



**Fondation  
Hydro-Québec  
pour l'environnement**

Annual Report 2005



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On the cover, La Grande plée Bleue, a 15-km<sup>2</sup> peat bog near Lévis.  
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## Message from Management

The Fondation Hydro-Québec pour l'environnement is an expression of Hydro-Québec's intention to contribute to the enhancement and long-term protection of the environment in a spirit of good corporate citizenship.

We received 84 proposals in 2005 and selected 20 of them, providing over \$1 million in funding for projects in 13 administrative regions of Québec. Since the inception of the Foundation, 70 projects have now benefited from our financial support.

This year, many of our partners focused on protecting wetlands and educating the public about these important but fragile ecosystems. After reading this Annual Report, you will no doubt have a better appreciation of the enthusiasm and energy of these organizations and a fuller understanding of the tangible results they have achieved in preserving biodiversity, protecting vital habitats and restoring degraded natural areas.

You will also see that 2005 was a year in which we clarified our mission and fine-tuned our approach and procedures. After five years of operation, we felt it was time to review our past performance and make the improvements that would enable us to be more effective in helping local communities take charge of the preservation and enhancement of their natural heritage. We wish to extend our thanks to the many environmental organizations who responded to our survey, and to the environmental foundations and donor agencies in Québec who kindly shared their experience and expertise with us.

While leaving our basic mission intact, we have made improvements that will raise the quality of the support we offer for the remarkable work of the organizations we are proud to call partners.



Marie-José Nadeau

President  
Fondation Hydro-Québec pour l'environnement



Catherine Leconte

Executive Director  
Fondation Hydro-Québec pour l'environnement

## A Word About the Changes in Our Approach

From the time the Foundation began operation in 2001 until 2005, we have accepted applications for programs that promoted projects dealing primarily with animal and plant species that are at risk, and with habitat acquisition.

In the future, the Foundation will put more emphasis on projects that reflect local communities' willingness to undertake the stewardship of the natural environments where they are likely to have an impact.

Any project that supports the Foundation's mission, contributes to the achievement of its objectives and complies with its principles is eligible for the Foundation's grants.

### **Mission**

The Fondation Hydro-Québec pour l'environnement is a nonprofit organization whose mission is to help Québec communities develop a sense of ownership of their environment, enjoy it responsibly and pass on their natural heritage to future generations.

### **Objectives**

The Foundation funds concrete initiatives that have positive environmental and social impacts and that serve the interests of local communities throughout Québec. It partners with local organizations on projects designed to:

- protect, restore and enhance natural environments
- educate target publics about local environmental issues

These two objectives go hand in hand: a protection or rehabilitation project will have no future if the people likely to have impacts on the site do not feel involved in the project's environmental issues. On the other hand, the message of an awareness-raising or educational activity will go unheeded if it does not give people ways to make a difference in their environment.

Educating the public about general environmental issues is not part of the Foundation's mission; we support projects that are likely to have direct impacts on specific natural areas. Educational projects satisfy this criterion if they focus on target publics who could have a tangible positive effect on the natural environment around them if they changed their behavior.

### **Principles**

- Support local initiatives that reflect the desire of local communities to take charge of their environment
- Focus on joint projects that have the active support of a number of partners
- Fund initiatives with positive and tangible environmental and social impacts

Projects whose main objective is not strictly environmental may be submitted to the Foundation if they have a significant and relevant environmental component and do not involve any risk for sensitive environmental elements in the area concerned. Only the environmental component will be eligible for grants from the Foundation.



## Review of Operations

In 2005, the Foundation supported 20 projects by nonprofit organizations endeavoring to conserve and enhance Québec's natural heritage. These organizations help to protect fragile species, preserve their habitats, and make local communities aware of environmental issues related to their surroundings.

In all, since its creation in 2001, the Foundation has contributed \$4.1 million to projects that affected 16 of the 17 administrative regions in Québec.

The projects supported in 2005 were selected according to the process in effect before the changes in our grant application framework, which now focuses on developing community stewardship of the natural environment. This change is part of an ongoing process, as the Foundation has always supported projects that will have a significant impact on the conservation of our natural heritage.

To illustrate this continuity, the *Annual Report 2005* lists all of the projects funded since 2001 on the basis of their benefits for the natural environment. Our partners' achievements will now be classified based on the three types of natural habitat targeted by the Foundation, plus educational and awareness-raising projects.

Previous annual reports have always stated the area of wetlands in projects, regardless of the type of operation. For the other ecosystems, we noted the area only for land acquisition and voluntary conservation programs. From now on, the area will be stated for all classes of ecosystems and all types of projects—conservation, rehabilitation or enhancement.

### Grant Distribution by Class

	Number of Projects		Amount Granted to Partners (\$)	
	2005	Since 2001	2005	Since 2001
Lands and forests	4	17	197,800	1,045,258
Rivers and lakes	4	19	356,700 <sup>1</sup>	1,246,225
Wetlands	7	23	309,100	1,493,795
Education and awareness	5	11	163,990	316,701
<b>Total</b>	<b>20</b>	<b>70</b>	<b>1,027,590</b>	<b>4,101,979</b>

<sup>1</sup> Includes the \$160,500 contribution to the project, begun in 2003, to reintroduce striped bass into the St. Lawrence River.

### Protection, restoration and enhancement of lands and forests

Since 2001, many projects, including four in 2005, focused on lands and forests. About ten involved enhancement, while six others preserved specific sites through land acquisition, creation of servitudes or the signing of voluntary conservation agreements. For some areas, such as the Pointe Saint-Gilles woodland, several projects have been funded by the Foundation over the years. In these cases, the areas concerned have been included in the table below only once.

### Lands and Forests Protected by Partners of the Foundation

Year	Area (ha)
2001	168
2002	550
2003	—
2004	474
2005	184
<b>Total</b>	<b>1,376</b>

**Bunchberry and cup moss**  
Typical boreal forest floor  
Planned Vaudray  
and Joannès Lakes  
biodiversity reserve  
(Abitibi-Témiscamingue)



## Protection, restoration and enhancement of rivers and lakes

In the past five years, 19 projects, including four in 2005, dealt with rivers and lakes. Some protected aquatic resources, others restored or developed river stretches. Of the 89 rivers and lakes targeted since 2001, some have benefited from several projects by the Foundation's partners. An organization known as RAPPEL was mainly responsible for the high total for 2001: this is because this is the first time we are reporting on projects by quantifying their benefits for the targeted natural areas. RAPPEL is an umbrella organization for associations of waterfront landowners on lakes and rivers in the Eastern Townships and along the upper Saint-François River. Every year, it coordinates and promotes the replanting of stretches of lakeshores and riverbanks. Shoreline restoration for a lake or river may be spread over several years. For the purposes of this report, each river or lake was only counted once.

### Rivers and Lakes Protected by Partners of the Foundation

Year	Number of Rivers	Number of Lakes	Total Number of Rivers and Lakes
2001	5	46	51
2002	3	2	5
2003	4	3	7
2004	16	1	17
2005	8	1	9
<b>Total</b>	<b>36</b>	<b>53</b>	<b>89</b>

## Protection, restoration and enhancement of wetlands

Since 2001, the Foundation has funded 23 projects involving marshes, bogs, lagoons, flooded forests, etc. 2005 was a particularly busy year with seven projects—acquisitions, voluntary conservation initiatives, restoration and enhancement—which protected 2,638 ha of wetlands. Some areas, such as the Johnville Woodland, Portneuf Sandbank and Kingsbury Marsh, have had several projects funded. Here again, the areas in question were only counted once.

### Wetlands Protected by Partners of the Foundation

Year	Area (ha)
2001	—
2002	805
2003	1,558
2004	374
2005	2,638
<b>Total</b>	<b>5,375</b>

## Education and awareness

Since its inauguration, the Foundation has supported 11 education and awareness projects dealing with the local environment. There were five in 2005. These projects endeavored to stimulate the public's curiosity and interest in the local environment, thereby promoting responsible behavior.

Year	Number of Projects	Land and Forest Projects	Wetland Projects	River and Lake Projects
2001	3	✓	✓✓	
2002	—			
2003	2	✓	✓	✓✓
2004	1			✓✓
2005	5	✓✓✓	✓✓✓	✓✓✓
<b>Total</b>	<b>11</b>			

**Peat bog**  
Planned Vaudray  
and Joannès Lakes  
biodiversity reserve  
(Abitibi-Témiscamingue)



## Protection of threatened and vulnerable species or species likely to be so designated

In 1996, the Québec government adopted a biodiversity strategy and action plan, confirming its adherence to the principles and objectives of the United Nations Convention on Biological Diversity.<sup>1</sup> The Foundation participates in the follow-up to this action plan by compiling the data supplied by its partners on the species and ecosystems involved in their projects.

In 2005, ten species designated threatened or vulnerable, according to the classification in the *Act respecting threatened or vulnerable species*,<sup>2</sup> benefited from projects set up by organizations supported by the Foundation. In all, since 2001, the Foundation has contributed to the survival of 21 of the 77 plant and animal species legally designated threatened or vulnerable in Québec, or 27.3%.

The projects selected in 2005 helped to protect 36 species likely to be designated threatened or vulnerable because of the precariousness of their habitat.

### Number of Threatened or Vulnerable Species Total for 2001–2005 Projects\*

Extirpated community	1
Threatened or vulnerable species	21
Species likely to be designated threatened or vulnerable	66

\* Each species is counted only once although some have benefited from several projects.

1. Adopted in June 1992 at the Earth Summit in Rio de Janeiro, the Convention on Biological Diversity was ratified in December 1993 by some 30 countries and over 70 more have ratified it since then. This international agreement gives equal importance to the sustainable use of resources and conservation. It covers the entire living world, not just wild plants and animals.

2. Adopted by the Québec government in 1989, the *Act respecting threatened or vulnerable species* provides for a designation process in which a threatened species is one whose extirpation is feared, and a vulnerable species is one whose survival is precarious, but for which extirpation is not expected.

### Number of Projects Supported – Threatened or Vulnerable Species

Species	Status	2005	2004	2003	2002	2001	2001–2005
<b>Plants</b>							
wild garlic	v	1 <sup>[c]</sup>	2		3	1	7
puttyroot	t		1		1	2	4
Gulf of St. Lawrence aster	t					1	1
Fernald's milk-vetch	t	1 <sup>[b]</sup>					1
false hop sedge	t		1	1			2
broom crowberry	t					1	1
dwarf huckleberry	t			1		1	2
Victorin's gentian	t			1			1
American ginseng	t	1 <sup>[c]</sup>	2		3		6
broad beech fern	t		1		1		2
<b>Fish</b>							
American shad	v		1				1
channel darter	v	1 <sup>[c]</sup>					1
<b>Birds</b>							
golden eagle	v	2 <sup>[d,f]</sup>			1		3
anatum peregrine falcon	v	3 <sup>[c,d,f]</sup>	1				4
horned grebe	t	1 <sup>[d]</sup>		1		1	3
loggerhead shrike	t					1	1
piping plover	t	1 <sup>[f]</sup>				1	2
bald eagle	v	4 <sup>[a,c,d,e]</sup>	2				6
<b>Reptiles</b>							
wood turtle	v	1 <sup>[c]</sup>	1		1		3
spiny softshell turtle	t			1		1	2
<b>Amphibians</b>							
western chorus frog	v		1	1		1	3
<b>Number of species</b>		<b>10</b>	<b>10</b>	<b>6</b>	<b>6</b>	<b>10</b>	<b>21</b>

■ Change in status (2005)

t Species threatened (extirpation feared)

v Species vulnerable (at risk, extirpation not expected)

The letters in brackets refer to the partners listed below the photograph.

### Horned grebe

A threatened species, found in the Réserve naturelle des Marais-du-Nord (Québec City)

### Species Likely to Be Designated Threatened or Vulnerable – Foundation-Supported Projects, 2005

#### Plants

green-mountain maidenhair fern<sup>[c]</sup>  
Aleutian maidenhair fern<sup>[c]</sup>  
thin-stem lady's mantle<sup>[b]</sup>  
dragon's mouth<sup>[c,n]</sup>  
savory-leaved aster<sup>[n]</sup>  
hairy-leaved sedge<sup>[c]</sup>  
Bailey's sedge<sup>[c]</sup>  
prickly hornwort<sup>[c]</sup>  
dense whitlow-grass<sup>[b]</sup>  
male-fern<sup>[b]</sup>  
Robbins spikerush<sup>[c]</sup>

boreal fescue<sup>[b]</sup>  
closed gentian<sup>[c]</sup>  
four-part gentian<sup>[b]</sup>  
spurred gentian<sup>[b]</sup>  
southern twayblade<sup>[a]</sup>  
wood muhly<sup>[c]</sup>  
white-fringed orchid<sup>[a,n]</sup>  
marshpepper smartweed<sup>[c]</sup>  
Torrey's bulrush<sup>[c]</sup>  
hidden-fruited bladderwort<sup>[b]</sup>  
Virginia chain fern<sup>[b]</sup>

#### Birds

sharp-tailed sparrow<sup>[e]</sup>  
Barrow's goldeneye<sup>[a,c]</sup>  
short-eared owl<sup>[a,f]</sup>  
golden-winged warbler<sup>[c]</sup>  
least bittern<sup>[c]</sup>  
yellow rail<sup>[e]</sup>

#### Mammals

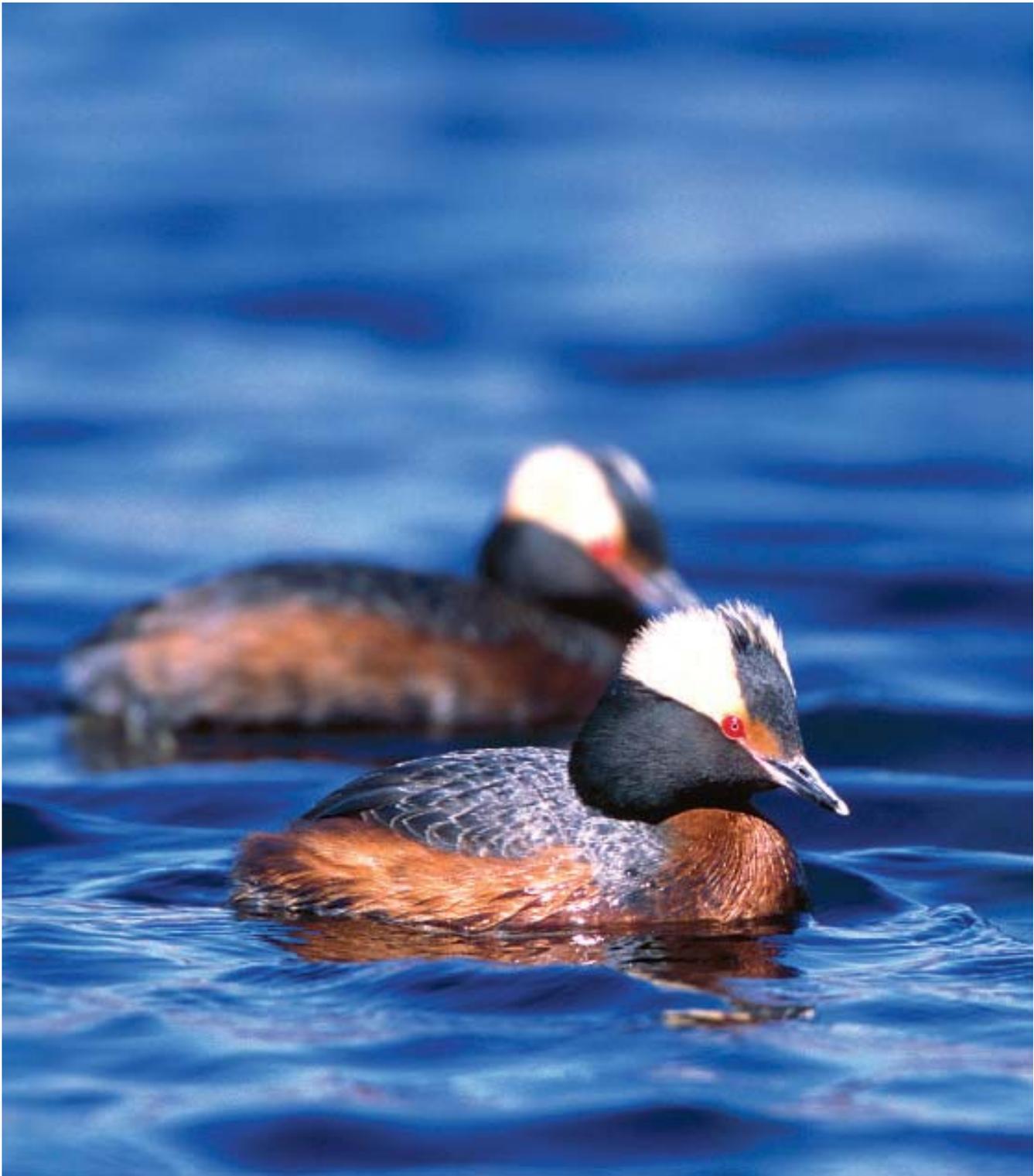
mountain lion<sup>[c]</sup>  
bobcat<sup>[c]</sup>  
smoky shrew<sup>[c]</sup>  
pigmy shrew<sup>[c]</sup>

#### Amphibians

pickereel frog<sup>[c,e]</sup>  
four-toed salamander<sup>[c,n]</sup>  
spring salamander<sup>[c]</sup>  
northern dusky salamander<sup>[c,n]</sup>

### Project to Reintroduce an Extirpated Community

**Fish**  
striped bass<sup>[n]</sup>



**Partners in 2005**

- [a] Comité de protection et de mise en valeur du banc de Portneuf
- [b] Comité ZIP Côte-Nord du Golfe
- [c] Société de conservation du corridor naturel de la rivière au Saumon (SCNRS)
- [d] Association pour la protection de l'environnement du lac Saint-Charles et des Marais du Nord (APEL)
- [e] Comité du marais de Kingsbury (MAKI)
- [f] Parc Nature de Pointe-aux-Outardes
- [g] Ducks Unlimited Canada
- [h] Conseil régional de l'environnement du Centre-du-Québec
- [i] Société de conservation des milieux humides du Québec (SCMHQ)
- [j] Les Amis du boisé de la Pointe Saint-Gilles
- [k] Parc de la rivière Batiscan
- [l] Fédération québécoise de la faune (2005 section of a project accepted in 2003)



## Locations of Projects Supported by the Foundation in 2005

### Lands and Forests

- 1 Mount Parent, Blanc-Sablon
- 2 Pointe Saint-Gilles woodland, Baie-Comeau
- 3 Rivière au Saumon natural corridor, Orford
- 4 The "Chouette à voir" centre, Saint-Jude

### Rivers and Lakes

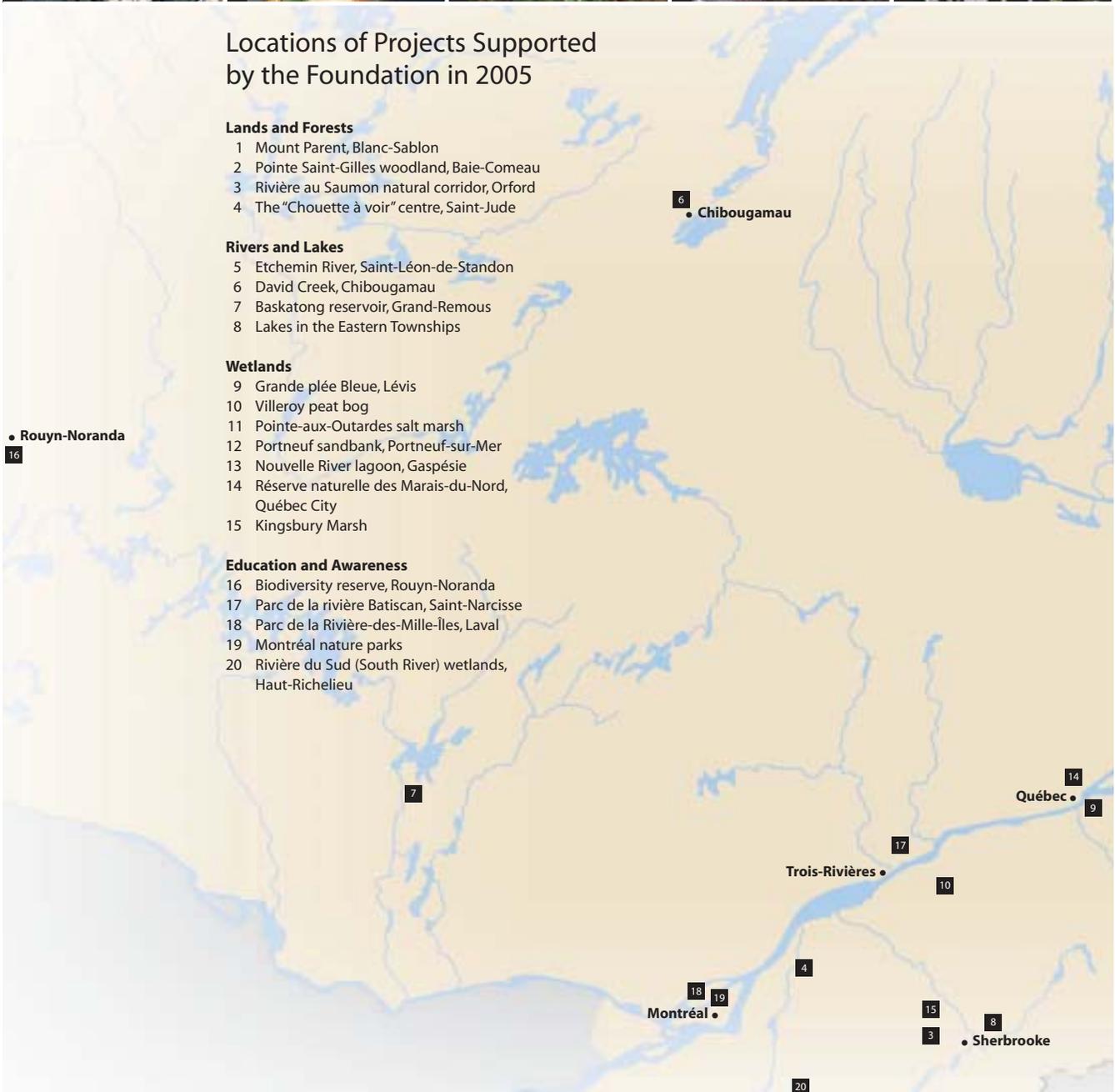
- 5 Etchemin River, Saint-Léon-de-Standon
- 6 David Creek, Chibougamau
- 7 Baskatong reservoir, Grand-Remous
- 8 Lakes in the Eastern Townships

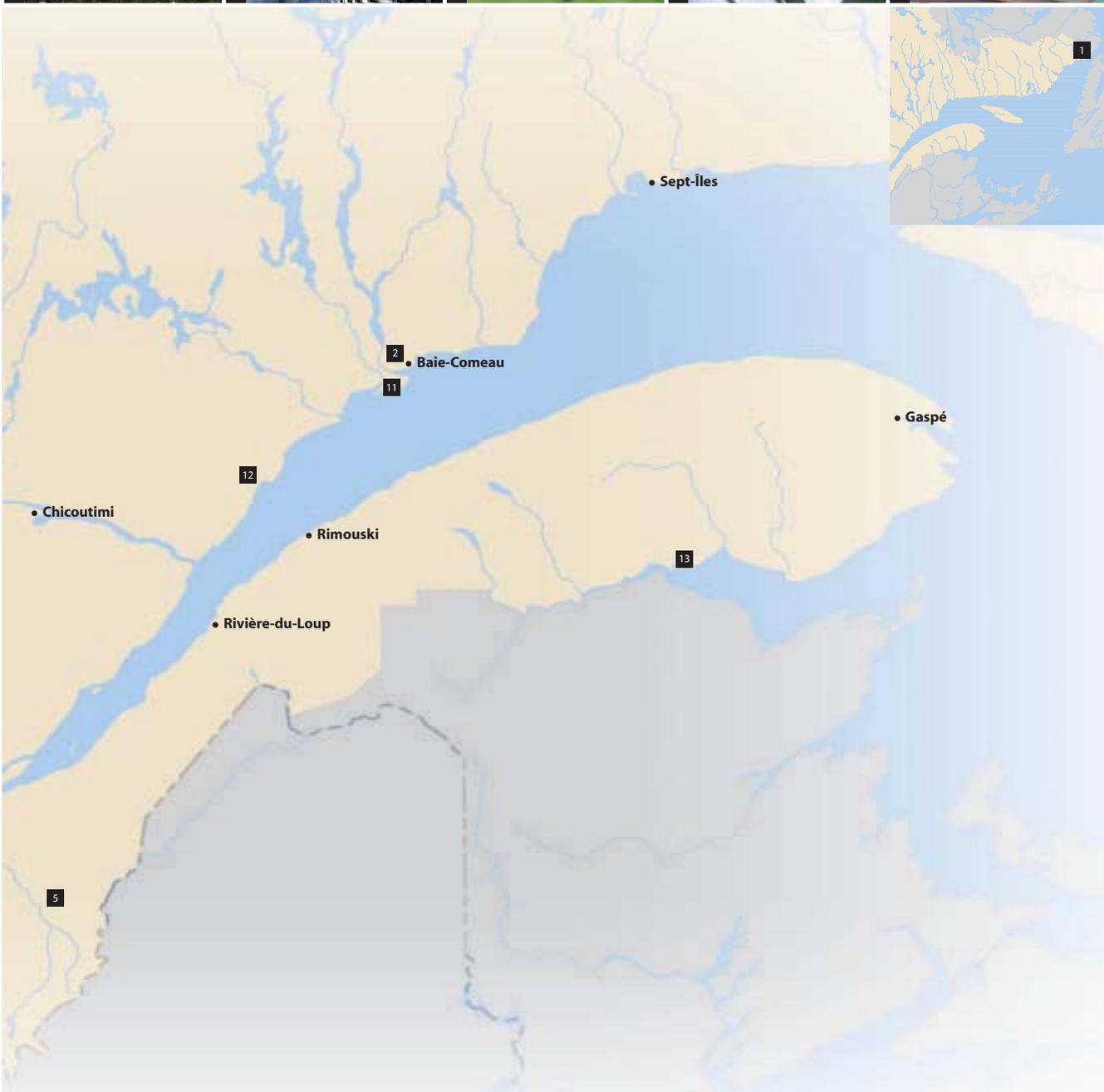
### Wetlands

- 9 Grande plée Bleue, Lévis
- 10 Villeroy peat bog
- 11 Pointe-aux-Outardes salt marsh
- 12 Portneuf sandbank, Portneuf-sur-Mer
- 13 Nouvelle River lagoon, Gaspésie
- 14 Réserve naturelle des Marais-du-Nord, Québec City
- 15 Kingsbury Marsh

### Education and Awareness

- 16 Biodiversity reserve, Rouyn-Noranda
- 17 Parc de la rivière Batiscan, Saint-Narcisse
- 18 Parc de la Rivière-des-Mille-Îles, Laval
- 19 Montréal nature parks
- 20 Rivière du Sud (South River) wetlands, Haut-Richelieu





## Lands and Forests

Project	Area (ha)	Partner	Estimated Total Budget (\$)	Foundation Contribution (\$)
Rehabilitation and enhancement of the Fernald's milk-vetch habitat	13	Comité ZIP Côte-Nord du Golfe	109,750	73,800
Biodiversity enhancement of the Pointe Saint-Gilles woodland	110	Les Amis du boisé de la pointe Saint-Gilles	49,800	24,000
Conservation of the Rivière au Saumon natural corridor and drainage basin	43	Société de conservation du corridor naturel de la rivière au Saumon (SCCNRS)	348,650	50,000
Purchase and enhancement of land adjacent to the UQROP summer interpretation site	18	Union québécoise de réhabilitation des oiseaux de proie (UQROP)	65,000	50,000
<b>Total</b>	<b>184</b>		<b>573,200</b>	<b>197,800</b>

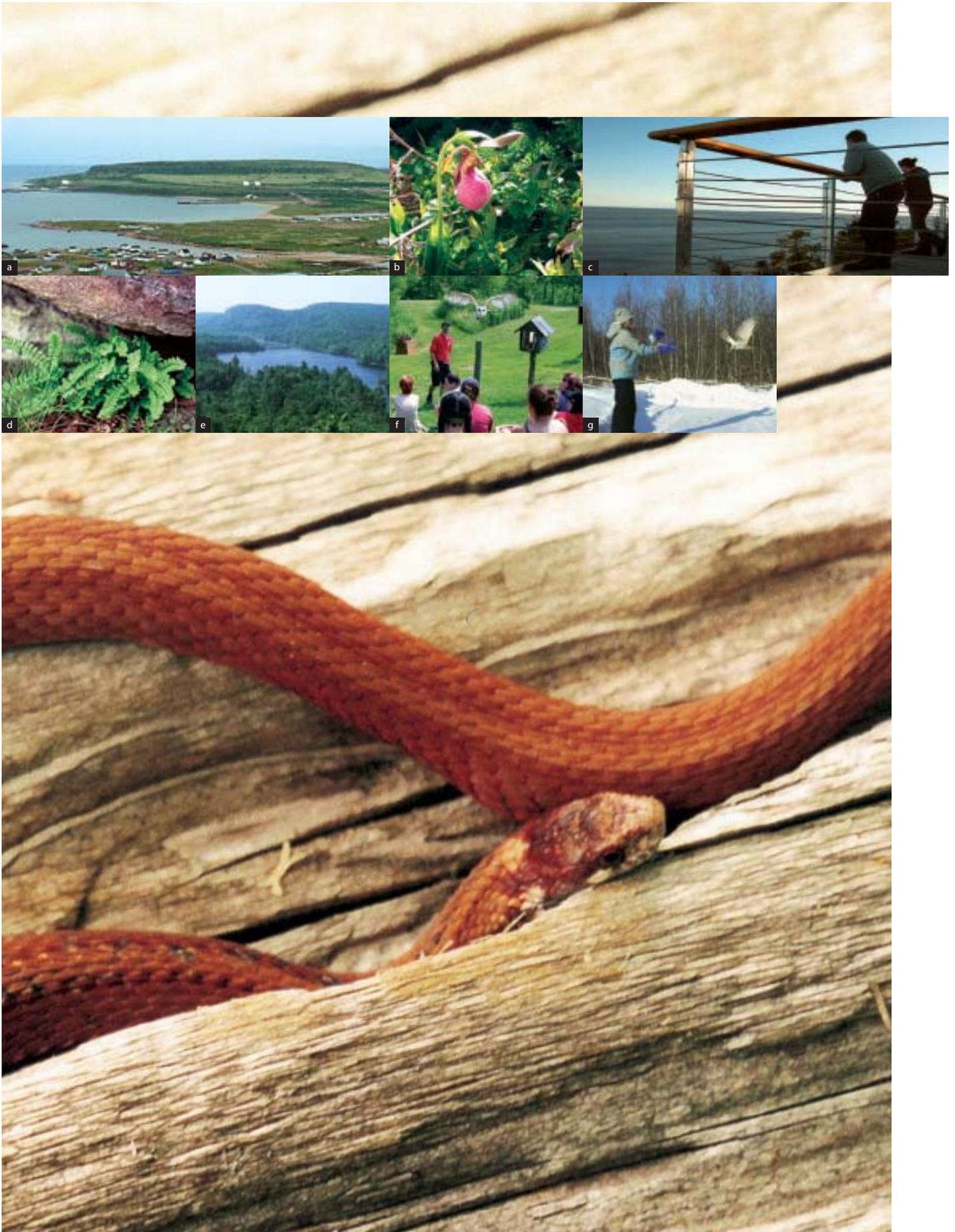
Mount Parent, between the villages of Blanc-Sablon and Lourdes-de-Blanc-Sablon, sustained heavy damage from the development of an illegal quarry and frequent recreational vehicle traffic. This is one of the rare habitats of Fernald's milk-vetch. This tundra plant is considered threatened in Québec, where it exists only in a 6-km<sup>2</sup> area, and is a species of special concern in Canada. The project consists of site rehabilitation and a walking tour for the local public to encourage their involvement in its protection. An interpretation trail will promote visitor awareness of its ecological value and fragility.

The Amis du boisé de la pointe Saint-Gilles also hope to protect this large public park in urban Baie-Comeau by encouraging the public to appreciate and steward their environment. The Saint-Gilles woodland contains outstanding examples of lake, forest and marine environments along the St. Lawrence River. For the second consecutive year, the Foundation contributed to the development of walking trails and site enhancement. Formerly a logging area belonging to Abitibi-Consolidated, the park is criss-crossed by trails that can only be safeguarded by users who respect its biodiversity.

In the Eastern Townships, the Société de conservation du corridor naturel de la rivière au Saumon (SCCNRS) is endeavoring to preserve an area that is fairly inaccessible and little disturbed by human activity but that has substantial ecological value. Between Mount Orford to the south and Kingsbury to the north are 290 km<sup>2</sup> of diverse natural environments, including seven exceptional forest ecosystems and three "refuge forests" for threatened animal species. This is the Foundation's third consecutive year of supporting the SCCNRS's ambitious private stewardship project: funding was granted to purchase land that is strategically important for development of future conservation servitudes.

Land acquisition was also the reason for the grant to the Union québécoise de réhabilitation des oiseaux de proie (UQROP, or union for the rehabilitation of birds of prey). The "Chouette à voir" centre in the Montérégie region near Saint-Jude is a hospital for injured birds of prey and has aviaries for birds that are permanently handicapped. Surrounded by a private woodland, the shelter has already received funding from the Foundation. This time, it was used to consolidate the current perimeter (7 ha) to maintain a tranquil environment for the birds by purchasing 18 ha of adjacent woodland, now zoned for farming and subject to clear-cutting. An application will then be made to recognize the site as a "nature reserve on private land".

**Red-bellied snake**  
At the edge of a maple stand in the Rivière au Saumon watershed (Eastern Townships)



## Rivers and Lakes

Project	Number of Rivers and Lakes	Partner	Estimated Total Budget (\$)	Foundation Contribution (\$)
Improvement of brook trout spawning potential in the Etchemin River	2 rivers 5 creeks	Comité de restauration de la rivière Etchemin (CRRE)	109,550	87,200
Restoration, development and conservation of David Creek and a Chibougamau Lake tributary	1 creek	FaunENord	37,730	32,000
Walleye conservation in Baskatong reservoir	1 lake	La Pêche sportive du réservoir Baskatong inc.	416,900	39,000
Shoreline renaturalization ... a conservation project to protect my lake!	5 lakes	Regroupement des associations pour la protection de l'environnement des lacs et des cours d'eau de l'Estrie et du haut bassin de la rivière Saint-François (RAPPEL)	133,500	38,000
<b>Total</b>	<b>6 lakes 8 streams</b>		<b>697,680</b>	<b>196,200</b>

Two projects involve wildlife development and restoration of aquatic and riparian habitats along natural sport fishing routes.

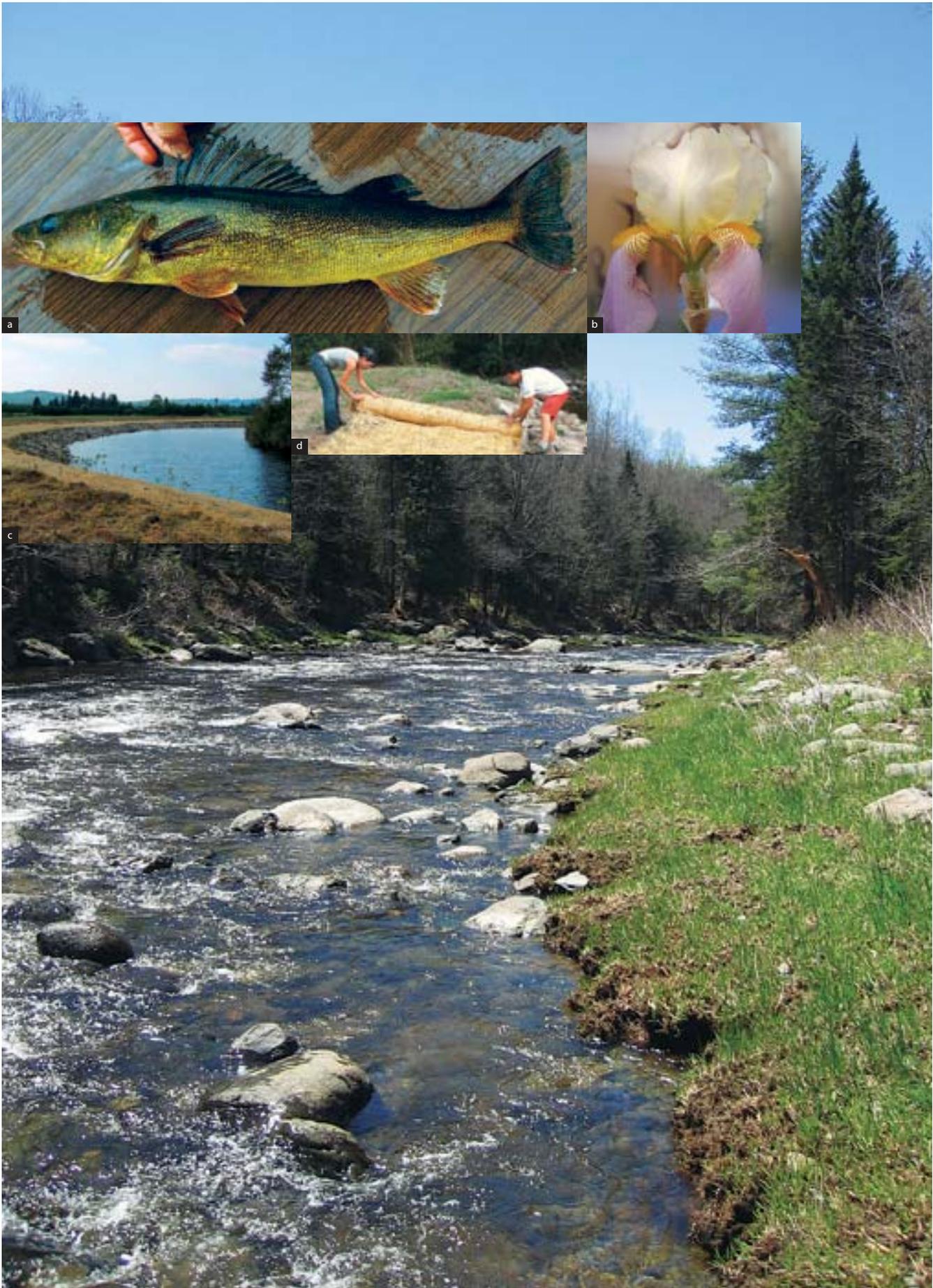
In the Mount Orignal area of the Chaudière-Appalaches region, bank stabilization with reforestation and development of weirs, baffles and spawning areas will improve brook trout spawning potential in the Etchemin River. This will enable CRRE, which has been working for over ten years to restore this degraded river and create a feeling of ownership among the local citizens, to facilitate public access to the river and open up a fishing trail, a strong symbol of the restoration of quality in this aquatic environment.

In Chibougamau, David Creek (a tributary of Gilman Lake) and the surrounding forest are already favorite spots for anglers, and sport fishing is an important part of the Northern Québec economy. With its diverse ecosystems, the area has suitable locations for development of spawning grounds, nesting areas for waterfowl and bats, and structures that attract small mammals, amphibians and reptiles. Interpretation signs will be set up along trails to encourage users to respect the biodiversity.

To protect walleye, the administrators of the Baskatong reservoir community wildlife reserve also hope to promote public awareness and good fishing practices. A valued destination for anglers, this easily accessible body of water is increasingly popular with cottagers and campers. The walleye fishery at the water's edge can now receive visitors: tourists, anglers, students from the Pierre-Neveu and Hauts-Bois-de-l'Outaouais school boards, and others. A permanent exhibit on the walleye's life cycle will explain why and how to protect the species' habitats and release undersized fish in the catch back into the water.

The Foundation also supported, for the third time, the grassroots work by RAPPEL to counter shoreline artificialization and protect water bodies in the Eastern Townships. The poor practices of waterfront landowners constitute one of the main causes of erosion, silting, pollutant infiltration and algae proliferation in the lakes. The renaturalization guide, a practical tool that describes the principles and techniques of bank replanting, will spearhead the education campaigns conducted every year with on-site demonstrations for landowner associations. The first edition of this guide received funding in 2001. It is in such demand that it will be updated and 20,000 copies will be published.

**Etchemin River**  
Mount Orignal sector  
(Chaudière-Appalaches)



## Wetlands

Project	Area (ha)	Partner	Estimated Total Budget (\$)	Foundation Contribution (\$)
Conservation of the Grande plée Bleue	1,110	Ducks Unlimited Canada	918,500	174,000
Protection and enhancement of the Villeroy peat bog	800	Conseil régional de l'environnement du Centre-du-Québec	40,300	13,100
Educational workshops on ATV use to protect the Pointe-aux-Outardes salt marsh	491	Parc Nature de Pointe-aux-Outardes	45,300	15,000
Protection and enhancement of the Portneuf sandbank	171	Comité de protection et de mise en valeur du banc de Portneuf	103,300	12,000
Protection of wetlands in the Nouvelle River estuary	45	Société de conservation des milieux humides du Québec (SCMHQ)	102,000	50,000
Protection and enhancement of the Réserve naturelle des Marais-du-Nord	20	Association pour la protection de l'environnement du lac Saint-Charles et des Marais-du-Nord (APEL)	65,000	25,000
Enhancement of Kingsbury marsh	45	Comité du marais de Kingsbury (MAKI)	83,000	20,000
<b>Total</b>	<b>2,682</b>		<b>1,357,400</b>	<b>309,100</b>

Two projects were aimed at preserving ecosystems that are extremely rich in the diversity of their plant habitats and are vitally important for birds: the Grande plée Bleue and the Grande-tourbière-de-Villeroy, the last great natural peat bogs in densely populated southern Québec.

Located in the municipality of Lévis, the Grande plée Bleue is the largest wetland in the Chaudière-Appalaches region. This network of over 650 ponds contains a multitude of ecological niches where various species of birds can feed, find shelter and breed. The bog also offers favorable habitats for many other species of animals. The project consists in acquiring land, collecting donations for ecology or creating conservation servitudes on an 11-km<sup>2</sup> conservation perimeter around what will become an ecological reserve, a true "natural museum" for conservation and scientific research. A buffer zone around it will educate the public by bringing people into contact with an essentially untouched environment only kilometres away from metropolitan Québec City. A complementary educational program will explain the underlying conservation issues of this project to schoolchildren in the area.

The Grande-tourbière-de-Villeroy, about 800 hectares in area, is 80% public land. Its management was entrusted to the RCM of De l'Érable in 2003 and it is in the process of being designated a protected area. The project supported by the Foundation will help to preserve the integrity of the peat bog by encouraging adjacent landowners to sign voluntary conservation agreements and by educating users of the area (hunters, all-terrain vehicle users, etc.) about the fragility of this ecosystem with signs and information on the site.

**Portneuf Sandbank**  
Portneuf-sur-Mer  
(North Shore)



Two other projects will educate users in order to protect fragile environments in the upper North Shore region.

Parc Nature de Pointe-aux-Outardes and other salt marshes in the Manicouagan peninsula sustain considerable damage from repeated ATV traffic. All-terrain vehicles disturb animals and compact soil to the point of totally eliminating vegetation, which aggravates shore erosion. One of the projects consists in preparing workshops to be given at ATV clubs, at ATV dealerships, in municipalities and at area schools to promote more environmentally respectful behavior. Hopefully, the use of these highly sensitive natural areas will eventually be reduced: they play an essential role in the life cycle of fish, birds and mammals, especially during breeding season.

The other project is a follow-up to an initiative already supported by the Foundation in 2004 to protect the Portneuf sandbank by improving management of recreational activities in the area. A three-kilometre-long sandbar, dunes and a salt marsh make up this outstanding site, which was designated an Important Bird Area (IBA) in 1996 and sometimes suffers from excessive use because it is so close to the municipality of Portneuf-sur-Mer and Route 138. The project will mark ATV trails, restore grassbeds and introduce an educational program designed to get grade 5 and 6 students involved in protecting and preserving the site. Hopefully this will have a mobilizing effect on the rest of the population.

Another salt marsh, the Nouvelle River lagoon on the Gaspé Peninsula, is an important habitat for three endangered species of birds that dwell in the Chaleur Bay area where the coastal wetlands are threatened with conversion to farming. The project consists of purchasing 45 hectares of land to double the size of the existing conservation area and keep it in one piece.

Two other projects involve rehabilitation and enhancement of marshes that are already protected. The first deals with the Marais-du-Nord nature reserve on private land, which forms a 20-hectare belt around Charles-Talbot Bay on Lake Saint-Charles. This area contains a transitional forest/water environment that feeds numerous species of animals. The goal of the project is to restore this remarkable environment to its natural state; it is just 15 minutes away from downtown Québec City. The reserve will remain open to the public, but to maintain total and effective protection, the old logging trails will be closed and reforested to improve control over access to the shoreline. Developed habitats will replace the animal habitats that have been destroyed or modified by humans, eroded banks will be stabilized and renaturalized, and sections of the bay will be restored. Since this environment serves as a natural filter for Lake Saint-Charles, which supplies 300,000 citizens with drinking water, its restoration will benefit the entire community.

The second project involves Kingsbury Marsh. Located on the Rivière au Saumon in the Eastern Townships, this marsh is protected by voluntary conservation agreements that were signed under a previous initiative completed with the Foundation's support. The project will complete the walking trail loop and install interpretation signs about local animals and plants in the hope of educating visitors—particularly school groups, for which a program of tours is being planned—about the ecological value of wetlands and sustaining the conservation work already completed.

**Green cottongrass**  
Grande-tourbière-  
de-Villeroy  
(Central Québec)



## Education and Awareness

Project	Partner	Estimated Total Budget (\$)	Foundation Contribution (\$)
Inhabited biodiversity reserve	Association forestière de l'Abitibi-Témiscamingue inc. (AFAT)	105,550	70,550
Public awareness of the vulnerability of the aquatic and riparian species in Parc de la rivière Batiscan	Parc de la rivière Batiscan	30,700	15,700
Educational kit for observing insects in Parc de la Rivière-des-Mille-Îles	Éco-Nature	46,880	32,740
A series of paying activities to be offered over the next two years	Groupe uni des éducateurs-naturalistes et professionnels en environnement (GUEPE)	39,600	20,000
Teacher training program on the Rivière du Sud (South River) wetlands	Ducks Unlimited Canada	82,000	25,000
<b>Total</b>		<b>304,730</b>	<b>163,990</b>

All the educational projects funded in 2005 were intended to help park or conservation area administrators encourage their target publics to respect the natural environment.

For thirty years, the Association forestière de l'Abitibi-Témiscamingue has run the Centre éducatif forestier du lac Joannès, organizing exhibits, training workshops and guided walks to bring the general public closer to the woodland environment. The Centre is in the heart of a vast public land that should soon be recognized as an inhabited protected area, the Vaudray and Joannès Lakes biodiversity reserve. As part of the project, the education centre will mount a permanent exhibit on conservation, sustainable development and the creation of protected areas. Special emphasis will be on the features of the local natural environment and the need for users to change their environmental habits to protect the future reserve. Some 600 people live in the area, which also receives thousands of visitors every year (hunters, trappers, anglers, ATV enthusiasts and hikers).

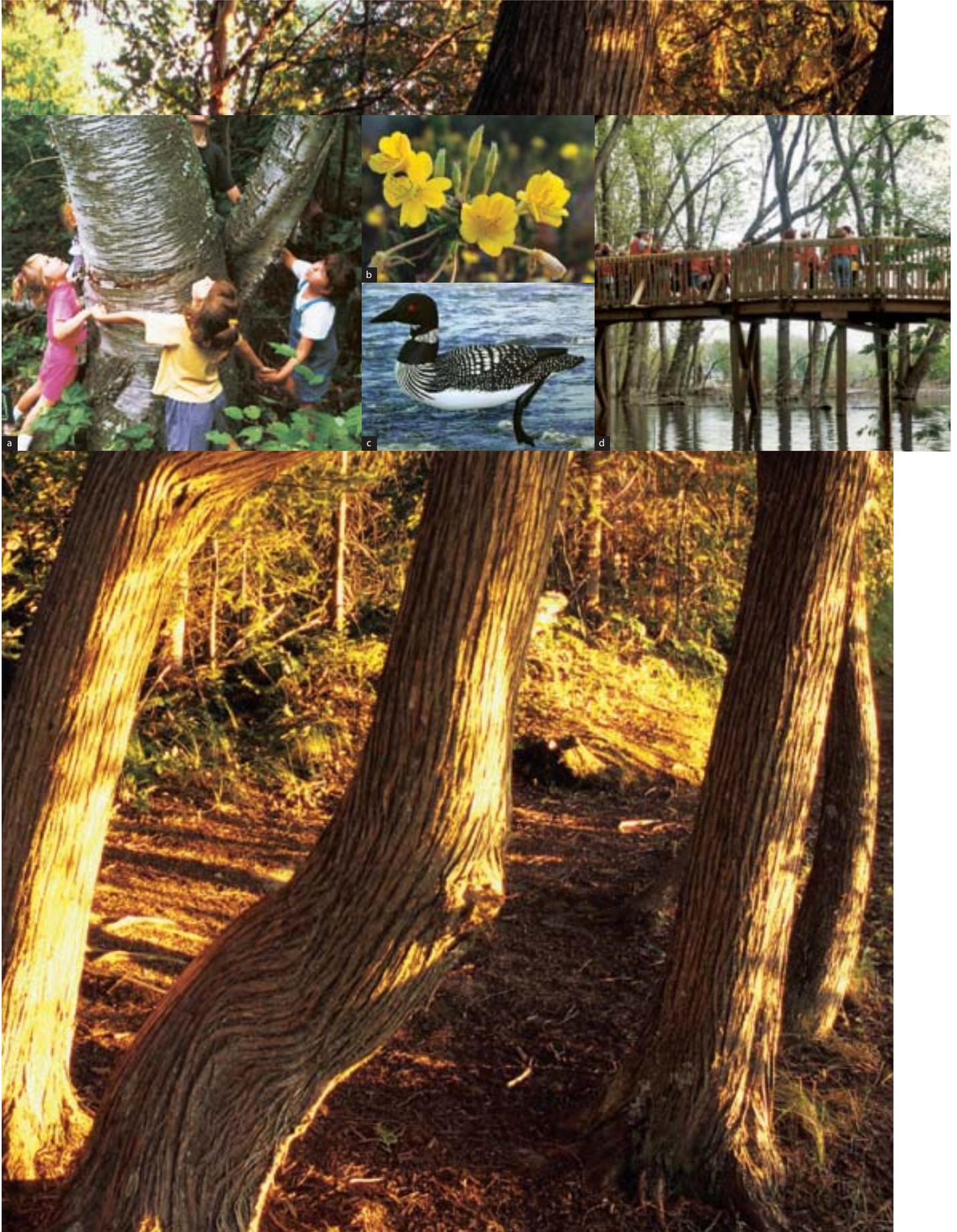
Another permanent exhibit in the Parc de la rivière Batiscan (Mauricie region) will familiarize visitors with the aquatic environment of the Batiscan River with live species, three-dimensional exhibits and photos. The park mainly serves a local clientele, about 40,000 people every year, who will be informed about the wealth of wildlife in "their" river and the vulnerability of certain aquatic and riparian species.

In cities, the natural environment has the best chances of survival when it is protected from development. City parks whose main vocation is conservation need to offer interpretation activities and enhance their animal and plant habitats to help citizens understand and support their activities. With this in mind,

Éco-Nature designed an educational project about insects and their role in nature. For 20 years, Éco-Nature has administered the Parc de la Rivière-des-Mille-Îles in Laval, which receives 100,000 visitors per year. In addition, a group of educators and naturalists known as GUEPE, motivated by the belief that people respect what they know, will organize 16 new educational activities in three nature parks in the City of Montréal along the Rivière des Prairies. These activities will be part of the paid programming designed for different publics (children, adults and families).

In the Rivière du Sud (South River) drainage basin in the Montérégie region, the conservation perimeter where public education is needed is so vast that a different approach is required: 1,160 hectares of submerged or emergent marsh and riparian wetland forest with a wide variety of plant and animal species, including some that are threatened or vulnerable. In 2004, with the Foundation's support, Ducks Unlimited completed a program of land acquisition and negotiated donations and conservation servitudes that preserved 40% of this area. Wishing to preserve the sustainability of its past projects and aware that wetland biology is unfamiliar to the public in general and to the farming population of the Upper Richelieu in particular, Ducks Unlimited designed an educational project for the 70 schools in the two regional school boards. The objective was to educate youngsters about the richness and vital role of the wetlands along the Rivière du Sud and their vulnerability to human encroachment. The Foundation will fund the production of tools for grade 5 and 6 teachers and ecology and biology teachers of grade 7 and 11. Ducks Unlimited will provide workshops to enable the teachers to use this information in their own classrooms.

**Eastern white cedar**  
Cedar trail  
Centre éducatif  
forestier du lac Joannès  
(Abitibi-Témiscamingue)



## Financial Statements

### Management's Report

The financial statements of the Fondation Hydro-Québec pour l'environnement as well as all information contained in this report fall under the responsibility of Management and are approved by the Board of Directors. This responsibility involves choosing the appropriate accounting conventions that comply with Canadian generally accepted accounting principles.

To fulfill these responsibilities, Management maintains a control system designed to provide reasonable assurance as to the protection of assets, the proper accounting of transactions and the reliability of the financial statements.

The Foundation acknowledges its responsibility in managing its affairs in accordance with the governing legislation.

The auditors of KPMG LLP audited the financial statements of the Foundation in accordance with Canadian generally accepted auditing standards. Their *Auditors' Report* discusses the nature and scope of this audit as well as their related opinion.



Catherine Leconte  
Executive Director

Montréal, April 4, 2006

## **Auditors' Report**

### **To the Directors of the Fondation Hydro-Québec pour l'environnement**

We have audited the balance sheet of the Fondation Hydro-Québec pour l'environnement (the "Foundation") as at December 31, 2005, and the statements of operations and changes in net assets for the year then ended. These financial statements are the responsibility of the Foundation's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2005, and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

The comparative figures for 2004 were audited by another firm of chartered accountants.

KPMG LLP

Chartered Accountants  
Montréal, Canada  
February 7, 2006

## Balance Sheet

As at December 31, 2005, with comparative figures for 2004

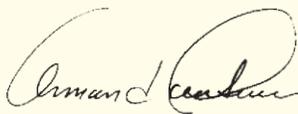
\$	2005	2004
<b>Assets</b>		
Cash	1,702,944	1,819,988
Contributions receivable from Hydro-Québec	34,094	25,844
	<b>1,737,038</b>	<b>1,845,832</b>
<b>Liabilities</b>		
Accounts payable	136,712	237,527
<b>Net Assets</b>		
Restricted to environmental projects	1,026,518	1,179,659
Unrestricted	573,808	428,646
	<b>1,600,326</b>	<b>1,608,305</b>
	<b>1,737,038</b>	<b>\$1,845,832</b>

See the notes to the financial statements.

On behalf of the Board,



Marie-José Nadeau  
President



Armand Couture  
Director

## Statement of Operations

Year ended December 31, 2005, with comparative figures for 2004

\$	2005	2004
<b>Revenue</b>		
Hydro-Québec – Contributions from (Note 3)		
Divisions	850,000	850,000
Special fund	273,185	230,905
Interest income	46,335	32,058
	<b>1,169,520</b>	<b>1,112,963</b>
<b>Expenditure</b>		
Environmental projects (Note 2)		
Approved during the year	405,070	265,851
Approved during previous years	615,162	380,133
General overhead and project management	157,267	166,316
	<b>1,177,499</b>	<b>812,300</b>
<b>Excess of (expenditure over revenue) revenue over expenditure</b>	<b>(7,979)</b>	<b>300,663</b>

See the notes to the financial statements.

## Changes in Net Assets

Year ended December 31, 2005, with comparative figures for 2004

\$	Restricted to environmental projects <sup>1</sup>	Unrestricted	2005 Total	2004 Total
<b>Net assets at beginning of year</b>	1,179,659	428,646	1,608,305	1,307,642
Excess of revenue over expenditure (expenditure over revenue)	(615,162)	607,183	(7,979)	300,663
Internally restricted with respect to projects approved in 2005 (Note 2)	462,021	(462,021)	–	–
<b>Net assets at end of year</b>	<b>1,026,518</b>	<b>573,808</b>	<b>1,600,326</b>	<b>1,608,305</b>

(1) As at December 31, net assets restricted to environmental projects were as follows:

\$	2005	2004
Surplus restricted to projects:		
Approved during the year	462,021	474,272
Approved during previous years	564,497	705,387
	<b>1,026,518</b>	<b>1,179,659</b>

# Notes to Financial Statements

Year ended December 31, 2005

## **Status and Nature of Activities**

The Fondation Hydro-Québec pour l'environnement (the "Foundation") was constituted on January 19, 2001, under Division III of the *Québec Companies Act* and started its activities on that date. Its mission is to contribute to the long-term enhancement and protection of the environment; to promote the conservation, restoration and enhancement of fauna, flora and natural habitats; and to support local needs for stewardship of the environment. Its Board of Directors is composed of six Hydro-Québec officers and four outside directors. The Foundation is a nonprofit organization that is exempt from taxes within the meaning of the *Income Tax Act*.

## **1. Significant Accounting Policies**

These financial statements for the Foundation were prepared by Management in accordance with Canadian generally accepted accounting principles.

### **a) Use of estimates**

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires the use of estimates that affect the assets and liabilities reported in the financial statements and the itemized revenues and expenditures for the periods presented. Actual amounts could differ from those estimates.

### **b) Revenue recognition**

The Foundation uses the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue when they are received, or as receivables if the amount can be reasonably estimated and payment is reasonably assured. Restricted contributions are recognized as revenue in the fiscal year in which the related expenditures are incurred. Special fund revenue comes from the interest on the balance of a fund set up by Hydro-Québec in the amount of \$10,000,000.

### **c) Expenditure recognition**

Expenditures related to environmental projects are recorded as the work is done by the organizations in question.

## 2. Restrictions Affecting Net Assets

During the year, the Board of Directors of the Foundation approved financial support for 20 environmental projects (16 in 2004, 10 in 2003 and 10 in 2002) for a total commitment of \$867,090, of which \$405,070 was paid out during the year. The balance of \$462,021 is internally restricted in order to reserve a portion of the unrestricted surplus in an amount corresponding to future reimbursement requests for approved environmental projects. The Foundation may not use this amount for other purposes without the prior consent of the Board of Directors.

\$	Total commitment	Paid out during the year	Paid out during previous years	Internally restricted
Nature Program	197,800	127,668	–	70,132
Education Program	196,200	118,836	–	77,364
Support for Local Environmental Initiatives Program	309,100	103,434	–	205,666
Enhancement of Hydro-Québec Properties Program	163,991	55,132	–	108,859
<b>Total – 2005</b>	<b>867,091</b>	<b>405,070</b>	<b>–</b>	<b>462,021</b>
<b>Total – 2004</b>	<b>740,123</b>	<b>188,358</b>	<b>265,851</b>	<b>285,914</b>
<b>Total – 2003</b>	<b>1,321,705</b>	<b>376,375</b>	<b>710,423</b>	<b>234,907</b>
<b>Total – 2002</b>	<b>804,850</b>	<b>\$50,429</b>	<b>710,745</b>	<b>43,676</b>
<b>Total – 2001</b>	<b>368,210</b>	<b>–</b>	<b>368,210</b>	<b>–</b>
<b>Total</b>	<b>4,101,979</b>	<b>1,020,232</b>	<b>2,055,229</b>	<b>1,026,518</b>

## 3. Related Party Transactions

During the year, the Foundation received contributions from Hydro-Québec totaling \$1,123,185 (\$1,080,905 in 2004), including \$273,185 (\$230,905 in 2004) in annual interest generated by funds specially reserved by Hydro-Québec for the Foundation, and \$850,000 (\$850,000 in 2004) in contributions from Hydro-Québec Production, Hydro-Québec TransÉnergie, Hydro-Québec Distribution and the Environment and Sustainable Development branch. The Foundation incurred expenses of \$142,135 (\$137,152 in 2004) in relation to Hydro-Québec. These expenses consist mainly of charges related to services provided by employees of the Environment and Sustainable Development branch, billed under a fixed-price agreement between the Foundation and the Environment and Sustainable Development branch. Services provided by other administrative units for the benefit of the Foundation are billed on the basis of real costs under agreements between the Foundation and these units.

## 4. Statement of Cash Flows

No Statement of Cash Flows was prepared because it would not contain any relevant additional information.

## Board of Directors – 2005

**Marie-José Nadeau**

President, Fondation Hydro-Québec  
pour l'environnement  
Executive Vice President –  
Corporate Affairs and  
Secretary General  
Hydro-Québec

**Louis Aubry**

Director General  
Développement et  
aménagement de la faune  
Ministère des Ressources  
naturelles et de la Faune du Québec

**Armand Couture**

President  
Société Bédelmar Itée  
Chairman of the Board  
Institut national de la recherche  
scientifique (INRS)

**Carminé De Benedictis**

Director – Commercial Operations  
Customer Services  
Hydro-Québec Distribution

**Georges-Henri Gagné**

Warden, Regional County  
Municipality of Manicouagan  
Mayor of Ragueneau

**Stella Leney**

General Manager – Environment  
and Corporate Affairs  
Hydro-Québec

**Louise Pelletier**

Regional Director – Mauricie and  
Director – Generation Des Cascades  
Hydro-Québec Production

**Patrick Plante**

President  
Initium

**Andrée Turcot**

Director – Asset Planning  
and Regulatory Affairs  
Hydro-Québec TransÉnergie

**Myriam Truchon**

Director – Environment and  
Sustainable Development  
Hydro-Québec

## Our Partners

Any Canadian charitable or nonprofit organization that can show that its project is not personal or commercial in nature but serves the general interest of the communities concerned is eligible for financial support from the Foundation.

**For More Information**

For more detailed information on the mission, priorities and operations of the Fondation Hydro-Québec pour l'environnement and the projects it has supported, please visit our Web site at: [www.hydroquebec.com/fondation\\_environment](http://www.hydroquebec.com/fondation_environment)

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[page 5] Mathieu Dupuis: *Bunchberry and cup moss*

[page 7] Mathieu Dupuis: *Peat bog*

[page 9] © Alain Hogue: *Horned grebe*

[pages 10 and 11] **1.** Comité ZIP Côte-Nord du Golfe : *Fernald's milk-vetch*; **2.** Les amis du boisé de la pointe Saint-Gilles: *Étang des Mandres*; **3.** Jeffrey MacDonald, SCCNRS: *Lake Brompton Marsh*; **4.** UQROP: *Peregrine falcon*; **5.** CRRE: *Etchemin River*; **6.** FauNE Nord: *Pond*; **7.** Pêche sportive du réservoir Baskatong: *Baskatong reservoir*; **8.** Horticulture Indigo: *Cardinal flower*; **9.** © Ducks Unlimited Canada: *La Grande plée Bleue*; **10.** Marion Peralta, Conseil régional de l'environnement du Centre-du-Québec: *Grande-tourbière-de-Villeroy*; **11.** Parc Nature de Pointe-aux-Outardes: *Learning about the salt marsh*; **12.** Louise Émond, Hydro-Québec: *Portneuf Sandbank*; **13.** SCMHQ: *Nouvelle River*; **14.** Mathieu Durette, APEL: *Waterfalls on Talbot Creek*; **15.** Anne-Marie Prud'homme, FHQE: *Kingsbury Marsh*; **16.** Mathieu Dupuis: *Planned Vaudray and Joannès Lakes biodiversity reserve*; **17.** Parc de la rivière Batiscan: *Common loon*; **18.** Éco-Nature: *Greenbottle fly*; **19.** Hélène Cyr, GUEPE: *Learning about nature in a Montréal park*; **20.** *Waterlily*

[page 13] Jeffrey MacDonald, SCCNRS: *Red-bellied snake*  
**a.** Comité ZIP Côte-Nord du Golfe: *Mount Parent, Blanc-Sablon*;  
**b.** Anne-Marie Prud'homme, FHQE: *Lady's-slipper, Pointe Saint-Gilles Woodland*; **c.** Julie Dubé, Hydro-Québec: *Pointe Saint-Gilles belvedere*; **d.** Jeffrey MacDonald, SCCNRS: *Green-mountain maidenhair ferns*; **e.** Jeffrey MacDonald, SCCNRS: *Larouche Lake*; **f.** UQROP: *Barn owl*; **g.** UQROP: *A young Cooper's hawk*

[page 15] Anne-Marie Prud'homme, FHQE: *Etchemin River*;  
**a.** Pêche sportive du réservoir Baskatong: *Walleye*; **b.** Anne-Marie Prud'homme, FHQE: *Iris*; **c.** CRRE: *Stabilized banks along Etchemin River*; **d.** CRRE: *Rolling out a straw blanket for bank stabilization along Lanigan River*

[page 17] Anne-Marie Prud'homme, FHQE: *Portneuf Sandbank*;  
**a.** Mathieu Durette, APEL: *Waterfalls on Talbot Creek*;  
**b.** Parc Nature de Pointe-aux-Outardes: *Wild rye plantation*;  
**c.** SCMHQ: *Nouvelle River*; **d.** Serge Beaudette: *Wood duck*;  
**e.** Anne-Marie Prud'homme, FHQE: *Kingsbury Marsh*

[page 19] Éric Perreault, Conseil régional de l'environnement du Centre-du-Québec: *Green cottongrass*

[page 21] AFAT: *Eastern white cedar*; **a.** AFAT: *Centre éducatif forestier du lac Joannès*; **b.** Mathieu Dupuis: *Primrose*;  
**c.** Parc de la rivière Batiscan: *Common loon*; **d.** Éco-Nature: *Bridge to Île-des-Juifs, Parc de la Rivière-des-Mille-Îles*



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