

**Nawiinginokiima Forest Management  
Corporation**

**AGENCY BUSINESS PLAN**

**for the period of**

**2024-25, 2025-26 and 2026-27**

**Updated January 17, 2024**

# Table of Contents

Executive Summary .....	3
Mandate .....	4
Economic Scan .....	6
Strategic Directions .....	10
Overview of Current and Future Programs and Activities .....	12
Resources Needed to Meet Goals and Objectives.....	14
Risk Identification, Assessment, and Mitigation Strategies .....	17
Human Resources and Staff Numbers.....	19
Performance Measures .....	21
Financial Budget .....	23
Information Technology/Electronic Service Delivery Plan .....	27
Initiatives Involving Third-Parties.....	28
Implementation Plan .....	29
Communication Plan .....	30
Notice to Readers .....	31
APPENDIX I - NFMC Forecast Financial Summary .....	32
APPENDIX II - NFMC Operating Costs for Operating Reserve Calculation .....	35
APPENDIX III - NFMC 2023-24 Risk Analysis Details .....	36

## Executive Summary

Nawiinginokiima Forest Management Corporation (NFMC) is the first Local Forest Management Corporation (LFMC) to be formed under the *Ontario Forest Tenure Modernization Act, 2011* (OFTMA) and represents an important component of Ontario's overall plan for modernizing the Province's forest tenure and pricing system. We are one of two LFMCs in the province of Ontario, with the second one located on the Temagami Forest Management Unit (FMU).

Nawiinginokiima is an Ojibway word that means "working together", this is the core principle with which NFMC proudly operates under. The Agency was established to operate within a defined management area that includes the communities of Biigtigong Nishnaabeg First Nation, Netmizaaggamig Nishnaabeg First Nation, Hornepayne Indigenous community, and the Municipalities of Marathon, Hornepayne, Manitouwadge and White River.

NFMC's Agency Business Plan (BP) is prepared in accordance with the Agency Accountability Directive (AAD) and the Guide to Developing BPs for Provincial Agencies and describes: the Agency's mandate, priorities, programs, activities, and provides a financial budget for the next three years.

NFMC is a self-financing operational enterprise Crown Agency and primarily derives its revenues from the sale of Crown timber from its defined management area, consistent with the government-approved revenue model for LFMCs.

The revenues of the Agency are driven by the amount of timber harvested and sold. The ability of NFMC to meet the volume projections relies largely on the continued operation of our main customers including the AV Terrace Bay (AVTB) pulp mill, White River Forest Products (WRFP), Columbia Forest Products (Levesque), Lecours Lumber, and Hornepayne Lumber LP (HLLP). It should be noted that the spruce, pine, fir (SPF) volume on the Pic Forest is set at 675,000 m<sup>3</sup> per year and the White River Forest is 346,000 m<sup>3</sup>.

**NOTE:** In January 2024, AV Terrace Bay (AVTB), NFMC's largest customer, announced the closure of the pulp mill due to current market conditions. The NFMC Business Plan was submitted prior to this announcement being made. Considering the circumstances and the uncertainty associated with the timing and duration related to the idling of the mill, NFMC does not plan to restate their financial forecasts at this time. Instead, NFMC has decided to take a status quo approach until further direction related to the AVTB's mill operations is known. As this Business Plan was prepared in late 2023, NFMC has chosen to caution the readers about this development.

## Mandate

NFMC was established through regulation under the *OFTMA, 2011* on May 29, 2012 (per *Regulation 111/12*). The *OFTMA* outlines the generic structure for a LFMC and establishes key attributes including requirements for: corporate governance, general powers, financial management, the General Manager (GM), employees, etc. The *OFTMA* also states the objects of an LFMC as follows:

- To hold forest resources licenses and manage Crown forests in accordance with the Crown Forest Sustainability Act (CFSA) and to promote the sustainability of Crown forests;
- To provide for economic development opportunities for Indigenous peoples;
- To manage its affairs to become a self-sustaining business entity that optimizes value from Crown forest resources while recognizing the importance of local economic development;
- To market, sell, and enable access to a predictable and competitively priced supply of Crown forest resources; and
- To carry out such other objects as may be prescribed by regulation.

Consistent with the *OFTMA* and the objects of an LFMC, as described in the Act, the Board of Directors has further described the mandate for NFMC as follows:

- Manage Crown forests sustainably in accordance with the CFSA, including the development and implementation of forest management plans (FMPs). FMPs must fulfil the requirements of the CFSA's four regulated manuals: the Forest Management Planning Manual (FMPM), the Forest Operations and Silviculture Manual (FOSM), the Scaling Manual, and the Forest Information Manual (FIM);
- Market and sell available Crown timber in a manner that:
  - Creates a cost competitive, affordable, and accessible supply of Crown timber to the forest sector,
  - Promotes best end use of available Crown timber,
  - Recognizes importance of local forest businesses for employment and community stability,
  - Is responsive to changing conditions, and
  - Provides a continuous and predictable supply of Crown timber;
- Provide economic benefits to communities dependent on Crown timber from the management area, including employment and economic development opportunities in the forest sector;
- Provide for economic development opportunities and a greater role for local and Indigenous communities in the management of Crown forests;
- Promote and attract forest sector investment in the local management area;
- Operate as a self-financing business, including the establishment and maintenance of an operating reserve which will ensure continued sustainable forest management (SFM) in response to variations in economic cycles and developing appropriate management and governance systems;

- Reinvest in the forest to improve the Crown forest asset through the following activities:
  - Intensive silviculture,
  - Training and capacity development for Indigenous communities,
  - Forestry research and development (R&D),
  - Forest sector marketing and forest product development, and
  - Other activities as assigned by the Minister;
- Advise the Minister of Natural Resources and Forestry (MNRF) on matters related to the forest industry and forest sector;
- Collect, maintain, and provide Crown timber sales and pricing information; and
- Maintain Sustainable Forest Licenses (SFL) for the forest management units in the NFMC management area (Pic and White River Forests).

A Memorandum of Understanding (MOU) between the MNRF and NFMC Board of Directors clarifies the roles, responsibilities, and operating relationships, consistent with the OFTMA and the Agency Accountability Directive (AAD).

NFMC received a new letter of direction for 2024-25 (formerly known as the mandate letter). It is expected that the Agency will work on the objectives identified in the letter and therefore NFMC has included within this BP the necessary resources to work towards these objectives. The areas identified for NFMC to focus on in the mandate letter include:

1. Competitiveness, sustainability, and expenditure management.
2. Transparency and accountability.
3. Risk management.
4. Workforce management.
5. Diversity and inclusion.
6. Data collection, sharing and use.
7. Digital delivery and customer service.
8. Sustainably managing the Pic and White River Forests, including the development and implementation of FMPs.
9. Marketing and selling wood through negotiated and open-market sales to generate sufficient revenue to cover the Agency's activities, maintain its operating reserve, and provide Crown timber sales and pricing information.
10. Maintaining a functioning Board of directors and engaging the committees outlined in the Corporation's by-law #1 and additional Board subcommittees, as required.
11. Continuing to implement the outcome of the mandate review.
12. Continuing to implement strategic initiatives that focus on local and Indigenous community economic development and continuing to create public awareness of NFMC's achievements, forest stewardship and economic development opportunities with respect to forestry in NFMC's management area.
13. Promoting a strong working relationship with the Ministry of Natural Resources and Forestry, other federal and provincial government departments, Indigenous and local communities.

14. Beginning to implement NFMC's 2024-29 Strategic Plan.
15. Continuing to provide training opportunities to the Board and orientation to new Board appointees, so that its members are informed of their roles, responsibilities, and powers, as well as their role in the relationship with the ministry, including when there is a potential conflict of interest.

#### Vision Statement

NFMC will strive to be recognized as a leader in sustainable forest management by implementing its vision to "manage forests in an exemplary manner to provide distinct opportunities to our communities."

#### Mission Statement

To hold forest resource licenses and sustainably manage Crown forests in accordance with the CFSA, 1994 and to promote the sustainability of Crown forests.

To provide for economic development opportunities for First Nations peoples.

To become a self-sustaining business entity and to optimize the value from Crown forest resources while recognizing the importance of local economic development.

To market, sell, and enable access to a predictable and competitively priced supply of Crown forest resources.

### **Economic Scan**

NFMC and its management area are privileged with many advantages: a stable and healthy wood-basket, a strong and dedicated team, local partners and stakeholder support, and the ability to invest a good proportion of its earned revenues back into initiatives which will improve sustainability, enhance local socio-economic conditions, support growth, and promote local investment. NFMC is, however, disproportionately influenced by those factors that affect both the domestic and global markets due to its distance from major population centres and related workforce, as well as its distance from forest product consumers who are able to accept a greater diversity of tree species.

The overall deficiency of trained and qualified workers in the area, as well as markets restrictions for many prevalent species on the management area, are having adverse effects on forest harvesting operations and related FMP objective achievement.

NFMC's management area is split between the Northeast and Northwest Regions of the province. It is within one of the most sparsely populated areas along the major Ontario highway network. Operating areas, on average, are 400-500 kms from the nearest major centres. This area has also been subject to significant mill closures, stemming from the 2008 financial crisis, which decimated local forest harvesting and trucking capacity at the time.

As markets recovered over the past ten plus years, forest managers and consuming mills have been forced to bring much of their workforce from major centers to increase remote harvesting levels. Competing forests adjacent to the east and west of the NFMC management area are closer to these centers and absorb much of the capacity before it can reach the Pic and White River Forests. With the overall province

only harvesting ~ 42% of the allowable volume, skilled workers from larger cities and towns typically have opportunities which present themselves in closer proximity to home.

Figure 1 (below) illustrates the Pic and White River Forests, relative to the population centres of northwestern and northeastern Ontario. Manitowadge (as an approximate centre of the management area) is 390km from Thunder Bay, 420km from Sault Ste. Marie and 500km from Timmins.

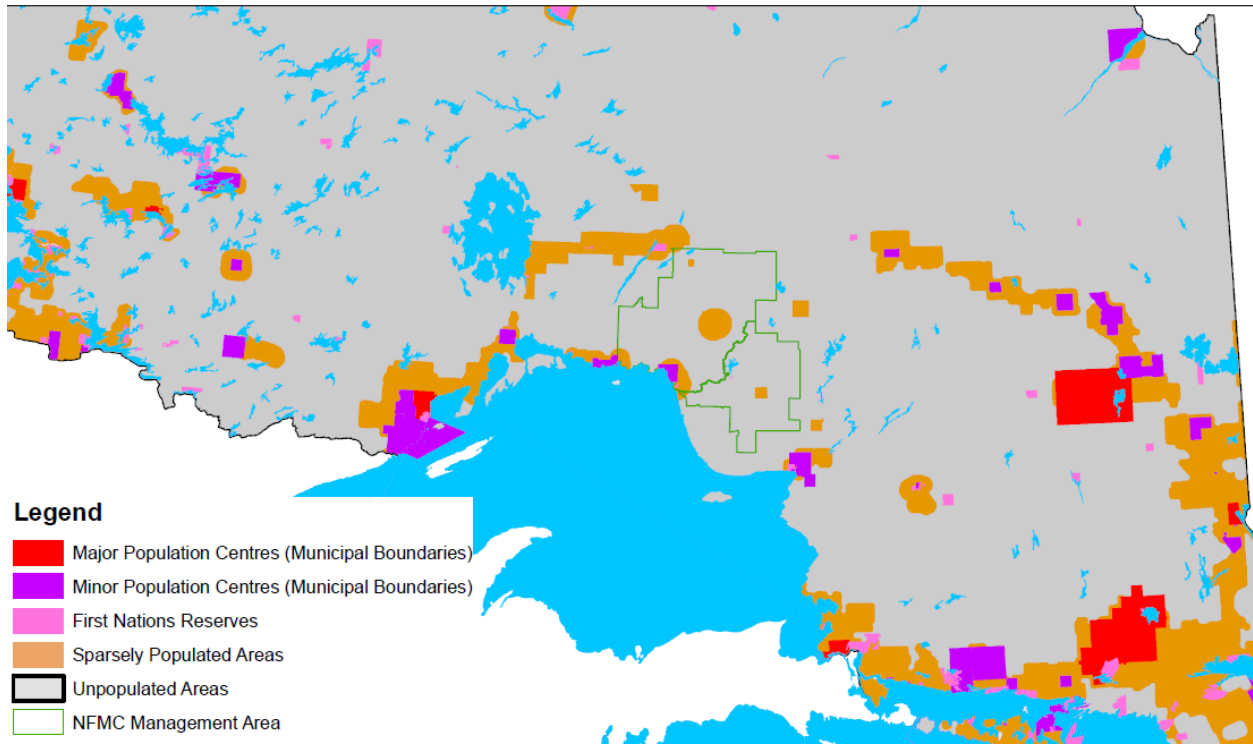


Figure 1 – Northern Ontario population density in relations to the NFM management area.

NFMC's industry partners all struggle with recruitment and retention in management, skilled trades, general labour, and equipment availability, among other shortages.

These factors not only influence the short-term economy of their cities and towns but greatly restricts local investment which, in turn, stagnates potential longer-term economic growth. The same applies to both woodlands and direct mill operations. The impact of labour shortages has been slightly muted this past year due to the offset forces of unexpected downtime and high mill yard inventory levels. This allowed the continuity of operations at NFMC partner facilities despite significantly low harvest levels on both the Pic and White River Forests. At current harvest levels, these facilities would not likely have been able to sustain full operations should the other detrimental factors had not been present. Increasing the capacity for all activities on the forest must be a priority for NFMC.

Resources have been set aside and are available for initiatives such as training, recruitment, retention, and local investment support to help build the required harvest and delivery capacity.

There has, and continues to be, insufficient investment in equipment and infrastructure within the immediate area as well as the broader region. There are numerous government programs which provide funds and low interest loans available to processing facilities but very few of these programs offer eligibility for those primarily engaged in harvesting and trucking, where capacity issues are perhaps the most pronounced.

NFMC is strongly positioned to be a catalyst towards the necessary change. Although NFMC has had its most successful year with the Strategic Initiative Program (SIP) to-date, there have still been very few who have engaged or taken advantage of this program. This may be due, in part, to the recency of the program and the limited public exposure it has had to-date.

Through the implementation of these types of programs and distribution of investable dollars, the sector can significantly de-risk with improvements minimizing such things as labour shortages, fuel consumption and carbon emissions. Investments in infrastructure would also help to increase wood utilization, putting more wood to work on an annual basis.

NFMC intends to prioritize not only training and innovation, but incentivizing investment through its SIP and should be active in its efforts to seek out and inform potential candidates. NFMC will also consider deploying resources to develop strategic infrastructure to market fibre more effectively in areas where operations have been limited due to accessibility constraints.

Although NFMC's allowable harvest of all species is not being fully utilized today, this is a particular issue with hardwood species. Last year deliveries from the forest were 90% Spruce, Pine and Fir (SPF) and only 10% other species. This percentage is starkly misaligned from the current FMP which makes available 65% SPF and 35% other species. The imbalance in harvest has existed, to some degree, for a number of previous FMP terms, exacerbating the issue a little more and more each year.

Until the mid-2000s the NFMC management area was situated between two large consuming hardwood facilities who produced engineered panel products, one in Longlac and one in Wawa. These facilities combined consumed nearly 1.7 million cubic metres of hardwood annually. The drastic loss of such a large and nearby market has not only restricted the economic potential of these hardwoods for NFMC, but has also significantly restricted the availability and utilization of the softwood species present in mixedwood forest areas.

The NFMC management area, particularly the Pic Forest, has a high proportion of mixedwood areas which are currently restricted from harvest due to a lack of market for the hardwood component and the requirements of current FMP utilization strategies. As illustrated in Figure 2 (below), while there are still some small regional outlets for hardwood, the distance of these outlets from the management area result in only small and intermittent opportunities as there are generally much closer sources being regularly utilized. NFMC's new Strategic Plan will contain a focus on this overarching issue.



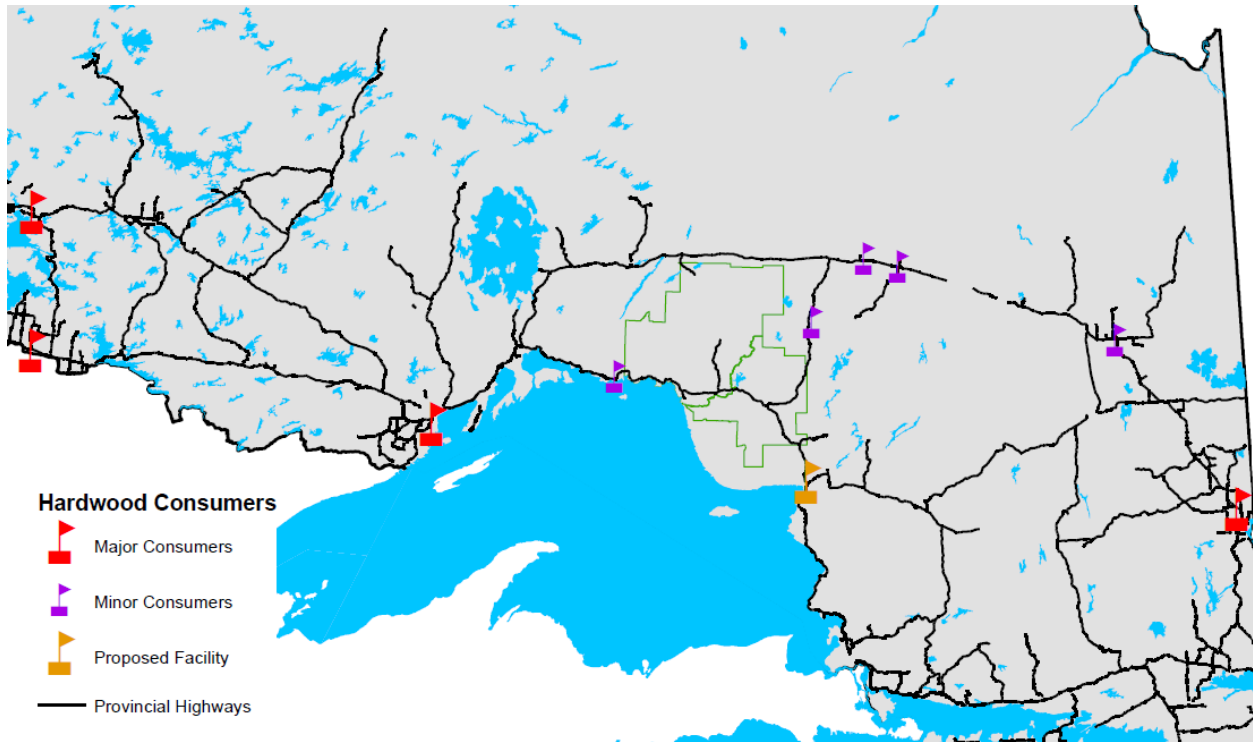


Figure 2 – Hardwood consuming facilities.

As mentioned earlier, the NFM management area is also greatly underachieving on its SPF harvest targets. Last fiscal, the Pic and White River Forests harvested an average of ~39% of the available SPF volume. These volumes were primarily consumed by 4 facilities, all of which are Crown commitment holders and/or NFM business agreement holders. There are 6 other facilities within a 400 km radius of the NFM management units of which, 4 are under 200 kms one way. NFM intends to explore opportunities over the next fiscal year to help attract more utilization from other interested facilities.

From a market perspective, while pricing fell slightly from record highs in previous years, demand for forest products has remained relatively strong. Facilities have been able to invest profits from the unprecedented market returns the year prior to become more efficient while also maintaining more operating capital. Strong pulp prices also assisted the region, while lumber grappled with housing start shortages due to lack of labour force and increased borrowing rates caused by inflation, curbing by both the US Federal Reserve as well as the Bank of Canada. While these issues are currently depressing the lumber market, affordable housing remains a priority topic to all levels of government both in Canada and the US. Aggressive housing targets have prompted government conversations about permitting and red tape, immigration, and workforce concerns. Interest rates, conversely, are believed to stay high well into Q3 of 2024 or Q1 2025.

SPF Lumber prices currently sit at \$620/tbft CDN and averaged \$625/tbft CDN over the past 52 weeks. Softwood pulp prices currently stand at \$1,270 US and the past 52 weeks at \$1,599 US per ton. This, compared to \$770/tbft CDN and \$1790 US per ton approximately one year ago.

Although the operations within NFMC's management area have experienced multiple challenges and difficulty within the past years as far as harvest levels, market pricing has and continues to be favourable, which has presented a positive financial position for the corporation.

There is also optimism in addressing the challenges and obstacles in getting raw forest products to market. NFMC has started two strategic initiatives targeting workforce capacity which focuses on the freight (trucking) activity of the harvesting progression. One of which is technology based and the other is workforce training based. Trucking capacity is consistently the most pressing issue facing the forest industry across the provinces. The lack of qualified drivers is plaguing the industry as a whole and these NFMC initiatives will directly help combat this problem, though much remains to be done. According to a Forest Products Association of Canada estimate - "The forest industry alone has lost \$450 million in business for want of drivers". In response, the federal government has expanded Canada Express Entry eligibility to foreign truck drivers seeking immigration to Canada.

Despite pressing workforce issues, additional optimism is on the near-term horizon for hardwood consumption (poplar and birch). LP Building Solutions recently acquired the former OSB and pellet facility in Wawa with the intent to convert it to its LP Smartside® trim and siding products. These products have seen tremendous growth over the past few years. The company asserts that once converted, the facility would add roughly 400 million square feet of production capacity making it the company's largest single line siding mill. This would be the first new potential hardwood outlet for NFMC since its inception.

While NFMC is unable to affect change on global markets and related challenges, it has reason to be optimistic both broadly and locally. As an organization itself, it is well positioned in both human and financial resources to drive meaningful improvement across its managed landbase and the region. With a focus on improving skilled labour availability/retention, leveraging its resources to attract and encourage active investment on the forest, and help meet harvesting and other forest management targets, NFMC can shelter itself against those broader forces which is beyond its control.

*Resources Utilized:*

- *Nrcan.gc.ca – lumber, pulp, and panel prices*
- *Statistics Canada*
- *NFMC's most recent annual report*
- *Ontario Forest facts website*
- *23-24 Roads funding allocation matrix*
- *Toronto Dominion bank publications*
- *Scotiabank publications*

## **Strategic Directions**

NFMC's Strategic Plan provides management and staff with the future vision of the Corporation and the foundation of the goals and objectives the Agency wants to achieve. The Strategic Plan will include (in part) the period covered by this BP. The Plan will be available on NFMC's website (<https://nfmforestry.ca/>), however most aspects of the Strategic Plan are included throughout this BP.

NFMC's current five-year Strategic Plan ended in 2021. The Board has prioritized the establishment of a new Strategic Plan with the updated goal of having one in place by the beginning of our 2024-25 fiscal year. The new Plan will focus on the strategic direction for the Agency over the next five years (2024-29) consistent with the objects described in the OFTMA, the most recent mandate letter, Ontario's Forest Sector Strategy, and the vision and direction of the Board of Directors. Input from stakeholders and partners, particularly input from our Indigenous communities have been a key driver for the Plan.

Achieving the highest standard of sustainable forest management and financial self-sufficiency requires excellence in strategic business, forest management planning, operational planning and day-to-day, on-the-ground implementation by trained and competent employees and contract harvest workers. NFMC ensures that high-quality services and products are delivered to satisfied clients by a skilled and responsive workforce. A goal for NFMC has been to invest in the infrastructure of its forests, achieve third-party certification on both FMUs, and ensure continued sustainability through proactive forest management practices while actively marketing non-utilized timber.

NFMC's LFMC model was conceptualized and developed in collaboration with local municipalities and Indigenous communities with the understanding that the Agency's objects would support the development of local and Indigenous economic development opportunities within the management area. One of NFMC's priority areas has been the development of these opportunities. Goal fulfillment will be achieved by developing employment opportunities, fostering entrepreneurship, establishing partnerships through constant communication and support all while promoting the role of NFMC in the forestry sector.

Another strategic goal of the Agency has been to work with industry stakeholders to increase the human resource capacity in the forestry sector. To fulfill this goal, NFMC will assist industry stakeholders in investment strategies and respond to the economic challenges, implement the Forest Management Plan, and encourage collaborations that explore partnerships for forestry research. NFMC will continue to work with industry stakeholders to increase harvesting capacity and will also provide stakeholders access to third-party research and technology organizations to make their businesses more efficient.

NFMC continues to develop necessary strategies and explore opportunities to move forward with local and Indigenous economic development opportunities as they arise. These arrangements are typically approved under the processes identified in the Strategic Initiatives Policy (SIP). NFMC has a mandate that goes beyond forest management activities and includes initiatives aimed at supporting the forest industry and local communities. We also have a corporate social responsibility to strategically invest revenues in initiatives that are well thought out, financially responsible, play a key role and make a positive impact in growing the forestry sector surrounding the NFMC management area.

As previously mentioned, NFMC will also incorporate the Ontario Forest Sector Strategy (FSS) into its upcoming Strategic Plan. The vision of the FSS is: *"Ontario's forest sector is a world leader in making and selling forest products from renewable, sustainable and responsibly managed forests. Ontario is a preferred location for investing in commodity and innovative forest products and advanced manufacturing."* The pillars of the FSS's vision are:

1. Promoting stewardship and sustainability;
2. Putting more wood to work;

3. Improving our cost competitiveness; and
4. Fostering innovation, markets, and talent.

As part of the FSS, the Government of Ontario acknowledges that First Nations communities have an important relationship with the land and exercise First Nation and treaty rights. The Province of Ontario and NFMC are committed to continuing to build strong, mutually beneficial relationships and partnerships with First Nations communities across the Province.

NFMC has developed a policy to help inform its economic development investments known as strategic investments. The SIP allows corporations in the management area to respond to economic opportunities and challenges according to their individual priorities and to pursue regional collaboration to advance common goals in order to strengthen the forest sector's competitive advantages.

NFMC's Board will give consideration to strategic initiatives on a case-by-case basis. All requests will be brought forward to the Board for consideration through the GM. The Agency may make funds available through the use of conditional contributions, service contracts, performance incentives or other measures specified by the Board. All strategic initiative requests made must include an official letter and detailed application from the proponent describing the project/initiative and commitment requested from NFMC, including a full cost breakdown of the project/initiative. The information required for Board approval will be gathered by the GM through correspondence with the proponent.

NFMC continually reviews its capital assets to assess their life cycle. The Board has proposed a strategic review of assets, especially forest access roads. The management area has a number of roads, bridges, and culverts that have been in place for decades and NFMC needs to plan for their replacement or develop a maintenance schedule to prolong their life.

NFMC will continue to move forward with the development of new directions and the implementation of the above noted strategies and strategic initiatives.

## **Overview of Current and Future Programs and Activities**

NFMC's management area is comprised of two FMUs: the Pic and the White River Forests. This area encompasses approximately 1.9 million hectares (ha) of productive Crown forest with an annual available harvest volume of over 1 million m<sup>3</sup> of merchantable fibre and 200,000 m<sup>3</sup> of biomass fibre annually based on current FMPs.

NFMC has an MOU with the MNRF. The MOU outlines the responsibilities of the Minister, Deputy Minister, Chair of the NFMC, the Board, and the GM. The GM is accountable to the Board, through the Chair, for the management of the Agency's operations and staff, while ensuring compliance with all applicable Acts, regulations, and directives. The Board, in turn, is accountable to the Minister, through the Chair, for oversight and governance of the Agency, setting goals, objectives and strategic direction for the Agency, also while ensuring compliance with all applicable Acts, regulations and directives.

The current NFMC Board includes representatives from Manitouwadge, White River, Biigtigong Nishnaabeg First Nation, Hornepayne, Netmizaaggamig Nishnaabeg First Nation, and two members-at-large who broaden its functional knowledge base and experience. In 2022, there were no changes to the

Board of Director’s membership. Biographies of Board members can be found on the NFMC webpage: <https://nfmforestry.ca/staff/>

The Board includes the below members:

**Table 1. Current NFMC Board Members**

Name	Position	Tenure	Community
Adam Brown	Vice-Chair	02/07/23 – 01/07/25	At large
Tina Forsyth	Director	28/06/23 – 27/06/25	White River
Jesse Gaudette	Director	06/08/23 – 05/08/26	Netmizaaggamig Nishnaabeg First Nation
Grant Goodwin	Director	30/07/23 – 29/07/25	Manitouwadge
Joanne Michano	Director	06/08/23 – 05/08/26	Biigtigong Nishnaabeg First Nation
Laird Van Damme	Chair	20/08/23 – 19/08/25	At large
Julie-Roy Ward	Director	02/05/22 – 01/05/25	Hornepayne

NFMC will provide training opportunities to the Board based on identified needs, governance requirements, as well as the specific requests of individual members. NFMC will continue to work with the MNR to ensure governance requirements for new and existing Board members are met annually. In addition, Board members have the opportunity to request specific training at any time and training requirements are discussed regularly at Board meetings.

NFMC’s management recognizes the need for trust and transparency when dealing with communities and its forest industry partners. As such, NFMC is committed to making presentations to municipal Councils, Chief and Council, and Local Citizen Committees (LCCs), holding regular operations meetings with contractors and mills to develop harvesting plans, and to consult industry stakeholders in developing the budget for the upcoming year.

NFMC will continue to establish best practices in forest management, health and safety, finance, and LFMC management. NFMC will disseminate its best practices as it shares its practices and experiences with stakeholders. NFMC’s Health and Safety Program continues to meet the Safe Work Ontario certification via Workplace Safety North. In addition, we maintain a program of standardized forest access road signage and radio use protocols to ensure forest roads are as safe as possible for all users.

NFMC’s operating expenses for 2024-25 are budgeted at \$7.4 million. Roads and Strategic Initiatives make up \$5M of this amount, wages and benefits are the next highest expenditures. In addition, NFMC utilizes contractors to cover key activities. NFMC’s main office is located in Marathon, with a satellite office in White River.

NFMC is projecting deliveries to be down compared to the 2023-24 budget for both the Pic Forest and White River Forests. Deliveries for 2024-25 (primarily softwood) are budgeted for 642,000 m<sup>3</sup>, which is expected to generate \$3.5 million in revenue for NFMC. Detailed financial information can be referenced

in the document section entitled 'Financial Budget.' NFMC's renewal program for the Pic Forest is budgeted at \$1.9 million and the White River Forest budget is \$0.7 million for 2024-25.

## **Resources Needed to Meet Goals and Objectives**

NFMC is an operational enterprise and is exempt from income taxes under the Income Tax Act. The Agency is self-financing and does not require funds from the Provincial government to carry out its operations.

NFMC's revenues are derived from the sale of Crown timber from the management area. The Agency needs to market and sell sufficient volumes of Crown timber to cover its operating costs and will scale the operations in accordance with the revenue it generates from the sale of timber. The Corporation has met its operating reserve targets and has resources for other components of its mandate (see detailed financial summary, Appendix I).

We are strategically positioned to be more successful in achieving our objectives by increasing annual utilization of the prescribed sustainable annual harvest level of all species of over 1 million m<sup>3</sup> per year. Increasing production will require improved demand for both softwood and hardwood, and better pricing for wood in more distant geographic areas of the management unit. We would also need to increase contractor and supervisory capacity to reach further afield. During the term of this BP, we will remain diligently aligned with our strategic direction while implementing programs and providing the financial and human resources necessary to continually improve.

NFMC will continue to establish appropriate mechanisms and structures to ensure that activities associated with forest management planning, forest renewal, and forest operations including harvesting and road construction and maintenance remain ongoing and completed successfully.

The Pic and White River Forests are primarily dominated by conifer, although there is a large component of mixed wood stands. NFMC's silviculture strategy has always been aimed at increasing the productivity of the forest through our silviculture programs while adhering to the requirements of the Forest Management Plans, this will continue in 2024. As part of the silviculture program, NFMC will develop options to treat/retreat stands that do not meet the planned renewal objectives.

The majority of renewal activities will be charged directly to the Forest Renewal Trust (FRT) account for direct contractor reimbursement. NFMC will also seek reimbursement from the FRT for its direct expenditures on items such as wages for our silviculture staff, use of trucks and ATVs, and purchases of items such as forestry supplies and equipment. For 2024-25, NFMC requested the renewal rates of at \$7.50/ m<sup>3</sup> for SPF and \$0.48/ m<sup>3</sup> for biomass, poplar and birch on the Pic Forest and renewal rates of \$7.50/ m<sup>3</sup> for SPF and \$0.50/m<sup>3</sup> for biomass, poplar and birch on the White River Forest. The rates for 2024-25 and beyond will be determined based on the forest renewal charge process in consultation with MNRF's Northwest and Northeast regions.

In order to accomplish its goals and objectives, the Agency has access to several sources of revenue which are summarized in Table 2 below. It is important to note that some of these sources of revenue, such as the Provincial Forestry Roads Access Program (PFARP), the FRT, and the Forestry Futures Trust (FFT) are designated for specific purposes and are not generally available to NFMC to cover its day-to day costs and expenditures. While NFMC is responsible for the management and implementation of these Programs on

its management area, the Agency will only be able to access funding to support eligible costs that it has incurred specifically for the delivery of these Programs.

**Table 2. Financial Resources Available to NFMC**

<b>Resource</b>	<b>Details</b>	<b>NFMC goals and objectives</b>	<b>Funds Available</b>
LFMC Revenue Model	Timber sales revenues and management fees from wood sales remain with NFMC to further its objects.	<ul style="list-style-type: none"> <li>• Sustainable forest management</li> <li>• Economic development for communities and Indigenous people</li> <li>• Timber marketing and sales information/data</li> </ul>	<ul style="list-style-type: none"> <li>• Annual timber sales and management fees estimate revenues of approx. \$3.5 million</li> </ul>
Forest Renewal and Forestry Futures Trusts	Funding for eligible renewal and silviculture activities. Majority of funding flows as a direct reimbursement to contractors.	<ul style="list-style-type: none"> <li>• Reinvesting in and improving the forest assets</li> <li>• Sustainable forest management</li> </ul>	<ul style="list-style-type: none"> <li>• Revenues approx. \$2.6 million</li> </ul>
Provincial Forest Access Roads Program	Funding allocation to support construction and maintenance of forest access roads. Majority of funding flows as a direct reimbursement to contractors.	<ul style="list-style-type: none"> <li>• Cost competitive, affordable wood supply</li> <li>• Continuous and predictable supply</li> </ul>	<ul style="list-style-type: none"> <li>• MNRF's PFARP 2024-25 expected to be down compared with prior levels (approx. \$2.0 million)</li> </ul>
Industrial Road Maintenance Agreement	NFMC has signed an agreement with the Ministry of Transportation to maintain the Caramat-Manitouwadge Industrial Road	<ul style="list-style-type: none"> <li>• Reinvesting in and improving the forest asset</li> <li>• Economic development for communities and First Nations people</li> </ul>	<ul style="list-style-type: none"> <li>• Revenues estimated at \$0.4 million</li> </ul>

### LFMC Revenue Model

NFMC revenues are derived from the sale of Crown timber from the management area. The Company needs to market and sell sufficient volumes of Crown timber to cover its operating costs. NFMC will operate under a revenue model where the price it charges for Crown timber is determined by market factors. During the course of this BP, NFMC will use Ontario's stumpage matrix to determine the prices it sets for timber harvested. The Agency will use this revenue to cover its costs, satisfy its obligations, and to undertake activities consistent with its objects and mandate.

NFMC will also generate revenues directly from management fees from the Pic and White River Forests. The revenue from management fees is expected to be approximately \$942,500 for the upcoming year. Management fees are calculated on a breakeven basis and are designed to cover operating costs related forest management activities, excluding renewal costs. As harvested volumes change on the forest, the management fee will be affected accordingly on a dollar per m<sup>3</sup> basis. This revenue may vary based on product (i.e. no management fee is currently charged on biomass) or mills (i.e. commitment versus non-commitment holders). Based on the delivered volume forecast the rate for 2024-25 is targeted to be \$1.54 per m<sup>3</sup> which is an increase of \$0.44 compared to the budgeted rate for 2023-24. The biggest reason for the increase is the expectation of lower volumes compared to the 2023-24 budget.

### Forest Renewal Trust Funds

The Forest Renewal Trust (FRT) account(s) for the management units will fund eligible silviculture activities as well as the associated support and administration costs incurred by NFMC in designing and delivering its various silviculture programs. Applicable forest renewal charges will continue to apply and be paid into the FRT for wood harvested from the management area. NFMC will follow the established principles and processes for setting renewal charges, which are set by MNRF and will ensure that the necessary budgeting and invoicing procedures are in place.

NFMC is planning to spend more than \$2.6 million on renewal and support activities for 2024-25 on the Pic and White River forests. The major activities are tree planting, site preparation, and herbicide application. The program includes the planting of over 3.4 million trees covering approximately 2,100 ha. The majority of activities are expected to be funded by direct contractor reimbursement from the FRT. In these cases, NFMC does not receive funds from the FRT and these transactions are not recognized as expenses or revenues.

### Provincial Forest Access Roads Funding (PFARP)

As the SFL holder, NFMC is responsible for managing arrangements for the construction and maintenance of a majority of the forest access road infrastructure on the management area. This public road infrastructure represents a large capital investment and benefits many users, including First Nation communities, hunters, anglers, trappers, campers, cottagers, mining companies, tourism operators, utility and railway companies, and the general public. It also provides the rural infrastructure for emergency preparedness and response.

The PFARP is a program established by the Ministry to assist the forest industry in the cost of construction and maintenance of forest access roads used by the public. The Program is based on a reimbursement to forest companies for invoiced amounts of road construction and maintenance costs on eligible multi-use



primary and secondary forest access roads. NFMC manages approximately \$2.0 million in roads funds that are used to maintain or construct hundreds of kilometers of primary and branch roads on both forests. Future funding levels are unknown, but NFMC and its partners will ensure the Government is aware of how valuable the Program is and the importance of maintaining its funding. The loss of funding would have a negative impact on the forest industry working on the management area, just as it will on other FMUs.

#### Caramat-Manitouwadge Industrial Road Agreement

As part of its mandate to encourage local economic development, NFMC has an agreement with the Ministry of Transportation (MTO) for the maintenance of the Caramat-Manitouwadge Industrial Road. NFMC receives payment from MTO for re-imbusement of costs incurred, including staff time and vehicle KMs. We anticipate costs to be approximately \$0.4 million annually on maintenance to keep the road open and accessible by the travelling public. NFMC utilizes a local First Nation contractor to perform road maintenance, thus providing an economic opportunity to the First Nation's community. It has been a great partnership since 2015 and we are currently in the middle of the second 5-year agreement. Our website contains a section giving the public the ability to view the current travel condition of the road and allows them to provide feedback to NFMC should the road require areas that may need immediate attention.

### **Risk Identification, Assessment, and Mitigation Strategies**

NFMC is an operational enterprise Agency with a Board of Directors and GM that are responsible for making operational decisions. As a Crown Agency, there is a need to regularly identify, assess, and manage any risks to the achievement of Agency, Ministry, and/or Government objectives. At the corporate level, risk evaluation is part of annual strategic BP exercises involving the Board of Directors, senior managers, and staff with program responsibilities. To do this, NFMC follows the risk assessment and risk management process outlined in the Agencies and Appointments Directive's (AAD) "Guide to Risk-Based Approach and Risk Reporting Under the Agencies and Appointments Directive, January 2021." The requirements for risk assessments under the AAD's approach are:

- Assessing risks for each Agency in each of the specified corporate risk categories;
- Keeping a record of the risk assessments for each Agency by risk category; and
- Reporting to Treasury Board (TB)/Management Board of Cabinet (MBC) on each Agency's high-risk categories including a description of each high risk, the reasons it is a high risk and what management plan is in place to manage the risk.

The TB defines risk assessment as "at a minimum, analyzing the risks typically involves assessing the likelihood of the risk occurring and the impact on objectives should the risk occur." The assessment will enable NFMC to map risks on a quadrant (low risk, low impact; low risk, high impact; high risk, low impact; high risk, high impact) that will assist in prioritizing the risks that need to be the focus of active responses and in assigning responsibility for those risks (e.g., high risk, high impact items would likely be expected to receive active ongoing attention from senior management and the Board of Directors).

NFMC reports its risks quarterly and the circumstances at the time will dictate the risk elements identified as well as what the risk level is and the impact of each element. Table 3 below provides a summary of key

risk elements. The Agency completes its Risk Assessment Report and Risk Management Plan and submits it to the Corporate Management and Information Division (CMID) per the AAD. Additional information can be found in Appendix III, NFMC 2023-24 Risk Analysis Details.

**Table 3. Risk Elements Summary**

<b>Risk Title</b>	<b>Risk Description</b>
<i>Legal/Contractual/Compliance</i>	<i>Independent Forest Audit's (IFA) recommendations - Risk that NFMC is unable to address the concerns identified in the IFA and the license is not extended.</i>
<i>Accountability/Governance</i>	<i>Ability to achieve objects - Risk that NFMC's Strategic Plan is not completed, and BP does not reflect objectives.</i>
<i>Accountability/Governance</i>	<i>Financial stability - Risk that NFMC is unable to market and sell sufficient volumes necessary to generate revenue for the Agency; risk of customers unable to pay stumpage arrears.</i>
<i>Legal/Contractual/Compliance</i>	<i>Ensuring responsible and compliant operations - Risk that NFMC operations are not compliant with applicable rules and regulations.</i>
<i>Legal/Contractual/Compliance</i>	<i>Contractual compliance - Risk associated with NFMC entering into various agreements and contracts with third-party service providers to facilitate forestry operations including forest management, harvesting, renewal and road building.</i>
<i>Operational</i>	<i>Contractor risk – major contractor unable to supply mills.</i>
<i>Operational</i>	<i>Harvest risk – areas are removed from approved FMP resulting in less volume available for harvest.</i>
<i>Operational/Regulatory</i>	<i>Ability to meet expectations of stakeholders and partner First Nation communities.</i>
<i>IT</i>	<i>Dependence on obsolete systems – Risk associated to NFMC ensuring it has the latest IT systems taking into consideration cyber security and operational efficiencies.</i>
<i>Workforce/Skill Shortage</i>	<i>Attracting talent - Risk that NFMC is unable to attract qualified personnel to fill vacancies.</i>

Liability Protection and Insurance

The Agency will maintain insurance appropriate for a prudent business in similar circumstances to the Agency including comprehensive general liability insurance and Directors and Officer's obligation insurance.

Operating Reserve

The mandate of the Agency requires operating as a self-financing business, which includes establishing and maintaining an operating reserve to ensure continued sustainability in response to variations in economic cycles. The NFMC Board has historically set the goal to increase the operating reserve in each year of the BP, until we reach the maximum allowable amount.

Funds held in the operating reserve shall be used only in a manner consistent with the objects of the Agency as set out in Section 5 of the OFTMA and By-Law #3 of the Agency. No money shall be transferred to or from the operating reserve without a Board resolution.

The operating reserve will increase to approximately \$12.0 million having reached the goal of maximizing the operating reserve. The operating reserve is expected to rise over the term of the business plan mainly due to inflation. It should be noted that unforeseen events may impact NFMC's goal to maintain its operating reserve at the maximum amount and may force the Board to alter direction during the term of this BP or in subsequent years. However, to mitigate unforeseen events, NFMC has set aside money in the budget to address unforeseen events and developed an Unforeseen Events Policy. Currently, NFMC has operating reserve money held in Guaranteed Investment Certificates at varying terms. These investments are locked into rates higher than inflationary pressures NFMC expects to see in the coming years.

### Environmental Policy

NFMC recognizes environmental protection as one of our guiding principles and a key component of sound business performance. Risk at the operational level is evaluated within NFMC's environmental and SFM system and mitigated by a suite of management system procedures and operational controls, including, but not limited to monitoring and on-site supervision by competent NFMC employees and contractor supervisors. As part of NFMC's Environmental Policy, an ongoing commitment was made to provide quality forest products and related services in a manner that ensures a safe and healthy workplace for employees and minimizes the potential impact on the environment. In addition, NFMC will continue to operate in compliance with environmental legislation at the relevant federal, provincial, and municipal levels and strives to use pollution prevention and environmental best practices.

Obtaining and maintaining forest certification has been identified as a priority for NFMC to support the sale and marketing of available wood supply from the management area. The Agency's key customers have indicated a strong desire to have certified wood available under a third-party certification system. NFMC is currently third-party certified the White River Forest. Options are being explored for third-party certification on the Pic Forest.

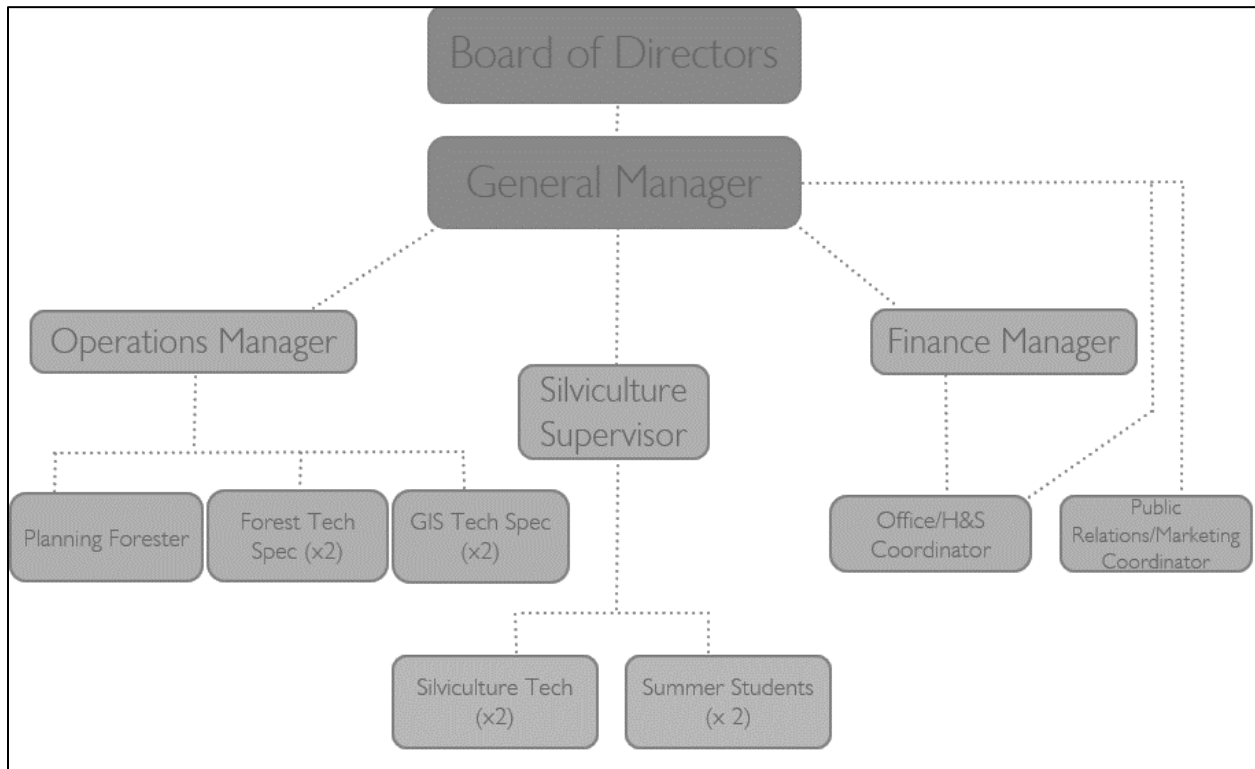
## **Human Resources and Staff Numbers**

The Chair and the Board of Directors are accountable to the MNRF's Minister for NFMC's mandate. Our staff are public servants for a "public body" but are not Ontario Public Service employees. We have developed internal human resources policies (i.e. overtime, travel, vehicle plan, etc.) that are Board approved. In addition, NFMC has recognized that there is a large pool of knowledge available from consultants/service providers/subject matter experts it can draw from. The Agency will continue to use consultants for specialized tasks where NFMC's staff may not be experienced or have the resources to complete.

Our unique mandate requires specialized administrative functions including a forest products business-focused financial department and systems support. The Agency maintains a small Information Technology/Information Management department (with a significant investment in GIS specialization) that supports finance, administration, forest and wood measurement data, management planning and reporting activities. Our workforce is highly skilled and highly mobile in today's economy. NFMC has

historically experienced high rates of turnover as these skilled employees leave for positions which may offer better pay and benefits or for family-related reasons.

Figure 3 – NFMC Organizational Chart



Skilled and experienced employees are critical to the Agency’s business continuity and the delivery of our various programs. The risk the Agency faces is not being able to attract and retain qualified and motivated employees, potentially resulting in performance issues as well as risk to business and service continuity.

The Agency is committed to the health and safety of its employees and manages a comprehensive Health and Safety Program. NFMC provides a range of health and safety related training courses to its staff. We are also committed to having an accident-free workplace through effective administration, awareness creation, and training of our staff and contractors. To honor these commitments and to comply with provincial legislation and the Occupational Health and Safety Act (2018), the Agency’s comprehensive Health and Safety Program is audited and endorsed by Workplace Safety North (WSN) annually. We consider our Health and Safety Program an evergreen document and regularly update it as required to ensure continued employee and contractor safety in our management area. To further cement our Health and Safety Program and promote safe work practices in forestry, we have established a partnership with WSN to provide complimentary training to the various stakeholders in our management area.

We do not harvest or deliver wood from our management area directly to our various customers, however, that does not reduce our concern about the demographic shift facing the forest industry. The reality facing today's businesses is that many skilled workers are approaching retirement age. Replacing the knowledge base will be difficult and certainly not timely and therefore business and service continuity

is at risk. Disruptions to service levels and uncertain delivery are costly, to mitigate this, we continuously are looking to assist the industry to develop and implement strategies to support recruitment and training of employees within the forest management and harvesting contractor workforces.

## Performance Measures

NFMC's core business and primary performance measures consist of harvest volume and area-based forest management programs (also referred to as forest renewal or silviculture) and financial results. Harvesting is described as total volume in m<sup>3</sup> of forest products sold in the term while performance measures for forest management programs are in ha of treatment or quantities (i.e., thousands of tree seedlings, hectoliters of seed).

The Agency will adhere to operational performance measures and targets to ensure the achievement of our goals and objectives as well as achievement of the objects for the Agency as described in the OFTMA and as required under the AAD. Examples of how the performance measures relate to the goals of NFMC and the performance targets are outlined in Table 4.

**Table 4. NFMC Performance Measures**

<b>Goal</b>	<b>Outcome or Output based Performance Measure</b> <i>(Outcome being a target based on activities addressing value or impact; Output being hard target usually represented in value)</i>	<b>Standard/Target</b>
World class forest management company	<ul style="list-style-type: none"> <li>• Are the forests being managed sustainably per audits/ certification standards, etc.?</li> <li>• Has the renewal program met or exceeded the commitments made in the approved FMP?</li> <li>• Has NFMC invested in R&amp;D to improve forest management?</li> </ul>	<p>Pic and White River Forests certification obtained/maintained.</p> <p>Harvesting and renewal activities reported in Annual Reports submitted to MNRF compares actual to plan.</p> <p>Favorable audit findings.</p> <p>Development spending, memberships in organizations to support for education.</p>
Becoming financially self-sufficient	<ul style="list-style-type: none"> <li>• Does the Agency have sufficient cash flow to support its operations?</li> <li>• Has an appropriately sized operating reserve been established?</li> <li>• Has value for money been realized when spending taxpayer dollars?</li> <li>• Are accounts receivable collected in a timely manner?</li> </ul>	<p>\$500,000 to \$1,000,000 of free cash flow.</p> <p>Approximately over \$12 million in NFMC's operating reserve maintained throughout BP.</p> <p>No aged accounts receivable listing beyond 90 days.</p>

<p>Extending scope of usage</p>	<ul style="list-style-type: none"> <li>• Have commitments volumes been made available and/or utilized?</li> <li>• Has wood been made available to new entrants? How much?</li> <li>• Has NFMC moved closer to a more economically efficient system for wood allocation and pricing?</li> <li>• Has utilization of available timber over operational period improved and/or new markets been developed?</li> </ul>	<p>100 percent of commitment volume made available.</p> <p>Percentage of wood made available to open market customers.</p> <p>Positive utilization trends.</p>
<p>Meeting governance requirements</p>	<ul style="list-style-type: none"> <li>• Have government directives been followed (i.e. the AAD) <ul style="list-style-type: none"> <li>-Completion of Annual BP</li> <li>-Risk Assessment Evaluation</li> <li>-Annual Report</li> <li>-Board training as directed</li> </ul> </li> </ul>	<p>All reports submitted on time.</p> <p>Posting of reports to Agency website.</p>
	<ul style="list-style-type: none"> <li>• In addition to the AAD, all classified agencies must adhere to: <ul style="list-style-type: none"> <li>-Accountability Directive</li> <li>-Advertising Content Directive</li> <li>-Delegation of Authority Key Directive (MoF)</li> <li>-Government Appointees Directive</li> <li>-Travel, Meal and Hospitality Expenses Directive</li> </ul> </li> </ul>	<p>100 percent compliance with directives.</p> <p>Development of relevant NFMC policies.</p> <p>Creation of NFMC Governance Committee to report to Board.</p>
<p>Building new local forest related industry</p>	<ul style="list-style-type: none"> <li>• Have local economic development opportunities been created/supported by NFMC operations?</li> <li>• Responsive to new local non-timber business initiatives that may come forward</li> </ul>	<p>Increase in number of mills, volume, number of customers.</p>
<p>Establishing a new baseline for First Nation engagement</p>	<ul style="list-style-type: none"> <li>• How have communities' interests been represented by NFMC operations and decisions?</li> <li>• Have Indigenous economic development opportunities been developed?</li> </ul>	<p>Increase in Strategic Initiatives program uptake and approvals.</p> <p>Increase in First Nations economic development opportunities.</p>
<p>Engaging the Community in forestry</p>	<ul style="list-style-type: none"> <li>• How have communities' interests been represented by NFMC operations and decisions?</li> </ul>	<p>Number of events attended.</p> <p>Number of newspaper/magazine articles, social media posts, interviews given.</p>

The Agency uses a more comprehensive set of measures internally and has the capacity to “drill down” for details. For example, in the forestry section the Agency has established a proactive approach with

annual project management schedules (i.e. to make sure legislative requirements are met) and silviculture tracking to make sure performance targets are met.

## Financial Budget

The financial results of the Agency are driven by the amount of timber harvested and sold. The ability of NFMFC to meet the volume projections relies largely on the continued operation of our main customers including the mills of AV Terrace Bay, White River Forest Products, Lecours Lumber, Columbia Forest Products (Levesque) and Hornepayne Lumber LP. The volume forecasts are completed by NFMFC’s management team based on information provided by representatives from primary forest product mills. It should be noted that the SPF volume on the Pic Forest from the LTMD is set at 675,000 m<sup>3</sup> per year and the White River Forest is 346,000 m<sup>3</sup>.

While NFMFC’s customers do have operational challenges, NFMFC is also seeing short term challenges due to the Pic Forest losing FSC certification.

**Table 5. Committed volumes to be harvested (m<sup>3</sup>) 2024-25**

	<b>Pic Forest</b>	<b>White River Forest</b>	<b>Total</b>
AVTB (softwood)	240,000	50,000	290,000
AVTB (biomass)	30,000		30,000
WRFP	70,000	150,000	220,000
Lecours	55,000		55,000
Levesque (Veneer)	15,000	12,000	27,000
HLLP	20,000		20,000
<b>TOTAL</b>	<b>430,000</b>	<b>212,000</b>	<b>642,000</b>

NFMFC’s management area continues to see struggles in meeting committed and budgeted harvest volumes.

It is important to note that additional investments in contractors are required which would result in increases in production, making more volume available to the mills. It is projected that the mills will continue to explore solutions at addressing the shortage of harvesters and trucks and drivers, which is hampering deliveries to local mills. However, NFMFC has adopted a conservative approach and kept future years estimated volumes relatively low compared to allowable volumes (Table 6 & 7).

**Table 6. Estimated delivered volumes (m3) 2025-26**

	<b>Pic Forest</b>	<b>White River Forest</b>	<b>Total</b>
AVTB (softwood)	320,000		320,000
AVTB (biomass)	30,000		30,000
WRFP	72,000	165,000	237,000
Lecours	55,000		55,000
Levesque (Veneer)	15,000	12,000	27,000
HLLP	5,000		5,000
<b>TOTAL</b>	<b>497,000</b>	<b>177,000</b>	<b>674,000</b>

**Table 7. Estimated delivered volumes (m3) 2026-27**

	<b>Pic Forest</b>	<b>White River Forest</b>	<b>Total</b>
AVTB (softwood)	352,000		352,000
AVTB (biomass)	30,000		30,000
WRFP	75,000	182,000	257,000
Lecours	55,000		55,000
Levesque (Veneer)	15,000	12,000	27,000
HLLP	20,000		20,000
<b>TOTAL</b>	<b>547,000</b>	<b>194,000</b>	<b>741,000</b>

NFMC is working closely with existing and proposed commitment holders to ensure wood supply is made available consistent with any commitments and obligations identified by the MNRF. The Agency is working to maximize the total fibre volume from the forest and may consider arrangements that make available residual fibre (e.g., sawmill chips) in exchange for roundwood. The demand for softwood is growing, however, the lack of markets for hardwood remains a challenge.

NFMC's expenditures are anticipated to exceed revenue (Table 8), however, this is due to NFMC wanting to be aggressive with its Strategic Initiatives and investing in our communities and forests. It should be noted that the Agency is financially sound, having built equity over the past couple of years mainly due to the Residual Value revenues generated during a valuable economic climate. The projected deficits are not a concern to our financial viability moving forward.



**Table 8. Estimated Net Income 2024-25 to 2026-27 (\$000)**

	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>
Revenue	\$6,738	\$7,155	\$7,657
Expenditures	<u>\$7,425</u>	<u>\$7,507</u>	<u>\$7,338</u>
<b>Excess (Deficit) of Revenue over Expenses</b>	<b>(\$686)</b>	<b>(\$352)</b>	<b>\$319</b>

NFMC's revenues are derived from the sale of Crown timber from the management area. The Agency needs to market and sell sufficient volumes of Crown timber to cover its operating costs.

**Table 9. Estimated Revenue 2024-25 to 2026-27 (\$000)**

	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>
Management Fees	\$943	\$1,065	\$1,203
Timber Sale Charge	\$2,526	\$3,064	\$3,462
Forest Access Roads	\$2,455	\$2,300	\$2,300
Forest Renewal Activities	\$429	\$440	\$455
Union Dues	\$36	\$36	\$36
Other	<u>\$350</u>	<u>\$250</u>	<u>\$200</u>
<b>Total Revenue</b>	<b>\$6,738</b>	<b>\$7,155</b>	<b>\$7,657</b>

Forest Renewal Activities relate to the recovery of administrative costs on forest renewal activities on the management areas. NFMC recovers these costs periodically from the trust accounts held by the MNRF for each forest.

Other revenue, which is primarily interest earned on bank balances, will remain higher than historical levels as the Bank of Canada's monetary policy has resulted in higher yields. NFMC will continue to pursue investments within the Ministry and NFMC's investment policies when management deems it to be a good decision.

At various times in the last few years NFMC has received Residual Value revenue on fibre deliveries when the price of pulp and softwood lumber exceeded the benchmark. The factors that determine when residual value is charged are unpredictable and beyond the control of NFMC, therefore residual value revenue is not included in the company's revenue estimates.

Management fees are calculated on a breakeven basis. Management fees are designed to cover operating costs related to forest management activities. As volumes increase, the management fee is expected to decrease on a dollar per m<sup>3</sup> basis. The management fee may vary based on product (i.e. no management fee is currently charged on biomass) or mills (i.e. commitment versus non-commitment holders). The rate for 2024-25 is expected to be \$1.54 per m<sup>3</sup>, higher than the \$1.10 rate in 2023-24. However, NFMC has

seen lower than budgeted harvest levels so far in 2023-24 and the real rate for 2023-24 will be much higher than the \$1.10 originally calculated. The 2024-25 rate is based on the expected harvest levels used in this Plan. A large portion of this increase is due to lower harvest levels expected on both the Pic and White River Forest.

The expenditures are expected to increase over time (Table 10) due to inflationary increases to costs and other business requirements. Total expenditures are estimated to exceed \$7.4 million in 2024-25 combined for both management units. Due to uncertainties around inflation, NFMC did not apply a standard inflation rate for years 2 and 3 of the plan. However, most expenses were assumed to increase at a 2-5% rate annually.

**Table 10. Estimated Expenditures 2024-25 to 2026-27 (\$000)**

	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>
Amortization	\$26	\$27	\$27
Automobile & Travel	\$309	\$310	\$315
Board of Directors	\$24	\$25	\$25
Contractors	\$35	\$35	\$35
Forest Certification	\$75	\$70	\$70
Forest Management	\$35	\$35	\$35
HR & Training	\$38	\$30	\$30
Office & Subscriptions	\$138	\$146	\$150
Professional Fees	\$153	\$152	\$155
PR & Marketing	\$73	\$75	\$75
Rent	\$75	\$77	\$80
Roads	\$2,458	\$2,303	\$2,303
Strategic Initiatives*	\$2,535	\$2,685	\$2,453
Wages & Benefits	\$1,386	\$1,441	\$1,484
Union Dues	\$38	\$36	\$36
Other	\$26	\$60	\$65
<b>Total Expenditures</b>	<b>\$7,425</b>	<b>\$7,507</b>	<b>\$7,338</b>

\*An annual allocation of funding has been earmarked to support the development of strategic initiatives for the Agency consistent with its objects (Table 11). These strategic initiatives remain in development as previously described, and could, as an example, include opportunities to fund forest R&D, bursaries, cultural activities, educational/capacity building programs and support opportunities for local and First Nation economic development.

**Table 11. Estimated Strategic Initiative expenditures 2024-25 to 2026-27 (\$000)**

	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>
Community & Capacity Development	\$100	\$50	\$50
Forest Improvement	\$70	\$60	\$60
Harvester Capacity Initiatives	\$500	\$500	\$500
Other Forestry Capacity Initiatives	\$500	\$500	\$500
NFMC Internal Initiatives	\$200	\$250	\$250
Road Infrastructure Initiatives	\$640	\$1,000	\$100
Training & HR Development	\$225	\$25	\$25
Economic Development	\$0	\$0	\$668
Other	\$300	\$300	\$300
<b>Total</b>	<b>\$2,535</b>	<b>\$2,685</b>	<b>\$2,453</b>

All capital expenditures are fully funded from NFMC through the revenues generated from the sale of wood from the management area. Planned capital expenditures are presented below. For the balance of the current planning horizon, NFMC is budgeting annually for capital associated with the Agency's need for computer equipment and servers, office equipment, purchase of a forestry road on the Pic Forest (currently owned by private company), and other items to meet NFMC's expanding operational needs (Table 12).

**Table 12. Estimated capital expenditures 2024-25 to 2026-27 (\$000)**

	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>
Land	\$150	\$70	\$0
Computer Hardware	\$16	\$0	\$0
Office Furniture and Equipment	\$2	\$2	\$2
Leasehold improvements	\$20	\$5	\$5
<b>Total</b>	<b>\$188</b>	<b>\$77</b>	<b>\$7</b>

## **Information Technology / Electronic Service Delivery Plan**

We perform most of our Information Technology (IT) functions internally or through a service provider. Our IT infrastructure supports forest management planning, data management, and maintains operational and administrative systems required to fulfill the Agency's statutory mandate. Capital expenditures are planned to update servers and personal computing devices with field applications. The largest single component of the organization's IT costs relates to computer software (i.e. annual fee for geographic information systems and technical support). The primary IT resource user is the geographic

information system (GIS) department with most GIS services performed in-house. Accounting records and web services are also managed internally.

We maintain a website ([nfmforestry.ca](http://nfmforestry.ca)) and procedures are in place to ensure the site meets or exceeds the province's accessibility requirements. The website includes information such as the Agency's Strategic Plan, BP, background on our operations, the Board of Directors and staff, the management area, forestry operations, procurement opportunities, and employment opportunities. Various NFMC policies are also posted on the website.

## **Initiatives Involving Third-Parties**

This Agency BP includes commitments to third-parties for economic development, research, bursaries, cultural activities, and educational programs. The activities and organizations meet the expectations, requirements and objectives outlined by the Board and Ministry through various documents. Many of these opportunities are good news stories representing a dynamic and collaborative approach to providing social, economic, and environmental benefits.

NFMC's annual budget includes financial and in-kind support to conduct research on methods to improve forest utilization and information systems. The Agency may also provide funding and staff support for sustainable forest management, wildlife habitat, environmental programs, advanced regeneration, road building, etc.

We offer financial support via scholarships and bursaries to high school and post-secondary students from local communities who enter the forestry/natural science disciplines at college or university level. While eligibility for said scholarships and bursaries prioritizes the forestry sector, other areas of study will also be considered on a case-by-case basis.

In addition to the above activities, NFMC plans to conduct tours and provide presentations to interested groups, including local elementary and high school students along with students from various colleges and universities in Northern Ontario. Other initiatives that arise throughout the year are brought forward to the Board for discussion.

NFMC maintained its third-party forest management certification on the White River Forest. Maintaining the certification of the forests under our management, is considered a major accomplishment that demonstrates the commitment to manage the forests sustainably, support our industry partners, and help facilitate local community and First Nation economic development. Currently the Pic Forest remains uncertified, but our goal is to review our options for certification and work towards this commitment.

The GM and Board ensure that NFMC's staff, contractors, and customers understand the Agency's commitment to certification. Our staff work diligently to ensure the annual third-party surveillance audits are a success; this includes work by field techs to ensure the Agency's renewal and harvesting activities comply with the results and high level of standard for both compliance and health and safety purposes that we have come to expect.

The LPMC's model was initiated and developed in collaboration with local and First Nation communities with the understanding that the Agency's objects would support the development of local and First Nation economic development opportunities within the management area. NFMC continues to explore necessary

strategies and opportunities to move forward with local and First Nation economic development opportunities on an ad hoc basis. Other initiatives may include activities that improve the road infrastructure and access on the FMUs. By improving road access, NFMC expects to increase volumes delivered from the management area and revenue received.

## **Implementation Plan**

This Agency BP guides NFMC's achievement of objectives and commitment to undertake sustainable forest management practices. Implementation of the guidance provided by this plan is entrusted with the Board and staff of NFMC through the conduct of their respective roles and responsibilities for oversight, accountability, and program delivery. NFMC's implementation plan is essentially comprised of four key documents:

- The 2017-2021 Strategic Plan which highlights at a high level the goals and objectives of the Agency for the five-year period as envisioned by the Board of Directors; this plan is being updated in 2024 with a new five-year outlook;
- Two FMPs that guide the forestry part of the Agency's business in ensuring that its forests are sustainably managed for current and future generations, while providing the necessary economic benefits to the local and First Nations communities thus providing opportunities to thrive in the Northern Ontario economic climate; and
- The Agency BP (this document) which highlights how the financial resources will be acquired and used to meet the expectations of NFMC Board, the Ontario Government, its local communities, First Nations, and industry stakeholders.

NFMC will focus on nine initiatives during the 2024-25 fiscal year:

1. Play a key role in First Nations economic development opportunities on the management area;
2. Complete new Strategic Plan that will set the vision and direction of the Crown Agency for the next five years;
3. Maintain an effective First Nations Relations Committee as a sub-committee of the Board with regular meetings advancing the objectives related to First Nation economic development, opportunities, participation and management within the NFMC management area;
4. Advance silviculture initiative related to climate change - testing the planting of trees from southern seed zones;
5. Progress the testing of semi-autonomous vehicles and provide the results to the Ministry with the goal of assisting the implementation of new technologies in the future.
6. Explore partnership opportunities with educational institutions targeting the human resource constraints NFMC and the forest industry are currently facing within the management area;
7. Re-explore the proposed purchase of the Fry Road with the goal of progressing toward resolution;
8. Continue discussions with potential partners on a hardwood utilization solution for the management area; and
9. Explore and support new strategic initiatives that support the long-term economic viability of our communities, forest industry and residents.

In addition to the above initiatives, NFMC will regularly review the harvest capacity on the management area and work with industry stakeholders to increase and maximize the harvest opportunities to meet the needs of the Agency. There has been historically a consistent high demand for SPF by local mills, however, to encourage the use of utilized resources, we will work with new entrants and support initiatives that make sense for the communities, mills and forest sustainability. We remain focused on efficiencies to maintain a competitive management fee and renewal rate. In addition, NFMC will work with its contractors to develop cost effective silviculture treatments that enhance forest health and productivity.

## **Communication Plan**

The LFMC model was initiated and developed in collaboration with local and First Nations communities. The Agency has identified the following communication objectives to support this document:

- Provide accurate and timely communication for customers, suppliers, Board members and staff;
- Enhance awareness through stakeholder engagement; and
- Anticipate and mitigate potential issues including local and First Nation economic development concerns.

Key messages to support these objectives include:

- Maintain forest sustainability while maximizing value from the management units;
- NFMC is “open for business” and our wood is competitively priced;
- Working with our industry partners is key to creating a prosperous forestry sector environment;
- Committed to provide economic development opportunities to First Nation communities; and
- Partnerships will lead to innovative initiatives.

NFMC is developing strategies to increase its effectiveness in communicating with stakeholders, communities, First Nations, and the public. The operations and planning staff of the Agency regularly attend LCC meetings and provide updates on our operational activities on the management area. During planning, annual work scheduling, and other processes, NFMC supports the MNR's consultation sessions through active participation and discussion with local communities. We remain committed to regular and ongoing communications with First Nation Chiefs, Councils, and staff, as well as Municipal Mayors and Councils. We plan to meet, at least once a year, face to face with local communities, providing the opportunities to discuss needs and concerns. In addition, an annual presentation of the AWS is made to the communities on the management area to provide a venue for feedback and concerns regarding upcoming NFMC operations. This is in addition to our ongoing efforts at maintaining regular communications with First Nations' key staff members.

NFMC has a full-time Public Relations and Marketing Coordinator position to help achieve a mandate that goes beyond forest management activities and includes initiatives aimed at supporting the forest industry and local communities. Through various communication tools, including social media platforms (Facebook and Twitter), our website, and face to face meetings, the Agency will promote its Strategic Initiative Program (SIP).

Through the SIP, the Agency has a corporate social responsibility to strategically invest revenues in initiatives that are well thought out, financially responsible, play a key role and make a positive impact in

growing the forestry sector surrounding the NFMC management area. In addition, our Scholarship Program is intended for local students, encouraging studies in the forest and resource management fields. Lastly, through the Donations and Sponsorship Program, the Agency supports local community events. NFMC will continue to support the initiatives that best meet the intent and vision of these programs.

The Community Relations and Marketing Coordinator will be responsible for attending local schools and promoting the forest industry and the Agency; specifically, targeting high school, college, and university students with information regarding career opportunities on the management area and the benefits of forestry to our local Communities. NFMC has provided annual educational field trips and will continue to do so. Our Public Relations and Marketing Coordinator will work to expand these opportunities for our local communities and the students within them.

## **Notice to Readers**

NFMC believes that the expectations reflected in this report are reasonable, but no assurance is given that such expectations will be correct. The Plan relied upon information available in the autumn of 2023 regarding raw material, process requirements, operating levels, and infrastructure requirements, etc. Forward-looking information is based on NFMC's beliefs and assumptions based on information available at the time the assumption was made and on the company's experience and perception of historical trends, current conditions and expected further developments as well as other factors deemed appropriate in the circumstances. Readers are cautioned that there are risks and uncertainties related to such information and actual results may vary. Important factors that could cause actual results to differ materially from those expressed or implied in the report include, without limitation, changes in government and regulatory policy, changes in market conditions or the overall economy, and changes in the company's financial position or BPs.

It is important to note the management area which NFMC is responsible for under its SFL's, includes the unceded territories of Biigtigong Nishnaabeg and Netmizaaggamig Nishnaabeg. The two First Nation communities are not signatories to the 1850 Robinson-Superior Treaty, and they have asserted (in court) that they have never surrendered, lost in war, or forfeited their lands, waters, forests, minerals, resources, or title and that their Aboriginal Title is intact on NFMC's management areas. Biigtigong and Netmizaaggamig are engaged in negotiations with the Provincial and Federal Governments to resolve their claims.

NFMC intends to act in good faith in its relations with the affected First Nation communities. We will uphold appropriate and ongoing consultations and accommodations with due regard to Canadian and International law. This BP assumes that discussions between the First Nations and both levels of Governments will continue and progress throughout the BP period. Should situations arise from these discussions that significantly influences the business of the Agency, we will alter our plans accordingly.

## Appendix I – NFMC Forecast Financial Summary

### Nawiinginokiima Forest Management Corporation

Projected Statement of Operations and Accumulated Net Assets

Forecasts for Fiscal Years 2023-24 to 2026-27

	2023-24	2024-25	2025-26	2026-27
<b>Revenue</b>	<b>FORECAST</b>	<b>BUDGET</b>	<b>BUDGET</b>	<b>BUDGET</b>
Management Fees	900,000	942,500	1,065,003	1,203,430
Timber Sale Charge	2,073,820	2,525,600	3,063,875	3,462,190
Forest Access Roads	2,711,500	2,455,110	2,300,000	2,300,000
Residual Value Revenue	22,900	0	0	0
Forest Renewal Activities	415,000	429,200	440,000	455,000
Union Dues	30,000	36,000	36,000	36,000
Other Revenue	500,000	350,000	250,000	200,000
<b>Total Revenue</b>	<b>6,653,220</b>	<b>6,738,410</b>	<b>7,154,878</b>	<b>7,656,620</b>
<b>Expenses</b>				
Amortization	20,000	25,700	26,500	27,000
Automobile & Travel	248,000	309,400	310,000	315,000
Bad Debt	0	0	0	0
Board of Directors	26,700	24,100	25,000	25,000
Contractors	58,000	35,000	35,000	35,000
Forest Certification	75,000	75,000	70,000	70,000
Forest Management	35,000	35,000	35,000	35,000
HR & Training	25,000	38,000	30,000	30,000
Office & Subscriptions	120,000	138,100	146,000	150,000
PR & Marketing	151,200	153,200	152,000	155,000
Professional Fees	70,000	73,000	75,000	75,000
Rent	72,000	75,400	77,000	80,000
Roads	2,719,500	2,458,100	2,303,000	2,303,000
Strategic Initiatives*	1,880,000	2,535,000	2,685,000	2,452,720
Wages & Benefits	1,192,800	1,385,800	1,441,200	1,484,400
Union Dues	30,000	38,200	36,000	36,000
Other	25,000	25,600	60,000	65,000
<b>Total Expenses</b>	<b>6,748,200</b>	<b>7,424,600</b>	<b>7,506,700</b>	<b>7,338,120</b>
<b>Excess (Deficit) of Revenue over Expenses</b>	<b>(94,980)</b>	<b>(686,190)</b>	<b>(351,822)</b>	<b>318,500</b>
Transfer to reserve		466,500	447,000	318,500
<b>Change in Unrestricted Net Assets</b>	<b>(94,980)</b>	<b>(1,152,690)</b>	<b>(798,822)</b>	<b>(0)</b>



<b>*Strategic Initiatives</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>
Community & Capacity Dev	60,000	100,000	50,000	50,000
Forest Improvement	75,000	70,000	60,000	60,000
Harvest Capacity Initiatives	500,000	500,000	500,000	500,000
Other Forestry Capacity Init	500,000	500,000	500,000	500,000
NFMC Internal Initiatives	200,000	200,000	250,000	250,000
Roads Infrastructure Initiatives	500,000	640,000	1,000,000	100,000
Training & Development	25,000	225,000	25,000	25,000
Economic Development	1,000,000	0	0	667,720
Other Strategic Initiatives	20,000	300,000	300,000	300,000
<b>TOTAL</b>	<b>1,880,000</b>	<b>2,535,000</b>	<b>2,685,000</b>	<b>2,452,720</b>

## **Nawiinginokiima Forest Management Corporation**

### Projected Statement of Financial Position

Forecasts for Fiscal Years 2023-24 to 2026-27

	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>
<b>Current Assets</b>				
Cash	8,846,385	7,550,556	6,430,145	6,172,262
Accounts Receivable	3,000,000	2,750,000	2,600,000	2,600,000
Roadside Inventory	80,000	0	0	0
Prepaid Expenses	140,000	107,800	74,956	41,455
Investments	11,727,411	12,080,000	12,440,000	12,810,000
Reserve Fund	11,500,000	11,966,500	12,413,500	12,732,000
	<u>35,293,796</u>	<u>34,454,856</u>	<u>33,958,601</u>	<u>34,355,717</u>
<b>Capital Assets</b>	330,293	518,293	595,293	602,293
Less Depreciation	(223,336)	(249,036)	(275,536)	(302,536)
	<u>106,957</u>	<u>269,257</u>	<u>319,757</u>	<u>299,757</u>
<b>Total Assets</b> (including operating reserve*):	35,400,753	34,724,113	34,278,358	34,655,474
<b>Obligations &amp; Liabilities</b>				
Current obligations:				
Accounts payable & accruals	4,693,583	4,703,133	4,609,200	4,667,817
<b>Net Assets Summary</b>				
Unrestricted	19,207,170	18,054,480	17,255,658	17,255,657
Restricted*	11,500,000	11,966,500	12,413,500	12,732,000
Total	<u>30,707,170</u>	<u>30,020,980</u>	<u>29,669,158</u>	<u>29,987,657</u>
Total Liabilities & Net Assets	35,400,753	34,724,113	34,278,358	34,655,474

\* Operating Reserve target set by Board Resolution

**Nawiinginiima Forest Management Corporation**

Projected Statement of Cash Flows

Forecasts for Fiscal Years 2023-24 to 2026-27

	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>
<b>Cash flows from operating activities</b>				
Excess revenues over expenses	(94,980)	(686,190)	(351,822)	318,500
Amortization of capital assets	20,000	25,700	26,500	27,000
	(74,980)	(660,490)	(325,322)	345,500
<b>Change in non-cash working capital</b>				
Accounts receivable	537,056	250,000	150,000	0
Prepaid expenses	36,294	32,200	32,844	33,501
Accounts payable & liabilities	2,412,027	9,550	(93,933)	58,617
	2,985,377	291,750	88,911	92,118
<b>Cash flows from investing activities</b>				
Decrease in roadside inventory	287,735	80,000	0	0
Repayment of long-term receivables	0	0	0	0
	287,735	80,000	0	0
<b>Cash flows from investing activities</b>				
Acquisition of capital assets	(20,000)	(188,000)	(77,000)	(7,000)
Purchase of investments	(850,000)	(352,589)	(360,000)	(370,000)
Transfer to operating reserve	0	(466,500)	(447,000)	(318,500)
	(870,000)	(1,007,089)	(884,000)	(695,500)
<b>Increase (decrease) in cash</b>	<b>2,328,132</b>	<b>(1,295,829)</b>	<b>(1,120,411)</b>	<b>(257,882)</b>
Cash, beginning of year (excl reserves)	6,518,253	8,846,385	7,550,556	6,430,145
Cash, end of year (excl reserves)	8,846,385	7,550,556	6,430,145	6,172,262

## Appendix II – NFMC Operating Costs for Operating Reserve Calculation

	<b>2024/25</b>
Amortization	\$25,700
Automobile & Travel	\$309,400
Board of Directors	\$24,100
Contractors	\$35,000
Forest Certification	\$75,000
Forest Management	\$35,000
HR & Training	\$38,000
Office & Subscriptions	\$138,100
PR & Marketing	\$153,200
Professional Fees	\$73,000
Rent	\$75,400
Wages & Benefits	\$1,385,800
Other	\$25,600
<b>TOTAL</b>	<b>\$2,393,300</b>

Low Range	\$4,786,600
Upper Range	\$11,966,500

## Appendix III - NFMC 2023-24 Risk Analysis Details

<b>Risk Title</b>	<b>Risk</b>	<b>Risk Score</b>	<b>Risk Mitigation Plan</b>
<b>LICENSE EXTENSION</b>	<p><i>IFA audit recommendations</i></p> <p><i>- Risk that NFMC's Strategic Plan is not completed, and BP is not able to address the concerns identified in IFAs and the license is not extended.</i></p>	<b>Impact</b> Moderate	<p><i>NFMC has worked on the implementation plan to address IFA findings. Plan has been approved by MNRF and NFMC will work on the identified issues with the goal of meeting our responsibilities.</i></p>
<b>Category</b> <i>Legal/contractual/compliance</i>		<b>Likelihood</b> Unlikely	
		<b>Total Score</b> Low	
<b>OBJECTIVE ACHIEVEMENT</b>	<p><i>Ability to achieve objects - Risk that strategic plan not completed, and BP does not reflect objectives.</i></p>	<b>Impact</b> Moderate	<p><i>NFMC has worked with the MNRF to ensure the SFL BP and Agency BP are comprehensive and meet all the requirements.</i></p> <p><i>NFMC is working on a new Strategic Plan that aligns with the Objects and Mandate of the Corporation. The plan is expected to be implemented during the 2024-25 fiscal year.</i></p>
<b>Category</b> <i>Accountability/Governance</i>		<b>Likelihood</b> Unlikely	
		<b>Total Score</b> Low	
<b>FINANCIAL STABILITY</b>	<p><i>Risk that NFMC is unable to market and sell sufficient volumes necessary to generate revenue for the agency.</i></p> <p><i>Risk of customers unable to pay stumpage arrears.</i></p>	<b>Impact</b> Moderate	<p><i>Financial statements are reviewed monthly by management. Concerns are discussed and monitored regularly in an attempt to be proactive and avoid/minimize year-end financial concerns.</i></p>
<b>Category</b> <i>Finances</i>		<b>Likelihood</b> Low	
		<b>Total Score</b> Low	

<b>ABILITY TO MEET STAKEHOLDER EXPECTATIONS</b>	<i>Risk that the Agency does not meet the expectations of Stakeholders and partner First Nation communities.</i>	<b>Impact</b> Moderate	<i>Agency works closely with all stakeholder and our Indigenous partners to understand and try to meet expectations. While at times difficult to achieve, we continue to strive for the best balance between expectations and agency responsibilities.</i>
<b>Category</b> <i>Accountability/ Governance</i>		<b>Likelihood</b> Low	
<b>ENSURING RESPONSIBLE &amp; COMPLIANT OPERATIONS</b>		<i>Ensuring responsible and compliant operations - Risk that NFMC operations are not compliant with applicable rules and regulations.</i>	
<b>Category</b> <i>Legal / contractual / compliance</i>	<b>Likelihood</b> Unlikely		
<b>CONTRACTUAL COMPLIANCE</b>	<i>Risk associated with NFMC entering into various agreements and contracts with third party service providers to facilitate forestry operations including forest management, harvesting, renewal and road building.</i>		<b>Impact</b> Minor
<b>Category</b> <i>Legal / contractual / compliance</i>		<b>Likelihood</b> Unlikely	
		<b>Total Score</b> Low	

<b>CONTRACTOR RISK</b>	<i>Harvest risk – areas are removed from approved FMP resulting in less volume available for harvest.</i>	<b>Impact</b> Minor	<i>While continuously working with our Indigenous Communities and the Ministry on land claim discussions, there is a potential that harvest areas may be removed temporarily or permanently. At this time this isn't a significant concern as our harvest levels are low. This could change in the coming months.</i>
<b>Category</b> Operational		<b>Likelihood</b> Unlikely	
		<b>Total Score</b> Low	
<b>CONTRACTOR RISK</b>	<i>A major contractor unable to supply mills.</i>	<b>Impact</b> Moderate	<i>One contractor on the management area provides most of the harvest levels today. The contractor continues to operate and is doing fine at this time. There are concerns with human resource capacity but no major decrease in performance is expected.</i>
<b>Category</b> Operational	<i>The limited harvester base on the NFMC management area presents some downside risk to NFMC. NFMC relies upon one primary contractor.</i>	<b>Likelihood</b> Unlikely	
		<b>Total Score</b> Low	
<b>DEVELOPMENT OF IT INFRASTRUCTURE</b>	<i>Dependence on obsolete systems. Risk of data loss or security breach impacting critical systems.</i>	<b>Impact</b> Moderate	<i>Systems are kept up-to-date and cloud based solutions are implemented to ensure no loss of data.</i>
<b>Category</b> <i>Information and Information Technology</i>		<b>Likelihood</b> Unlikely	<i>Anti-virus and data breach protections are also in place and kept current.</i>
		<b>Total Score</b> Low	
<b>ATTRACTING TALENT</b>	<i>Attracting and retaining qualified employees and/or service providers that</i>	<b>Impact</b> Moderate	<i>Skilled and experienced employees are critical to business continuity and delivery of required</i>

<b>Category</b> <i>Workforce/Skill Shortage</i>	<i>meet the intent of supporting locally based economic development may be difficult given the remote location of the management area.</i>  <i>NFMC's unique mandate requires specialized administrative functions including a forest products business-focused financial department and systems support. NFMC workforce is highly skilled and is highly mobile in today's economy. NFMC experiences high rates of turnover as these skilled employees leave for positions which may offer better pay and benefits or for family related reasons.</i>	<b>Likelihood</b> Low	<i>programs and support functions.</i>
		<b>Total Score</b> Medium	<i>NFMC has established an HR committee whose mandate includes reviewing compensation to ensure NFMC remains competitive and is able to attract skilled employees.</i>  <i>The agency has also used professional services for recruitment support, in addition to the strategic use of contractors.</i>  <i>NFMC has recognized the need to grow skills internally and is preparing for this through staff training and development.</i>