



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

Annual
Report 2008



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View from top of Mont Saint-Grégoire
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Message from Management

Now in its eighth year, the Fondation Hydro-Québec pour l'environnement continues to be a key partner in protecting and enhancing Québec's natural heritage.

This report provides an overview of all the projects supported by the Foundation and carried out in conjunction with local and regional partners. In 2008, the Foundation paid out nearly \$1.3 million for 20 projects with an estimated total value of nearly \$5.3 million. When the previous seven years are added in, the Foundation's cumulative commitment amounts to \$7.8 million for 126 projects worth a total of nearly \$28 million in all parts of Québec.

Observations in recent years suggest that the creation of appropriate access conditions in inhabited areas maximizes the chances for long-term conservation of the natural heritage. A substantial percentage of the projects supported in 2008 targeted better access to natural areas, as well as local stewardship. By supporting local projects, the Foundation emphasizes its commitment to communities.

From Beauharnois to Baie-Comeau and from Radisson to Frelighsburg, the Foundation works with dedicated proponents who are enthusiastic about their projects. Note that several of this year's projects are continuations of initiatives previously supported by the Foundation: this confirms both the sustainability of the past initiatives and the quality of our partnerships.

We would like to thank the experts on the advisory committee for their indispensable assistance in reviewing the projects, as well as the members of the Board of Directors for their commitment to the Foundation. The diversity of their expertise has greatly enriched our discussions. Special thanks go to Georges-Henri Gagné, a director of the Foundation since its inception, for his invaluable contribution over the past eight years.



Marie-José Nadeau
President



Catherine Leconte
Executive Director

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 the surrounding environment, enjoy it responsibly and pass this natural heritage on to future generations.

Objectives

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

- **protect, restore and enhance natural areas, and**
- **educate target publics about local environmental issues.**

These objectives go hand in hand: a protection or rehabilitation project will have no enduring effect if the people likely to have impacts on the site do not feel concerned about 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 the people involved the means to make a difference in their environment.

Educating the public about general environmental issues is not part of the Foundation's mission: the Foundation supports projects that are likely to have direct impacts on specific natural areas. Educational projects satisfy this criterion if they focus on changing the way specific target groups behave with respect to the natural environment around them.

Principles

The Foundation's mission is based on the following principles:

- Support local initiatives that reflect the desire of communities to steward the 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

Conditions of participation

Within the limits of the funding allocated each year by Hydro-Québec, the following are eligible for a grant from the Foundation:

- Any charitable or nonprofit organization duly registered in Canada and able to show that its project is not personal or for profit but serves community interests
- Any project that is in line with the Foundation's mission and principles and that contributes to the achievement of its objectives



Breakdown of our Foundation contributions (2001–2008)*

St. Lawrence Lowlands	\$2,848,627
Appalachians	\$1,749,263
Estuary and Gulf of St. Lawrence	\$1,666,471
Southern Laurentians	\$737,471
Central Laurentians	\$531,101
Mistassini Highlands	\$98,481
Abitibi and James Bay Lowlands	\$85,550
Lower North Shore Plateau	\$73,385
Ungava Basin	\$34,300

* Map of the Ecological Reference Framework adopted by the government of Québec.



Review of Operations

In 2008, the Foundation supported 20 projects created by nonprofit organizations working to conserve and enhance Québec's natural heritage. These organizations help to protect fragile species, preserve their habitats, and make communities aware of local environmental issues.

Since it began operation in 2001, the Foundation has contributed some \$7.8 million to 126 projects that have benefited all the administrative regions of Québec. The estimated total value of the projects is nearly \$28 million.

In accordance with the approach adopted in 2005, the projects funded in 2008 focused on community stewardship of the natural environment. The projects, described on the following pages, are divided into classes: three classes reflect the types of biophysical environment targeted by the Foundation and the fourth is for environmental education and awareness initiatives.

Grant Distribution by Class

		Number of Projects		Amount Granted to Partners (\$)	
		2008	Since 2001	2008	Since 2001
 1	Lands and forests	5	31	489,950	2,810,443
 2	Rivers and lakes	4	34	161,000	2,085,498
 3	Wetlands	5	36	413,000	2,129,244
 4	Education and awareness	6	25	237,600	799,464
Total		20	126	1,301,550	7,824,649

Protection, restoration and enhancement of lands and forests

In 2008, the Foundation funded five projects in this class. Two involve the acquisition of land of great ecological value, and the other three involve restoration operations and enhancements designed to control the use of certain sites.

Lands and Forests That Have Benefited from Action by Foundation Partners

Period	Area (ha)
2008	134
Total since 2001	6,347

Protection, restoration and enhancement of rivers and lakes

The Foundation funded four projects in this class in 2008. Two projects are for the creation of facilities that enhance rivers and show their importance, and the other two are for the renaturalization of banks and shorelines to increase biodiversity.

Rivers and Lakes That Have Benefited from Action by Foundation Partners

Period	Number of Rivers	Number of Lakes	Total Number of Rivers and Lakes
2008	6	1	7
Total since 2001	60	60	120

Protection, restoration and enhancement of wetlands

This year, three of the five wetlands projects are located in the St. Lawrence Lowlands. One involves restoring a former marsh and the other two involve building boardwalks and lookouts that will improve access and facilitate nature-watching. Finally, in the hydrographic divisions of the Upper Estuary and Gulf of St. Lawrence, we supported two projects to control access to popular sites on Isle-aux-Coudres and near Percé.

Wetlands That Have Benefited from Action by Foundation Partners

Period	Area (ha)
2008	1,468
Total since 2001	7,131

Education and awareness

The Foundation supported six projects in this class during the year. One will promote public awareness of the environmental heritage in parts of the municipality of Baie-James. Farther south, in the Témiscamingue area, a project for students and forest workers is aimed at preserving threatened habitats. In the hydrographic divisions of the Gulf of St. Lawrence and in the Upper and Lower Estuaries, three projects will raise awareness of the fragile environments that some people frequent on a daily basis, and will encourage users to help preserve these areas by behaving responsibly. The sixth project involves training and awareness for horticulturists on the problem of invasive alien plant species.

Educational Projects

Period	Number of Projects*	Projects Related to Lands and Forests	Projects Related to Wetlands	Projects Related to Rivers and Lakes
2008	6	2	5	2
Total since 2001*	25	8	15	12

* A project may involve several types of environment.

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, thus confirming its adherence to the principles and objectives of the United Nations Convention on Biological Diversity.¹ The Foundation participates in the follow-up to this action plan by compiling the data supplied by its partners on the species and ecosystems targeted in their projects.

In 2008, 18 species designated threatened or vulnerable according to the classification in the *Act respecting threatened or vulnerable species*² benefited from projects supported by the Foundation.

Since 2001, the Foundation has contributed to the survival of 43 of the 77 plant and animal species designated threatened or vulnerable under the Act. To this list can be added a species once considered extirpated in Québec, the striped bass. From 2003 to 2005, the Foundation supported a project to reintroduce this fish into the St. Lawrence River, using stocks imported from New Brunswick.

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 160 more have ratified it since then. This international agreement gives equal importance to the sustainable use of resources and to 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.

Foundation's Contribution to the Protection of Plant and Animal Species in 2008

Threatened or Vulnerable Species

Species	Status	Partners *	Species	Status	Partners *
Plants			Fish		
Canada wild ginger	v	13	American shad	v	4
Gulf of St. Lawrence aster	t	9	Birds		
Victorin's water hemlock	t	4	anatum peregrine falcon	v	1, 4, 12
broom crowberry	t	9	horned grebe	t	4, 9
Parker's pipewort	t	4	loggerhead shrike	t	4
dwarf huckleberry var. Bigelow	t	9, 12	piping plover	t	8, 9
Victorin's gentian	t	4	bald eagle	v	4, 12
rock elm	t	6	Turtles		
Provancher's fleabane	t	4	wood turtle	v	5, 7
			common map turtle	v	7
			eastern spiny softshell turtle	t	7
			Number of species 18		

t Threatened species (extirpation feared)
v Vulnerable species (at risk, extirpation not expected)

* Partners

- Ducks Unlimited Canada (DUC)
- Nature Conservancy of Canada (NCC) (Prévoist escarpment)
- Association régionale des bénévoles pour la récupération de l'environnement (A.R.B.R.E.)
- Fondation québécoise pour la protection du patrimoine naturel (FQPPN)
- Municipality of Frelighsburg
- Conseil régional de l'environnement et du développement durable de l'Outaouais (CREDDO)

- Société d'initiative touristique et économique du Lac Champlain Inc. (SITE du Lac Champlain Inc.)
- Municipality of Isle-aux-Coudres
- Mouvement pour la valorisation du patrimoine naturel madelinot (Attention Fragiles)
- City of Contrecoeur
- Pointe-du-Buisson Archaeological Park
- Nature Conservancy of Canada (NCC) (Barchois de Malbaie)
- Municipality of Rawdon

The projects selected in 2008 also helped to protect 48 species likely to be designated threatened or vulnerable because of their precarious situation. Among them are the shagbark hickory, butternut and Caspian tern.

**Number of Threatened or Vulnerable Species Targeted by Foundation-Funded Projects
Total since 2001***

	Extirpated community	1
	Threatened or vulnerable species	43
	Species likely to be designated threatened or vulnerable	121

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

**Species Likely to Be Designated
Threatened or Vulnerable**

Species	Partners	Species	Partners
Plants		Fish	
beautiful serviceberry	10	American eel	1, 11
Holboell's rock-cress	2	lake sturgeon	6, 11
lakecress	7		
Eaton's beggar-tick	4	Birds	
Connecticut beggar-tick	9	harlequin duck	9, 12
bulbous bittercress	6	Nelson's sharp-tailed sparrow	1, 9, 12
northern long sedge	10	Barrow's goldeneye	8, 12
shagbark hickory	11	short-eared owl	1, 9
white oak	6	golden-winged warbler	5
male fern	9	least bittern	6
northern willow-herb	4	yellow rail	12
clammy hedge-hyssop, estuarine variety	4	Caspian tern	4
American spurred gentian	9	roseate tern	9
sand heather	9		
Tuckerman's gillwort	4	Mammals	
hairy wood lettuce	10	southern bog lemming	12
false pimpernel, estuarine variety	4	silver-haired bat	3
Laurentian water horehound	4	hoary bat	3
Virginia water horehound	4	red bat	3
common hackberry	6	southern flying squirrel	6
butternut	6, 10, 11		
obedient plant var. granulosa	4	Turtles	
creeping selaginella	4	common musk turtle	6
rusty flatsedge	6		
shining ladies'-tresses	4	Reptiles	
sand dropseed	10	northern water snake	6
hidden-fruited bladderwort	9		
eastern wild rice, estuarine variety	4	Amphibians	
		pickerel frog	5
		Bivalves	
		olive hickorynut	4
		Number of species 48	

Geographical Distribution of Projects Supported by the Foundation in 2008



1

Lands and Forests

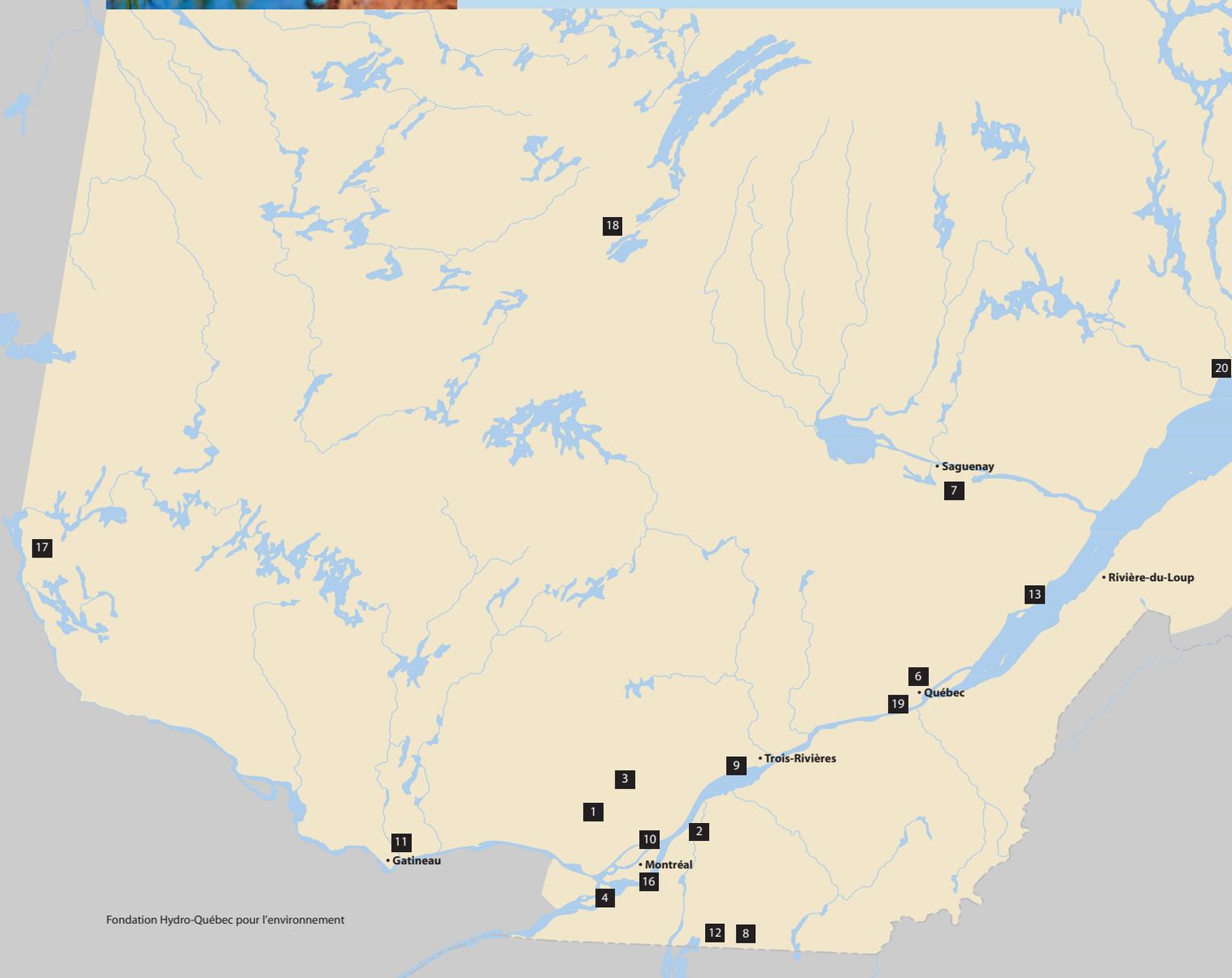
- 1 Protection of the Prévost cliffs
- 2 Conservation and enhancement of Bois de Contrecoeur
- 3 Protection, restoration and enhancement of Dorwin Falls Park
- 4 Environmental education campaign on the Pointe-du-Buisson biophysical environment, near Beauharnois
- 5 Restoration and enhancement of disturbed coastal ecosystems – Phase II (Côte-Nord region)



2

Rivers and Lakes

- 6 Rehabilitation of a stretch of Rivière Hibou and public awareness
- 7 Protection and restoration of Rivière à Mars riparian environment
- 8 Protection of Rivière aux Brochets in Frelighsburg park
- 9 Protection and enhancement of the banks along the north shore of Lac Saint-Pierre





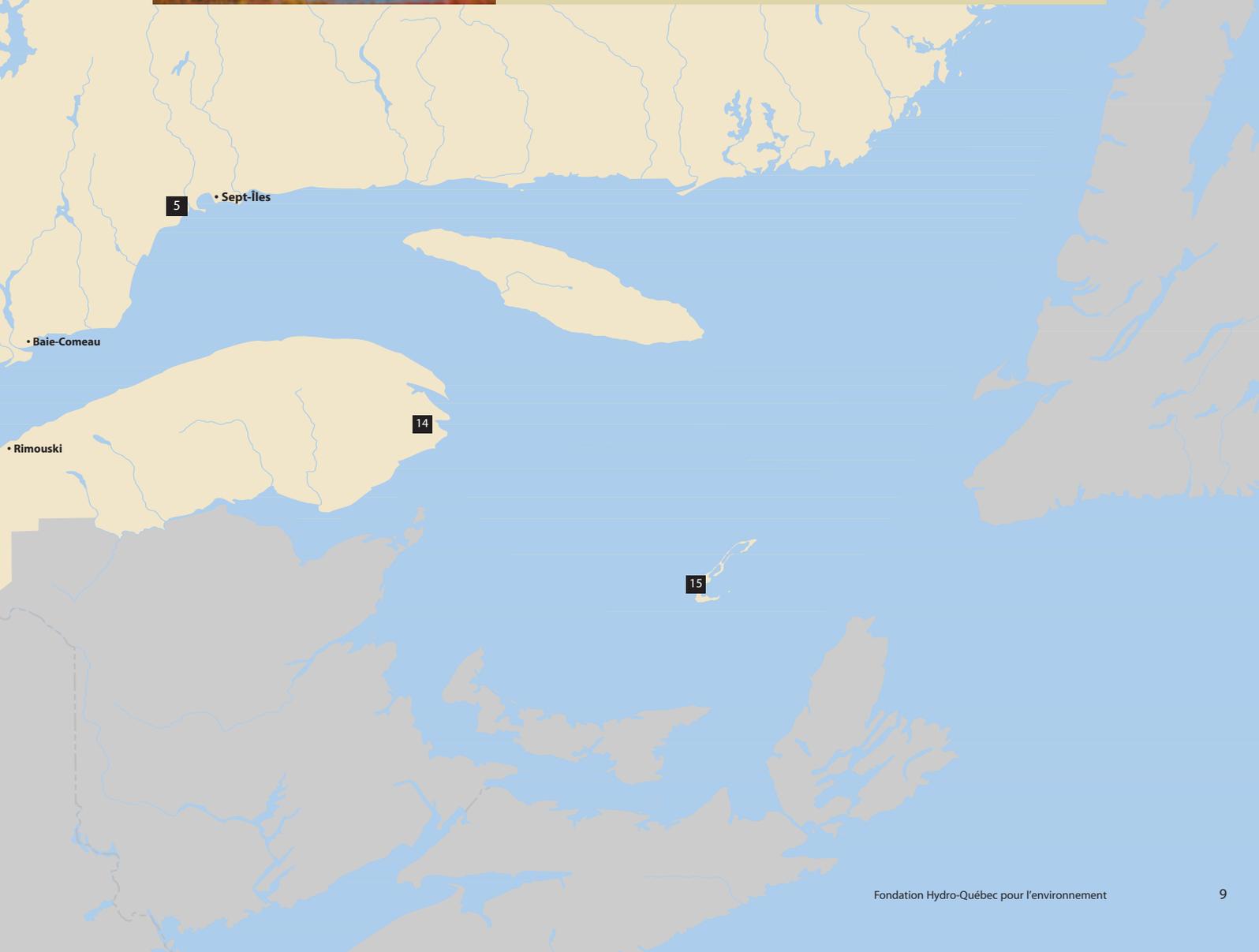
Wetlands

- 10 Restoration and protection of the Ruisseau de Feu site: marsh phase
- 11 Construction of observation platforms on Baie McLaurin
- 12 Enhancement of the wetland adjacent to Ruisseau McFee
- 13 Protection and enhancement of Anse de la roche à Cailla on Isle-aux-Coudres
- 14 Enhancement of Barachois de Malbaie and Pointe Saint-Pierre



Education and Awareness

- 15 Simple actions for sustainable tourism on the Îles-de-la-Madeleine
- 16 Production of educational materials on invasive alien plant species
- 17 Give bats a chance! (Témiscamingue)
- 18 Protection and enhancement of environmental heritage in Nord-du-Québec
- 19 Awareness campaign to protect coastal habitats near Saint-Augustin-de-Desmaures
- 20 Protection of the Manicouagan mud flats and clam beds





1

Lands and Forests

Project	Area (ha)	Proponent	Total Estimated Cost (\$)	Contribution of the Foundation (\$)
Protection of Prévost cliffs	12.4	Nature Conservancy of Canada (NCC)	252,400	105,550
Conservation and enhancement of Bois de Contrecoeur	64	City of Contrecoeur	406,900	203,400
Protection, restoration and enhancement of Dorwin Falls Park	35	Municipality of Rawdon	491,700	133,000
Pointe-du-Buisson education and awareness	20	Pointe-du-Buisson Archaeological Park	28,800	26,000
Restoration and enhancement of disturbed coastal ecosystems – Phase II	2.5	Comité ZIP Côte-Nord du Golfe	25,800	22,000
Total	134		1,205,600	489,950

Four of the five lands and forests projects funded by the Foundation in 2008 involve the development or enhancement of parks—an indication of the challenges land-use managers face in controlling recreational and outdoor activities. Through land acquisition or new infrastructure, these projects will educate many visitors about the bounty and fragility of the natural areas they enjoy.

The **Bois de Contrecoeur** is one of the rare still-intact woodlands on the banks of the St. Lawrence River within the Communauté métropolitaine de Montréal. Its pine forest is considered to be an outstanding ecosystem. A summer camp operator had to sell some land and the city of Contrecoeur, with the Foundation's support, was able to purchase 64 hectares for conservation to make an intermunicipal park. This is an extensive development project that will encompass parts of the municipalities of Contrecoeur and Sorel-Tracy and will bring several local landowners together under the name of the Coopérative de solidarité du Parc régional des Grèves. Together, the partners will develop a conservation and development plan for the park. They hope to organize activities to promote knowledge of forests, thereby encouraging users to change their approach to the outdoors and practise sustainable use of the site.

The Nature Conservancy of Canada (NCC), in partnership with the city of Prévost, acquired a 12.4-hectare property adjacent to a residential area. The **Prévost escarpment** in the lower Laurentians is rich in plant diversity and is home to 26 of the 27 raptor species in Québec. Walking trails, cross-country ski trails and climbing routes will be revamped and maintained in cooperation with the city of Prévost and the Comité régional pour la protection des falaises (CRPF). This will enable users to appreciate the unique environmental features of this beautiful area without damaging it.

Cliffs at Prévost



Bois de Contrecoeur

Moose are sometimes seen near Prévost



Sixty kilometres north of Montréal, the 35-hectare **Dorwin Falls Park** contains a river and waterfalls, a forest in its natural state, a stand of century-old pines, a rocky cape with majestic conifers, a swamp, and steep slopes. Lookouts and picnic areas add to the popularity of this park. The project by the municipality of Rawdon, which manages the site, was aimed at redeveloping and refreshing the infrastructure. Nature trails with interpretation panels guide visitors through ten zones representing the diversity of a mixed basswood–sugar maple Laurentian forest. An interpretive guide created as part of the project will map the various zones and their main features and flora. It will also inform visitors of the rules to follow to protect the site.

A major landmark of historical and archaeological heritage, the **Pointe-du-Buisson Archaeological Park** in Beauharnois is another exceptional natural area with a hickory forest and two- and three-hundred-year-old trees. The site is a victim of its popularity with local young people and has even suffered vandalism (vegetation destroyed, fires set) despite repeated police intervention. Already very active in enhancing the site, the Park plans to innovate by developing environment and archaeology camps for elementary and secondary school students. For several days, the youngsters will take part in on-site workshops on identifying species and measuring and compensating for the impacts of human activity. With the Foundation's support, the Park plans to develop educational kits for the students and set up interpretation facilities explaining the fragility of the ecosystem and how to enjoy nature in a sustainable way.

In 2006, the Foundation contributed to the **restoration and enhancement of disturbed coastal ecosystems** project, Phase I, of the Comité ZIP Côte-Nord du Golfe. The 2006 program to plant American dune grass on disturbed sites near schools was a resounding success. This year, the ZIP committee undertook phase II by designing a training program and classroom kit for teachers. Distributed at no cost to each of the 20 schools on Île d'Anticosti and in the Moyenne and Basse-Côte-Nord areas, the materials will help teachers familiarize themselves with the project and repeat the experience with their future classes.

Cards for identifying coastal marine life



Low bindweed



Dorwin Falls Park



Educational activity on the coast



Rivers and Lakes

2

Project	Number of rivers or lakes	Proponent	Total Estimated Cost (\$)	Contribution of the Foundation (\$)
Rehabilitation of a stretch of Rivière Hibou and awareness campaign	1 river	Association pour la protection de l'environnement du lac Saint-Charles et des Marais du Nord (APEL)	86,000	25,000
Protection and restoration of riparian areas along Rivière à Mars	1 river	Comité ZIP Saguenay	215,400	94,600
Protection of Rivière aux Brochets in Frelighsburg park	1 river	Municipality of Frelighsburg	36,300	17,000
Protection and enhancement of banks along north shore of Lac Saint-Pierre	3 rivers 1 lake	Comité ZIP du lac Saint-Pierre	509,600	24,400
TOTAL	6 rivers 1 lake		847,300	161,000

Projects involving rivers and lakes supported by the Foundation in 2008 encompass all types of rehabilitation activities, paired with awareness campaigns to empower users to look after the natural environment around them and become partners in stewardship.

To rehabilitate part of **Rivière Hibou** and combat erosion and surface sealing of the soil in the Lac Saint-Charles watershed, the Association pour la protection de l'environnement du lac Saint-Charles et des Marais du Nord (APEL) built a demonstration rain garden and ditch on the grounds of the Stoneham-and-Tewkesbury municipal complex. In parallel, APEL published a guide to good practices for preventing erosion and technical data sheets for ditch design and maintenance. The demonstration facilities will enable property owners and other stakeholders to observe the advantages of structures that reduce the risk of leaching and erosion during heavy rainfall and spring thaws.

Since 2006, the Comité ZIP Saguenay has endeavored to remedy the devastating impacts of the 1996 flood on the lower **Rivière à Mars**. The Foundation previously granted support for phase I of this project to restore land and aquatic biodiversity in the 14 ponds along the river. Phase II of the project now focuses on restoring riparian vegetation along both sides of the river itself. A plan has been specially developed for this disturbed landscape, involving a dozen scattered stands of trees and shrubs of varying sizes. In all, nearly 1,880 trees and shrubs will be planted on an area of over two hectares to encourage regrowth of the riparian vegetation and speed up the process of restoring the biological features of the area. A call went out to young people and volunteers, and "planting bees" were organized to raise future users' awareness of the need to preserve the quality of this natural environment. Once the rehabilitation project is completed, the city of Saguenay will take over maintenance of a linear park along this stretch of the river.

Rivière aux Brochets



**Planting along
Rivière à Mars**



**Rain garden near
Rivière Hibou**



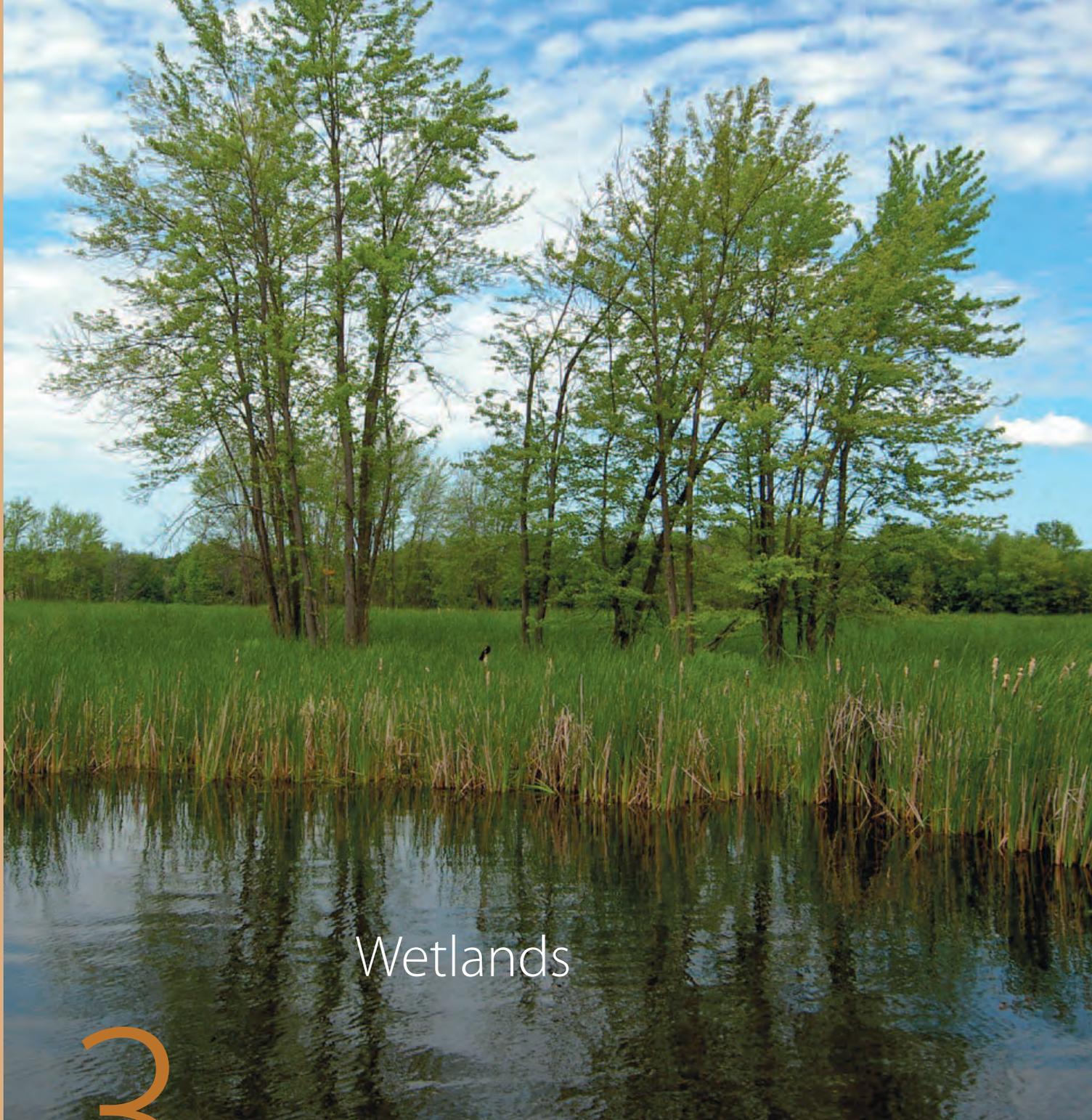
The **Rivière aux Brochets** cuts through Frelighsburg park, a 42-hectare woodland owned by the municipality. A dozen species of amphibians and reptiles are found there, including some species at risk, such as the pickerel frog and wood turtle, and about 67 species of birds. The park is within the Missisquoi Bay watershed, where there is a major effort to improve water quality. The municipality wants to use this outdoor activity area to encourage citizens to respect the woodland and river, and plans to conduct an environmental rally targeting families who frequent the park. The Foundation's funding was used to design and produce educational materials about the protection of the plants and animals in and around the river.

Located between Montréal and Trois-Rivières, Lac Saint-Pierre is a biosphere reserve recognized by UNESCO. Protection of this environment is essential to the survival of hundreds of plant and animal species. The project by the Comité ZIP du lac Saint-Pierre and local partners aims to protect and enhance public land along the **north shore of Lac Saint-Pierre** by making it accessible to the public. The project includes an important social function as it will provide jobs for local young people. The Foundation's support enabled construction of a 650-metre boardwalk, an observation tower and lookout, and interpretation panels describing the bounty and fragility of this natural environment.

Birdwatching, Yamachiche sector of Lac Saint-Pierre



Boardwalk, Yamachiche sector of Lac Saint-Pierre



Wetlands

3

Project	Area (ha)	Proponent	Total Estimated Cost (\$)	Contribution of the Foundation (\$)
Restoration and protection of Ruisseau de Feu: "marsh" phase	45	Ducks Unlimited Canada (DUC)	2,246,800	160,000
Observation platforms on Baie McLaurin	416	Conseil régional de l'environnement et du développement durable de l'Outaouais (CREDDO)	160,660	50,000
Enhancement of wetland next to Ruisseau McFee	3	Société d'initiative touristique et économique du Lac Champlain Inc. (SITE du Lac Champlain Inc.)	89,500	50,000
Protection and enhancement of Anse de la roche à Cailla	4	Municipality of Isle-aux-Coudres	108,400	57,000
Enhancement of Barachois de Malbaie and Pointe Saint-Pierre	1,000	Nature Conservancy of Canada (NCC)	210,800	96,000
TOTAL	1,468		2,816,160	413,000

Four of the five wetland projects funded by the Foundation in 2008 involve important waterfowl habitats. From Gatineau to Pointe Saint-Pierre in Gaspésie, all aim to enhance areas with rich plant and animal diversity, and to protect them in a sustainable manner by raising public awareness of the extreme fragility of wetlands.

McLaurin and Clément bays on the Ottawa River near the city of Gatineau harbor an outstanding diversity of wildlife. Nearly 80% covered by swamps and forests, this 1,700-hectare complex is essential habitat for many species of birds, fish, amphibians, reptiles and mammals. Classed as a priority wildlife habitat under the *Act respecting the conservation and development of wildlife*, the site is also identified in the North American Waterfowl Management Plan intended to protect all migrating birds on the continent. The Conseil régional de l'environnement et du développement durable de l'Outaouais (CREDDO) has been chosen to implement the enhancement plan for these fragile wetlands, which are very close to urban areas. With the Foundation's help, it has built two observation platforms on **Baie McLaurin** that will be open to visitors from May to November.

Located at the confluence of Rivière des Prairies and the St. Lawrence River, the **Ruisseau de Feu** site is a high-potential wildlife habitat. There are some 20 species of fish, large spawning grounds for northern pike and yellow perch, and some 60 species of birds, three of which are on the list of species at risk. The restoration of water to the Ruisseau de Feu marsh, which had been drained for farming, was a joint effort by Ducks Unlimited Canada, the Ministère des Ressources naturelles et de la Faune and the city of Terrebonne. This restoration of lowlands is the first phase in an extensive project to preserve and enhance animal and plant habitats. Once completed, the redeveloped ditches and marshland will provide high-quality habitats for turtles, fish growth and bird nesting.

**Ruisseau de Feu
seen from the air**



Baie McLaurin

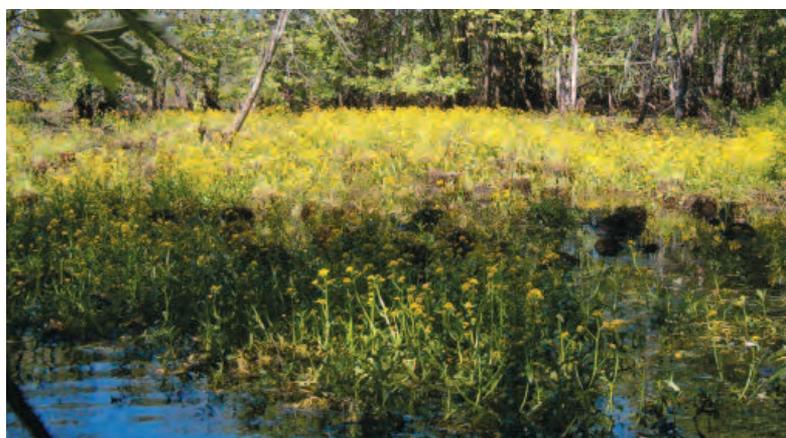


In 2007, an environmental assessment of the marsh adjacent to **Ruisseau McFee** in Venise-en-Québec, on Lake Champlain, counted over 150 plant and animal species, including the wood turtle, a vulnerable species, and the eastern spiny softshell turtle, a species threatened with extirpation, as well as 75 species of birds. With the construction of footbridges, boardwalks and nest boxes and the distribution of awareness and educational materials, this project opens the marsh to the public while educating people about the richness of wetlands and the importance of preserving them. Conducted by the Société d'Initiative Touristique et Économique du Lac Champlain in conjunction with the municipality, this initiative bears witness to the local desire to develop, for the first time in the Lake Champlain area, a site where the public, particularly children from local schools and day camps, can have direct contact with a wetland that illustrates the issues and stakes involved in the conservation of environmental heritage.

The municipality of Isle-aux-Coudres, in cooperation with a citizens' committee, has undertaken to protect and enhance **Anse de la roche à Cailla**. The site, which provides one of the island's few direct accesses to the river, attracts nearly 250,000 visitors each year, many of whom are unaware of how fragile the sandbars are. Boardwalks, observation blinds and trails will channel visitors while promoting birdwatching. Brochures and interpretation signs will educate tourists and the local citizens of Isle-aux-Coudres about this outstanding environment.

Since 2003, the Foundation has supported the Club des ornithologues de la Gaspésie and the Nature Conservancy of Canada in acquiring properties in the **Barchois de Malbaie and Pointe Saint-Pierre**. An estuarine lagoon isolated from the ocean by a 5.8-kilometre-long sand spit, the barchois contains three waterfowl staging areas listed by the Ministère des Ressources naturelles et de la Faune. Pointe Saint-Pierre, at the tip of the Gaspé Peninsula, is an international Important Bird Area (IBA). These coastal habitats are home to six threatened or vulnerable bird species, and one threatened plant species. To complete these acquisition projects, the Foundation also granted support in 2008 to install access-control facilities and produce educational materials that will enhance the sites while limiting harmful uses of these ecosystems.

Swampy part
of Ruisseau McFee



Barchois de Malbaie

Barchois de Malbaie
seen from the air



Education and Awareness

4

Project	Proponent	Total Estimated Cost (\$)	Contribution of the Foundation (\$)
Promotion of sustainable tourism on the Îles-de-la-Madeleine	Mouvement pour la valorisation du patrimoine naturel madelinot (Attention Fragiles)	86,500	47,000
Production of tools for education and awareness about invasive alien plant species	Great Lakes United (GLU)	31,800	22,700
Give bats a chance!	Association régionale de bénévoles pour la récupération de l'environnement (A.R.B.R.E.)	18,000	15,000
Protection and enhancement of ecological heritage in Nord-du-Québec	FaunENord	96,300	33,000
Promotion of protection of coastal habitats near Saint-Augustin-de-Desmaures	Fondation québécoise pour la protection du patrimoine naturel (FQPPN)	111,900	70,000
Protection of Manicouagan mud flats and clam beds	Parc Nature de Pointe-aux-Outardes	70,300	49,900
Total		414,800	237,600

Three of the six education and awareness projects funded by the Foundation in 2008 are intended for professionals who are likely to influence a significant number of users. The other three more directly target tourists and residents who frequent the areas concerned.

To make tourism a sustainable industry, it is important for tourism operators to incorporate protection of nature into their practices and initiatives. This is the objective Attention Fragiles set when it launched a **tourism awareness program on the Îles-de-la-Madeleine** in cooperation with the Centre de recherche sur les milieux insulaires et maritimes (CERMIM), the Comité ZIP des Îles-de-la-Madeleine, the Société de conservation, the municipality and Tourisme Îles-de-la-Madeleine. With the Foundation's support, the partners developed communication aids (education kits, advertising and leaflets) and tools for interpreting natural areas, designed to make tourism operators and their staff more aware of the beauty and fragility of the islands and how to protect them.

Invasive alien species are a major cause of biodiversity loss because they tend to overwhelm indigenous species. To reverse the trend, in 2006 Great Lakes United (GLU), in cooperation with Nature-Action Québec and with financial support from the Foundation, developed and implemented an environmental education campaign on the invasive alien plants most used by gardeners. In 2007, GLU continued its initiative by developing an education program for students, professionals and institutions in the horticulture industry. Continued funding from the Foundation in 2008 enabled the organization to add four more species to its program. GLU has developed strategies and customized tools to reach the main potential users of these exotic plants, to inform them about sound horticultural practices that can prevent propagation, and to promote the use of native species as alternatives.

Workshop on invasive alien species



Great blue heron



In Québec there are eight species of **bats**: three in **Témiscamingue** are likely to be designated threatened or vulnerable. Their survival depends on preservation of their habitats and natural breeding areas, such as dead trees and hollow tree trunks. In conjunction with local schools, the Association régionale des bénévoles pour la récupération de l'environnement (A.R.B.R.E.) organized an awareness campaign for citizens and forest workers. Some 30 bat roosting boxes built by the students were installed on two natural sites in Lorrainville and Laverlochère.

To promote **knowledge about northern regions**, FaunENord, in cooperation with the municipality of Baie-James, has produced an information kit with itineraries for visiting around 20 interesting sites to view plants and animals. Developed for the local public and for tourists, this kit promotes the environmental heritage of the municipal territory and introduces local features while fostering respect for the environment, protection of nature, and sustainable development.

The **tidal flats at Saint-Augustin-de-Desmaures** are home to many threatened plant species. Some of them exist only on the shores of the St. Lawrence Upper Estuary. The project by the Fondation québécoise pour la protection du patrimoine naturel (FQPPN) is intended to change the behavior of users and shoreline landowners. Spread over two years, the project will produce a series of communication materials and awareness activities on how to protect the tidal flats and their unique plant life. Children and adults will be able to enjoy highly original guided tours: one of them involves creating a movie script as a way of learning about the landscape (the movie set) and the animals that live there (the characters).

The **softshell clam** is an integral part of the **Manicouagan** region's natural and social heritage. This mollusk, in addition to acting as a natural filter, is a major food source for many species and supports various animals on the 32 km² of tidal flats. To maintain clam abundance, the Parc Nature de Pointe-aux-Outardes has created an awareness program on the clam's role in ecosystem biodiversity and on the minimum size limits to respect when collecting clams. Intended primarily for students at 18 schools from Forestville to Baie-Comeau, the program also targets people who use the park during the clam harvesting season.

Educational activity, Manicouagan mud flats



Saint-Augustin-de-Desmaures tidal flats



Bat roosting boxes built by students

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, March 31, 2009

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, 2008, as well as 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, 2008, and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

The image shows the handwritten signature of KPMG LLP in black ink. The letters are bold and slanted, with a horizontal line underneath the signature.

Chartered Accountants
Montréal, Canada
February 12, 2009

* CA Auditor permit no 6992

Balance Sheet

As at December 31, 2008, with comparative figures for 2007

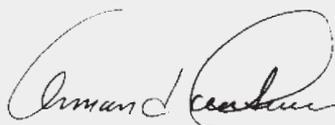
\$	2008	2007
Assets		
Cash	3,311,126	2,785,035
Contributions receivable from Hydro-Québec	191,158	284,551
	3,502,284	3,069,586
Liabilities		
Accounts payable	69,317	195,220
Net assets		
Restricted to environmental projects	1,933,124	1,773,497
Unrestricted	1,499,843	1,100,869
	3,432,967	2,874,366
	3,502,284	3,069,586

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, 2008, with comparative figures for 2007

\$	2008	2007
Revenue		
Hydro-Québec – Contributions from (Note 3):		
Divisions	1,350,000	1,350,000
Special fund	386,057	455,803
Interest income	85,977	102,066
	1,822,034	1,907,869
Expenditure		
Environmental projects (Note 2):		
Approved during the year	332,269	478,337
Approved during previous years	809,239	287,151
	1,141,508	765,488
General overhead and project management	121,925	132,778
	1,263,433	898,266
Excess of revenue over expenditure	558,601	1,009,603

See the notes to the financial statements.

Changes in Net Assets

Year ended December 31, 2008, with comparative figures for 2007

\$	Restricted to environmental projects ¹	Unrestricted	2008 Total	2007 Total
Net assets at beginning of year	1,773,497	1,100,869	2,874,366	1,864,763
Excess of revenue over expenditure (expenditure over revenue)	(809,239)	1,367,840	558,601	1,009,603
Internally restricted with respect to projects approved in 2008 (Note 2)	969,281	(969,281)	–	–
Other inter-fund transfers (Note 2)	(415)	415	–	–
Net assets at end of year	1,933,124	1,499,843	3,432,967	2,874,366

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

\$	2008	2007
Surplus restricted to projects		
Approved during the year	969,281	1,014,813
Approved during previous years	963,843	758,684
	1,933,124	1,773,497

Notes to Financial Statements

Year ended December 31, 2008

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 related to environmental stewardship. 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, as well as the revenue and expenditure items 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 (15 in 2007, 22 in 2006, 20 in 2005, 15 in 2004, 10 in 2003, 10 in 2002 and 14 in 2001) for a total commitment of \$1,301,550, of which \$332,269 was paid out during the year. The balance of \$969,281 is internally restricted in order to reserve 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.

During the year, a total amount of \$415 for a project in 2005 (\$18,239 in 2007 for projects in 2004 and 2005) was transferred from net assets restricted to environmental projects to unrestricted net assets because the actual expenditures were less than the amounts initially authorized.

\$	Total commitment	Paid out during the year	Paid out during previous years	Internally restricted
Lands and forests	489,950	86,700	–	403,250
Rivers and lakes	161,000	91,130	–	69,870
Wetlands	413,000	25,000	–	388,000
Education and awareness	237,600	129,439	–	108,161
Total - 2008	1,301,550	332,269	–	969,281
Total - 2007	1,493,150	367,237	478,337	647,576
Total - 2006	1,009,330	153,479	584,937	270,914
Total - 2005	859,096	81,606	752,136	25,354
Total - 2004	669,625	10,000	659,625	–
Total - 2003	1,318,838	196,917	1,101,922	19,999
Total - 2002	804,850	–	804,850	–
Total - 2001	368,210	–	368,210	–
Total 2001 to 2008	7,824,649	1,141,508	4,750,017	1,933,124

3. Related Party Transactions

During the year, the Foundation received contributions from Hydro-Québec totaling \$1,736,057 (\$1,805,803 in 2007), including \$386,057 (\$455,803 in 2007) in annual interest generated by funds specially reserved by Hydro-Québec for the Foundation, and \$1,350,000 (\$1,350,000 in 2007) in contributions from Hydro-Québec Production, Hydro-Québec TransÉnergie, Hydro-Québec Distribution, and the company's Direction – Environnement et développement durable. The Foundation incurred expenses of \$99,717 (\$111,799 in 2007) in relation to Hydro-Québec. Services provided by the various 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 – 2008

Marie-José Nadeau

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

Raymond Champoux

Regional Director – Montmorency and
Director – Distribution System
Hydro-Québec Distribution

Armand Couture

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

Francine Émond

Director

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

Agathe Simard

Regional Director – Richelieu and
Director – Distribution System
Hydro-Québec Distribution

Maria Vaccaro

Director – Environment and
Sustainable Development
Hydro-Québec

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: www.hydroquebec.com/fondation-environnement.

The Foundation receives funding applications twice a year, on February 1 and September 15. The application form is available on the Foundation's Web site, along with information on how to put together an application file. Before applying, it is advisable to consult the Foundation's staff by e-mail or telephone.

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[page 2] *Mont Saint-Grégoire*: Fondation Hydro-Québec pour l'environnement.

[page 4] 1. *Pines in Dorwin Falls Park*: Municipality of Rawdon. 2. *Ditch near Rivière Hibou*: Association de protection de l'environnement du lac Saint-Charles et des Marais du Nord. 3. *Baie McLaurin*: Alexandre Bayer, CREDDO. 4. *North dune, Îles-de-la-Madeleine*: Attention Fragiles.

[page 5] 1. *Dorwin Falls Park*: Municipality of Rawdon. 2. *Loosestrife*: Comité ZIP du lac Saint-Pierre. 3. *Marsh in northern Barachois de Malbaie*: Jean-François Lafond. 4. *Tidal flats near Saint-Augustin-de-Desmaures*: André Michaud, Ducks Unlimited Canada.

[page 7] *Common map turtle*: Patrick Savoie, Sauve-Garde Nature. Background photo: *Greater yellowlegs*: Comité ZIP du lac Saint-Pierre.

[page 8] 1. *Bois de Contrecœur*: Caroline Gagné, Nature-Action Québec. 2. *Ditch near Rivière Hibou*: Association de protection de l'environnement du lac Saint-Charles et des Marais du Nord.

[page 9] 3. *Baie McLaurin*: Delphine Azoulay, CREDDO. 4. *Îles-de-la-Madeleine*: Attention Fragiles.

[page 10] *Moose*: Thomas Drasdauskis of Bowron Recreation, for Nature Conservancy of Canada.

[page 11] *Cliffs at Prévost*: Vincent Causse for Nature Conservancy of Canada. *Bois de Contrecœur*: Caroline Gagné and Amélie Lafrance, Nature-Action Québec.

[page 12] *Dorwin Falls Park*: Municipality of Rawdon.

[page 13] *How to identify coastal marine life*: Comité ZIP Côte-Nord du Golfe. *Low bindweed*: Caroline Gagné, Nature-Action Québec. *Dorwin Falls Park*: Municipality of Rawdon. *Educational activity on the coast*: Comité ZIP Côte-Nord du Golfe.

[page 14] *Greater yellowlegs*: Comité ZIP du lac Saint-Pierre.

[page 15] *Rivière aux Brochets*: Corporation Bassin Versant Baie Missisquoi. *Planting along Rivière à Mars*: Comité ZIP Saguenay. *Rain garden near Rivière Hibou*: Association de protection de l'environnement du lac Saint-Charles et des Marais du Nord.

[page 16] *Rivière aux Brochets*: Manuël Furtado.

[page 17] *Birdwatching, Yamachiche sector of Lac Saint-Pierre*: Comité ZIP du lac Saint-Pierre. *Boardwalk, Yamachiche sector of Lac Saint-Pierre*: Comité ZIP du lac Saint-Pierre.

[page 18] *Baie McLaurin*: Delphine Azoulay, CREDDO.

[page 19] *Ruisseau de Feu seen from the air*: Ducks Unlimited Canada. *Baie McLaurin*: Delphine Azoulay, CREDDO.

[page 20] *Barachois de Malbaie seen from the air*: PhotoPleinCiel for Nature Conservancy of Canada.

[page 21] *Swampy part of Ruisseau McFee*: Patrick Savoie, Sauve-Garde Nature. *Barachois de Malbaie*: Hubert Pelletier-G.

[page 22] *South dune, Îles-de-la-Madeleine*: Attention Fragiles.

[page 23] *Workshop on invasive alien species*: Line Couillard. *Great blue heron*: Attention Fragiles.

[page 24] *Whapmagoostui, Nord-du-Québec*: Vanessa Viera and FaunENord.

[page 25] *Educational activity, Manicouagan mud flats*: Parc Nature de Pointe-aux-Outardes. *Saint-Augustin-de-Desmaures tidal flats*: Claude Roy. *Bat roosting boxes built by students*: Association régionale des bénévoles pour la récupération de l'environnement (A.R.B.R.E.).

[pages 32 and 33] *Chisasibi, Nord-du-Québec*: Vanessa Viera and FaunENord.

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