3

PHASES COMPLETE

15

YEARS OF ACCOMPLISHMENTS

THE GROWTH CONTINUES

2006/2007 FOOTHILLS MODEL FOREST ANNUAL REPORT


SEEING
BEYOND

our new vision - the Foothills Model Forest is a leader in developing innovative science and knowledge for integrated resource management on the forest landscape through diverse and actively engaged partnerships.

our new mission - the Foothills Model Forest is a unique community of partners tied to the land and its people through a common concern for the welfare of the land and its resources.

we will achieve our vision by - building a community of diverse and active partners who are working in or are concerned about natural resource management.

identifying natural resource management issues at the landscape level that are common to our partnership, recognizing the necessity of integrated resource management.

providing science-based tools and knowledge that is understandable and available to natural resource managers, policy makers, and the public.

broadly disseminating our knowledge.

Jim LeLacheur

As Foothills Model Forest concludes its fifteenth year and I look back at our accomplishments, I see the foundation for a vibrant future.

Undoubtedly the greatest success of Foothills Model Forest has been its partnerships. They have ensured that trust, shared vision and common values guide all research and most importantly, result in knowledge being applied to the landscape we all share and depend on. As Alberta faces a myriad of questions related to wildlife, mountain pine beetle, climate change, water issues, and land use planning, these partnerships will play an increasingly important role. Our business plan remains focused on broadening and strengthening these partnerships and associations within and beyond the Foothills Model Forest boundaries. As I write this report, I am extremely pleased to welcome our new energy sector shareholders, ConocoPhillips Canada, Petro-Canada, Talisman Energy Inc., Canadian Natural Resources Ltd., and EnCana Corporation.

An important accomplishment has been the governance and business plan structure that guides our strategic and operational activities. Research has been kept relevant and tools have been developed in a timely manner, therefore meeting the needs of partners. At a time of unparalleled need for resource management tools, our partners are increasingly rationalizing their research investments. Foothills Model Forest will continue to be governed by our tried and true business practices and superior return on investment.

message from the president

For the past fifteen years the Foothills Model Forest has been justifiably proud of our research programs and the employees that make them possible. Our research has developed relevant knowledge and tools that are employed in resource management policies and activities within and beyond the Foothills Model Forest landscape. Our Strategic Business Plan looks to a future with continued focus on existing partnership needs with expanding focus on climate change, water resources, mountain pine beetle, and integrated land management.

Foothills Model Forest's exemplary information management and administrative services enable our shareholders, partners and linked associations to employ good science in the management of their landscapes and resources. We are committed to continued investment in our technological ability to provide services to our existing and expanding partnership and association base.

A distinct quality of Foothills Model Forest has been its commitment to communications and extension in order to facilitate the availability of knowledge and tools to land and resource managers throughout our partnerships and beyond our boundaries. Our website, Quicknotes, publications and Executive Series Program, are just some of the distinctive tools that have ensured Foothills Model Forest's knowledge and tools do not sit on shelves, but empower resource managers and influence public and corporate policy. Our business plan's continued commitment to communications and extension will enable us to address the ever-increasing needs of our existing and expanding partnerships.

Lastly and most importantly, I would like to thank the shareholders, partners, researchers and employees of Foothills Model Forest who have made our first fifteen years so successful. You have insisted on and put in place the principles and tools necessary to ensure vibrancy and relevance for the next fifteen years and beyond. I remain committed to ensuring you have the tools and resources necessary to be successful.

In our last year of Phase III of the Model Forest Program, Foothills Model Forest provided government, the public, and partners with a legacy of excellent data, tools, and processes. We honored our commitment to the Canadian Forest Service, though our agreement went beyond the boundaries of our model forest, our province and our country.

I can with the utmost confidence report that in this, the final year of Phase III, we met the Vision and the Objectives we targeted at the beginning of this phase. In review, let us look at these accomplishments.

By working with our many partners through Foothills Model Forest projects, we have established a far-reaching impact by demonstrating the advantages of practicing sustainable forest management. This is illustrated in our Natural Disturbance Program with 90% of Alberta's Forest Management Agreement holders utilizing the practices developed over the last five years. The Grizzly Bear Research Program has brought the concept of wildlife habitat to the forefront and has enabled government, industry and Environmental Non-Governmental Organizations (ENGOs) to work towards sustaining a critical wildlife resource.

message from the general manager

Don Podlubny

In the last five years, we have developed and improved upon tools that are being used in Alberta, across the country, and internationally. These tools and related publications have been produced by our many programs: ie. Natural Disturbance, Grizzly Bear Research, Fish and Watershed, Foothills Stream Crossing, and Aboriginal Involvement, etc.

We have had phenomenal success in reaching out through our Communications and Extension Program. Over the years we have delivered successful interpretive programs to more than 12,000 people by partnering with Jasper National Park and William A. Switzer Provincial Park. Through staff commitment and ideas, a Geographic Information Systems (GIS) day was initiated several years ago and today we present the program to six classes annually.

The research in our Fish and Watershed Program is utilized to set catch limits for the trout streams in our area. The Grizzly Bear Research Program data, research recommendations, and processes have influenced the government in assessing grizzly bear populations for the province and suspending the annual spring grizzly bear hunt. Through the Natural Disturbance Program, natural disturbance is now being incorporated into the Forest Management Plan guidelines for Alberta. The Province of Saskatchewan is making the use of natural disturbance mandatory in their forest operations.

We have truly gone beyond our boundaries and have influenced the practice and policies of sustainable forest management not only in Alberta, but also in Canada. Some of our most recent programs such as the Foothills Stream Crossing Program and the Caribou Landscape Management Association are looking at integrating all industries utilizing various natural resources on the same landscape.

In the next five-year period we will build on these successes and focus more on climate change, water quality, and quantity. From our five year business strategy published last year we have set our objectives to realign our programs under themes, focus on support to the programs, and work towards organized, thoughtful, and timed growth of the Foothills Model Forest.

Please join us in achieving the excellence needed in the management of Alberta's resources and in sustaining the landscape that provides those resources for the betterment of our environment and the people of Alberta.

A SHARED VISION

As a representative of the Oil and Gas Sector on the Board of the Foothills Model Forest over Phase III, I have benefited in a number of ways, both personally and as a liaison with the broader Oil and Gas Industry. The collaborative nature of the Foothills Model Forest, with the focus that the organization places on partner synergies, is evident in the set up and implementation of its programs as well as in the dialogue and deliberations at the Board of Directors level.

John Kerkhoven
Manager,
Stakeholder Relations,
North American Natural Gas
Petro-Canada

A number of the Foothills Model Forest programs are clearly aligned with the premise of Integrated Landscape Management and the benefits to the Oil and Gas Industry are readily evident. The Grizzly Bear Research Program and Caribou Landscape Management Association are good examples of research into how access and footprint can be managed to allow for activity to take place with the minimum of impact on wildlife species. The Oil and Gas Industry operating within the Foothills Model Forest has bought into research around these and other programs through financial support and committee involvement. Specifically, Petro-Canada has used the data provided by the Grizzly Bear Research Program in planning for activities both inside and outside the Foothills Model Forest boundaries along the Eastern Slopes.

In a number of cases, awareness of issues that may not have been a matter of focus outside of the Foothills Model Forest has grown into a far greater understanding and appreciation of the role of such issues and the research attached to them. An example would be the Natural Disturbance Program and the work done along Highway 40 in determining how the potential cumulative footprint of forestry and energy related activity can best emulate natural disturbance (i.e. fire) patterns.

In general terms as well, issues and initiatives brought up in discussion at the Foothills Model Forest Board have led to opportunities for enhanced operations. A presentation given approximately four years ago pertaining to the FireSmart program, as a follow up to the Chisholm/Dogrib Fire Research, led Petro-Canada to FireSmart its major gas plants along the Eastern Slopes. The same opportunity was brought to the attention of the Operations and Safety committees at the Canadian Association of Petroleum Producers.

On a go forward basis, as the Foothills Model Forest programs expand into the next Business Cycle (2007-2012), I look forward to the further broadening of how the research benefits areas beyond the borders of the Foothills Model Forest. With the expected greater involvement of the Oil and Gas Industry at the Board, opportunities will also be brought forward for consideration of new and innovative programs benefiting a broader multi-industry approach to Sustainable Forest Management.

The Foothills Model Forest organization has played a vital role in helping Elk Valley Coal's Cardinal River Operations find solutions to regional grizzly bear management which was included as a key condition in its regulatory approvals for the Cheviot Project.

Marc Symbaluk
Senior Environmental Officer,
Elk Valley Coal Corporation,
Cardinal River Operations

The grizzly bear is the flagship Valued Ecosystem Component for assessing the regional cumulative effects of coal mining in conjunction with the additional effects of extensive multiple land-uses within the region.

The Foothills Model Forest provided a unique opportunity to get a broad range of industry and government stakeholders to the table to find solutions to regional grizzly bear management. Foothills Model Forest's organizational, technical and management strengths underpin the award winning Grizzly Bear Research Program. The Grizzly Bear Research Program team uses leading-edge science and field techniques to re-define our understanding of the biology of this important species and its habitat needs. For Cardinal River Operations, the results from Foothills Model Forest's Grizzly Bear Research Program provides us with new knowledge and tools to help improve mining developments and then plan and predict the effectiveness of mitigation measures, including reclamation.

Syncrude Award for Excellence in Sustainability Development

The Foothills Model Forest has been awarded the first-ever Syncrude Award for Excellence in Sustainability Development. The Award was presented to General Manager Don Podlubny by Syncrude's Vice President of Bitumen Production Mildred Lake, Gordon Ball, at the Canadian Institute of Mining, Metallurgy and Petroleum's (CIM) annual conference in Montreal, April 30, 2007.

The Award recognizes the Foothills Model Forest and it's Grizzly Bear Research Program, which provides resource managers with the necessary knowledge and planning tools to ensure the long-term conservation of grizzly bears in Alberta. Mr. Ball noted that "the Syncrude Award honours those individuals, communities, organizations or companies whose activities reinforce the value of sustainability... The Award is one way in which we can recognize those who are out on the front-line with us, those who are making a true difference...".

Foothills Model Forest President Jim LeLacheur, in congratulating the Foothills Model Forest and its grizzly bear research team, said, "It is heartening to be the first organization to receive this prestigious national award, in a field that encompasses such a broad spectrum of possible candidates. It speaks volumes about the quality of our research programs and the researchers who are helping us develop the knowledge and planning tools to improve the practice of sustainable forest management in so many ways."

The Foothills Model Forest's Grizzly Bear Research Team includes Program Lead Gordon Stenhouse (Foothills Model Forest); Dr. Stephen Franklin, Dr. Marc Cattet and Dr. David Janz (University of Saskatchewan); Dr. Greg McDermid, Dr. Andrew Hunter and Dr. Naser El-Sheimy (University of Calgary); Dr. Mark Boyce and Dr. Scott Nielson (University of Alberta); and Dr. Matthew Vijayan (University of Waterloo).

Gordon Ball, Vice-President, Bitumen Production Mildred Lake, Syncrude Canada Ltd., Don Podlubny, General Manager, Foothills Model Forest, and Francois Pelletier, Past-President, Canadian Institute of Mining, Metallurgy and Petroleum

1992 Foothills Model Forest Board of Directors

As we wrap up Phase III of Canada's Model Forest Program, and our fifteenth year of partnership with Foothills Model Forest, on behalf of the Canadian Forest Service, I would like to take this opportunity to acknowledge our significant accomplishments over the past year.

Dr. Gordon Miller
Director General,
Northern Forestry Centre,
Canadian Forest Service

The steady progress made by Foothills Model Forest to science in general, and sustainable forest management more specifically, is felt not only in Alberta, but across Canada and abroad. Since joining the Canadian Model Forest Network in 1992, Foothills Model Forest has emerged as a leader in carnivore research, continued to support a world-class social science research program in partnership with the Canadian Forest Service, and more recently helped further the involvement of aboriginal peoples in integrated land use management. And it would be remiss not to recognize other significant long-term programs outlined in more detail in this annual report, such as the ongoing fish and watershed work, as well as advances in growth and yield of the province's major species, lodgepole pine, now under threat from the mountain pine beetle.

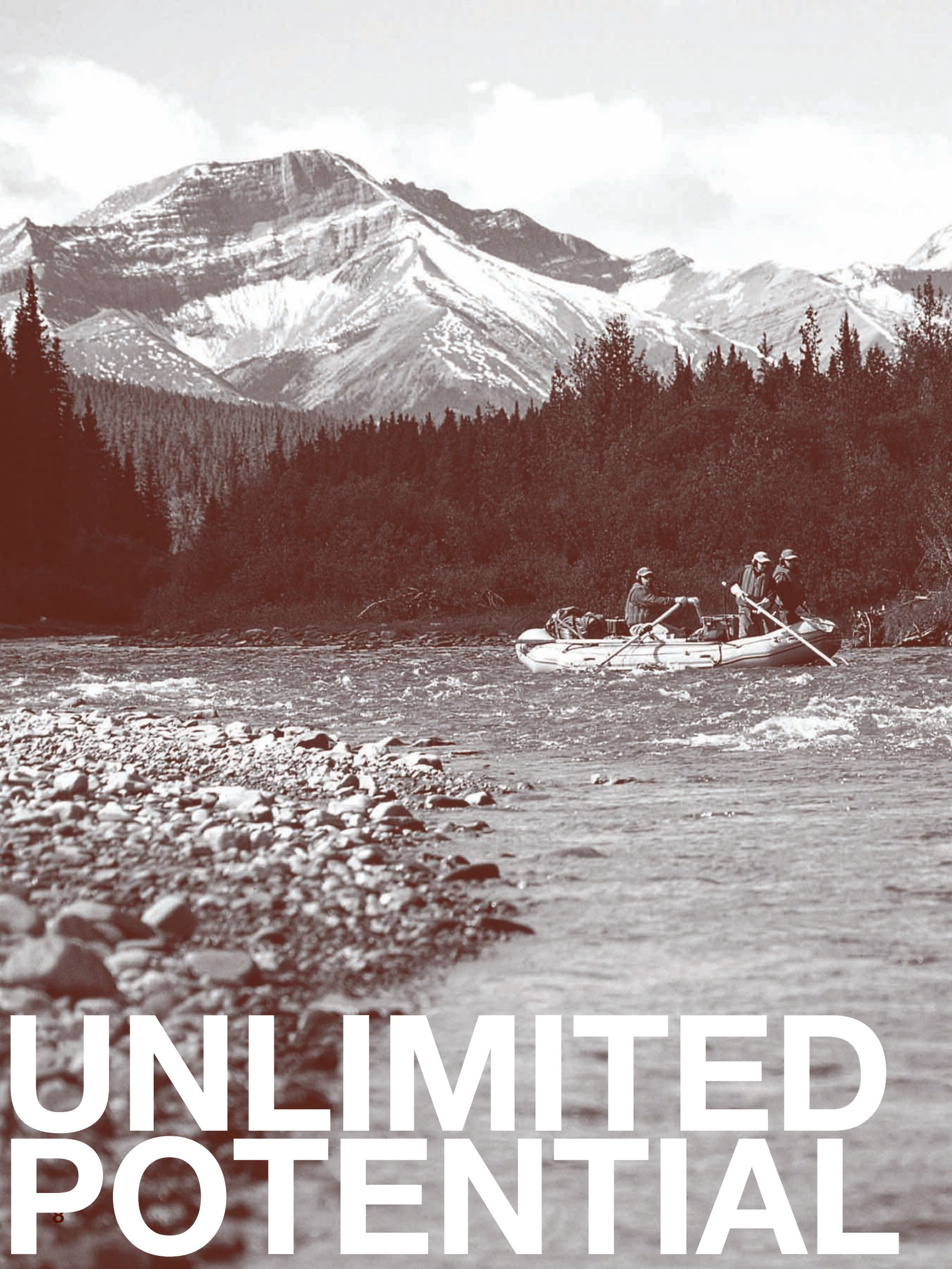
With the tremendous financial and in-kind support provided by its expanding partnership base, Foothills Model Forest has become a true "model" of effective partnership building. Along these lines, I am pleased to acknowledge Foothills Model Forest as one of the recipients of the 2006/07 Canadian Forest Service Team Merit Award, presented under the category of Collaboration and Partnership and recognizing its work in transferring the Canadian Forest Service Carbon Budget Model to various end-users. This follows on the heels of similar national recognition given in 2003, when Foothills Model Forest was the recipient of a similar award for its participation in and support of the social sciences program at Northern Forestry Centre.

Notwithstanding the scheduled wind-down of Canada's Model Forest Program in 2007, due in large part to its successful run over the past 15 years' activities, the Canadian Forest Service has recognized the tremendous benefit in continuing its support, and will soon launch its new initiative, the "Forest Communities Program". Interest has exceeded expectations, but regardless of the outcome of the selection process, the Canadian Forest Service would like to reaffirm its commitment and support of ensuring a strong and cooperative relationship between Foothills Model Forest and the Canadian Forest Service in general, and Northern Forestry Centre in particular.

I have been involved with Canada's Model Forest Program from its inception in 1992.

Keith M. McClain, Ph.D.
R.P.F., Director,
Science Policy and Strategy,
Sustainable Resource Development

Since then I have been associated with model forest activities in British Columbia and elsewhere, and for the past four years, I have been active in the Foothills Model Forest as a member of the Board and Program Implementation Team and have participated in various advisory capacities. Having this "start to finish" perspective, I have seen partnerships mature from a disparate group of folks, to a collective of people holding tightly to a common goal of sustainability of our natural resources and seeking ways to manage in a manner that maintains public values and allows for a flow of ecological and economic benefits. Not having any legislative mandate to manage has been and will remain a clear advantage for the Foothills Model Forest when exploring innovative futures and strategies to achieve them. From where I stand, the Foothills Model Forest is an influential body in resource management in Alberta and will continue to be effective and innovative through its supporting partnership and those that are developed to undertake research. The Foothills Model Forest is destined for continued success in influencing resource management on an Alberta landscape that is becoming increasingly complex and challenging.



UNLIMITED POTENTIAL

My group first became involved in the Foothills Model Forest through the Grizzly Bear Research Program in 2002. To me, the Foothills Model Forest provides the ideal environment for conducting applied environmental research.

Greg McDermid, Ph.D.
Department of Geography,
University of Calgary

It gives us an opportunity to work on projects that matter, and the ability to interact with stakeholders in industry, government and university. My students and myself have benefited tremendously from the chance to participate in the Visiting Scientist program and other valuable outreach activities, and appreciate the support provided by the Foothills Model Forest in fostering research and communicating results.

I look forward to extending this most valuable partnership, and continuing my work in an environment where research has the ability to make a lasting impact.

The Foothills Model Forest has facilitated the opportunity for Aseniwuche Winewak Nation to both learn from and share aboriginal knowledge with other key stakeholders in the Foothills Model Forest land base.

Rachelle McDonald
Special Projects Manager,
Aseniwuche Winewak
Nation of Canada

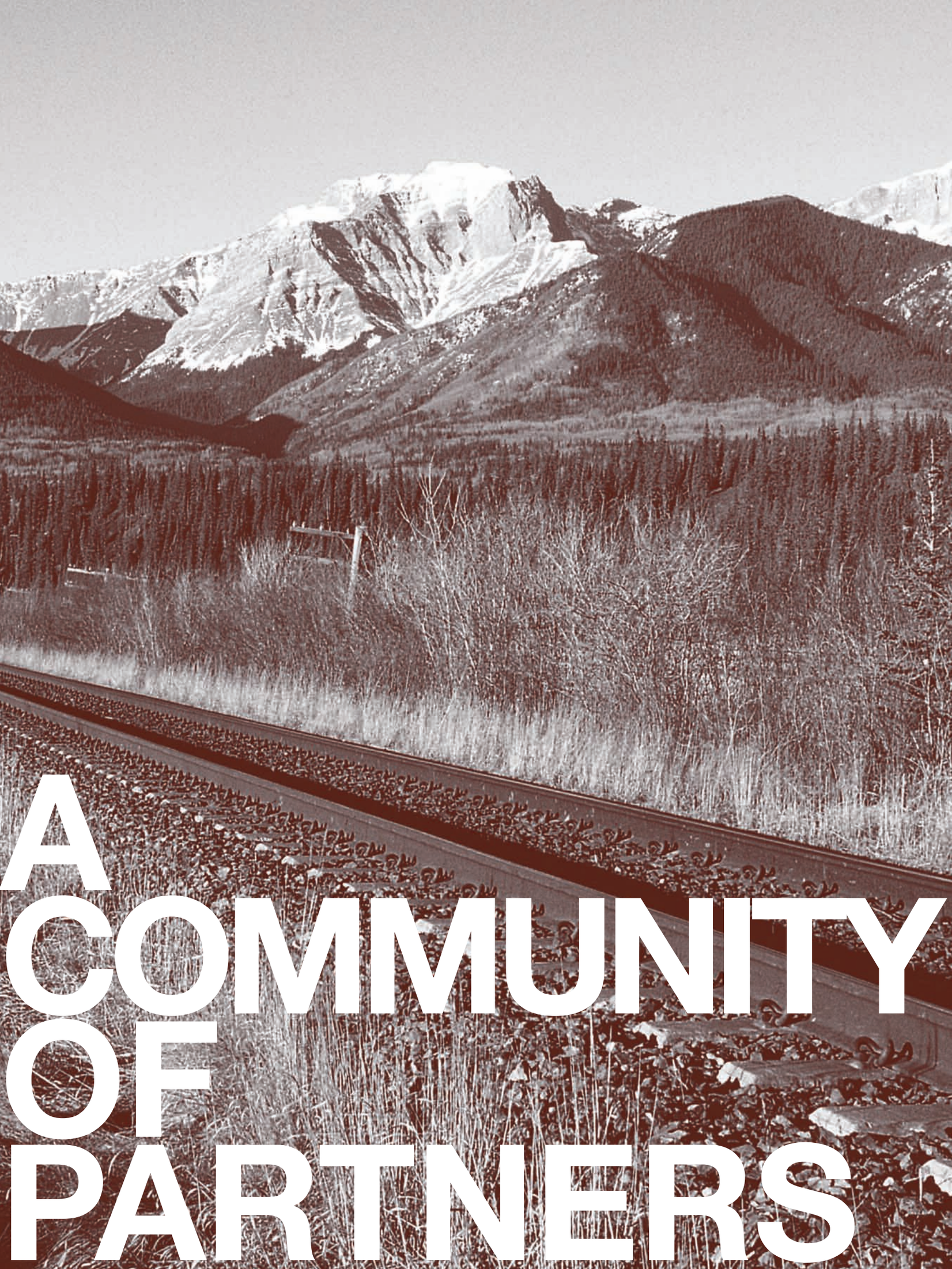
Partners in the Foothills Model Forest, united by a common goal of producing world class research and applying that research on the landscape, have welcomed the participation of the local Aboriginal communities to share their values, history, and traditional knowledge to enhance scientific research being undertaken. With the pressure of economic development and resource extraction reaching unprecedented levels along Alberta's Eastern Slopes, the opportunity for local Aboriginal people to positively contribute to research collection that directly influences the development of improved management practices on the land is unparalleled elsewhere in Alberta. Aseniwuche Winewak Nation is committed to supporting the Foothills Model Forest into its new phase of development and continuing to be a strong voice in forest stewardship.

I was in on the ground floor as part of the team that developed the Foothills Model Forest proposal in 1992, and I have been at it ever since.

Rick Bonar
Chief Biologist and Planning
Coordinator, Hinton Wood Products,
West Fraser Mills Ltd.

I am currently the Chair of the Board of Directors and participate in the Natural Disturbance Program, the Grizzly Bear Research Program, and the Caribou Landscape Management Association. The Foothills Model Forest continues to grow long-standing programs and effectively transfer information to the real world. Success has always hinged on engaged people ensuring that research is tied to the urgent needs of our time. The Foothills Model Forest continues to grow by taking on new programs such as the Caribou Landscape Management Association and the Foothills Stream Crossing Program.

It is exciting to design the research, communicate the results, and most importantly to see good ideas put to use. West Fraser has benefited tremendously from the commitment and energy of everyone in the partnership in ways we would not have been able to achieve ourselves. Going forward there are more needs and opportunities than ever and I am looking forward to the synergies of the future.



A COMMUNITY OF PARTNERS

Partnership is the lifeblood of the Foothills Model Forest. Through our partners' contributions, our tools and knowledge are integrated into land and forest management policy, planning and practice. Hence the advancement of forest and land management in Alberta. The strength of our organization would not be what it is today without our partners' commitment and we are honoured to have contributions of all shapes and sizes.

SPONSORING PARTNERS

Sponsoring partners Alberta Sustainable Resource Development, Jasper National Park of Canada, Natural Resources Canada and West Fraser Mills Ltd. are shareholders of the Foothills Model Forest.

Canada Alberta West Fraser Mills Ltd.

FUNDING PARTNERS

Management Partners
Management Partners provide financial and in-kind support to the Foothills Model Forest. They are also responsible for land, resource, or forest management, and are interested in using model forest knowledge and tools in their businesses.

Ainsworth Lumber Co. Ltd.
Alberta Energy
Alberta Newsprint Company
Alberta Pacific Forest Industries Inc.
Alberta Tourism, Parks, Recreation and Culture
Anadarko Canada Corporation
Banff National Park of Canada
Blue Ridge Lumber Inc.
BP Canada Energy Company
Buchanan Lumber – Tolko Industries Ltd.
Canadian National Railway
Canadian Natural Resources Ltd.
Canfor Corporation
Coal Valley Resources Ltd.
ConocoPhillips Canada
Daishowa-Marubeni International Ltd.
Devon Canada Corporation
Elk Valley Coal Corporation – Cardinal River Operations
EnCana Corporation
Fisheries and Oceans Canada
Foothills Forest Products Inc.
Husky Energy
Manning Diversified Forest Products Ltd. – Manning Forestry Research Fund
Millar Western Forest Products Ltd.
Petro-Canada
Shell Canada Limited
Spray Lake Sawmills Ltd.
Slave Lake Pulp – A division of West Fraser Mills Ltd.
Suncor Energy Inc.
Sundance Forest Industries Ltd.
Sundre Forest Products – A division of West Fraser Mills Ltd.
Talisman Energy Inc.
TransCanada Pipelines Limited
Weyerhaeuser Company Limited

Program and Project Partners
Program and Project Partners provide financial and in-kind support to specific programs or projects. These organizations believe in and support Foothills Model Forest.

AADAC (Alberta Alcohol and Drug Abuse Commission)
Alberta Advanced Education and Technology
Alberta Caribou Committee
Alberta Chamber of Resources
Alberta Conservation Association
Alberta Environment
Alberta Forest Genetic Resources Council
Alberta Forest Products Association
Alberta International, Intergovernmental and Aboriginal Relations
Alexis Nakota Sioux Nation
Aseniwuche Winewak Nation of Canada
Bandaloop Landscape-Ecosystem Services
B.C. Southern Interior Growth and Yield Co-Op
Bighorn First Nation
Canadian Association of Petroleum Producers
Canadian Cooperative Wildlife Health Centre
Conservation Biology Institute
Enbridge Gateway Pipelines Inc.
Environment Canada, Canadian Wildlife Service
ESRI Canada
EVS Environment
Foothills Ojibway Society
FP Innovations – FERIC
Forestry Corp., The
Hinton Fish and Game Association
Hinton Training Centre
Kingston Ross Pasnak
Nakcowinewak Nation of Canada
Nexen Inc.
NSERC (Natural Sciences and Engineering Research Council of Canada)
Peregrine Helicopters
Petroleum Technology Alliance Canada
Royal Alberta Museum
Sunchild First Nation
Town of Hinton
Trout Unlimited Canada
University of Alberta
University of British Columbia
University of Calgary
University of Lethbridge
University of Saskatchewan
University of Waterloo
West Athabasca Watershed Bioregional Society
Western Boreal Aspen Corporation

Other Partners
The following associations, businesses, and communities support the vision and goals of the Foothills Model Forest organization.

Alberta Research Council
AVID Canada
Canadian Institute for Remote Sensing
Canadian Institute of Forestry
College of Alberta Professional Foresters
College of Alberta Professional Forest Technologists
Council of Forest Industries
Cows and Fish Program
Ember Research Services Ltd.
Forest History Society, Durham, NC
G & A Petroleum Services
Golder Associates
International Model Forest Network
Inside Education
Jasper-Yellowhead Museum & Archives
Linnet – The Land Systems Company
Municipality of Jasper
O'Chiese First Nation
Pulp and Paper Research Institute of Canada
Sustainable Forest Management Network
Telemetry Solutions
World Wildlife Fund – Canada

PRIDE IN PROGRAMS

FISH AND WATERSHED PROGRAM

Five years ago we recognized three obstacles to conservation of aquatic ecosystems within our region. These hurdles included knowledge gaps in the connections between small streams and the forests they flow through; absence of a coordinated approach to improving stream crossings; and lack of environmental group involvement. We have used Foothills Model Forest's five-part strategy to achieve sustainable forest management to make progress in meeting these challenges. The components of this approach include knowledge development, technology transfer, demonstration, communication and informing policy.

Resource managers locating roads, cutblocks, pipelines and power lines occasionally encounter large streams but routinely run into small streams. Practices to protect the ecological values along the large streams have been developed from policies that are well supported by science, however the scientific knowledge required to predict, measure, and monitor impacts to small streams from our activities is limited. We have developed partnerships and a research program to address this knowledge gap and produce tools to help achieve management and conservation goals when working near small streams. Dr. Marwan Hassan, Associate Professor from the Department of Geography at the University of British Columbia is the principle investigator of our small stream riparian research project. Representatives from Alberta Sustainable Resource Development and four forest companies form our project steering committee. Summer 2007 is the final field season in the first phase of the project.

Impacts to aquatic ecosystems from our land use activities occur at the intersection of roads and streams – this has been well documented across all developed areas of the world. We required a coordinated approach involving numerous companies and the establishment of the Foothills Stream Crossing Program to move forward with this challenge.

An audit of the Foothills Model Forest in 2002 identified a lack of environmental group involvement as a weakness in the Foothills Model Forest program. In 2003, we were approached by the West Athabasca Watershed Bioregional Society to form a partnership for a new initiative – the Hardisty Creek Watershed Restoration Project. The goals of this project were restoration and education. The partnership has expanded to include a number of other stakeholders and together we have demonstrated success in both of our objectives. In 2006, our project was recognized as a finalist in the Community Projects category of the Alberta Emerald Awards and we received the Environmental Effort Award from Communities in Bloom Canada. In 2007, we received a Forest Stewardship Recognition Award from Wildlife Habitat Canada.

In the near future, we recognize that the rapidly expanding energy sector is placing new pressures on aquatic ecosystems in the region. To achieve ecosystem sustainability, we plan to address knowledge gaps, identify practical and innovative solutions, build partnerships, and communicate with stakeholders and policy makers.

ADAPTIVE FOREST MANAGEMENT/HISTORY PROGRAM

The Adaptive Forest Management/History Program at Foothills Model Forest began in 1996. Its mission is to examine the historical roots of sustainable forest management in Alberta, particularly as they are reflected within the Model Forest landbase, so that the insights gained can benefit both the public and forest managers today and into the future.

2002-2007 Accomplishments

Report #3, 2002: The Hinton Forest: A Case Study in Adaptive Forest Management 1955-2000. This report examines the industrial forest management program at Hinton from 1955 to 1999, and the evolution of forest management from sustained yield to sustainable forest management of all values inherent in the forest.

Report #4, 2003: Learning from the Forest: The Evolution of Adaptive Forest Management at Hinton, Alberta. Drawing on work from earlier publications in the history series, this book describes the evolution of forestry practices and sustainable forest management in the Hinton area on both industrial and Crown lands, including the evolution of research and knowledge at the Foothills Model Forest. Professor Emeritus Gordon Baskerville, in his Foreword, recommends the book as required reading in all Canadian forestry programs.

Going Forward: 2007-2008

Report #5, 2007: A Hard Road to Travel: Land, Forests and People in the Upper Athabasca Region. The remarkable and rich history of the upper Athabasca Region is significant at both a Provincial and a National level, but its development was slow and hard-won. This new book, a joint project with the Forest History Society, contains 28 maps and over 150 illustrations, some never before published.

Report #6, 2007: The Resilient Forest: A 35-year Review of the Forecasts and Assertions of a 1970s Environmental Campaign. In 1972, the environmental organization Save Tomorrow – Oppose Pollution (STOP) released a report on environmental and forestry practices of North Western Pulp and Power's woods operations at Hinton. The assertions therein, and the resulting media frenzy shocked the forestry community in Alberta. 35 years later, two photographic missions (1997, 2006) examine the images and fundamental assertions of the STOP campaign and how the predictions turned out.

Report #7, 2007: 50 Years of Harvesting and Reforestation: A Historical Photo Review of the Hinton Forest Management Area. Using West Fraser's photo collection as source material, old images of harvest and reforestation operations from 1955 to the present were visited and rephotographed. Accompanying the photo retrospective, the report sheds light on the forest policy and operational environment of the time and their relationship to the blocks and images discussed.

Report #8, 2008: Mountain Trails: Jack Glen was a Dominion Forestry Branch ranger at Entrance from 1920 to 1945. His memoir is a window into the life and hardships of a forest ranger as he built trails and cabins and patrolled the backcountry in what would become the Willmore Wilderness Park of today. The story provides a fascinating insight into the tools and challenges of early forest management and protection, along with colourful descriptions of the people who lived and worked there.

By understanding our past, we shape our future.

CARIBOU LANDSCAPE MANAGEMENT ASSOCIATION

Several energy and forest sector companies operating in the Hinton, Alberta area discussed the concept of developing a caribou management association in November 2004. In May 2005, the concept came to fruition as the Caribou Landscape Management Association and includes industry, government, and the Aboriginal community. The Caribou Landscape Management Association mandate covers the ranges of the A la Peche and Little Smoky caribou herds. The Foothills Model Forest provides administrative support for the association as a pilot project for Integrated Land Management.

The Caribou Landscape Management Association supports the goals of the Foothills Model Forest by demonstrating sustainable forest management, providing knowledge transfer between agencies, integration of industrial uses, integration of data, and supporting and influencing sustainable policy development.

The primary ongoing programs the Caribou Landscape Management Association is working on are:

Integrated Industrial Access Plan: The Caribou Landscape Management Association believes that upfront road planning will reduce the road footprint resulting from the current "plan as you go" approach. Minimizing the footprint from long-term access through a coordinated approach will benefit the caribou herds, other species, sustainable forest management, and the environment. Increasing road access in the ranges of these two caribou herds is needed to support allocated resource extraction and associated economic and social benefits. The government endorsed the 2006 access plan as a guiding tool on June 23, 2006, which reinforced the need to integrate and coordinate the access requirements of the forest and oil and gas sectors, and to develop a monitoring and reclamation plan. For 2007, the plan will be updated and resubmitted.

Industry Practices Review: In partnership with the Forest Products Association of Canada, the Caribou Landscape Management Association is updating and augmenting a 2005 Canadian Association of Petroleum Producers review of current practices and guidelines for industrial activity in woodland caribou range. The review will focus on effectiveness of industry practices for caribou conservation. Findings will be incorporated into the adaptive management approach for the west-central landscape.

Adaptive Management Plan: The Caribou Landscape Management Association is participating in the West Central Alberta Landscape Planning Team process to develop a caribou recovery strategy for six caribou herds, including the A la Peche and Little Smoky herds. As part of this process, the Caribou Landscape Management Association, as part of an expanded Industrial Working Group, is developing an Adaptive Management Plan to provide a forest habitat management framework as the basis of an adaptive management plan for the west-central woodland caribou herds. The objective of the project is to develop such a plan in a cooperative and integrative atmosphere where government, the forest industry, and oil and gas industry feed into one common plan and objective: conservation of the west-central herds while maintaining the trade-offs associated with socio-economic benefits from the forest and other associated industries. The simultaneous application of management plans for each limiting factor for each herd requires a high level of integration among agencies.

Habitat Restoration: The West Central Alberta Landscape Planning Team caribou conservation plan will include recommendations for effective guidelines and restoration techniques to ensure long-term maintenance of caribou habitat. The pre-existing Caribou Range Restoration Project will become part of the Caribou Landscape Management Association mandate. Plans for 2007 include a review of the Caribou Range Restoration Project accomplishments and a new work plan for moving restoration forward in the future.

The Caribou Landscape Management Association will continue in the next five year work plan to provide its members business value and support Foothills Model Forest goals.

COMMUNICATIONS AND EXTENSION PROGRAM

During the past five years (Phase III) Foothills Model Forest has developed and implemented an effective communication and extension program to support program areas and partners. The goals of the Communication and Extension Program are as follows:

Goal 1 | Knowledge and Technology Transfer

To facilitate the adoption of Foothills Model Forest knowledge and technology in sustainable forest and land management practice through strategic and structured communications and extension activities.

Goal 2 | Influence and Support Policy

To facilitate the adoption of Foothills Model Forest knowledge and technology in sustainable forest and land management policy through strategic and structured communications and extension activities.

Goal 3 | Communications and Outreach

To contribute to the general public's understanding and support for sustainable forest and land management research, policy and practices.

The key messages of the Communications and Extension Program are as follows:

- Foothills Model Forest conducts sound and leading science to advance sustainable forest and land management.
- To communicate the knowledge and tools generated through the Foothills Model Forest. Through various avenues such as Integration notes, newsletters, and our website, we transfer knowledge and tools to our target audiences.
- Foothills Model Forest research is applied by land and resource managers. Ninety percent of Alberta's Forest Management Areas use knowledge and tools generated from the Natural Disturbance Program.
- Partners support and direct research and research priorities.
- Foothills Model Forest research and development advances sustainable forest and land management.

Knowledge transfer and communication efforts will continue to expand resulting in sound science guiding land and forest management decisions. We will continue to build our communication and extension capacity by:

- Seeking opportunities to broaden our sphere of influence.
- Developing audience-specific messages.
- Developing an array of information and knowledge delivery mechanisms.
- Maintaining and enhancing Internet-based information delivery and discussion forums.
- Enhancing research program value with the direct assistance of program/project leads to ensure effective messaging is developed and communicated with target audiences.
- The Communications and Extension Manager continuing to coordinate and assist program leads in the construction and implementation of their communication and extension plans.

THE FOOTHILLS GROWTH AND YIELD ASSOCIATION

The Foothills Model Forest supports the Foothills Growth and Yield Association, a collaboration of nine Alberta forest companies who continually improve forecasting and validation of managed stand growth and yield, particularly of lodgepole pine. Projects are selected based on their utility for stand level forecasting, their scientific defensibility, relevance and value to forest managers, and their cost effectiveness. Annual field tours and/or technical meetings help refine the knowledge base for the program. Field projects include:

1. Lodgepole pine regeneration (2000-2010)

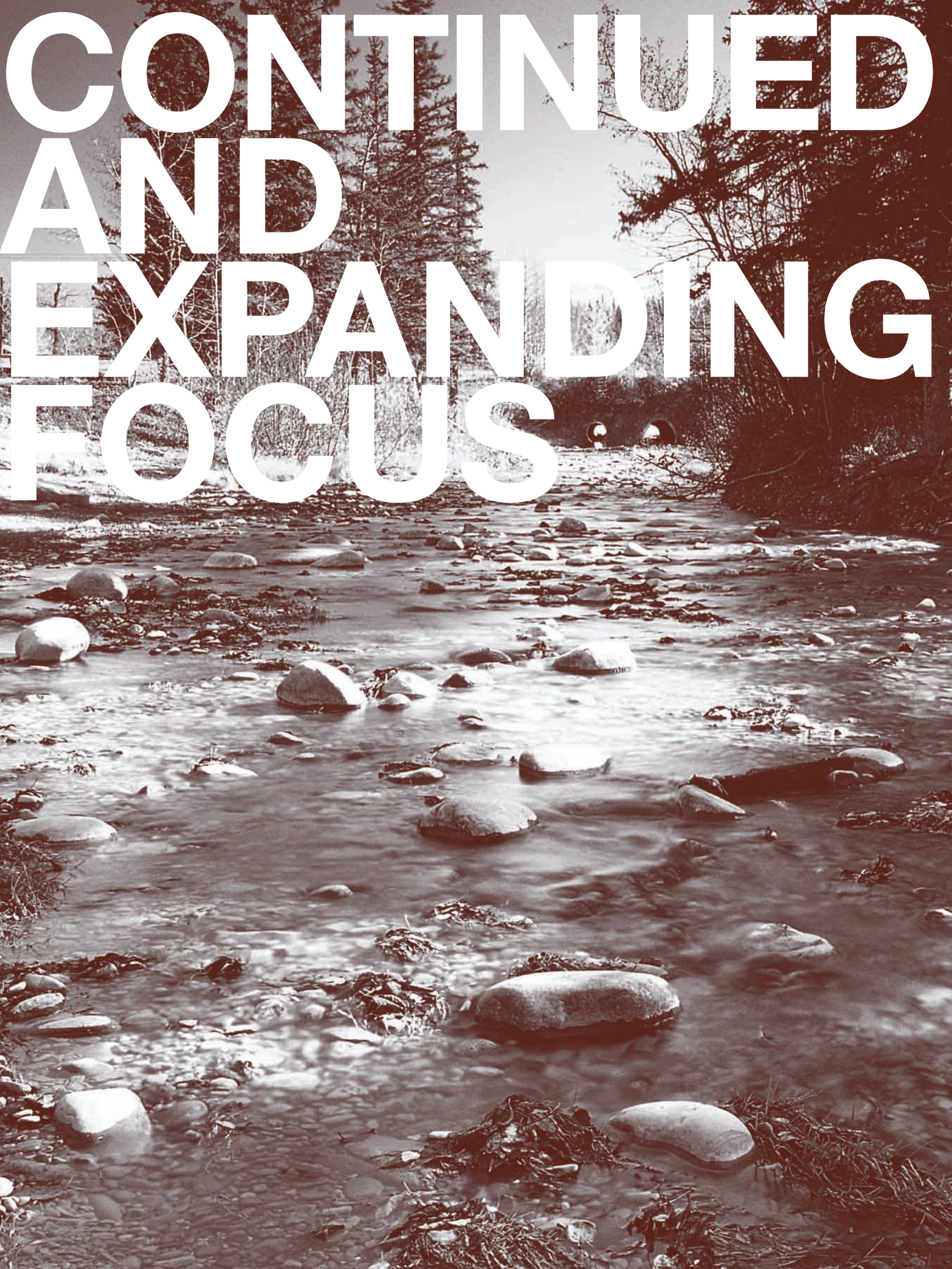
The Foothills Growth and Yield Association installed 408 field plots across the forested landscape of Alberta to annually measure, monitor and forecast the development of lodgepole pine regenerated after harvesting. Data accumulating from these measurements will support development, commencing in 2007, of regeneration models forecasting stocking, density, ingress, mortality, and height and diameter growth in early stand development, as well as linkages to full-rotation models. The plots' utility for monitoring the impacts of climate change will also be examined in 2007.

2. Comparison of pre-harvest and post-harvest stand development (2002-2004)

The Foothills Growth and Yield Association completed a comparison of pre-harvest and post-harvest site indices, presenting the final report of this work in 2004 at a major international forestry conference. Further work is envisaged exploring underlying relationships, examining their implications to yield forecasting, and also integrating knowledge from genetics, silviculture, and forest health into the prediction of yield following harvesting.

3. Cooperative management of historic research trials (2001-continuing)

In 2001, the Foothills Growth and Yield Association with representatives from the Canadian Forest Service and Alberta government visited a number of abandoned Canadian Forest Service growth and yield trials, concluding that they were invaluable resources for forecasting, monitoring, and demonstrating the effects of nutrition and density management. The Foothills Growth and Yield Association signed an agreement with the Canadian Forest Service for cooperative measurement, maintenance, and analysis of these trials. The agreement, which is up for renewal in 2007, has already resulted in publication of a comprehensive report and assessment of the trials.


CONTINUED
AND
EXPANDING
FOCUS

4. Regional yield estimators (2002-2006)

Foothills Growth and Yield Association cooperated with Alberta Sustainable Resource Development, which wished to link growth and yield models to the Alberta Vegetation Inventory, enabling Alberta Sustainable Resource Development to report credibly on both the current state of provincial timber resources, and their rate of growth.

5. Enhanced management of lodgepole pine (2004-2009)

This project is focused on filling information gaps in nutrition and density management of both fire-origin and post-harvest stands. It is complementary to other projects of the Foothills Growth and Yield Association to improve the assessment of lodgepole pine growth and yield in managed stands, as well as other work being conducted in Alberta and B.C. The Project comprises two sub-projects: lodgepole pine nutrition and pine-aspen density management.

6. Regeneration management in a mountain pine beetle environment (pending)

High levels of infestation and mortality in the lodgepole pine forests of Alberta are expected, yet the knowledge with which to address post-infestation treatment is rudimentary. This project would provide tools for assessing treatment options and their growth and yield implications, for pure and mixed-species lodgepole pine stands attacked by mountain pine beetle.

LOCAL LEVEL INDICATORS PROGRAM

In June 2003, Foothills Model Forest released its Local Level Indicators of Sustainable Forest Management Initial Status Report. The report was based on an initial suite of criteria, shared goals and local level indicators selected by the Foothills Model Forest and its partners. Following release of the report, the Foothills Model Forest Local Level Indicators Activity Team commenced working towards development of the second status report set for release at the end of Phase III of Canada's Model Forest Program (2007).

Towards this end, a Local Level Indicators Workshop was held January 15-16, 2004. From this workshop and subsequent work by the Local Level Indicators Activity Team, a revised plan to produce a follow-up State of the Forest Report has been developed. The release date for the production of a full, follow-up State of the Forest Report is rescheduled from March 2007 to November 2007. This change in timeline is to reflect partner schedules in light of other workload commitments as well as allowing the time to develop a high quality online report.

The results of indicator establishment and measurement over time using scientifically sound methods provides the basis for research to fill gaps in knowledge and the basis for adaptive management to address negative trends. The Foothills Model Forest Local Level Indicators reporting process is unique in Alberta in that it represents goals and indicators common to the organizational partnership and reports on a landscape, multi-jurisdictional level.

Looking forward to the next year, our efforts will be focused on the completion of the online follow-up State of the Forest Report. The recommended fifty indicators for reporting will be focused on a priority set of "core" indicators that have available data. Indicators that are not core indicators will be classified as "future potential indicators". An improved reporting format for the indicators will be implemented in the upcoming online report. A review and future recommendations of the Local Level Indicators Program will be provided to the Board of Directors by March 2008.

NATURAL DISTURBANCE PROGRAM

During Phase III of the Foothills Model Forest, the Natural Disturbance Program shifted away from its initial focus on research, to a more balanced program of research, communications, demonstration, and tool development. This evolution was by design, as outlined in the original Natural Disturbance Program long-term plan. Thus each new initiative has been fully integrated with past and current projects. For example, over the last five years, we launched two new print media communications tools: the Research Methods series and the Integration Note series, joining the already successful Quicknotes and Research Report series. The development and release of Version 1.0 of NEPTUNE, our GIS-based decision-support tool for assisting in the design of disturbance events, uses the spatial language and research results generated by several of the original research projects of the Natural Disturbance program. An extension project on riparian zones and disturbance in the Dogrib fire of 2001 led first to a pilot study and now more recently to a full-scale study of large woody debris dynamics in riparian zones collaboratively with the University of British Columbia Geography Department. Perhaps the most ambitious initiative during Phase III was the Highway 40 North Demonstration Project. Now almost complete, the project integrated most of our knowledge of historical disturbance regimes from various research projects into a multi-agency "disturbance plan" for a 70,000 hectare area to test the feasibility of using natural patterns as the foundation for operational planning.

The Natural Disturbance Program is now one of the most complete research management programs of its type in Canada. The program has quietly but progressively influenced forest land management policy and practices in Alberta, as well as in other western provinces. Both the scope of the program, and the size of the partnership have grown significantly over the last five years, and we continue to look for innovative ways of addressing important issues. For example, after two years in the making, a professional short course on natural disturbance approaches was offered in the spring of 2007, with several more planned in the coming years.

The main elements of the Natural Disturbance program are not complicated; **1**) take the time to identify good, relevant questions, **2**) always have a plan, but be prepared to change it, and **3**) keep talking to people. These simple rules have served us well in the past, and will continue to guide us in the future.

SOCIAL SCIENCE PROGRAM

The Social Science Program investigates the human dimension of land use management in the Foothills Model Forest with the goal of assisting policy makers. In the past five years, a number of studies have been completed with this goal in mind.

A public survey of Foothills Model Forest and Edmonton residents revealed that the public is not very well informed with respect to grizzly bears but would be willing to see a decrease in industrial activity to ensure the maintenance of a healthy bear population. The results also showed support for local input in grizzly bear management decisions that affect not only the bears but also the livelihoods of Foothills Model Forest residents.

A study of the wildland urban interface demonstrated that while experiencing a fire increased resident awareness it did not induce risk reduction behaviour. Community leaders showed a greater interest in mitigating risk than local residents.

In 2005, an index was constructed to assess Hinton and Jasper's vulnerability to mountain pine beetle attacks. The economic diversity of the area and other factors led to the conclusion that these communities had relatively low vulnerability.

Previous work on economic indicators (including the regional economic impact model) was updated highlighting the increase in oil and gas activity and the volatility of the coal sector. Social indicators were also updated revealing a declining and ageing population based on the most recent census data available (2001). Incomes remained high but the gap between rich and poor increased following national trends. School enrolment increased over previous studies.

Natural resource accounting measures the flow of benefits from a resource base and the ability of that base to maintain that flow. These benefits are often not captured in traditional economic measures such as Gross Domestic Product. The Foothills Model Forest area receives many benefits from the forest beyond pulp and lumber production. Foremost among these is biodiversity conservation with subsistence use, recreation, and carbon sequestration also being important.

Another study described the relationship between alcohol and drug issues and the economic and social structure of a resource-based community. Reasons for substance abuse go beyond boredom and money and are rooted in the cultural, social, and economic life of the community.

Finally, a comprehensive inventory of public processes was identified that allows interested parties to participate in the decision making associated with natural resource management in the region. A survey of people involved in these processes helped to determine the quality and effectiveness of regional public processes.

The potential exists for much more work to be done on the human dimensions of land use management in the region. The area faces risks not only from mountain pine beetle and climate change but also from uncertain markets, fire, and other factors. Understanding the potential social and economic impacts of these risks on communities and public acceptance of management and policy strategies can assist communities in adapting and mitigating the impacts. Data from the 2006 census will be released soon enabling researchers to update social and economic indicators for the region. Water has been noted as an important issue for the area and questions about its value, trade offs, and public attitudes merit continued research.

GEOGRAPHIC INFORMATION SYSTEMS PROGRAM

Supporting the research activities within the Foothills Model Forest has been a mainstay of the Foothills Model Forest Geographic Information Systems (GIS) Program. Underlying the program is also a strong belief in the practice of sound data management practices. Good data management aids us in deriving useful information that can assist in making sound management decisions across all program areas.

Some highlights from the last five years include the following:

The management of Fish and Watershed data using the Archydro model. This is a collaborative database effort that is based on combining regional data with partners such as Jasper National Park.

The Geographic Information Systems Working Group, representing government and industry, finalized a draft vegetation data model which will help standardize how data is stored, leading to information that is more consistent, sharable, and transferable.

The program has worked with the Caribou Landscape Management Association to develop an ArcIMS internet mapping website that displays overview maps relating to access and other features for association users. Other demonstration mapping websites or "services" have been developed for Fish and Watershed, Grizzly Bear and other research programs.

The design and creation of a grizzly bear database that consolidates grizzly bear data. The database structure has been used as a guide by other partnering organizations for wildlife collar databases.

Creation of the physical structure of the Traditional Cultural Studies spatial database was completed with test referral processes. Global Positioning System (GPS) and other field-related training for field data collectors was completed.

Five years of growth and yield data is loaded in the Foothills Growth and Yield database. This database will undergo a data migration into a new updated database format for improved data integrity in 2007.

GIS and data management workshops such as the Natural Resource Data Management workshop for partnering organizations and staff.

As the organization enters a new business cycle, growth and demand for GIS and associated technologies is expected to continue. The GIS Program aims to continue to provide world-class GIS and data management support to program areas.

FOOTHILLS STREAM CROSSING PROGRAM

The Foothills Stream Crossing Program is an independent, partner driven program that has the main objective of improving the management of stream crossings in the Foothills Model Forest. The Foothills Model Forest is the coordinating agency for the program and has established a close working relationship with the Foothills Stream Crossing Program.

The initial concept of an integrated approach to managing stream crossings was developed jointly by West Fraser Mills Ltd. and the Foothills Model Forest in 2004. This led to the first official meeting of the Steering Committee on April 5, 2005 in Calgary. The initial meeting was attended by West Fraser Mills Ltd., Foothills Model Forest, Fisheries and Oceans Canada, Alberta Sustainable Resource Development, Alberta Environment and a number of resource based companies.

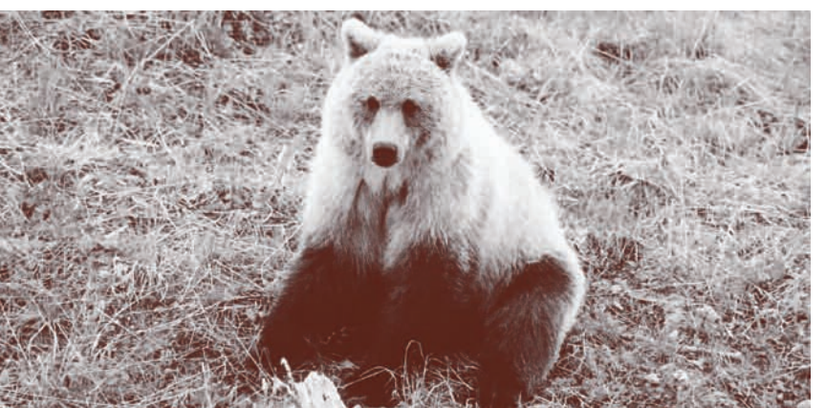
A manager or coordinator for the program was hired and a Memoranda of Agreement was developed and approved by the Steering Committee in June 2005. The Memoranda of Agreement basically outlines the rules for membership, roles and responsibilities of the Steering Committee, relationship with the Foothills Model Forest and the roles of the Provincial and Federal Government.

For the remainder of 2005-06, the Foothills Stream Crossing Program focused on the initial inspection protocols to cover safety, sedimentation and fish passage. Draft protocols were field tested in fall 2005, and with the cooperation of the Woodlands Operations Learning Foundation, financial support from Fisheries and Oceans Canada and considerable input from the Fish and Watershed Program; the actual field inspection manual was completed in the spring of 2006.

During the summer of 2006, a total of just over 300 crossings were inspected. The findings and results from these inspections were presented to the members and the steering committee for review and follow up.

The focus for 2007-08 includes minor revisions to the inspection manual (based on findings from the 2006 field work) and development of a possible strategy for remediation work on selected watersheds. This strategy will test the benefits and the practicality of a joint or watershed approach to remediation based on the results of the crossing inspections.

The Foothills Stream Crossing Program will continue to provide information on the program to other interested companies and agencies in the Province and will continue to seek additional members to include all crossing owners in the Foothills Model Forest.



ABORIGINAL INVOLVEMENT PROGRAM

The Aboriginal Involvement Program continues to demonstrate excellence in its three sub-program areas, the Multi-community Traditional Cultural Study, Referral Process, and Supporting Aboriginal – Industry site visits. Specifically, the study has documented and is storing 1400 quality control checked cultural sites in one central, protected database. In leveraging these sites through the Foothills Model Forest's proprietary Referral process, 90 cultural sites have been protected from potential disturbances, through eight pilot runs with four companies (Shell Canada Limited, Suncor Energy Inc., West Fraser Mills Ltd., and Coal Valley Resources Ltd.) and one government ministry (Alberta Tourism, Parks, Recreation, and Culture).

On top of all this applied research, numerous community technicians, elders, and leaders continue to be supported in all phases of their research training and aspirations. Flowing from this, Industry and government partners remain stalwart supporters and contributors to the program's overall success. In the next few years, expanded research applications for Aboriginal data and knowledge in sustainable resource management and development will be pursued with vigour. This is possible due to the hard work, support, and overall exceptional research capabilities of the Foothills Model Forest and its partners. A big thanks to one and all who have made this year in the Aboriginal Involvement Program a year of milestones set and milestones achieved.

GRIZZLY BEAR RESEARCH PROGRAM

The intent of the Foothills Model Forest Grizzly Bear Research Program is to ensure the continued existence of healthy grizzly bear populations in Alberta by better integrating their needs into land management decisions. This multidisciplinary study was launched in 1999 in response to increasing human use of grizzly bear habitat along Alberta's Eastern Slopes. As human populations and activities expand, grizzly bear habitats are increasingly being lost or altered, resulting in the reduction and fragmentation of bear distribution and population. If human activities and healthy grizzly bear populations are to be sustained in these areas, intensive management information based on detailed biological information is needed.

The study is intended to provide resource managers with the knowledge and tools to ensure the grizzly bear's long-term conservation in the area. This includes gathering better information and developing computer-based maps and models about grizzly bear movements, habitat use, health and response to human activities.

This comprehensive and innovative program is using integrated research teams to improve the understanding of bear movements, health, habitat use and interactions with humans. Program objectives include capturing and radio collaring grizzly bears, creating habitat maps and resource selection function models, developing techniques to monitor grizzly bear health and devising better capture methods.

The project's first five years were conducted in the Foothills Model Forest study area, bounded by Highway 16 to the north and the Brazeau River to the south. It has since expanded several times to embrace nearly all of Alberta's Eastern Slopes.


WHERE
RESEARCH
BEGINS

New techniques are being developed to measure and monitor long-term stress in grizzly bears in hope of understanding possible links between grizzly bear health and landscape conditions. This work began in 2006 and significant progress has been made in the laboratory and field.

Over the past eight years, the Foothills Model Forest Grizzly Bear Research Program has made significant advances in improving our understanding of how grizzly bears use forested landscapes within their Alberta ranges. This knowledge is important in achieving sustainable forest and land management in order to ensure the long-term conservation of grizzly bears.

A multi-disciplinary team of researchers has developed tools and models to assist in this sustainable management. These products have now been tested and validated in a 210,000 square kilometre study area along Alberta's Eastern Slopes from south of Grande Prairie to the Montana border.

The program is continuing, with a goal of completing the development of sustainable management products for all grizzly bear habitat in Alberta within two years.

In 2007, a new initiative has been undertaken to better understand the impacts of forest management practices in stands affected by mountain pine beetle. Satellite-based work has been expanded to include tracking habitat use and movements by grizzly bears through forests infested with mountain pine beetle. A training program is also being designed to help industry partners understand the products developed by this research project and to analyze land-use activity in grizzly bear habitat.

MOUNTAIN PINE BEETLE FIRE ECOLOGY PROGRAM

While wildland fire is a constant forest renewal process in Canada, there is a risk to life and property that attends this natural process and in turn requires that these processes be mitigated where such risk exists. Three recent fires in Alberta provided the Foothills Model Forest with the opportunity to conduct research on the benefits and risks of wildland fires, as well as the human dimensions of fire management. The fires were well documented, and represent extreme levels of fire behaviour, with significant community impacts including property loss, extended evacuations, and industrial disruptions. Subsequent Foothills Model Forest post-fire studies have contributed to enhanced community protection and a more sophisticated approach to understanding the ecological contribution of wildland fire at the landscape level, and the use of this knowledge for informed management practices.

For much of the 20th century, an aggressive program of fire prevention and suppression was successful in reducing the impacts of wildfire on communities and values. However, this program led to the development of forests that have aged well beyond the historic range of natural variation. This is a concern to land managers in both industrial and protected areas, with implications not only to increased fire intensity and spread but also to the maintenance of biodiversity dependent on the full range and variability of age classes.

A major concern lending urgency to further wildland fire research is the emerging infestation of mountain pine beetle. Much uncertainty surrounds the potential impacts of mountain pine beetle on fire susceptibility and risk, fire start potentials, fire spread and intensity. Fire hazard indices in the face of such threats may rise to unprecedented heights and the fire suppression and management personnel will require adequate tools and knowledge to handle such threats.

Climate change is also imposing new uncertainty into the science of fire management as has been seen in recent years with some major fires setting new records for intensity and impact. Indeed, it may be a contributing and exacerbating factor in the current mountain pine beetle infestation in Alberta.

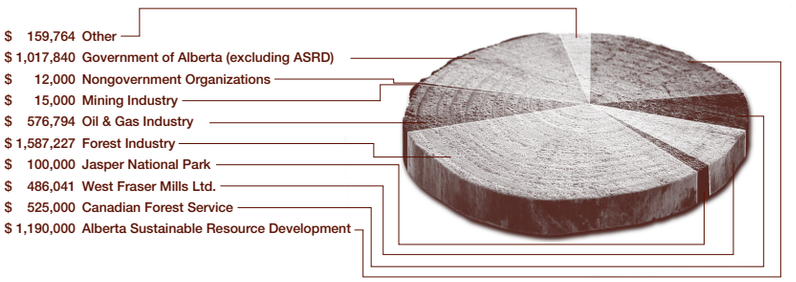
New and unprecedented challenges face fire and forest managers in the 21st Century. These challenges and the lack of knowledge surrounding them, point to the need for a Mountain Pine Beetle Fire Ecology Program at Foothills Model Forest. Under the Landscape Dynamics Program Theme, the Foothills Model Forest is establishing the Mountain Pine Beetle Fire Ecology Program to identify key current and emerging issues surrounding fire management and forest ecology related to Mountain Pine Beetle infestations. The Program will be operationally-focused and will examine the science of fire and application of wildfire management as it affects people and communities within and dependent on the forest, as well as the development of landscape level forest management plans.

SUMMARY OF FINANCIAL STATEMENTS

The Foothills Model Forest audited financial statements are available at www.fmf.ca

FOOTHILLS MODEL FOREST / INCOME

(Year ending March 31, 2007)

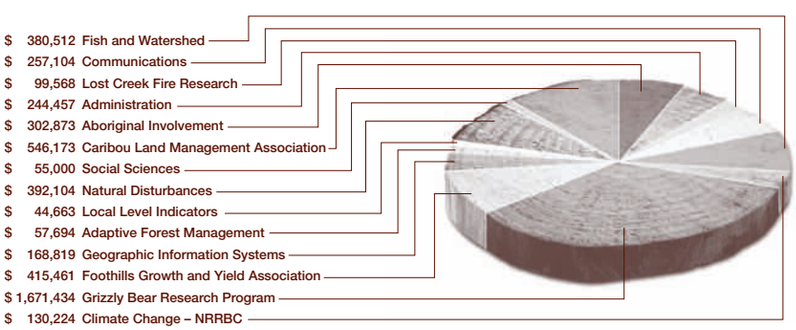


In 2006/2007, Foothills Model Forest received $5,669,667 in funding to support its research, knowledge transfer and communications programs. A breakdown of funding sources is as follows:

- Alberta Sustainable Resource Development (ASRD) contributes 21% of funds
- Canadian Forest Service contributes 9% of funds
- Jasper National Park, Parks Canada contributes 2% of total funds
- Hinton Wood Products, West Fraser Mills Ltd. contributes 9% of total funds
- The forest industry contributes 28% of total funds
- The oil and gas industry contributes 10% of total funds
- Non-government organizations contribute .2% of total funds
- The Government of Alberta (excluding Alberta Sustainable Resource Development) contributes 18% of total funds
- The mining industry contributes .3% of total funds
- Additional sources of funding include items such as interest, donations, rebates and administration fees amount to 3% of total funding
- The Foothills Model Forest receives additional in-kind support from its partners. In 2006/2007 this amounted to approximately $865,000.

FOOTHILLS MODEL FOREST / EXPENSES

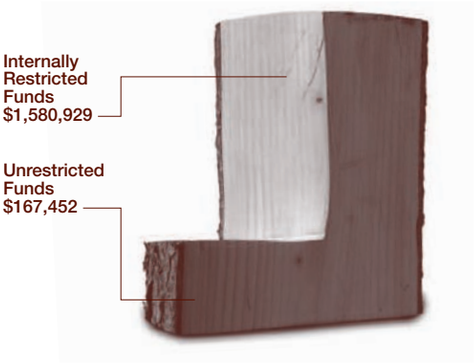
(Year ending March 31, 2007)



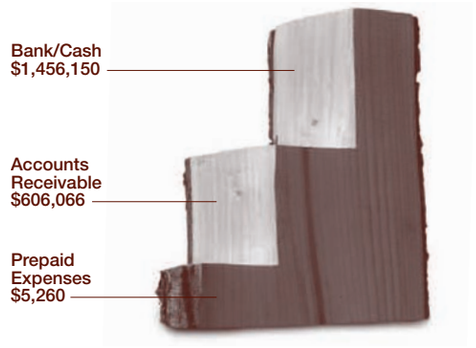
In 2006/2007, The Foothills Model Forest expenses totaled $4,766,086. Upon approval from the Foothills Model Forest Board of Directors, each project area is responsible for its own budget and expenditures. In 2006/2007 some expenses were paid using funds from the prior year's fund balances.

STATEMENT OF FINANCIAL POSITION

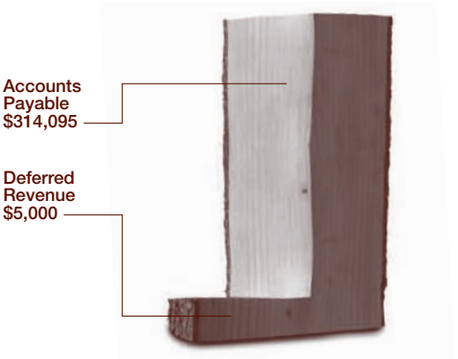
As of March 31, 2007



FUND BALANCES (As of March 31, 2007)



ASSETS (As of March 31, 2007)



LIABILITIES (As of March 31, 2007)

Board of Directors

Ron Bjorge, Executive Director, Wildlife Management Branch, Sustainable Resource Development
Rick Bonar, Chief Biologist and Planning Coordinator, Hinton Wood Products, West Fraser Mills Ltd.
Nick Burt, General Manager, Elk Valley Coal – Cardinal River Operations
Shawn Cardiff, Integrated Land Use Specialist, Jasper National Park, Parks Canada
Kyle Clifford, Area Manager, West Central Area, Tourism, Parks, Recreation and Culture
Dr. Phil Comeau, Professor, Department of Renewable Resources, University of Alberta
Bob Demulder, Integrated Landscape Management Program Manager, Alberta Chamber of Resources
Cliff Henderson, Assistant Deputy Minister, Forestry Division, Sustainable Resource Development
Ron Hooper, Superintendent, Jasper National Park, Parks Canada
John Kerkhoven, Manager, Stakeholder Relations, North American Natural Gas, Petro-Canada
Dave Kmet, Forestry Director, Alberta Forest Products Association
John Kristensen, Assistant Deputy Minister, Parks, Conservation, Recreation and Sport Division, Tourism, Parks, Recreation and Culture
Stan Lagrelle, Chief, Sunchild First Nation
Keith McClain, Science Policy and Strategy, Sustainable Resource Development
Rachelle McDonald, Special Projects Manager, Aseniwuche Winewak Nation of Canada
Jimmy O'Chiese, Foothills Ojibway Society, Chief and President
Steve Otway, Manager, Resource Conservation, Jasper National Park, Parks Canada
Gary Sargent, Manager, Resource Access, Canadian Association of Petroleum Producers
Doug Sklar, Executive Director, Forest Management Branch, Sustainable Resource Development
Dr. John Spence, Chair and Professor, Department of Renewable Resources, University of Alberta
Murray Summers, Chief Forester, West Fraser Mills Ltd.
Glenn Taylor, Mayor, Town of Hinton
Lorne West, Forestry Liaison Manager, Northern Forestry Centre, Canadian Forest Service, Natural Resources Canada

Officers

Jim Bouthillier, Legal Counsel, Foothills Model Forest, Lawyer, Shtabsky & Tussman, Barristers and Solicitors
Nicole Lawrence, Treasurer, Foothills Model Forest; Assistant Accountant, Hinton Pulp, West Fraser Mills Ltd.
Jim LeLacheur, President, Foothills Model Forest; Manager, Alberta Fibre Supply, West Fraser Mills Ltd.

Canada's Model Forest Program was established in 1992 as part of Canada's Green Plan. Over the past 15 years, the Program and its partners have advanced forest management across Canada through shared skills and combined resources. Now in the final months of its third, five-year phase, the Program looks to continue reaching important milestones along the way.

Since being assigned not-for-profit status in May 2006, the Canadian Model Forest Network has provided local communities and diverse partners with the opportunity to continue to make advancements and improvements to forest management and community sustainability in Canada.

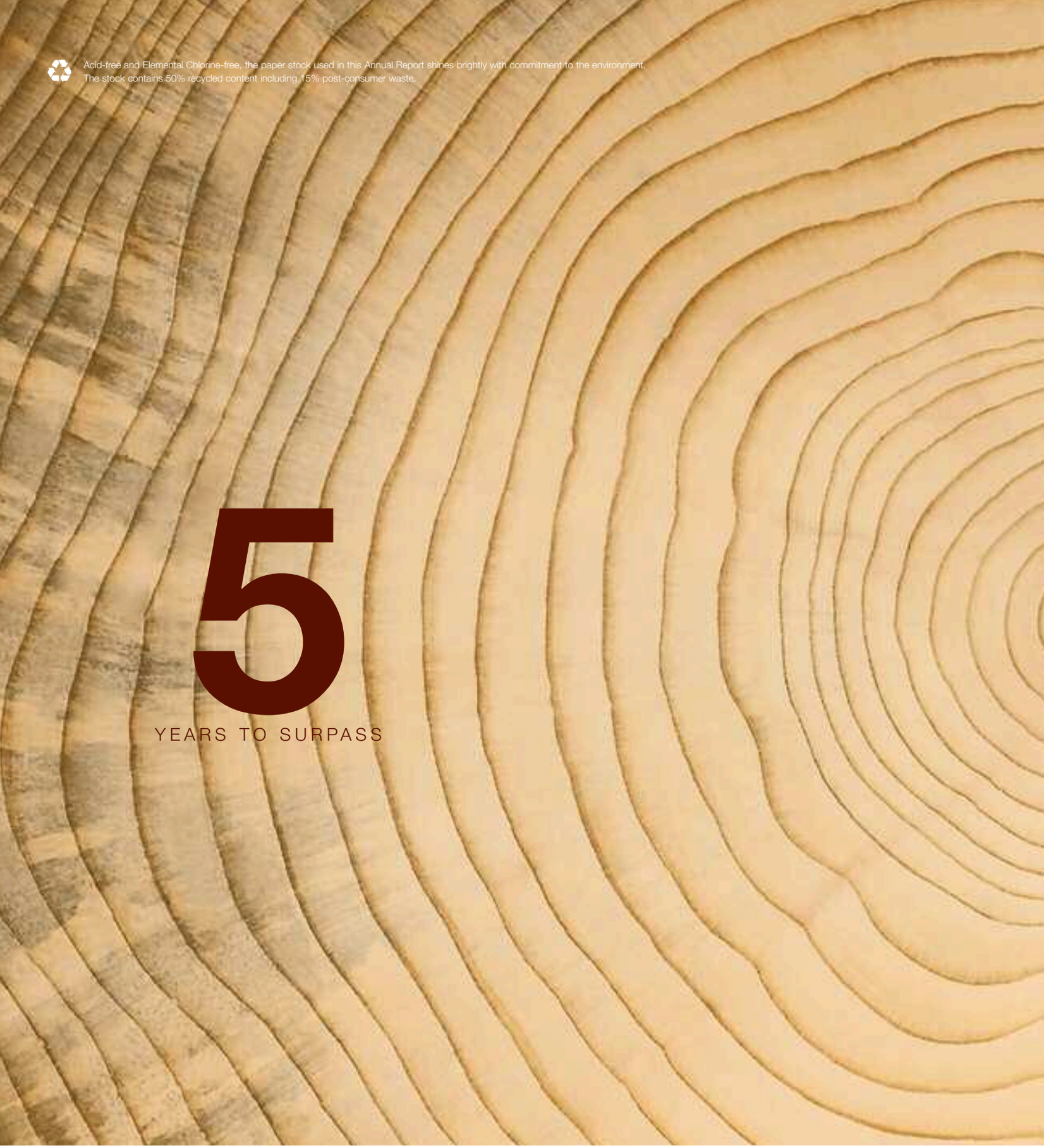
In June 2006, Natural Resources Canada launched its Forest Communities Program and Foothills Model Forest has applied to become a representative site. In addition, selected sites within the Forest Communities Program will be members of the Canadian Model Forest Network.

While Canada's Model Forests are in a period of transition, Foothills Model Forest is fortunate that three of its four core sponsoring partners: Alberta Sustainable Resource Development, Jasper National Park and West Fraser Mills Ltd. are committed to the continuation of the Foothills Model Forest organization beyond March 31, 2007.

1. McGregor Model Forest
2. Foothills Model Forest
3. Prince Albert Model Forest
4. Manitoba Model Forest
5. Lake Abitibi Model Forest
6. Waswanipi Cree Model Forest
7. Eastern Ontario Model Forest
8. Bas-Saint-Laurent Model Forest
9. Fundy Model Forest
10. Nova Forest Alliance
11. Western Newfoundland Model Forest

Canada

Please watch for our future name change:
Foothills Research Partnership Ltd.



Acid-free and Elemental Chlorine-free, the paper stock used in this Annual Report shines brightly with commitment to the environment. The stock contains 50% recycled content including 15% post-consumer waste.

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YEARS TO SURPASS

foothills
MODEL FOREST
research growing into practice.

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