection reports being submitted. While cooperative visits are undoubtedly a good idea, the lack of translation into official compliance reports reduces the ability of joint learning to be crystallized and makes tracking of these events difficult.

Conclusion: An improved level of calibration would be beneficial to all parties on the forest. Joint compliance inspections represent one mechanism that can be undertaken to calibrate the compliance interpretations of MNRF and industry inspectors.

Finding: Red Lake MNRF District staff and industry staff do not have a shared understanding of what constitutes operational compliance and have not used mechanisms to improve consistency.

Independent Forest Audit – Record of Finding

Finding # 9

Principle 4: Plan Assessment and Implementation

Criterion 4.7: Access.

Procedure 4.7.1: Review and assess in the field the implementation of approved access activities. Include the following:

- ...category 14/forest aggregate pits for new roads and existing roads.

8.1.9 Audit action plan and status report. 2. Review the audit action plan status report and assess whether ...

- The approved action plan was implemented;
- The status report appropriately reflects what actually occurred to address the audit findings; if any actions were inconsistent with the approved action plan whether a reasonable explanation has been provided; and
- Actual actions were effective in addressing the audit findings.

Background Information and Summary of Evidence: A number of aggregate pits inspected during the site visit were of poor quality resulting in safety and/or environmental issues, including:

- Pit DW1 (audit stop T2-10) in which trees had not been removed within 5 m of the excavation face and the slopes were not left an angle of repose;
- Pit DW2 (audit stop T2-11 and FOIP inspection no. 691284) which had trees closer than 5 m of the rim, a near-vertical slope in places and boulders embedded in the face;
- An unscheduled inspection of pit D1 (near the Dixie West road) for which the top was located near the driving surface of the road, posing a safety hazard, trees were present closer than 5 of the excavation face, and slopes were greater than the angle of repose.
- Pit P1 (audit stop T3-3) which had trees closer than 5 m to the excavation face.
- Two pits in block 8758, for which the tops were located very close the driving surface of the road posing a safety hazard, and with steep banks undercutting the surface.



Aggregate Pit DW2 – Audit Stop T-11.

Note steep face, undercutting of the face, and trees closer than 5 m from rim.

Discussion: The problems identified with pits are contrary to a number of aspects of the 2009 FMPM Appendix VII: Operational Standards for Forestry Aggregate Pits. Most of the contraventions of the FMPM direction pose safety issues. (The Appendix is the same as that provided in the 2017 FMPM).

The audit team notes that issues with improperly managed and rehabilitated pits were the subject of recommendations in both the 2015 IFA (Recommendation #9) and 2010 IFA (Recommendation #8), so there appears to be enduring and systemic issues related to the management of forestry aggregate pits.

Finding: Aggregate pits do not meet the operational standards for forestry aggregate pits as identified in the Forest Management Planning Manual.

Independent Forest Audit – Record of Finding

Finding # 10 and Finding # 11

Principle 3: Forest Management Planning

Criterion/Procedure: 3.4.4: FMP Achievement of Checkpoint 'Support for Proposed Management Strategy'. 2. Confirm checkpoint by reviewing the FMPM requirements and determining whether ...

- reasonable objectives, indicators (including desirable levels) and appropriate targets were developed by the planning team with the assistance of the LCC

8.1.9 Audit action plan and status report. 2. Review the audit action plan status report and assess whether ...

- The approved action plan was implemented;
- The status report appropriately reflects what actually occurred to address the audit findings; if any actions were inconsistent with the approved action plan whether a reasonable explanation has been provided; and
- Actual actions were effective in addressing the audit findings.

Background Information and Summary of Evidence: Recommendation #19 of the 2015 IFA drew attention to a heavy dependence on compliance performance as a means of assessing the achievement of objectives. Five of the 15 objectives of the 2008 FMP relied on compliance as the sole indicator of success. In the 2020 plan three of those objectives (related to respecting the legitimacy of non-forestry commercial use of the Red Lake Forest) were dropped, based on appropriate discussions and consultations in the preparation of the 2020 FMP, but two others remain:

- Objective 9: Implementing forestry operations in a manner that protects values in order to provide users with the opportunity to benefit from the forest; and
- Objective 10; Implementing forestry in a manner that protects natural resource features, land uses or values dependent on forest cover in order to provide users with the opportunity to benefit from the forest.

The 2015 audit noted that the sole use of compliance is a tenuous approach, particularly on forests which have compliance deficiencies as was noted for the Red Lake Forest during the 2015 IFA. The report also noted that use of such categorical indicators provides little incentive for thinking and acting more broadly for far-reaching objectives, such as the two noted above.

In response to this recommendation the Action Plan Status Report identified the following Action: *“Early in the production of the next FMP this audit recommendation will be identified to the Planning Team. All FMP objectives under development will be reviewed to avoid having compliance as the only audit indicator of success of the objective.”* The Progress to Date noted in the Action Plan Status Report was *“Ongoing. At the time of submission of this Status Report [April 2018] the 2020 Red Lake FMP has not reached the point of confirming objectives”*, and the tracking requirements pointed to planning team meeting minutes and the approved FMP.

There is no record of discussion of this topic, or of attempting to address this recommendation in the minutes of Planning Team meetings. Neither MNRF nor RLFMC staff could provide any evidence of attempts related to implementation of this recommendation.

Further, a number of operational issues, particularly related to water crossings were inspected in this audit, (some of which had been identified in FOIP reports, but several of which had not). Given that operational issues can reflect ineffective protection of resource values, without qualifying as non-compliances, the use of non-compliance is inadequate to use as a measure of protection of forest values or healthy ecosystems (as indicated in the objectives cited above). Therefore, this audit reaches the same conclusion as the 2015

audit, that the use of the rate of non-compliance is an insufficient indicator to measure the achievement of important aspects of forest management.

Discussion and Conclusion: There is no record of attempts to address recommendation # 19 of the previous IFA and the concerns that led to it still exist in the indicators identified in the 2020 FMP related to objectives that address forest values and healthy ecosystems. There was no evolution of the quality of indicators that are to be used to address these two very important objectives. The fundamental weakness of using compliance as the sole means to address important ecological and social forest values remains in the indicators of these two objectives of the 2020 FMP.

Finding: The requirements (as identified in the 2020 IFAPP Procedure 8.1.9) of the Action Plan Status Report related to the 2015 IFA Recommendation # 19) were not addressed.

Finding: The use of the rate of non-compliance as the sole measure of success in achieving objectives related to maintenance of forest values and healthy ecosystems does not provide a sufficient means by which to assess sustainability or the quality of forest management. as required in the Forest Management Planning Manual (Section 1.2.5.1).

Independent Forest Audit – Record of Finding

Finding # 12

Principle 8: Contractual obligations**Criterion 8.1.15:** First Nations and Métis opportunities

Direction: The SFL company or Authority shall work co-operatively with the Minister and local First Nations and Métis communities in order to identify and implement ways of achieving a more equal participation by First Nations and Métis communities in the benefits provided through forest management planning.

Background Information and Summary of Evidence: The direction of this procedure is essentially a verbatim copy of Section 20 of the Company's Sustainable Forest Licence. There are three First Nations located in or adjacent to the Forest that this licence condition would apply to: Lac Seul First Nation, Pikangikum First Nation and Wabauskang First Nation.

The Section 20 requirement in the Red Lake Forest SFL is a standard requirement of SFL's in Ontario, however the auditors are not aware of any provincial thresholds or criteria for assessing compliance, with the result that the auditors are required to weigh what evidence there is and draw a conclusion. The auditors spoke with the RLFMC General Manager (GM) as well as with representatives of Pikangikum First Nation and Lac Seul First Nation.

The audit team made a number of efforts to reach a representative from Wabauskang First Nation but were unsuccessful and as a result the auditors did not receive any evidence from that First Nation. The auditors spoke with a councilor from Lac Seul First Nation who did not recall discussions with either MNRF Red Lake or RLFMC; no documents were provided to the auditors. The audit team spoke several times with representatives of Pikangikum First Nation and Whitefeather Forest Community Resource Management Authority (WFCRMA) and received a considerable amount of documentation. Finally, the RLFMC GM provided both verbal evidence and a copy of a letter that Pikangikum had also provided. This letter, dated March 24, 2020 from the President of RLFMC to the President of WFCRMA, announced that the management contract for the RLF would not be renewed. In summary, the documentation provided to the auditors was of limited assistance in identifying opportunities or benefits that were provided and the auditors relied most heavily on verbal evidence – there was no consensus between the RLFMC GM and the First Nations on whether benefits had or had not been provided.

The RLFMC GM informed the audit team that RLFMC and its shareholders did and continue to engage and work co-operatively with First Nations as it related to opportunities from the local forest area both in context of forest management planning (e.g. FMP planning consultation/team membership) and business. The GM stated that "there are many examples of these opportunities, for instance: since the inception of the SFL in 1999, the company and shareholders have engaged with representatives of Pikangikum related to shared opportunities on the Red Lake Forest." The GM also stated that RLFMC played a role in facilitating harvest contracts between private landowners within the RLF, as well as one of the shareholders, and a harvest company from Wabauskang First Nation. Evidence that these harvests occurred was provided in the form of a tabular summary from MNRF's timber billing and revenue system.

The GM also stated that "RLFMCL has supported opportunities directly and indirectly for identification and implementation of sharing in benefits associated with the forest management planning and via the structure and function of the Red Lake SFL. It continues to regularly engage with communities on forest management in the area and maintaining this commitment. "

Since 1999, and throughout the audit period, WFCRMA, a Pikangikum company, was contracted by RLFMC to manage the Red Lake Forest. Under this contract, WFCRMA employed the GM (who is not Indigenous and not a member of Pikangikum First Nation) and paid for office and other business expenses

associated with managing the Forest. This contract was rolled over annually, however on March 24, 2020, WFCRMA received a letter from the President of RLFMC stating that the contract would not be renewed.

The representatives from Pikangikum stated that there was an absence of benefits received by the community, despite interest and efforts by the community and WFCRMA to become more involved in forestry on Red Lake Forest. Moreover, WFCRMA was very interested in forestry business opportunities on the RLF and have had extensive discussions in this regard, including preparing numerous business plans that were not accepted by MNRF.

There was no evidence provided to the auditors, other than the verbal discussions with the GM of RLFMC, that there was a sustained effort or process, such as regular meetings, to identify a work towards realizing the intent of Section 20 of the SFL.

Discussion: The audit team's test for compliance with this section of the licence consists of examining the evidence that the communities participated in the benefits of forest management from this forest and whether RLFMC followed a process to try to achieve this section of the licence. As mentioned above, there are no accepted thresholds for compliance with this requirement of the SFL and it is not even clear what constitutes a benefit provided by forest management. As a result, it is perhaps not surprising that Pikangikum did not believe this part of the licence was met while RLFMC did.

The RLFMC manager identified the management contract as a business and capacity building benefit to Pikangikum and as a form of support for the Whitefeather Forest Initiative. The representatives of Pikangikum informed the audit team that the contract was viewed as a potential avenue to increase their involvement on the Red Lake Forest and stated that they did not profit or build capacity from the management contract, which was a cost pass-through contract. With the contract having been in place for twenty years, it is not clear to the audit team what benefit there has been to Pikangikum. Furthermore, this contract will no longer be offered to WFCRMA come April 1, 2020 and so if there was any benefit, it will no longer be there. The auditors view the management contract as something that had potential to lead to greater participation by Pikangikum in the Red Lake Forest, as well as benefit, however the hoped for benefits did not materialize in the opinion of Pikangikum representatives from whom the audit team received input

All of the three First Nations in or adjacent to the Red Lake Forest are involved in forestry in one way or another. All are active on other Forest Management Units. However, all three also have the interest and the capacity to work with the Company and MNRF to identify opportunities to benefit from forest management on the Red Lake Forest.

There was no evidence identified by the audit team that indicated that there had been any substantive effort or process to work with Lac Seul First Nation or Wabauskang First Nation to identify ways in which the communities could access benefits from forest management. While the RLFMC GM stated that the company provided support to a harvester in Wabauskang to harvest within the Red Lake Forest, it is not clear what the nature of this support was and what role it might have played in the transactions that occurred. While Pikangikum did engage in discussions related to business opportunities on the Red Lake Forest (that are out of scope for this audit), these opportunities have not materialized.

Conclusion: The evidence that was provided by RLFMC does not point to there having been benefits that have had a meaningful or obvious impact in the minds of the audit team. It is not clear when, how often, for what purpose and with what outcome the RLFMC met with or contacted local First Nations. While it is clear that the RLFMC GM had a sincere desire to attempt to provide benefits, there is no evidence that a consistent effort or process ever existed to try to meet this section of the licence. And given the foregoing, when the First Nation that is described by the Company as being the primary beneficiary strongly rejects the notion that the community benefited, the auditors cannot conclude that this term of the licence has been met.

Finding: There is insufficient evidence that local First Nations received sufficient benefits from forest management planning on the RLF to conclude that Section 20 of the SFL was met during the audit period.

| <p style="text-align: center;">Independent Forest Audit – Record of Finding</p> <p style="text-align: center;">Finding # 13</p> |
|--|
| <p>Principle 8: Contractual obligations</p> <p>Criterion/Procedure 8.1.1: Payment of Forestry Futures and Crown charges</p> <p>8.1.10: Payment of forest renewal charges to the FRT</p> <p>Direction: 8.1.1: Through a review of MNRF statements, determine whether the licensee has paid up to date all amounts in the Ontario stumpage matrix for Forestry Futures and Ontario Crown charges (stumpage).</p> <p>8.1.10: Review the FRT account records to determine whether renewal charges applicable for the management unit have been paid by the SFL and/or overlapping licensees to the Trustee as per the agreement (SFL or AFA), including for any subaccounts.</p> |
| <p>Background Information and Summary of Evidence: One of the sawmills which is a primary user of sawlogs from the Red Lake Forest ceased production in September 2019 and filed for bankruptcy protection on December 5, 2019. The Company, which was an agent of Crown, owed a considerable amount of money to Red Lake's Forest Renewal Trust, and the SFL manager was not privy to the amount of funding owed to the FRT.</p> <p>The General Manager (GM) of RLFMC informed the audit team that he was unaware of the amounts owing. The Company required this information to complete a renewal application for the unpaid funds, which was submitted to Forestry Futures Trust. The General Manager ended up filing a Freedom of Information and Personal Privacy Act (FIPPA) request to MNRF to obtain this information.</p> |
| <p>Discussion: The auditors believe that it would be helpful to the GM of the RLFMC to be able to access financial information regarding payments of Crown dues, FRT funds and other charges for timber. The GM would be in a position to exert some leverage over an agent of the Crown or a licensee who may be behind on payments, and it also affords the GM a view of potential liabilities to RLFMC and provides time and opportunity to deal with arrears before it leads to greater difficulties.</p> |
| <p>Conclusion: The auditors believe that information regarding the status of Crown payments by an agent of the Crown or a licensee is important to the proper and prudent operation of RLFMC and that the GM should have ready access to this information.</p> |
| <p>Finding: The MNRF does not readily provide important financial information regarding the payment of Crown dues for timber harvested to the SFL Manager.</p> |

Independent Forest Audit – Record of Finding

Finding # 14

8.1.9 Audit action plan and status report. 2. Review the audit action plan status report and assess whether...

- the approved action plan was implemented;
- The status report appropriately reflects what actually occurred to address the audit findings; if any actions were inconsistent with the approved action plan whether a reasonable explanation has been provided; and
- Actual actions were effective in addressing the audit findings.

Background Information and Summary of Evidence: Through Ontario's Living Legacy initiative, a recommendation was made in 1999 that two areas of the Red Lake Forest, totaling approximately 16,000 ha should be added to Woodland Caribou Provincial Park. Removal of these areas from the RLF would obviously have wood supply implications. Recommendations in the IFAs from both 2000 and 2005 directed RLFMC and MNRF to investigate ways of adding wood supply to compensate for the effect associated with the proposed withdrawals. Efforts were devoted in the period after the 2005 IFA to investigate transferring area from what is now the Whitefeather Forest to the Red Lake Forest, but that was not successful. Although the 2010 IFA did not identify this issue, the 2015 IFA again found that this matter needed to be resolved and recommended that the MNRF re-start negotiations to find an acceptable way to enable the Living Legacy commitment to be implemented.

The Action Plan Status Report for the 2015 IFA noted that the MNRF developed a full range of options to address the situation in 2015, and that, in response to those, RLFMC asked for clarification on consultation requirements for amending the SFL and for amending Ontario's Living Legacy. The audit team is not aware of evidence of the results of those requests, and the Analysis Package for the 2020 FMP notes that *"RLFMC and the Planning Team have not received notification of the final decision to implement P2370 [the proposed withdrawal area].* In the absence of definitive direction, the 2020 FMP planning team decided to investigate two options: 1) Continue with the 2020 LTMD as planned through the final plan approval and incorporate the expanded park in the 2030 LTMD; and 2) Delay LTMD submission to accommodate an immediate LTMD change with expanded park area. The second option was rejected as it would have caused a delay in LTMD submission and potential trickle-down impacts on the overall planning schedule. The first option was found acceptable and the plan is now, according the 2020 FMP, to incorporate the expanded park in to the 2030 FMP.

Discussion: The importance of implementing the Living Legacy commitment has been recognized in three of the previous four IFAs. It is now more than 20 years since the commitment was made and through somewhat halting efforts, no resolution has been identified. The recommendation of the 2020 FMP to further delay implementing the commitment until 2030 will mean that three decades will have passed between the initial recommendation and resolution, if in fact, a resolution is identified. The audit team is concerned that there will be a diminution of priority and effort put into this with more and more passing time. Evidence for this is in the fact that nothing of substance was accomplished in response to the recommendation of the 2015 IFA.

The 2020 FMP notes that *"the timeframe required for legal regulation of expanded part area will also trigger an amendment to the Sustainable Forest Licence (revision to area being managed). Based on similar legal changes, both processes are lengthy and may take several years to implement."*

Conclusion: There has been no success in addressing the issue of incorporating Living Legacy Area 2370 into Woodland Caribou Park in the more than 20 years since the commitment was made. The obligation to address the commitment has not been formally rescinded by MNRF. Given that the challenge of finding

offsetting wood supply is difficult and the legal process of implementing changes will take several years, efforts to resolve this situation should begin immediately.

Finding: The requirements (as identified in the 2020 IFAPP Procedure 8.1.9) of the Action Plan Status Report related to the 2015 IFA Recommendation #21 have not been addressed.

APPENDIX 2 – ACHIEVEMENT OF 2008 FMP MANAGEMENT OBJECTIVES

| Objectives& Indicators | Auditor Assessment | Auditor Comments |
|---|---|--|
| <p>1. Natural Landscape Pattern. To ensure that forest management activities cause movement towards (or maintenance of) a more natural landscape pattern characteristic of Site Region 4S.</p> <p><u>Indicator:</u></p> <p>A) Landscape pattern – forest disturbances.</p> | <p>The Trend Analysis reports that only 34% of the planned harvest area had been cut during the twelve-year term of the 2008 FMP, which includes a two-year plan extension. This low level of harvest has remained quite consistent throughout the term of the plan; during Phase I (2008-2013) the actual harvest area was 27% of planned, reflecting the impacts of the Great Recession on the forest sector. However the rebound was not strong for the Red Lake Forest, as for example, the Red Lake mill never re-opened after it closed in 2008.</p> <p>This low level of harvest performance hindered the planned movement towards the natural disturbance template. On the other hand, implementation of large cut blocks through the caribou mosaic is consistent with the intent of shifting the disturbance size-class distribution towards larger disturbances.</p> <p>Table AR-16 from the Trend Analysis provides the patch size distribution as of 2020 and shows that there was progress in moving towards the template in almost all size classes. The objective has been achieved.</p> | |
| <p>2. Natural Range of Forest Composition. To maintain or move towards a natural range of forest composition and age classes which include old growth forest.</p> <p><u>Indicators:</u></p> <p>A) Area by forest type and age</p> <p>B) Amount and distribution of old-growth forest</p> | <p>There were three indicators applied to this objective. One indicator, the amount of old forest, is discussed under Objective 3. A second indicator was related to maintaining the area by forest unit and 50-year age category within some very wide target ranges. A comparison of the desired and target ranges with Table FMP-11 from the Phase II FMP indicated that the areas by age category and forest unit remained well within the desired limits at the end of Phase I. The forest units have</p> | <p>The 2020 FMP also contains objectives to maintain the forest composition within a natural range of variation.</p> |

| Objectives& Indicators | Auditor Assessment | Auditor Comments |
|--|---|--|
| C) Amount and distribution of uncommon tree species | <p>been modified for the 2020 FMP, limiting the auditors' ability to perform a comparative analysis.</p> <p>The third and final indicator concerned the amount and distribution of uncommon tree species. As this indicator did not appear to prompt any management action, there were two related recommendations in the 2015 IFA. The first of these was not acted on and the second has seen some effort, which has primarily been associated with the identification and avoidance of harvest operations in black ash stands.</p> <p>In practice the target ranges are quite large, and the amount of harvesting is well below planned, which means that the composition of the forest is unlikely to change appreciably during the term of a plan. This is the case during the 2008 FMP term.</p> <p>As a result, the objective is considered to have been met.</p> | |
| <p>3. Wildlife habitat: To maintain forest function for wildlife habitat in the Red Lake Forest</p> <p><u>Indicator:</u></p> <p>A) Area of habitat for forest dependent provincially and locally featured species</p> <ul style="list-style-type: none"> • Marten • Moose (foraging) • Moose (late winter) • Pileated Woodpecker <p>B) Area of habitat for forest-dependent species at risk</p> <ul style="list-style-type: none"> • Great Gray Owl • Woodland Caribou (winter) | <p>A) The Trend Analysis reports that achieved harvest levels were significantly below those planned for all forest units. The total planned: actual was 34% for the entire forest. Given this, desired minimum levels of habitat were likely achieved for species that prefer old forests (marten, moose (late winter), and pileated woodpecker, but may not have been achieved for moose (foraging) as earlier successional habitat is preferred for this.</p> <p>Objective likely achieved for 3 of 4 species</p> <p>B) All species for this Indicator have affinity for old habitats. Therefore, given the low level of achievement of harvest relative to planned, targets were likely achieved. Further, the simulated targets for caribou were achieved.</p> | <p>A) The Trend Analysis notes that indicator for these species is not applicable as single species habitats are no longer measured provincially. The audit team notes that the present approach does not invalidate the indicator nor make assessment impossible.</p> |

| Objectives& Indicators | Auditor Assessment | Auditor Comments |
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| <ul style="list-style-type: none"> Woodland Caribou <p>C) Area of habitat for other selected species</p> <ul style="list-style-type: none"> Black-backed Woodpecker Black bear (foraging) Lynx (denning) <p>D) Landscape pattern</p> <ul style="list-style-type: none"> Caribou (interior) Caribou (habitat fragmentation) Caribou (species composition) Marten (core habitat) | <p>Objective likely achieved.</p> <p>C) Same conclusion as for B) above</p> <p>Objective likely achieved</p> <p>D) Trend analysis indicates all desirable indicator levels were achieved. This is consistent with the lower-than-planned harvest levels</p> <p>This objective has been achieved.</p> | <p>C) See discussion for A) above</p> |
| <p>4. Road Use Strategies. To develop road use strategies that 1) maintain or decrease road density within the caribou mosaic blocks (A-E) to complement caribou habitat management objectives and (2) maintain or increase road density in the remainder of the Red Lake Forest to support the needs of commercial and non-commercial users.</p> <p><u>Indicator:</u></p> <p>A) Kilometers of road per square km of Crown forest.</p> | <p>The Trend Analysis reports the road density in 2020 as 0.148 km/km², which is consistent with the blended targets for caribou, and non-caribou zones in the 2008 FMP</p> <p>This objective has been achieved.</p> | <p>Site inspection during the audit verified the company's efforts to manage road density via closure efforts.</p> |
| <p>5. Values Projection. To implement forestry operations in a manner that protects values, in order to provide users with the opportunity to benefit from the forest.</p> <p><u>Indicator:</u></p> <p>A) Non-compliance in forest operations inspections (% of inspections in non-compliance,</p> | <p>There was variability in the extent to which operations that were viewed during the field inspections met this objective, the indicator notwithstanding.</p> <p>In general, the road construction, harvesting, renewal and tending operations were conducted in a manner that protected values. The auditors did see one riparian AOC that was too narrow, and there were two minor trespasses</p> | <p>The issues with water crossings have negative environmental impacts, including stream sedimentation through erosion and blocking fish passage.</p> |

| Objectives& Indicators | Auditor Assessment | Auditor Comments |
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| by category (minor, moderate and significant as determined by MNRF)). | <p>reported during the audit term, but otherwise these operations did protect values.</p> <p>In contrast, the installation of water crossings has continued to be an issue throughout the term of the 2008 FMP, and there were a number of non-compliance FOIP reports regarding water crossings. Water-crossing decommissioning has also created situations where ecological values may be compromised. As discussed in Finding # 9, aggregate pits were also frequently out of compliance for various reasons.</p> <p>In conclusion, this objective has been partially achieved, with the exceptions of operations related to water crossings and aggregate pits.</p> | |
| <p>6. Free-to-Grow. To effectively regenerate area harvested during the 2008-2020 FMP to FTG status</p> <p><u>Indicator:</u></p> <p>A) Percent of harvested forest area assessed as free-growing</p> | <p>The target is for 96% of harvested area assessed as free-growing within 15 years of harvest. Most areas harvested during the 2008-2020 FMP plan period have not yet received free-to-grow surveys, since these are scheduled to be conducted at least 10 years after harvest.</p> <p>There is insufficient data to fully evaluate this objective. The free-to-grow status of areas harvested during the 2008-2020 FMP period will not be determined until surveys are completed in the next FMP cycle.</p> | |
| <p>7. Forest Cover Protection. To implement forestry operations in a manner that protects natural resource features, land uses or values dependent on forest cover in order to provide users with the opportunity to benefit from the forest</p> <p><u>Indicator:</u></p> <p>A) Compliance with prescriptions for the protection of natural resource features, land</p> | <p>Concerns regarding the use of compliance as an indicator of success in meeting this objective are addressed in Finding #11. The audit team viewed a number of circumstances in which water crossings were not implemented correctly (Finding # 6), that were not identified in compliance reports. However, the audit team also viewed many instances in which forest cover was adequately protected.</p> <p>Objective partially achieved</p> | <p>As in the 2015 audit, the audit team is concerned that the use of compliance as the sole means of assessing the achievement of objectives related to resource protection is not appropriate. This is addressed in Finding #11.</p> |

| Objectives& Indicators | Auditor Assessment | Auditor Comments |
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| uses or values dependent on forest cover (% of inspections in compliance). | | |
| <p>8. Commercial Tourism. To recognize and respect the legitimacy of commercial tourism businesses and to contribute to the economic viability of those businesses in or adjacent to the Red Lake Forest through protection of associated values.</p> <p><u>Indicator:</u></p> <p>A) Compliance with prescriptions for the protection of resource-based tourism values (% of inspections in compliance)</p> | <p>The manager of the Red Lake Forest has good relations with remote tourism outfitters, to the best knowledge of the audit team. There were five RSAs in effect in the 2008 FMP period, and there has been one signed for the 2020 period, with others in various stages of negotiation. The usual manner for these situations to be addressed is through specific AOCs for individual tourism outfitters, or groups of outfitters. This was the case in the 2008 FMP and is again so in the 2020 FMP.</p> <p>There were no requests for issue resolution or individual environmental assessments during the development of the Phase II FMP or the 2020 FMP, which further supports the contention that the objective is being achieved.</p> <p>This objective has been achieved.</p> | <p>The auditors did not observe any remote tourism AOCs that were violated during the site inspections, nor were there any compliance reports that identified issues associated with tourism AOCs.</p> |
| <p>9. Trapping. To recognize and respect the legitimacy of trapping (fur industry), and to contribute to the economic viability of that industry in or adjacent to the Red Lake Forest through the protection of associated values</p> <p><u>Indicator:</u></p> <p>A) Compliance with prescriptions for the protection of resource-based trapping values (% of inspections in compliance)</p> | <p>The Trend Analysis reports 100% compliance with prescriptions for resource-based trapping values. This assessment is consistent with the audit team's review of compliance performance.</p> <p>Objective Achieved</p> | |
| <p>10. Mining and Mineral Exploration. To recognize and respect the legitimacy of mining and mineral exploration, and to contribute to the economic viability of those businesses in</p> | <p>Assessed during plan development. Table FMP-13 of Phase I plan notes that one meeting was held with mining and mineral exploration representatives during development of the Proposed Management Strategy and</p> | |

| Objectives& Indicators | Auditor Assessment | Auditor Comments |
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| <p>or adjacent to Red Lake Forest through the review of road use strategies</p> <p><u>Indicator:</u></p> <p>A) Communications with the mining and mineral exploration section in the Red Lake Area</p> | <p>a second meeting was held prior to finalization of operations for the First Information Centre.</p> <p>The audit team did not hear any concerns from the mining and mineral exploration sector in communications with the LCC or in response to input through our internet survey.</p> <p>Objective Achieved</p> | |
| <p>11. Wood Supply. To provide a predictable and continuous supply of wood to the forest products industry from the Red Lake Forest</p> <p><u>Indicators:</u></p> <p>A) Short-term projected available harvest volume by species group (m3)</p> <p>B) Long-term projected available harvest volume by species group (m3)</p> <p>C) Long-term projected available harvest area (ha)</p> <p>D) Available, forecast and actual harvest area by forest unit</p> <p>E) Available, forecast and actual harvest volume by species group</p> <p>F) Percent of forecast volume utilized, by mill</p> <p>G) Silviculture expenditures</p> | <p>The 2008 FMP did provide a predictable and continuous, if somewhat variable, supply of timber from the Red Lake Forest. The short-term and long-term minimum harvest volume targets were achieved, and the long-term available harvest area target was also met.</p> <p>However, actual harvesting has been approximately 1/3 of the planned level during the term of the 2008 plan. As a result, the indicators that are linked to actual harvest level have all been well below target during the plan period, as well as during the audit period.</p> <p>For the 5-year period from 2014 to 2018, average total silvicultural expenditures for the Red Lake Forest were \$403,700, including \$348,300 per year from the Forest Renewal Trust and \$55,400 from the Forestry Futures Trust. This level of spending was adequate to regenerate harvested area and meet FMP objectives.</p> <p>This objective has been partially met; the indicators related to planning have been met as has the indicator related to silviculture spending.</p> | |
| <p>12. Productivity. To maintain productivity of soil function, and to protect water quality and fisheries habitat where forest management activities occur in the Red Lake Forest</p> | <p>During the audit period there were several compliance inspections that deal with improper installation/erosion control. These include:</p> | |

| Objectives& Indicators | Auditor Assessment | Auditor Comments |
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| <p><u>Indicators:</u></p> <p>A) Compliance with management practices that prevent, minimize or mitigate site damage (% of inspections in compliance)</p> <p>B) Compliance with prescriptions developed for the protection of water quality and fish habitat (% of inspections in compliance)</p> | <ul style="list-style-type: none"> • WC #458 (Nov 2019) – installed without approval/not in AWS-1/or approved for winter crossing - \$2,000 administrative fine levied • WC463 (Sept 17, 2019) – a 2200 mm culvert was required but a 560 mm culvert was installed. Erosion issues were observed; no rip rap or erosion control measures were used, causing a significant amount of sediment to erode into the stream – repair order issued • WC #290 (Sept 17, 2019) Crossing not identified in AWS-1; lack of erosion control – compliance order issued • WC#459 (Oct 25, 2019) – crossing not approved & sediment entering stream – written warning issued. <p>Objective not achieved</p> | |
| <p>13. Crown Productive Forest. Maintain the area of managed Crown productive forest available for timber production at plan start</p> <p><u>Indicator:</u></p> <p>A) Managed Crown forest available for timber production</p> | <p>The 2008 FMP identified the area of the managed Crown productive forest as 165,170 ha, which was derived from the forest modelling tool SFMM. Table FMP-1a in the 2008 FMP identified the equivalent area in Table FMP-1 as 175,341 ha. It is not very clear how these numbers differ or why.</p> <p>However, in the 2020 FMP, the area of managed Crown productive forest and production forest has increased by approximately 13,000 ha compared to the 2008 FMP. Presumably this change is the result of the new inventory.</p> <p>In any event, despite minor losses of area of Managed Crown Productive Forest due to the construction of roads and landings, the area of Crown productive forest has appeared to increase.</p> <p>This objective was achieved.</p> | |
| <p>14. Indigenous Communities and Individuals. To work with the adjacent Aboriginal communities of Pikangikum and</p> | <p>There were two indicators provided for this objective. The first indicator was focused on development of the Phase I 2008 FMP. During development of the Phase II FMP, the</p> | <p>The absence of First Nations communities on the Red Lake Forest limits the ability of the</p> |

| Objectives& Indicators | Auditor Assessment | Auditor Comments |
|--|---|---|
| <p>Lac Seul as well as individual Aboriginal people who live off the reserve but continue to have traditional ties to the Red Lake Forest.</p> <p><u>Indicators:</u></p> <p>A) Opportunities for involvement provided to and involvement of Aboriginal communities in plan development;</p> <p>B) Opportunity for capacity building of the Whitefeather Forest Management Company.</p> | <p>ABIR's were updated however it is not clear what updates were made nor how significant they were.</p> <p>The second indicator concerned capacity building with Whitefeather Forest Community Resource Management Authority (the company's correct name). The WFCRMA was contracted throughout the audit period to deliver forest management on the Red Lake Forest. There is no evidence that this resulted in capacity building for the Company, since there was no additional employment generated for community members and the contract simply passed through the costs of managing the RLF. There is no record of RLFMC working with individual Aboriginal people living off-reserve.</p> <p>This objective was partially met.</p> | <p>RLFMC to engage with these communities. The objective is rather non-committal in that "working with" is quite vague.</p> <p>The objective does not mention Wabauskang First Nation, which seems like an omission since the community is adjacent to the Red Lake Forest.</p> <p>See the discussion in Finding # 12 regarding the licence condition that concerns the provision of opportunities to Indigenous communities.</p> |
| <p>15. Local Citizens Committee. To have the LCC effectively participate in plan development.</p> <p><u>Indicator:</u></p> <p>A) LCC self-evaluation of its effectiveness in plan development.</p> | <p>Interviews with LCC members, review of LCC minutes and the LCC Committee Report in the 2008 FMP (Supplementary Document 15) all indicate that the LCC was effective in its overall participation in forest management and in contributing to the development of the plan.</p> <p>The planning team has always kept the LCC members informed and addressing items of concern, thereby increasing the effectiveness of the LCC. The LCC completed a self-evaluation survey according to required FMP objectives. The LCC evaluated their effectiveness at an average of 84%. This value was greater than the desired level of 80% as stated for management objective #15.</p> <p>This objective was achieved.</p> | |

APPENDIX 3 - COMPLIANCE WITH CONTRACTUAL OBLIGATIONS

| Licence Condition | Licence Holder Performance |
|---|---|
| 1. Payment of Forestry Futures and Ontario Crown charges | Information received from Corporate MNRF showed that as of January 30, 2020, the SFL company was up to date with all Crown payments however others taking wood from the forest were in arrears. The identity of the entity or entities in arrears is not available, however the auditors are aware that a company which owns a large sawmill that drew wood from the Red Lake Forest, and was an Agent of the Crown, ceased production in September 2019 and filed for bankruptcy protection on December 5, 2019. The total Crown payments arrears was approximately \$372,000. |
| 2. Wood supply commitments, MOAs, sharing arrangements, special conditions | There are two wood supply commitments in the SFL. The first is for all non-veneer aspen poplar and white birch to go to Weyerhaeuser's mill in Kenora, and that mill received essentially all of the hardwood from the forest during the first four years of the audit period (data were not available for year 5). The second commitment was to the LKGH mill in Red Lake, which did not operate during the entire audit period. The conifer instead went primarily to Domtar's mill in Dryden, Kenora Forest Products in Kenora and EACOM in Ear Falls. There were no special conditions or sharing arrangements in place during the audit period; the Company was in compliance with this requirement of the licence. |
| 3. Preparation of FMP, AWS and annual reports; abiding by the FMP, and all other requirements of the FMPM and CFSA. | The Company prepared a two-year extension to its 2008 FMP during the audit period, and it prepared a 2020 FMP that was approved during the audit period and came into effect on April 1, 2020. The planning process followed the requirements of the 2017 FMPM and plan development stayed on schedule. The Company also prepared Annual Work Schedules and Annual Reports as required; these were in compliance with the FMPM. |
| 4. Conduct inventories, surveys, tests and studies; provision and collection of information in accordance with FIM. | During the audit period, RLFMC staff conducted informal monitoring of treatment needs, quality, and effectiveness by walking through treatment blocks and doing visual assessments. These assessments, done following harvesting, were designed to assess the forest operation prescriptions assigned to the site, and determine if modifications were needed based on the observed site conditions. Another informal inspection was conducted following implementation of the renewal treatments on these sites. These inspections were made to determine renewal effectiveness, assess any further treatment needs, and to evaluate the effectiveness of tending. There was no formalized scheduling of these site visits, although they were generally done promptly following harvesting and/or renewal treatments. The field inspections provide the basic information needed to finalize decisions on silvicultural intensity and to verify FOPs. The information is also used to determine site preparation requirements, to estimate the need for tree planting and for ordering planting stock by species and stock type. Changes to FOPs and SGRs are generally |

| Licence Condition | Licence Holder Performance |
|--|--|
| | <p>informally recorded at the time of these assessments on maps, and then later submitted to MNRF in the format required by FIM specifications for Annual Reports.</p> <p>The Company used GIS-based tools to identify and map areas requiring free-to-grow assessments every year, including areas that were previously assessed and scheduled for re-survey because they were determined to be not free-to-grow. During the 2008-2020 FMP period, RLFMC assessed 8,255 ha for free-to-grow status, or 60% of the FMP forecast of 13,780 ha. The amount of FTG assessment conducted during the audit period was consistent with current and past levels of harvest. The total area assessed for free-to-grow status during the audit period was 3,861 ha, while the area harvested was 3,809 ha. As per the previous IFA report for the 2010-2015 period, the Company has fully completed its silvicultural and survey obligations for Class Y and Z Lands.</p> <p>Digital maps and associated information on silvicultural treatments and FTG assessments in ARs were submitted to MNRF by RLFMC in accordance with the appropriate FIM standards. Digital imagery to be used in the production of an updated eFRI was acquired by MNRF in 2009 and 2010. In 2010, District MNRF and RLFMC received a complete set of this imagery for use in operational planning. The updated eFRI for the Red Lake Forest was delivered in March 2014. In general, the company does a good job of inventory updating in preparation for forest management planning, including the management of harvesting and silvicultural records. During the audit period, digital maps and associated information on harvesting and silvicultural treatments were provided to MNRF in accordance with the appropriate FIM standards.</p> <p>During the audit period, MNRF District staff at Red Lake implemented SEM programs on core tasks according to direction from the Provincial Silvicultural Program and from the Northwest Region. Work was completed on required core tasks to an acceptable level. In general, there was good correspondence between the results of FTG assessments conducted by MNRF and the Company. FTG assessments were completed using supplementary large-scale aerial photographs of candidate areas. Field inspections conducted during the audit did not identify any issues with the accuracy of the FTG surveys completed using this method.</p> <p>RLFMC was in compliance with this licence condition during the audit period.</p> |
| 5. Wasteful practices not to be committed. | <p>The auditors did not observe wasteful practices during their field inspections. Three FOIP inspection reports identified wasteful practices due to bundles being left in harvest blocks – the auditors did inspect two of these blocks (blocks 8764 and 8902) and did not observe bundles in the third block (which was inspected). Although the FOIP reports do not document whether the bundles were removed or not, the auditors believe that they were. As a result, the auditors conclude that the licensee was in compliance with this licence condition during the audit period.</p> |

| Licence Condition | Licence Holder Performance |
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| 6. Natural disturbance and salvage SFL conditions must be followed. | There was a considerable amount of salvage harvesting during the audit period, with salvage harvesting occurring in 4 of the 5 years. The Annual Reports state that more than 63,000 m3 of timber was salvaged during the first four years of the audit term and roughly 70% of the harvest area in 2019-20 was salvage. MNRF and the Company felt that the salvage process was working well, and the audit team concluded that the company was in compliance with this element of the SFL. |
| 7. Protection of the licence area from pest damage, participation in pest control programs | <p>In July 2018 the Ministry of Natural Resources and Forestry (MNRF) conducted aerial detection monitoring for forest health and mapped 627,455 hectares of jack pine budworm (<i>Choristoneurapinus Free.</i>) in the Northwest Region (NWR). The infestation had caused severe defoliation damage in jackpine dominated stands within the Whitefeather, Red Lake, Trout Lake, Wabigoon, Dryden and Whiskey Jack Forests situated in the Red Lake, Kenora, and Dryden Districts. The infestation expanded from a smaller infestation first detected in the Red Lake District in 2017 that was approximately 100,187 hectares in size.</p> <p>To address the severity and extent of this recent infestation, the MNRF, in collaboration with affected SFLs, developed an insect pest management plan (IPMP). RLFMC worked with MNRF in the development of the IPMP as required by the licence. The MNRF selected a course of action to implement a broad-scale aerial application of Btk on select areas to mitigate potentially negative impacts across the three districts to be conducted in the spring and summer of 2019. The application of Btk has historically been used in the province to treat jack pine budworm infestations successfully and is the most cost effective and efficient means of treating landscape-level events in a timely manner.</p> <p>RLFMC was in compliance with this licence condition during the audit period.</p> |
| 8. Withdrawals from licence area | This optional procedure was not assessed. |
| 9. Audit action plan and status report | <p>Licence condition 9.5 requires the company to “implement the action plan [associated with the previous IFA] unless otherwise directed in writing by the Minister”. Section 4.8 of this report includes an assessment of the recommendations of the previous IFA. That discussion notes that several previous recommendations have not been fully addressed, including:</p> <ul style="list-style-type: none"> • Recommendation #4 of the previous IFA related to meeting all FMP requirements relating to preparation of the AWS; • Recommendation #9 of the previous IFA related management of aggregate pits; • Recommendation #10 of the previous IFA related to the quality of water crossings; • Recommendation #15 of the previous IFA related to MNRF obligations associated with annual compliance plans; • Recommendation #17 of the previous IFA related to compliance inspections; • Recommendation #21 of the previous IFA related to fulfilling requirements of a Living Legacy associated with the addition of protected areas. |

| Licence Condition | Licence Holder Performance |
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| | All of these topics are included again this audit's recommendations. The company is not in full compliance with this licence obligation. |
| 10. Payment of funds to Forest Renewal Trust | Information received from Corporate MNRF showed that as of January 30, 2020, the SFL company was up to date with all Crown payments however others taking wood from the forest were in arrears, including arrears in the payment of Forest Renewal Trust charges. The amount of FRT payments in arrears is unknown, however as discussed in Finding # 13, the deficit has been eliminated as a result of a transfer of funds from the Forestry Futures Trust, which can mitigate amounts that are owed to the FRT when a company declares bankruptcy. |
| 11. Forest Renewal Trust eligible silviculture work | Auditors reviewed in the field a total of 221 ha of area that was mechanically site prepared and/or planted in the year 2018-19, representing 21% of the eligible silviculture work that was charged to the Forest Renewal Trust (FRT) for that year. Field inspections of these activities determined that the silvicultural project maps were accurate, and that work was completed as invoiced to the FRT per the Specified Procedures Report. In the auditor's opinion, the overall quality of the work was acceptable and silvicultural prescriptions were appropriate for site conditions. The Specified Procedures Report did not identify any significant issues related to the invoicing, documentation and mapping of work invoiced to the FRT for the 2018-2019 year. RLFMC was in compliance with this licence condition during the audit period. |
| 12. Forest Renewal Trust forest renewal charge analysis | Renewal rate analyses were conducted annually by RLFMC and District MNRF, and these were documented in accordance with Northwest Region requirements. Renewal rate adjustments that were made during the audit period appear to have adequately addressed silvicultural program costs. RLFMC was in compliance with this licence condition during the audit period. |
| 13. Forest Renewal Trust account minimum balance | The FRT for the Red Lake Forest was above the minimum balance on March 31 st for each of the five years of the audit period. The size of the minimum balance is much higher than the average annual amount of silvicultural spending incurred on the Red Lake Forest during the audit period. However, silvicultural spending was reduced compared with the long-term average due to the low level of harvest activity on the forest, resulting in less area that required regeneration. RLFMC was in compliance with this licence condition during the audit period. |
| 14. Silviculture standards and assessment program | For the 2008-2020 FMP term, the total renewal effort on the forest was 10,141 ha. This represented 42.5% of the planned effort, based on the FMP forecast area of 23,850 ha. However, the actual area harvested during the 2008-2020 FMP Phase I term was only 37.4% of the planned area; thus, the total regeneration conducted was consistent with the FMP forecast in proportion to the actual harvest levels. |

| Licence Condition | Licence Holder Performance |
|---|---|
| | <p>The audit team's review of a sample of these treatments indicated that the silvicultural prescriptions implemented by the Company were in general appropriate for the site conditions, were of acceptable quality, and appeared to have been effective.</p> <p>There are limited silvicultural liabilities on the Red Lake Forest. Over time, RLFMC has done a good job of keeping up with eligible silvicultural work to ensure there is no accumulation of sites requiring treatment. During the audit period RLFMC conducted an analysis of potential silvicultural obligations by examining GIS data that overlaid harvested areas with silvicultural treatments, as well as completed FTG surveys to identify any gaps. Harvested areas were fully accounted for in terms of renewal treatments, except for the most recent harvest areas. The analysis identified some areas harvested between 2002 and 2008 that had not yet received a FTG survey, and these were mapped and scheduled for assessment in 2020-2021.</p> <p>The Company has met all silvicultural and monitoring obligations on Class Y and Z Lands, as described in the IFA Report for the 5-year period 2010-2015. Clauses related to obligations on Class Y and Z Lands could therefore be removed from future versions of the SFL licence document. Refer to item 14 (Silvicultural Standards ...) in this table for a description of the Company's performance with regard to silvicultural obligations on Class X Lands. Class X Lands consist of all areas harvested after 1995 for which the Company has full responsibility for meeting silvicultural standards and for conducting all required monitoring.</p> <p>For these reasons, the auditors believe that in general, the Company has met its contractual obligations related to the silvicultural standards and assessment program.</p> |
| 15. Indigenous opportunities | As discussed more fully in Finding # 12, the audit team has concluded that the Company largely failed to provide opportunities for Indigenous communities to benefit from forest management. The company is not in full compliance with this licence requirement. |
| 16. Preparation of compliance plan | The Company prepared annual compliance plans and submitted them as part of the Annual Work Schedules, as required. The Company is in compliance with this licence condition. |
| 17. Internal compliance prevention/ education program | This optional procedure was not assessed. |
| 18. Compliance inspections and reporting; compliance with compliance plan | The Company undertook a large number of compliance inspections, averaging approximately 20 per year. On average, 16 of these were inspections related to access, and many were in essence road and water crossing monitoring records that demonstrate the Company was regularly monitoring access and crossings. During the audit period, the target number of compliance inspections for the Company and overlapping licensees (OLLs) was twenty: five each for access and renewal& maintenance and ten for harvesting. During the audit period, the average number of industry submissions for renewal was 2.1 and |

| Licence Condition | Licence Holder Performance |
|--|---|
| | for harvest was also 2.1. The industry exceeded the target number of access inspections but fell notably short in terms of harvest inspections. The Company is not in full compliance with this licence condition. |
| 19. SFL forestry operations on mining claims | This optional procedure was not assessed. |
| 20. Obligations on Category 2 lands. | This procedure is not applicable. |

APPENDIX 4 – AUDIT PROCESS

Overview

The Crown Forest Sustainability Act (CFSA) directs the Minister of Natural Resources and Forests to conduct a regular review of each tenure-holder to ensure that the licensee has complied with the terms and conditions of its licence⁵. The IFA contributes to this mandate, as well as complying with the direction to the Ministry laid out in the 1994 Class EA decision, subsequently confirmed in a number of Declaration Orders, the most recent dating from 2015⁶. Regulation 160/04 under the CFSA sets out direction related to the timing and conduct of IFA's, the audit process and reporting.

The Independent Forest Audit Process and Protocol (IFAPP) sets out in detail the scope and process requirements of an IFA and contains approximately 170 individual audit procedures. The IFAPP, which is reviewed and updated annually by the MNRF, states that the purpose of the audits is to:

- *“assess to what extent forest management planning activities comply with the CFSA [Crown Forest Sustainability Act] and the FMPM;*
- *assess to what extent forest management activities comply with the CFSA and with the forest management plans, the manuals approved under the CFSA and the applicable guides;*
- *assess, using the criteria established for the audit, the effectiveness of forest management activities in meeting the forest management objectives set out in the forest management plan;*
- *compare the planned forest management activities with actual activities undertaken;*
- *assess the effectiveness of any action plans implemented to remedy shortcomings identified in a previous audit;*
- *review and assess a licensee's compliance with the terms and conditions of the forest resource licence; and*
- *provide a conclusion stating whether or not the forest is being managed consistently with the principles of sustainable forest management.*

The audit team may develop findings and best practices. Audit findings result from the comparison of audit evidence compared against the audit criteria. Findings may be the high-level identification of a non-conformance or a situation where the auditors perceive a critical lack of effectiveness in forest management activities, even though no non-conformance with law or policy has been observed.

Findings may be directed towards the SFL holder and the MNRF, or in the case of Crown Units only towards the MNRF. Auditees must address all findings through follow-up actions.

If the Audit Team feels that an aspect of forest management is exceptional it may be identified as a best practice. The IFAPP states that *“Highly effective novel approaches to various aspects of forest management may represent best practices. Similarly,*

⁵In some circumstances, the period between reviews may be up to seven years.

⁶ Declaration Order MNR-75: MNR's Class Environmental Assessment Approval for Forest Management on Crown Lands in Ontario, approved by Order in Council 1126/2015 on August 25, 2015.

applications of established management approaches which achieve remarkable success may represent best practices.” In contrast, “situations in which the forest manager is simply meeting a good forest management standard” do not qualify.

The IFAPP describes each of the components of the audit process and contains the audit protocol, which constitutes the main framework for the audit. The procedures, which are the basis for assessing the auditees' compliance and effectiveness, are organized according to eight principles. A positive assessment of the procedures under each principle results in the principle being achieved. A negative assessment of a procedure typically leads to a recommendation.

Risk-based Auditing Approach

In 2017, the auditing process was changed to incorporate aspects of risk management. The audit uses the widely-recognized concept that risk is a function of both the probability of an event occurring and the impact of the event should it occur. Those procedures for which non-compliance would result in a medium to high negative impact on sustainability were identified by the MNRF as mandatory, while the procedures associated with a low impact were identified as optional. Early in the audit process, the auditors reviewed evidence related to the optional procedures to evaluate the risk of non-conformance or negative outcomes associated with procedures. The auditors also considered the audit team's familiarity with the procedure and its general tendency to lead to non-compliance in previous IFA's. Where the likelihood was considered moderate to high, the optional procedure was audited.

Using this process, it was identified that six of the 73 optional procedures should be audited. The assessment of risk was reviewed and accepted by the Forestry Futures Committee. The optional procedures to be included in this audit are:

- 3.5.6.1 – Assess planned implementation of the management strategy;
- 3.5.11.2 – Assess whether the monitoring programs to be implemented, including forecast level of assessment, are sufficient to assess the compliance and program effectiveness on the management unit;
- 3.5.12.1 – Review the FMP to assess whether: recommendations or findings made in the last IFA have been considered in the development of the risk assessment for the proposed LTMD;
- 5.1.1 - Review and assess... the organization's commitment to awareness, education and training programs ...;
- 6.2.1.2 - Determine whether an effective internal compliance prevention/education program, which met MNRF competency standards, was developed; and
- 6.2.1.4 - Examine whether the SFL has continued to maintain their overall forest management oversight role ...

Audit Implementation

The audit commenced with the preparation of a detailed audit plan⁷, which described the results of the risk assessment, set out the audit schedule, described the procedures to be used during the audit and assigned responsibilities to members of the Audit Team.

⁷ ArborVitae Environmental Services Ltd. Plan for the Independent Forest Audit of the Red Lake, June 16, 2020.

A significant feature of this audit was the measures put in place to adopt a precautionary approach related to the Covid pandemic. Measures included:

- Use of several conference calls prior to the audit to review key subjects;
- Implementation of the pre-audit meeting over conference call, rather than in-person;
- Limited in-person contact during the audit week, including a curtailment of in-person meetings;
- Reduction of audit-team on-site presence due to pre-existing conditions; and
- Implementation of mandatory safety procedures during the field portion of the audit.

A pre-audit meeting was held via conference call on June 26 with representatives of the audit team, MNRF, FFT, and the company in attendance. The primary purposes of the meeting were to familiarize the auditees with the audit process, review the Audit Plan, and make progress in selection of sites to inspect in the field during the audit. Subsequent to the pre-audit meeting, there were minor adjustments made to the selected sites due to access issues and to improve the balance of operations and sites.

As noted above, five conference calls were (during July and August) were held prior to the field portion of the audit. Attendees included the audit team members, staff of District and Regional MNRF, staff of the Company and Forestry Futures representatives. The calls dealt with planning and implementation aspects of consultation, harvesting, silviculture, compliance, and ecological aspects of planning.

| Principle | Optional | | | Mandatory | Comments |
|--|----------------|--------------|-----------|-------------------------------|--|
| | Applicable (#) | Selected (#) | % Audited | Audited (#) (100% Audited) | |
| 1. Commitment | 0 | 0 | 0 | 2 | The forest is not certified to a third-party standard and so procedures associated with the principle are not optional. |
| 2. Public Consultation and Indigenous Involvement | 5 | 0 | 0 | 2 | Review during the previous IFA by this same audit team found the LCC to be well-functioning. There were no issue resolution or individual EA requests during the development of the 2020 FMP, and MNRF usually ensure public consultation follows requirements. All optional procedures were low risk. |
| 3. Forest Management Planning | 28 | 3 | 11 | 15 | Optional aspects of planning selected for inclusion in the audit address planned harvest (which is very high relative to historic harvest levels), FMP risk assessment and MNRF monitoring intensity (for which preliminary review |

| Principle | Optional | | | Mandatory | Comments |
|---|----------------|--------------|-----------|-------------------------------|--|
| | Applicable (#) | Selected (#) | % Audited | Audited (#) (100% Audited) | |
| | | | | | indicated a lower-than-planned level was achieved). |
| 4. Plan Assessment & Implementation | 3 | 0 | 0 | 9 | Neither of the three optional procedures was assessed as high risk, since bridging must be completed within the first 3 months of the FMP term, which is outside of the audit's scope and there was little reported road construction. (However note that during the audit issues with road construction were identified, as described in Finding # 6) |
| 5. System Support | 2 | 1 | 50 | 0 | The organization's commitment was assessed as potential issues with MNRF staffing levels were identified prior to the audit. Also, the previous IFA raised some concerns about the Company's capacity, so the optional human resources procedure was investigated. |
| 6. Monitoring | 9 | 2 | 22 | 10 | Given the issues with the Company compliance program during the previous IFA and review of the 2015 IFA Action Plan Status Report, two optional procedures were audited. |
| 7. Achievement of Objectives and Forest Sustainability | 0 | N/A | N/A | 13 | All procedures are mandatory and were audited. |
| 8. Contractual Obligations | 18 | 0 | 0 | 5 | Optional procedures were related to contractual obligations that were either not applicable, linked to other parts of the IFAPP or for areas assessed as an acceptable risk. |
| Totals | 65 | 0 | 9 | 56 | |

Table 4. Audit procedures by principle and risk assessment outcome.

The focus of the audit was an intensive five-day site visit (August 31 – Sept 4, 2020), which included document review, interviews and inspections of a variety of sites throughout the Forest where activities had been undertaken during the audit period. Ground-based tours took place on August 31 and Sept 1 and were attended by staff of

the MNRF District and Region, the Company, as well as Forestry Futures Committee representatives and three representatives of the LCC. The formal closing meeting for the audit took place on Sept. 11 by teleconference, at which the audit team reviewed its draft findings. In the one-week period following the closing meeting the audit team received comments on the draft findings and those have been considered in preparing this draft final report.

Sampling and Sample Intensity

The IFAPP requires that at least 10% of each major activity be sampled. Table 5 shows the total amount of each key activity that took place during the audit period, and the sample size and sampling intensity in the IFA. The audit exceeded the minimum sample size specified in the IFAPP for all activities, with the overall level of sampling ranging from 13% to 66% for key activities.

The IFAPP directs the auditors to verify in the field at least 10% of the areas reviewed in a specified procedures assessment undertaken by KPMG for the 2016/17 fiscal year. AVES verified in the field 15% of the eligible silvicultural activities undertaken by DFMC and its contractors/shareholders.

Examples of operations were examined in each major forest unit present on the Forest, representing a range of harvest years, seasons of operation, and silvicultural treatment packages. A number of sites where renewal activities had been conducted during the audit period were visited to evaluate the appropriateness and quality of these treatments and to perform an evaluation of their effectiveness. These included sites that were site prepared, seeded, and planted, and those that were naturally regenerated.

Table 4. Sampling intensity of the field operations, by key feature investigated.

| Feature | Total in Audit Period | Total Sampled | Sample Intensity % |
|------------------------------------|------------------------------|----------------------|---------------------------|
| Harvest (ha) | 2979 | 717 | 24.1 |
| Site Prep (Mech and Chem) (ha) | 1490 | 547 | 36.7 |
| Natural Regeneration (Clearcut) | 157 | 66 | 42.0 |
| Planting (ha) | 2028 | 491 | 24.2 |
| Seeding (ha) | 244 | 189 | 77.5 |
| Tending | 596 | 111 | 18.6 |
| Free-to-Grow Assess (ha) | 3909 | 502 | 12.8 |
| 2018/2019 FRT Areas (ha) | 1051 | 221 | 21.0 |
| Primary and Branch Rd. Const. (km) | 0.5 | 0.5 | n/a |
| New Crossings & Culverts (#) | 4 | 4 | 100 |
| AOCs (types) | 57 | 5 | 8.8 |

Table 5. Sampling intensity of the field operations, by key feature investigated.

Table 5 is intended to portray an approximate level of effort only. There are several factors which preclude too-precise an interpretation of the figures presented in the table.

- Although we viewed many individual harvest and/or treatment blocks during the field inspection portion of the audit, more than one aspect of forest management was inspected at some sites. For example, at sites where harvesting had taken place, harvest practices, road construction, AOC protection, site preparation, and regeneration activities may all have been inspected.

- We did not inspect every hectare of the blocks we visited – such a level of effort would be infeasible.
- Areas of operations are based on four years' data and an estimate of the fifth year provided by RLFMC.
- Data for road construction was taken from four years' annual reports (2015-16 to 2018-19)
- Data for crossings and culverts was also taken from the annual reports – these data are likely not accurate as several crossings for which MNRF had not received notifications were identified during the site visit (see Finding # 2)
- Most of the types of AOCs were not implemented during the audit period, due the relatively low amount of harvesting and the uncommon circumstances to which they apply (e.g. bear denning, bat hibernacula). AOC's inspected during the audit focused on those related to aquatic features.

Input to the Audit from Indigenous Communities

There are three Indigenous Communities that are considered adjacent to the Red Lake Forest. The audit team contacted and invited all communities with requests for interviews. Pikangikum provided extensive input through several phone conversations, e-mails and an in-person meeting with the President of the WFCRMA. The audit team spoke with one of the councilors at Lac Seul regarding forestry matters.

Pikangikum First Nation

Members of the audit team had several conversations with representatives of Pikangikum First Nation and met the President of Whitefeather Forest Community Resource Management Authority while the team was in Red Lake. The discussions centred on the sense of Pikangikum and WFCRMA that they have been purposefully blocked from achieving their forestry goals, which include the generation of employment and obtaining benefits for the community from Crown forests. WFCRMA holds the SFL for the Whitefeather Forest, which is north of the Red Lake Forest, and represents a large part of the ancestral territory of the First Nation.

The community, though WFCRMA, had aspirations of purchasing the Red Lake sawmill and submitted eight business plans to MNRF to this effect, however none were approved. As matters relating to dealings between businesses are outside of the scope of the IFA, no more will be said other than that the net result is a deep feeling of frustration.

WFCRMA has held the contract to manage the Red Lake Forest for many years – the contract was with the controlling shareholder of RLFMC and it was always rolled over every year. The General Manager of the RLF was in fact a contractor to WFCRMA throughout the audit period. On March 24, 2020, The auditors reviewed a letter that WFCRMA received informing it that it would no longer be offered the contract to manage the RLF; and WFCRMA's representative informed the auditors that this decision was made without any discussion or engagement. This turn of events has added to the community's frustration.

Lac Seul First Nation

The Lac Seul First Nation has business dealings with a wide range of companies, sectors and other First Nations. The councilor stated that the community has traditional territory on 12 forests, including the Red Lake Forest. Because of the number of forests

that are of interest, the community struggles to participate adequately in planning on all of the forests.

Input to the Audit from LCC members

As part of the audit, auditors reached out to all LCC members to obtain feedback regarding the functioning of the LCC over the audit period. Interviews were conducted with 4 of the LCC members, and emails exchanged with others.

Some of the positive highlights noted by LCC members interviewed include:

- LCC members interviewed were of the opinion that the committee was functioning in accordance with their mandate;
- Members, MNRF and RLFMC noted the LCC was very dedicated and functional;
- Members noted that MNRF and RLFMC were very helpful in providing information, supportive during meetings, and accessible to contact with questions or for further clarification regarding forest management planning process and specific documents (e.g. AWS, annual reports, amendments etc.);
- The District Managers' frequent attendance at meetings and helpful participation was appreciated;
- Meetings are well-run and organized. Members are generally encouraged to express their views. Preparation of the agenda in advance and follow up on meeting minutes is prompt;
- Generally, members felt there was a reasonably good balance of interests, although, as noted in Section 4.2, there is recognition that group could be improved by having Indigenous Peoples represented. Efforts to entrain Indigenous representation in recent years have not been successful;
- Presentations by other Ministry experts or external speakers were noted as a highlight of the entire LCC experience.

Input through Public Comment

As part of this audit's attempt to solicit public input, a notice was placed in Wawatay News, a First Nations oriented newspaper and a public survey, asking 10 open-ended questions, was made available online using the Survey Monkey platform. No responses were received from the newspaper ad and three responses were received via Survey Monkey. The responses were generally supportive of forest management. No concerns beyond those already known to the audit team were identified. The survey respondents did not identify specific sites for the audit team to view during the site inspection portion of the audit.

APPENDIX 5 – LIST OF ACRONYMS

| | |
|----------------|---|
| ACOP | Annual Compliance Operations Plan |
| AOC | Area of Concern |
| AHA | Available Harvest Area |
| AR | Annual Report |
| AVES | ArborVitae Environmental Services Ltd. |
| AWS | Annual Work Schedule |
| B.Sc. | Bachelor of Science |
| CFSA | Crown Forest Sustainability Act |
| CONMX | Conifer Mixedwood Forest Unit |
| COSEWIC | Committee on the Status of Wildlife in Canada |
| COSSARO | Committee on the Status of Species at Risk in Ontario |
| CRA | Compliance Reporting Area |
| DCHS | Dynamic Caribou Habitat Schedule |
| CROs | Conditions on Regular Operations. |
| FIM | Forest Information Manual |
| FIPPA | Freedom of Information and Personal Privacy Act |
| FMP | Forest Management Plan |
| FMPM | Forest Management Planning Manual |
| FOIP | Forest Operations Inspection Program |
| FOP | Forest Operations Prescription |
| FRI | Forest Resource Inventory |
| FRT | Forest Renewal Trust |
| FTG | Free-to-Grow |
| FU | Forest Unit |
| GIS | Geographic Information System |
| GM | General Manager |
| GPS | Global Positioning System |
| HRDOM | Hardwood Dominant Forest Unit |
| HWDMX | Hardwood Mixedwood Forest Unit |
| ha | hectares |
| km | Kilometres |
| IFA | Independent Forest Audit |
| IFAPP | Independent Forest Audit Process and Protocol |
| IPM | Insect Pest Management |
| LCC | Local Citizens Committee |
| LTMD | Long Term Management Direction |
| m ³ | cubic meters |
| MNRF | Ontario Ministry of Natural Resources and Forestry |
| M.Sc. | Master of Science |
| NWR | Northwest Region |
| OLL | Overlapping Licensee |
| Ph.D. | Doctor of Philosophy |
| PJDEE | Jack Pine on Deep Soils Forest Unit |
| PFJMX1 | Jack Pine Mixedwood Forest Unit |
| PJSHA | Jack Pine Shallow Forest Unit |
| POAll | Poplar All Forest Unit |
| RLF | Red Lake Forest |
| RLFMC | Red Lake Forest Management Company |

| | |
|--------|---|
| RPF | Registered Professional Forester |
| RSA | Resource Stewardship Agreement |
| SAR | Species at Risk |
| SBDOM | Spruce Dominant Forest Unit |
| SBLOW | Spruce Lowland Forest Unit |
| SBMX1 | Spruce Mixedwood Forest Unit |
| SEM | Silviculture Effectiveness Monitoring |
| SFL | Sustainable Forestry Licence |
| SFMM | Strategic Forest Management Model |
| SGR | Silvicultural Ground Rules |
| SIP | Site Preparation |
| SMZ | Strategic Management Zone |
| WFCRMA | Whitefeather Forest Community Resource Management Authority |

APPENDIX 6 – AUDIT TEAM MEMBERS AND QUALIFICATIONS

| Auditor | Role | Responsibilities | Credentials |
|----------------------------|--|--|---|
| Mr. Chris Wedeles | Lead Auditor, Ecologist | <ul style="list-style-type: none"> • overall audit coordination; • oversee activities of other team members; • liaise with MNRF; • lead preparation of audit report • review and inspect aspects of forest management related to environmental practices, roads and water crossings, Areas of Concern, etc. | B.Sc., M.Sc. (Wildlife Biology), Associate R.P.F.; 30 years wildlife and forest ecology and experience in Ontario; completed more than 45 previous independent forest audits; certified as an auditor by the Quality Management Institute. |
| Dr. Jeremy Williams R.P.F. | Lead Auditor, Harvest, Wood Supply and Indigenous Engagement Auditor | <ul style="list-style-type: none"> • review and inspect harvesting records and practices; • review aspects of forest management related to forest economics and social impacts; • review compliance performance | B.Sc.F., Ph.D. (Forest Economics), R.P.F. More than 25 years consulting experience in Ontario related to forest management, planning, wood supply modeling, and forest economics; has participated in 50 IFAs; certified as an auditor by the Quality Management Institute. |
| Rob Arnup | Silvicultural Auditor | <ul style="list-style-type: none"> • Review and inspect silvicultural practices and related documentation; • Review renewal /silvicultural success and FTG assessment; • review and inspect selected environmental aspects of forest management. | B.Sc. Senior forest ecologist, Associate R.P.F with 35 years' experience in silviculture, forest management applications and environmental consulting in boreal Canada and elsewhere. Completed approx. 30 IFAs. |
| Karen Bayduza | Compliance Auditor | <ul style="list-style-type: none"> • Review company and MNRF compliance plans, compliance reports in FOIP and the implementation of the program • Participate in field assessments and provided additional insights regarding harvesting and silviculture. | Forestry Diploma; 20 years' experience in silviculture, harvesting, GIS and forest management applications; 15 years field experience as a certified compliance inspector. |