



BUSINESS  
PLAN  
*1996/97*







## Message *from* *the* Minister

In the two years since our government established Forest Renewal BC, the corporation has been working hard to help the British Columbia forest sector make the transition into a new period of sustainability.

The creation of Forest Renewal BC will be noted as a turning point in the province's forest sector. Forest Renewal recognizes a new approach towards providing future generations of British Columbians with enjoyment of the economic benefits, environmental values and recreational opportunities that forests provide.

By creating and delivering innovative programs in partnership with all stakeholders in the forest resource, Forest Renewal BC is assisting communities and providing workers with a renewed sense of optimism in an industry that is undergoing a period of profound change.

The corporation is proving that British Columbia can adapt to change. The results are apparent in all regions of the province, and this year's business plan promises to build on Forest Renewal BC's early successes.

By working together, British Columbians can keep forestry at the centre of the province's economy and still preserve the forests' globally renowned natural values.



Honourable David Zirnhelt,  
Minister of Forests

## Message *from the* Chair *of the* Board

As Forest Renewal BC enters 1996/97, it moves beyond a very challenging start-up period marked by significant challenges. Since it was established in 1994, the corporation's main focus has been on developing programs to meet its mandate of renewing the forest resource, providing jobs and helping to sustain the economic vitality of communities that depend on the forests for jobs and business opportunities. At the same time, it has been working hard to make wise investments, consistent with its mandate.

Positive results are visible. Enhanced forestry projects in all parts of the province are improving the supply and quality of wood. Watersheds damaged by logging are being restored. New recreational facilities are being established. Workers are being trained in the skills required to undertake new forestry work. Communities are working with Forest Renewal BC to assure a future for their residents. Innovative ways are being found to get more value from every tree harvested.



This year, the corporation will continue its work of designing new programs and forging stronger partnerships among stakeholders throughout British Columbia by working with them to make wise investments. Forest Renewal BC is also actively seeking out creative ideas from all parts of the forest sector on how the sector can be enhanced. This route to problem solving produces innovative, interesting proposals that are uniquely sensitive to local needs.

This business plan contains a summary of investments planned for the coming year. There will be an emphasis on delivering programs quickly and efficiently while assisting those communities and workers facing the most serious transition difficulties.

A handwritten signature in black ink, reading "Roger Stanyer". The signature is written in a cursive style with a large initial "R" and a long horizontal stroke at the end.

Roger Stanyer,  
Chair of the Board



**M**essage *from*  
*the* Chief  
Executive Officer

Forest Renewal BC plans to expend \$294 million during 1996/97. This includes an investment target of \$275 million for projects in the province's forest sector and an overhead expenditure of \$18.9 million. This year's investment target is double the achievement of 1995/96.

Forest Renewal BC's role is to provide strategic planning, coordination, funding and evaluation for investments that the corporation makes. Investments are proposed and carried out by the forest industry, labour organizations, First Nations, communities, government agencies and environmental groups. Whenever possible, the corporation uses provincial ministries and other agencies to assist it in administering its investments. As the corporation increases its investment levels, it will expand its use of other agencies in this capacity, so that it can remain a small, effective organization and concentrate on providing strategic direction.

The year 1996/97 will be one of both significant growth and reassessment for the organization. For example, Forest Renewal BC is working with its administrative agents to ensure that staff are in key positions to evaluate and process project proposals in a more timely manner.

A new process for 1996/97 land-based proposals will reduce the workload that proponents must undertake before they receive an indication of whether Forest Renewal BC will fund their proposals. The corporation has also launched a major initiative to streamline contract policies and procedures associated with land-based investments. Complex tendering processes will be simplified, simpler and more effective contract agreements for major projects will be established, and future proposal calls will focus on identifiable gaps among project proposals already received.

Forest Renewal BC is increasing the number of programs under which investments may be made, particularly in the value-added, communities and workforce activity areas. The corporation also continues to individually review numerous unsolicited proposals which are outside of established programs. They are assessed against the corporation's mandate and objectives, and funded if appropriate.

Forest Renewal BC is excited about the investments it will make in 1996/97 and beyond, and is well positioned to meet its investment targets.



Colin E. Smith,  
Chief Executive Officer

## Forest Renewal BC's Mandate

More than 200 rural communities, thousands of forest workers, and one in six urban dwellers depend on forest-related activities for their livelihood. British Columbians and consumers of the province's forest products are demanding that values such as wilderness, wildlife, recreation and biodiversity be considered in forest management. At the same time, the supply of timber available for harvest is decreasing. These competing interests require careful balancing during a period of transition in the forest sector. Forest Renewal BC, a Crown corporation, was established in 1994 to help the forest sector achieve that balance.

Forest Renewal BC's mandate is to plan and implement a program of investments to renew the forest sector of British Columbia. This will be achieved by enhancing the productive capacity and environmental values of forest lands, creating jobs, providing training for forest workers, encouraging value-added production, and strengthening local communities that depend on the forest industry.

Forest Renewal BC takes some of the wealth that the forests generate—approximately \$400 million per year from increases in stumpage and royalty revenue—and invests it back into the land, forests, forest workers and communities that rely on the forests. Forest Renewal BC is helping industry, workers and communities make the transition to a healthier, sustainable, more productive forest economy.

The corporation remains committed to openness and transparency in its activities, so that partners in Forest Renewal BC—indeed, all British Columbians—can understand how the corporation is meeting its mandate. The business plan that follows is the second for Forest Renewal BC. It describes how resources will be allocated to meet the corporation's mandate, the programs in place and in development, and some of the administrative challenges facing the corporation.

Programs and funding priorities will evolve and change, but the founding commitments of Forest Renewal BC will be constant: regional equity and participation, wide representation for stakeholder groups, sustainable jobs and forest enterprises, and unprecedented sensitivity to environmental enhancement.

## Organizational Structure and Accountability

Forest Renewal BC is a British Columbia Crown corporation reporting to the Minister of Forests. The corporation is governed by the *BC Forest Renewal Act*, and applicable provisions of the *Public Service Act*, the *Public Service Labour Relations Act*, the *Financial Information Act*, and the *Financial Administration Act*. These acts define the legal framework under which the corporation operates, including its method of accounting, staffing procedures, and reporting requirements.

### Board of Directors

Forest Renewal BC is governed by an 18-member, government-appointed board of directors made up of 12 non-government and six government members. Non-government members represent forest workers, First Nations, environmental groups, industry and communities.

### Committees of the board

As required by the *BC Forest Renewal Act*, the board of directors has set up five activity-area committees to advise on revitalization of the forest sector of British Columbia. Each committee is charged to:

- develop and recommend initiatives that support the *BC Forest Renewal Act*;
- provide advice to Forest Renewal BC on appropriate regional expenditure goals;
- develop and recommend criteria for making expenditures and for reviewing, monitoring and evaluating them;
- make expenditure recommendations to Forest Renewal BC; and
- carry out other functions as assigned by the board.

The five committees, each of which is chaired by a Forest Renewal BC board member, are: Land and Resources; Environment; Value-added; Workforce; and Communities. Committee members, who are qualified to advise on the subject matter, are appointed by the Minister of Forests on the recommendation of the board. Committee members are nominated by the public, members of the board, and government. As with the board of directors, individual committee members also reflect the interests of environmental groups, First Nations, labour, industry, the provincial government and local communities. They also represent geographic regions of the province. Committee membership is reviewed annually, and changes are anticipated in 1996/97.

Each of the committees has developed a strategic plan that recommends a series of programs which should be developed for Forest Renewal BC investments. These plans also contain preliminary guidelines for project funding under each proposed program. Their recommendations and guidelines, upon adoption by the board, form the basis for programs already operational and for those in development identified in this business plan.

In addition to these committees, Forest Renewal BC has established a research working group to take the lead in advising on research priorities and program implementation mechanisms.

## Staff

In 1996/97, Forest Renewal BC will continue to examine its staffing needs as the corporation expands its investments and introduces new programs and services. The corporation's objective is to maintain the lowest possible staffing levels while ensuring that its mandate is achieved. Wherever possible, the corporation will continue to seek opportunities to have programs administered by qualified external agencies.

### Victoria

Forest Renewal BC's Victoria's office is now fully operational, and the permanent staff complement is 59. The following positions report to the chief executive officer:

- Vice-President, Operations: Communities, Value-added and Workforce
- Vice-President, Operations: Land, Resources and Environment
- Vice-President, Policy and Planning

- Vice-President, Finance and Administration
- Executive Director, Communications, Corporate and Public Relations
- Executive Coordinator

### Regional offices

Forest Renewal BC has adopted the regional boundaries used by the Ministry of Forests, but has renamed them to better reflect their geographic coverage. Offices have been established in Williams Lake, Prince George, Kamloops, Smithers, Cranbrook and Campbell River.

The main responsibilities of regional staff are to:

- identify regional priorities for funding;
- develop regional investment plans in consultation with regional advisory groups and a variety of individuals, industry, other government agencies and stakeholders;
- inform proponents about Forest Renewal BC programs and provide assistance in developing proposals;
- review proposals; and
- administer contracts and ensure compliance.

Staffing in the six regional offices now stands at a total of 60 employees. During 1996/97, the corporation intends to augment its regional staff with new members to manage contracts and provide administrative support.



## Regional consultation process

Forest Renewal BC partners play a role in developing the investment plan for expenditures in their regions and in evaluating the corporation's investments. Regional consultation processes will be established in 1996/97 to provide input on strategic plans and to evaluate programs and regional priorities.

Regional consultation will:

- assist Forest Renewal BC regional staff to identify needs that can be addressed by corporation programs;
- provide advice to Forest Renewal BC on programs or projects that may be appropriate for their region or on a province-wide basis;
- provide suggestions on how to improve programs and project delivery for regions; and
- act as a link with communities to communicate Forest Renewal BC activities.

## Accountability

As a Crown corporation, Forest Renewal BC is accountable to the people of British Columbia for its decisions and actions. This accountability is guaranteed in a number of ways.

### Board of Directors

The board is responsible for ensuring that the activities of the corporation are in keeping with its mandate, and that its mandate is delivered.

### British Columbians

Forest Renewal BC reports to the Legislature through the Minister of Forests. Each year a business plan and an annual report are presented to the Legislature for review by a select standing committee with responsibility for forests.

## Monitoring and Auditing

Forest Renewal BC ensures that the contracts it enters into are monitored and internally audited so that terms and conditions are met. The corporation's accounts are externally audited by the Auditor General of British Columbia.

### Evaluation

The corporation has established an evaluation framework to assess the effectiveness and efficiency of its investments in meeting its mandate.

# Fiscal Management

For 1996/97, Forest Renewal BC is predicting total revenue of \$477 million and is targeting expenditures of \$294 million, leaving \$183 million available for program expansion.

## 1996/97 Budget Overview

### Target Revenues and Expenditures (\$Millions)

#### Revenue<sup>1</sup>

Incremental Stumpage and Royalty Revenue	\$435.0
Interest	\$41.9
Total	\$476.9

#### Expenditures

Programs	\$275.0
Corporate Overhead	\$18.9
Total	\$293.9

**Excess of Revenue over Expenditures** **\$183.0**

Allocation to Program Continuity Fund<sup>2</sup> \$0.0

**Funds Available for Program Expansion** **\$183.0**

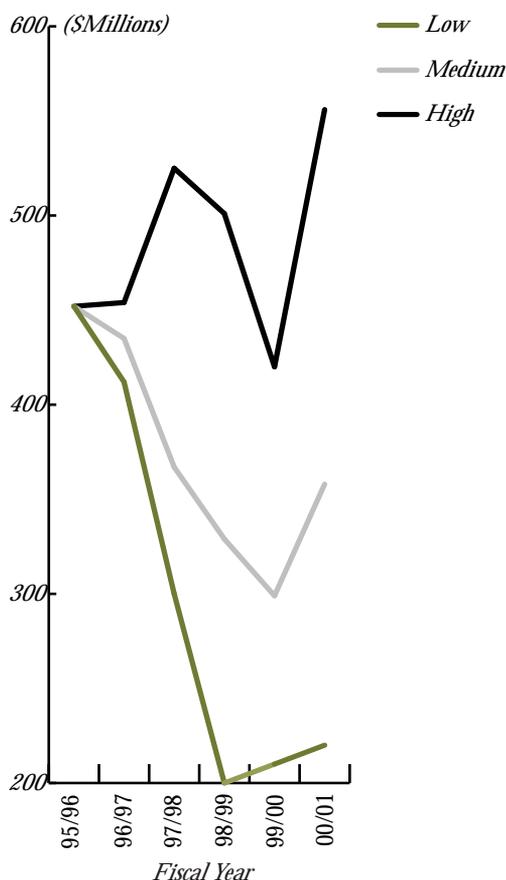
#### Estimated Balances as at March 31, 1997:

Reserve for Program Continuity	\$400.0
Unappropriated Equity	\$528.7

<sup>1</sup>Revenue estimates are calculated by the Ministry of Finance and Corporate Relations.

<sup>2</sup>Voted annually by the Forest Renewal BC board.

## Revenue Forecast



## Revenue

Annual revenue for the corporation is dependent on the harvest levels, commodity prices and the Canada/U.S. currency exchange rate which prevail throughout the year. In 1996/97, stumpage and royalties are expected to remain stable at the 1995/96 levels, since major drivers of the rate—lumber prices and exchange rates—are expected to hover at or near the levels of the latter half of 1995/96. Harvest levels are expected to experience a modest decline.

## 1996/97 Revenue Forecast Assumptions

	Volume Harvested (Million m <sup>3</sup> )	Exchange Rate (\$CDN/\$US)	Price of Spruce/Pine/Fir 2x4 #2 (SPF)	Price of Hemlock Baby Squares (HBSQ)	Estimated Revenue (Millions)
High	60	\$0.72	\$300—\$350	\$800	\$454
Medium	60	\$0.73	\$285	\$800	\$435
Low	60	\$0.73	\$260—\$275	\$800	\$412

It is expected that the implementation of the Canada/U.S. Softwood Lumber Trade Agreement will affect lumber prices and stumpage revenues during the year. Market analysts predict that the agreement will generate increased uncertainty and price volatility as buyers and sellers adjust to the trade restrictions. The impact of the agreement is uncertain and, as a result, no modifications have been made to the corporation's revenue forecasts.

Revenue forecasts for 1996/97 are based on lumber prices of \$285 per thousand board feet for SPF (spruce/pine/fir) 2x4 #2 and better grade, and \$800 for hemlock baby squares. This will generate approximately \$422 million in revenue from stumpage. The balance, \$13 million, will come from waste timber fees. The projection assumes harvests subject to stumpage of 19.5 million cubic metres on the Coast, and an Interior harvest of 40.5 million cubic metres.

### Revenue sensitivity

Stumpage revenue varies proportionately with volume harvested. On a total harvest of 60 million cubic metres, a change of one million cubic metres affects revenue by \$7.25 million.

The Canada/U.S. currency exchange rate affects the selling price of lumber, which in turn affects stumpage rates. The current estimates of revenue are based on an exchange rate of \$0.73 \$CDN/\$US. An increase of one cent to \$0.74 \$CDN/\$US would decrease projected revenues by \$5.5 million,

whereas a decrease in the exchange rate to \$0.72 \$CDN/\$US would increase projected revenues by \$5.3 million.

Revenue varies significantly with lumber prices. An increase in lumber prices of \$10 per thousand board feet from the projected \$285 per thousand board feet would increase revenue to the corporation by \$11 million.

In fiscal 1995/96, Forest Renewal BC agreed with the provincial treasury recommendation that, because of the uncertainty of both future income and future expenditures, a conservative investment philosophy should be adopted. A targeted asset mix was set at 70 per cent money markets, 20 per cent short-term bonds, and 10 per cent Canadian equities. The justification for the asset mix was based on the following objectives:

- capital preservation rather than income maximization;
- assured liquidity to cover annual program expenditures; and
- maximizing the return on investment within conservative risk parameters for a publicly funded enterprise.

This investment strategy has been reviewed and validated by an external consultant.

As of March 31, 1996 the balance invested with the provincial treasury was \$613 million. Although the investment balance is projected to increase during the 1996/97 fiscal

## Investment strategy

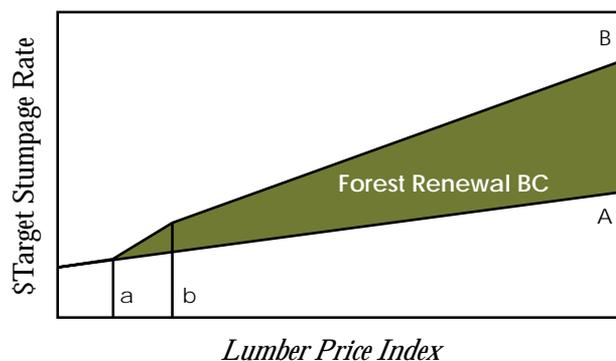
Under the *BC Forest Renewal Act*, the provincial treasury of the Ministry of Finance and Corporate Relations acts as Forest Renewal BC's fiscal agent and is responsible for investing unexpended funds. All income generated from these investments is credited to Forest Renewal BC to help sustain long-term program funding.

year, it is expected that these funds will be drawn down in future years because of significant forest investment opportunities not yet included in the corporation's program plans, and/or declines in revenue resulting from the cyclical nature of the forest sector. This long-term investment strategy will be continued to ensure continuity of funding for forest resource enhancement, creation of long-term employment, and community stability. The annualized rate of return on these investments was 8.0 per cent as of March 31, 1996.

### Assurance of long-term funding

Every year, Forest Renewal BC identifies its spending target for the coming year. The target is based on several factors, including the assured availability of program funding over time, and program implementation capacity. Each year in its business plan, Forest Renewal BC also identifies estimated targets four years beyond the current year.

The corporation has adopted a long-term vision in managing its budget, to prevent a start-and-stop approach to program support. Multi-year commitments for projects will ensure ongoing funding and the creation of stable employment. Consistent, multi-year funding levels will also help stabilize industry activity and community well-being during downturns in the forest sector. The corporation can make this long-term commitment because it has a source of funding that is not restricted to an annual process of legislative approval.



However, there is significant potential for volatility in the corporation's level of revenue over time. An extended period of low lumber prices in the United States, reduced timber harvests in British Columbia, or a higher Canada/U.S. currency exchange rate could dramatically reduce revenues. A series of years with low revenue could put at risk the ability of Forest Renewal BC to provide continuity of funding to its programs. Forest Renewal BC saw the need to establish a program continuity fund to smooth out the ups and downs of the forest-sector business cycle. It is anticipated that the cash reserves in the continuity fund will be drawn upon during industry downturns.

### Revenue calculation

The graphic on the previous page illustrates two important points. First, the revenue collection system put in place to fund Forest Renewal BC ensures that industry will not have to pay incremental stumpage when it can least afford to do so. Second, when lumber prices are low, Forest Renewal BC's revenues can drop dramatically and, in fact, can fall to zero.

The total area under Line B illustrates the aggregate amount of stumpage and royalty revenue collected by the provincial government.

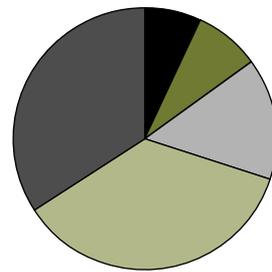
The area under Line A illustrates the proportion of stumpage and royalty revenue placed in the consolidated revenue fund and used by the provincial government to fund its many government-delivered public goods and services. The majority of the area between Line A and Line B represents the amount of revenue available for Forest Renewal BC to fund its programs and activities.<sup>1</sup>

Forest Renewal BC's proportion of the total revenue is relatively constant, unless forest-product prices fall sufficiently to cause the lumber price index to drop below a certain level (Point b). Once that point is reached, Forest Renewal BC's proportional revenue quickly drops and can fall to zero (Point a).

The actual lumber prices associated with these points vary depending on exchange rates.

<sup>1</sup>The actual proportion is 80 per cent of this amount, less \$50 million.

### Distribution of Target Expenditures by Activity Area Fiscal 1996/97



- Environment 34%
- Land and Resources 36%
- Workforce 15%
- Communities 8%
- Value-added 7%

### Expenditures

Forest Renewal BC plans to expend \$294 million in 1996/97, of which \$275 million will be invested in projects. Investments under existing programs and in unsolicited proposals are targeted at \$226.8 million, while investments in programs still under development are targeted at \$48.2 million.

#### Expenditure by activity

Over the long term, the corporation expects to invest an average of \$400 million annually and to achieve a distribution of investments across activities roughly as follows:

Land and Resources	50.0%
Environment	15.0%
Workforce	20.0%
Communities	7.5%
Value-added	7.5%
<b>Total</b>	<b>100.0%</b>

In any given year, the distribution of funding among activities may not exactly reflect these proportions. The corporation will set flexible

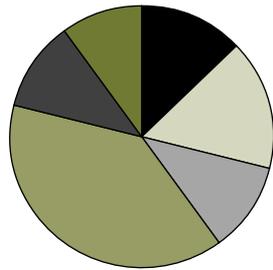
spending priorities initially and, until full program spending of \$400 million annually is achieved, will not restrict funding in any area.

Forest Renewal BC will encourage proposals that can meet several of its objectives at a time. This will maximize the value of expenditures by extracting “double or triple duty” from individual proposals. For example, an enhanced forestry proposal may provide opportunities for training as well as for long-term local jobs. Part of the cost of such a proposal may be charged against each of the land and resources, workforce, and communities activity areas.

#### Expenditure by region

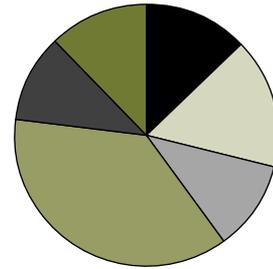
Over the long term, Forest Renewal BC will ensure that its investments are regionally equitable.

Program Target Expenditures by Region for Fiscal 1996/97



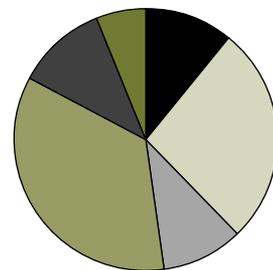
- Kootenay-Boundary 10%
- Thompson-Okanagan 11%
- Pacific 39%
- Cariboo-Chilcotin 11%
- Omineca-Peace 16%
- Skeena-Bulkley 13%

Cumulative Program Expenditures by Region for Fiscals 1994/95, 1995/96 and 1996/97



- Kootenay-Boundary 12%
- Thompson-Okanagan 11%
- Pacific 37%
- Cariboo-Chilcotin 11%
- Omineca-Peace 16%
- Skeena-Bulkley 13%

Measurement of regional equity will be based on a region's contribution to revenue and on achievement of overall Forest Renewal BC objectives. Funding will be directed in accordance with the priority needs for Forest Renewal BC expenditures to create jobs, promote community stability, restore and maintain environmental attributes, and invest in forests that in future will be able to support a vigorous forest industry. To meet its regional equity targets, the corporation is working with proponents to increase the number of proposals in regions where an inadequate number have been received.



- Kootenay-Boundary 6%
- Thompson-Okanagan 11%
- Pacific 35%
- Cariboo-Chilcotin 10%
- Omineca-Peace 27%
- Skeena-Bulkley 11%

Historical Stumpage and Royalty Contributions

Annual expenditures by region will be assessed in the context of factors such as:

- revenue derived from a region;
- employment needs;
- ecological restoration needs;
- the value of the resource;
- contribution to sustainability;
- contribution to the future vision of the forest;
- contribution to economic diversification;
- First Nations' needs;
- potential for increasing fibre supply; and
- investment productivity.

## Regional equity

The *BC Forest Renewal Act* requires Forest Renewal BC to develop and implement a program of expenditures to help renew the forest sector in a way that is regionally equitable. On the face of it, the principle of regional equity may seem simple—all regions should receive their “fair share” of Forest Renewal BC investments—but putting the principle into practice poses a number of challenges. Determining what is equitable presents a

challenging set of considerations. For example, arguments have been made that Forest Renewal BC’s funding should be directed to the regions in the same proportions as the Crown derives revenues from those regions. While this thinking is easy to understand, it fails to consider the overall, province-wide objectives established for Forest Renewal BC. The corporation may choose to invest more in regions contributing less revenue because these regions may require greater transition assistance.

Because of the complexity of the equity issue and the desire for Forest Renewal BC investments to serve multiple objectives, a number of factors—in addition to the origin of stumpage and royalty revenue—must be considered as the corporation implements a regionally equitable expenditure plan. In this way, Forest Renewal BC can be confident that its program of expenditures will be balanced and can be adjusted over time to address both types of equity concerns—equity based on derivation of revenue, and equity in achieving overall Forest Renewal Plan objectives.

## Corporate overhead

For 1996/97, Forest Renewal BC is budgeting corporate overhead expenses at \$18.9 million. These consist of \$16 million for base operations, \$1 million for chair, board and committee expenses, and \$1.9 million for ongoing start-up costs. Start-up costs include office and computer expenditures of \$1 million, one-time administrative and personnel expenditures of \$0.3 million, and corporate marketing expenditures of \$0.6 million. The 1996/97 budget reflects the first full year of staffing and operation of Forest Renewal BC's regional offices. Compared to 1995/96, infrastructure costs of establishing offices and recruiting will decline, while fixed costs of salaries, travel, office, and building occupancy will increase to their annualized levels.

The \$18.9 million corporate overhead budget maintains expenditures in Victoria at 1995/96 levels, and more than triples expenditures in the regions, from \$2.0 million in 1995/96 to \$7.2 million in 1996/97.

## Program Target Investments by Region for Fiscal 1996/97

	Pacific	Kootenay- Boundary	Thompson- Okanagan	Omineca- Peace (\$Millions)	Skeena- Bulkley	Cariboo- Chilcotin	Totals for all Regions
<b>Environment:</b>							
Watershed Restoration Program	24.76	5.23	4.47	3.82	6.96	5.19	50.43
Resource Inventory Program	13.27	1.18	1.84	1.11	1.48	2.09	20.97
Recreation Program	1.94	0.73	0.73	0.38	0.39	0.56	4.73
Research Program	2.63	0.20	0.50	1.17	0.40	0.20	5.10
Unsolicited Proposals	3.76	0.68	0.70	0.61	0.86	0.74	7.35
<b>Subtotal</b>	<b>46.36</b>	<b>8.02</b>	<b>8.24</b>	<b>7.09</b>	<b>10.09</b>	<b>8.78</b>	<b>88.58</b>
<b>Land and Resources:</b>							
Enhanced Forestry Program	14.95	4.83	4.30	18.41	8.82	4.80	56.11
Resource Inventory Program	13.37	1.25	1.55	1.00	0.74	1.21	19.12
Woodlot Expansion Program	0.36	0.45	0.67	0.81	0.49	0.58	3.36
Research Program	6.72	0.61	1.27	1.02	1.27	0.61	11.50
Unsolicited Proposals	2.00	0.42	0.47	1.16	0.65	0.43	5.13
<b>Subtotal</b>	<b>37.40</b>	<b>7.56</b>	<b>8.26</b>	<b>22.40</b>	<b>11.97</b>	<b>7.63</b>	<b>95.22</b>
<b>Workforce:</b>							
Forest Worker Employment and Training Program	1.27	0.64	0.11	0.14	0.14	0.11	2.41
Value-added Training Program	0.83	0.40	0.20	0.21	0.20	0.20	2.05
Research Program	0.34	0.01	0.02	0.08	0.01	0.08	0.54
Land Based Project Training Program	1.30	0.76	0.89	0.94	1.14	0.95	5.98
Bursary Program	0.07	0.07	0.07	0.07	0.07	0.07	0.42
Unsolicited Proposals	2.79	0.67	0.66	0.97	0.80	0.64	6.53
<b>Subtotal</b>	<b>6.60</b>	<b>2.55</b>	<b>1.95</b>	<b>2.41</b>	<b>2.37</b>	<b>2.05</b>	<b>17.93</b>
<b>Communities:</b>							
Forest Community Business Program	0.81	0.77	0.77	0.78	0.77	0.77	4.67
Forest Community Economic Development Program	0.75	0.72	0.72	0.72	0.72	0.72	4.35
Research Program	0.55	0.12	0.10	0.14	0.02	0.06	0.99
Forest Excellence Awards Program	0.03	0.03	0.03	0.03	0.03	0.03	0.18
Unsolicited Proposals	2.33	0.50	0.48	0.75	0.61	0.47	5.14
<b>Subtotal</b>	<b>4.47</b>	<b>2.14</b>	<b>2.10</b>	<b>2.42</b>	<b>2.15</b>	<b>2.05</b>	<b>15.33</b>
<b>Value-added:</b>							
Value Added Advanced Training Program	0.66	0.13	0.13	0.13	0.13	0.13	1.31
Research Program	1.07	0.07	0.04	0.18	0.05	0.02	1.43
Unsolicited Proposals	3.23	0.70	0.66	0.96	0.82	0.63	7.00
<b>Subtotal</b>	<b>4.96</b>	<b>0.90</b>	<b>0.83</b>	<b>1.27</b>	<b>1.00</b>	<b>0.78</b>	<b>9.74</b>
<b>Total</b>	<b>99.79</b>	<b>21.17</b>	<b>21.38</b>	<b>35.59</b>	<b>27.58</b>	<b>21.29</b>	<b>226.80</b>
Programs Under Development	8.04	8.03	8.03	8.04	8.03	8.03	48.20
<b>Total</b>	<b>107.83</b>	<b>29.20</b>	<b>29.41</b>	<b>43.63</b>	<b>35.61</b>	<b>29.32</b>	<b>275.00</b>
Percentage Breakdown	39%	10%	11%	16%	13%	11%	100%

## Audit

Forest Renewal BC underwent a complete financial audit for the fiscal year ended March 31, 1995, from which an unqualified audit report was received. The research of the Auditor General of British Columbia helped identify several areas where additional administrative work will be undertaken in 1996/97. These areas included refining management reporting systems, enhancing internal audit processes, and the further fine-tuning of overhead allowances provided to two primary delivery agents—the Ministry of Environment, Lands and Parks, and the Ministry of Forests.

The corporation will also expand and enhance its project-tracking system in order to facilitate the capture of information needed to undertake ongoing program and project evaluation. It is anticipated that this system will be functional on the desktops of project officers in all regional offices by the end of 1996/97.

## Evaluation

To ensure that investments made by Forest Renewal BC contribute to the needs of our partners in the forest sector and are consistent with Forest Renewal BC's mandate, the corporation has established an evaluation framework. Evaluation results will be used for several purposes:

- In the area of program management, evaluation will provide ongoing feedback on how well Forest Renewal BC programs achieve their objectives, and will provide direction for correction and enhancements.
- Evaluation results will be reported to the board of directors, the Legislature and other bodies as a measure of how well the corporation is meeting its mandate as described in the *BC Forest Renewal Act*.

In addition to this overall evaluation framework, the corporation is developing evaluation plans for each of its programs. These will be used to fine-tune programs and program delivery.

### Evaluation issues

There are several key evaluation issues now being assessed by Forest Renewal BC:

1. To what extent is Forest Renewal BC contributing to the increased productivity of British Columbia's forests?
2. How many direct jobs have been created under Forest Renewal BC projects?
3. To what extent is Forest Renewal BC contributing to the maintenance and restoration of environmental values?
4. To what extent is Forest Renewal BC contributing to an increase in the amount of value-added processing in British Columbia?
5. To what extent is Forest Renewal BC contributing to an increase in the skill levels and adaptability of the workforce?
6. To what extent is Forest Renewal BC helping to increase the economic stability of forestry-dependent communities?
7. To what extent are the activities of Forest Renewal BC incremental—that is, to what extent might these activities have been carried out by government, project proponents or other parties in the absence of support from Forest Renewal BC?
8. How efficient and effective are the structure and operation of Forest Renewal BC?
9. To what extent have the activities of Forest Renewal BC contributed to achieving the goal of delivering regionally equitable programming?
10. To what extent has Forest Renewal BC contributed to the goal of greater First Nations participation in the forest sector?
11. To what extent have the various stakeholders been able to participate in the planning and implementation of Forest Renewal BC activities, and what have been the impacts of this participation?
12. To what extent is the public aware of Forest Renewal BC, and what are the public perceptions of Forest Renewal BC?

## Financial systems

During 1995/96, Forest Renewal BC developed key financial and project-tracking systems. The corporation will continue to enhance reporting linkages with administrative agents and industry to ensure effective and efficient project monitoring and program evaluation.

The corporation will implement an electronic-mail-based forms flow system to speed up payments processing and program and administrative data recording. Additional systems capacity will be installed to increase overall reliability, so that future growth can be accommodated at the regional level.

## Information access and management

In the area of information management, Forest Renewal BC is aiming to achieve a high degree of access and openness, while protecting the legitimate privacy and business interests of proponents and partners.

To provide widespread access, an Internet site was established in 1995/96, containing information about the corporation and its initiatives. In 1996/97, the site will be expanded to provide more information on projects, program guides and application forms. The address of the site is:

<http://www.forestrenewal.bc.ca/forestrenewal/>

Recognizing the growing acceptance of Internet sites and an ever-increasing access to them—at libraries, for example—the Forest Renewal BC site will also be evaluated as a repository for reports from projects funded by the corporation.

Specific information management objectives for the coming year include enhancing project-tracking capabilities; implementing precise monitoring of achievements against investment targets; refining administration; implementing the electronic exchange of data with administrative agents; and developing new sources of information to support program evaluation.

## Operational Activities, Regional Issues *and* Perspectives

Forest Renewal BC identifies corporate and strategic objectives, develops investment programs, establishes funding guidelines and provides investment funds to meet its corporate and strategic objectives. Wherever possible, Forest Renewal BC employs the skills of outside agencies to help review proposals, write contracts, monitor projects and confirm that investments have been made in accordance with the corporation's objectives.

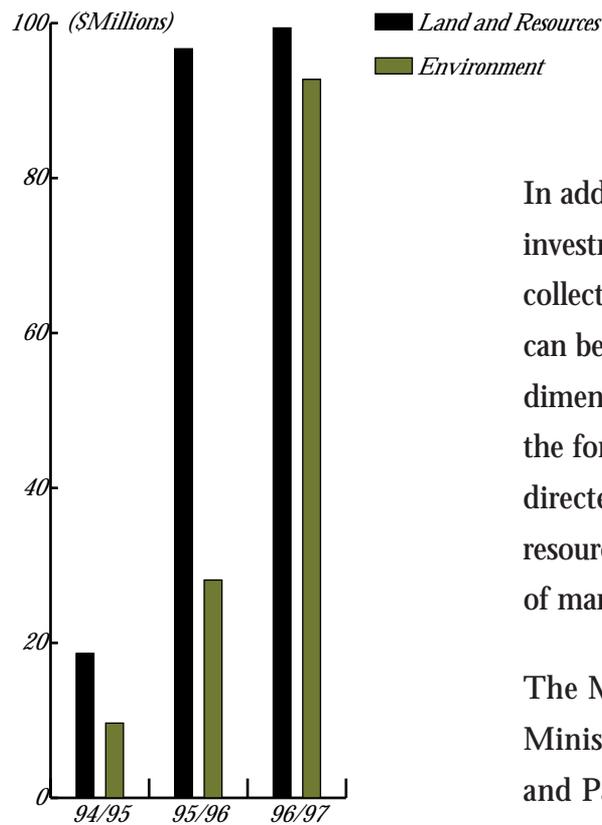
During 1996/97, Forest Renewal BC will be assisted in managing its programs by the Ministry of Forests; the Ministry of Environment, Lands and Parks; the Ministry of Education, Skills and Training; the Ministry of Small Business, Tourism and Culture; the Science Council of British Columbia; B.C. Wood Specialties Group; and several other private-sector agents. The corporation also works closely with the Forest Jobs Commissioner and the Resources Jobs Commissioners. This agency model of program delivery will be expanded during 1996/97.

### Corporate overview

#### Land and Resources, and Environment

Land and Resources, and Environment investments account for 65 per cent of Forest Renewal BC's funding targets. Land-based programs for 1996/97 will see significant investments in enhanced forestry, watershed restoration, and resource inventories. Investment priorities include improving the health and productivity of the province's forests,

## Investment Activity for Fiscals 1994/95, 1995/96 and 1996/97 (Targets)



restoring and protecting the forest aquatic environment, and facilitating the collection of resource information that will enhance the quality of forest management decisions.

Funding over the next fiscal year will be used to enhance silviculture practices, particularly where forest values and productivity can be improved. Investments in watershed restoration will continue where environmental hazards exist.

In addition, the 1996/97 regional investment plans support the collection of inventory data that can be used to evaluate the many dimensions of site conditions in the forests. Funding will also be directed to the study of non-timber resource values and alternative ways of managing forests.

The Ministry of Forests and the Ministry of Environment, Lands and Parks will continue to serve as Forest Renewal BC's administrative agents for land-based projects. Service from the ministries includes monitoring of projects, and technical reviews of project submissions to ensure that they are consistent with statutory requirements.

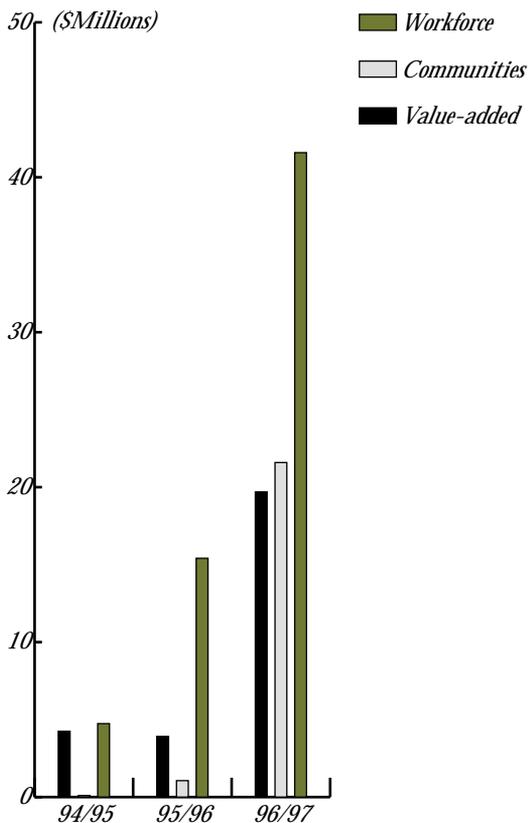
As illustrated, the corporation projects a twofold increase in land-based investments compared with 1995/96. This reflects an increase in proponent interest in Forest Renewal BC, coupled with an increase in capacity to implement projects.

## Workforce, Communities and Value-added

Forest Renewal BC's workforce, communities and value-added investments account for 35 per cent of the corporation's funding targets. Programs in these three activity areas are administered by the Ministry of Education, Skills and Training, the Ministry of Small Business, Tourism and Culture, B.C. Wood Specialties Group, and others.

In 1996/97, the corporation will increase the level of investment in these key areas. This will be facilitated through the introduction of new programs and more intensive discussion of opportunities with key groups. To this end, the corporation will ensure that greater input is received from its partners. Regional consultation processes will be established as one way to achieve this goal.

### Investment Activity for Fiscals 1994/95, 1995/96 and 1996/97 (Targets)



## Regional investment plans

Forest Renewal BC's six regional offices have developed regional investment plans for 1996/97. These are based primarily on land-based program proposals already approved in principle.

It should be noted that the regional investment plans identify proposed activities with funding levels greater than those identified in this

business plan. This is because the corporation expects to enter into contracts valued higher than its actual expenditures. This is typical in forestry projects because lags in actual expenditures frequently occur. In many instances, planned projects cannot be implemented because: a biological window of opportunity is missed; because of poor weather; or because proponents cannot find qualified persons to carry out the

work. In some instances, other initiatives may take precedence over planned Forest Renewal BC investments.

Program investment targets identified in this business plan are just that—targets. The corporation will strive to exceed its investment targets, provided that doing so will result in wise investments.

## Key operational issues

Several factors that prevented the corporation from meeting its target for 1995/96 are being addressed by the corporation for 1996/97. For example, recruitment lags were experienced by government and industry, and other priorities within the forest sector took precedence. There was a general lack of familiarity with Forest Renewal BC programs and funding, and a lack of programs in some activity areas.

### Human resources

The ability of Forest Renewal BC to implement land-based activities is closely tied to the human resource capacities, risk management, and implementation experience within the Ministry of Forests and the Ministry of Environment, Lands and Parks. These agencies have statutory responsibilities to approve all activities that take place on the land base, and to ensure that activities are consistent with local and regional land-use and forest management plans, and with the Forest Practices Code.

To meet these responsibilities, the ministries need staff over and above their base staffing levels, or they must make extensive use of outside professionals. To date, the ministries have been unable to hire enough staff. This situation could jeopardize Forest Renewal BC's ability to meet its 1996/97 expenditure targets.

During 1996/97, the corporation will work with the ministries, legal counsel and professional associations to make more use of professional expertise within companies and in private practice to implement land-based projects. In the short term, the ministries will expand their use of contractors to implement projects and to ensure that bottlenecks associated with ministry workplan approvals are minimized. In the long term, to eliminate delivery limitations, the corporation will work toward using third-party sign-off on workplans and contract invoices.

Regional offices are entering their second year of operation and are now in a better position to assume greater responsibility for program management. To ensure that the corporation's mandate continues to be met through expanded regional decision making, staff development and training will be enhanced during the year, and new policies and procedures will be introduced.

### Streamlining the contract process

A significant concern has been expressed by proponents that they are required to enter into a multiplicity of contracts with the Ministry of Forests and the Ministry of Environment, Lands and Parks to undertake land-based activities funded by Forest Renewal BC, and that they are incurring unplanned costs and experiencing delays.

Forest Renewal BC is working with government central agencies as well as with the Ministry of Forests and the Ministry of Environment, Lands and Parks to implement revised tendering policies that will minimize the burden of public tendering while continuing to ensure fair and open access to contracts. Agreement will be

sought to localize tendering—by using local bidders lists and local advertising—and to increase the \$25,000 ceiling on direct invitations. *A Proponents' Guide to Contracting* is being prepared to help expedite contracts with Forest Renewal BC and its administrative agents.

Over the longer term, Forest Renewal BC will work to implement a process that will allow projects to be funded directly by the corporation through multiple-year umbrella funding agreements. Under such agreements, the ministries' responsibilities would be limited to technically approving work covered by those contracts, and for monitoring work. Forest Renewal BC expects to implement several of these contracts in 1996/97.

## Forest Renewal BC's communications strategy

The goal of communications activities is to educate the public about Forest Renewal BC as an innovative, unique partnership which is playing a leading role in the renewal of the province's forest sector. A key to meeting this goal is to find new and interesting ways of telling the Forest Renewal BC story.

In the last two months of fiscal year 1995/96, a corporate marketing campaign was launched to increase public awareness of Forest Renewal BC's mission, programs and projects. The television and

radio advertising components of the initial corporate marketing campaign are important in providing a distinct and emotional image of Forest Renewal BC in a cluttered advertising marketplace. This advertising will be completed in the first quarter of 1996/97. A second phase of corporate promotion, building on the success of the present campaign, will be developed in the third quarter of the year.

Increasing awareness and creating greater understanding of Forest Renewal BC and its work will be central to planning and executing communications activities in the coming

year. Increased public outreach and access to Forest Renewal BC will be more strategically planned and targeted in 1996/97. One of the most visible activities will be a corporation-hosted community cable-television series. As an important component of the corporate marketing campaign, these programs will be designed to provide both information about the corporation and an interactive forum for public access. It is expected that at least seven community-based programs will air by the end of the fiscal year, making Forest Renewal BC information available to people throughout the province.

## Performance measures

**In 1996/97, Forest Renewal BC will review the timing and completion of work that it funds. In reviewing work completed in 1995/96, it became apparent that many approved proposals were not completed, or not even started. Some of the reasons for this shortfall were related to delays in approvals and contract negotiations, but other reasons were related to proponents' inability to implement approved projects. Forest Renewal BC will work in 1996/97 to ensure that proponents do not seek approval for projects which they cannot implement, as these approvals will tie up scarce capacity that could be utilized in proposals which could proceed.**

A coordinated corporate relations approach will also be used to ensure greater involvement in forest-sector events. Display units will be designed for use at a range of events, and video being produced for inclusion in the community cable programs will be shown as part of various displays.

A plan is being developed to target more effective media relations in major markets and regional centres. The objective is to provide the media with more information about the corporation and its activities and give them better access to corporate representatives, so that the Forest Renewal BC story will be told in a well-informed and balanced manner.

To advance Forest Renewal BC's leadership in the forest sector, communications strategies will be developed to support corporate programs and projects. For example, strategies have been developed or are being developed to support a major value-added announcement, as well as the Forest Recreation Program, the Forest Community Business Program, the Research Program, The BC Wood Fibre Network, the Forest Excellence Awards, and a Bursary Program. Strategies will also be developed for programs in development and for each of Forest Renewal BC's regions.

To support communications activities, written materials such as the corporation's recently launched newsletter will be produced regularly. Existing communications vehicles are being enhanced, and new materials are being introduced on an ongoing basis.

Communications capacity will be established in each of the corporation's regional offices. In addition, the corporate communications office will be reorganized and staffed to meet the corporation's communication challenges effectively and professionally.

## Regional operations

### Cariboo-Chilcotin Region

#### Investment Targets 1996/97

Land and Resources	\$7.63 million
Environment	\$8.78 million
Workforce	\$2.05 million
Communities	\$2.05 million
Value-added	\$0.78 million
Programs in development	\$8.03 million
<b>Total</b>	<b>\$29.32 million</b>

*An estimated 575 person-years of employment will be created through these investments in 1996/97.*

**The Cariboo-Chilcotin Region is highly dependent on the forest industry for its economic health. Planning for the orderly development of the region has been established at a strategic level by the Cariboo-Chilcotin Land Use Plan. Implementing the plan at the operational level requires a good deal more work and more**

information, including new inventories. Forest Renewal BC will assist the process by funding 60 inventories under the Inventory Program, and possibly through the Land-based Planning Tools Program, which is still under development.

Employment is an issue in the region. Communities dependent on the forest industry, including First Nations, face unemployment and under-employment. There is a need to train employees in new technology in the mills and in the forest so that they can participate fully in the economic opportunities which Forest Renewal BC is assisting. Partnerships among licensees, communities, First Nations, government agencies and Forest Renewal BC will allow workers in local communities to claim the majority of the work generated through the corporation's Cariboo-Chilcotin initiatives.

Public participation is important in the direction of Forest Renewal BC operations at the regional level. During the coming year, a regional consultation process will be established to provide advice on strategic direction and regional priorities for each of the activity areas. A communications plan will be developed to give the public opportunities to understand how Forest Renewal BC operates and how they can participate in the corporation's activities.

#### Land and Resources

The Enhanced Forestry Program will fund 39 projects including spacing, pruning and the rehabilitation of roads and landings. Sixty resource inventory projects will be funded.

## Environment

### **Forest Renewal BC will fund 72 projects through its Watershed Restoration Program.**

**Watershed assessments will be done on all of the high-priority watersheds in the Cariboo-Chilcotin region. At least 12 watersheds will receive remedial attention.**

## Employment projections

An important objective for Forest Renewal BC is to create jobs. An attempt has been made in this business plan to estimate the level of job creation that the corporation's investments will stimulate in 1996/97. The estimates are based on a survey done with a number of project proponents in 1995/96, and on information provided by the Ministry of Forests and the Ministry of Environment, Lands and Parks from projects they administered for the corporation in the same year.

For most Forest Renewal BC investments, job creation is measured in terms of person-days of employment as opposed to full-time jobs or years of employment. For the purposes of estimating job creation in 1996/97, however, the corporation has

chosen a consistent measure of person-years of employment. Since many jobs are of shorter duration, the estimates understate the number of individuals who will work on Forest Renewal BC projects.

The corporation is estimating that its 1996/97 investments will result in 3,890 direct person-years of employment. In addition to direct employment, Forest Renewal BC investments generate indirect and induced employment. Indirect employment occurs in businesses supplying goods and services in support of program activities; induced employment is generated through the spending, by employed persons, directly or indirectly on consumer goods and services. Indirect employment is estimated to be 404 person-years of employment. Induced employment is estimated to be 1,792 person-years.

Total person-years of employment generated as a result of Forest Renewal BC investments is therefore estimated at 6,090.

Forest Renewal BC investments will also generate employment in the future, through improved productivity, environmental enhancement, increased value-added capability, and stable communities. No attempt has been made to quantify these future benefits in this business plan, but they will be quantified as part of the corporation's evaluation activities.

In 1996/97, Forest Renewal BC will implement a system of contract reporting that will provide actual information on employment created through Forest Renewal BC projects. This information will be reported in Forest Renewal BC's 1996/97 annual report.

The Recreation Program in the Cariboo-Chilcotin region is in its infancy. The Williams Lake-River Valley Trail is the primary project now underway. Twenty-five stakeholder groups have committed time, money and volunteers over the past five years to building a 14-kilometre trail to connect Williams Lake to the Fraser River, and to clean up the valley. Forest Renewal BC has participated in phase one, which includes replacing 22 washed-out bridges. This is a multi-partner project, with significant community involvement and environmental benefits.

#### Workforce

The need for a trained workforce has been recognized in this region, and 42 land-based projects include a training component. A training consultant has been contracted to ensure that training standards are met.

#### Communities

Forest Renewal BC will fund five communities and First Nations groups to increase their capacity to undertake forest-sector transition planning and to identify potential forest-sector activities that could benefit their communities.

#### Value-added

A number of independent value-added business people in the Cariboo-Chilcotin have stressed the need to help develop the sector. Forest Renewal BC will be funding a wood-issues coordinator position in the North Cariboo. The coordinator will work with the North Cariboo Wood Products Advisory Committee to identify the needs of the value-added sector, and opportunities for the Cariboo value-added sector.

## First Nations participation

Forest Renewal BC recognizes the forest sector benefits when aboriginal people and their communities are involved in the forest economy. In 1995/96, First Nations either led or were involved in approximately 25 per cent of program expenditures. In this fiscal year, the corporation will continue involving First Nations in its investment activities.

The corporation has established a framework for its mandate to support increased aboriginal participation in forestry. For example:

- All Forest Renewal BC programs will be accessible to First Nations people. The corporation will not establish separate programs for First Nations people, but will encourage partnerships throughout all activity areas. This will contribute to increased First Nations participation in the forest sector as a whole.
- Forest Renewal BC programs will recognize the unique circumstances faced by First Nations today and will be flexible to adapt to new circumstances that may emerge as treaties are settled.
- The work of Forest Renewal BC will focus on practical initiatives that support meaningful participation by First Nations people, while contributing to the corporation's broader objective of facilitating the transition to a new forest economy in British Columbia.
- Forest Renewal BC encourages proponents to work with First Nations in planning and implementing all Forest Renewal BC projects.

In 1996/97, the corporation will continue to develop policies that define the role of Forest Renewal BC with respect to aboriginal participation in forestry. This work will carry on in consultation with First Nations organizations and communities. The advice of aboriginal persons on the board of directors, its committees and in regional consultation processes will also guide the work ahead.

## Kootenay-Boundary Region

### Investment Targets 1996/97

Land and Resources	\$7.56 million
Environment	\$8.02 million
Workforce	\$2.55 million
Communities	\$2.14 million
Value-added	\$0.9 million
Programs in development	\$8.03 million
<b>Total</b>	<b>\$29.2 million</b>

*An estimated 590 person-years of employment will be created through these investments in 1996/97.*

The Kootenay-Boundary Region's focus for 1996/97 will be to implement an investment plan which responds to current employment and community transition needs, while undertaking initiatives that will help improve long-term stability in the region's forest sector. With this focus, the region has identified five strategic priorities:

- to help implement activities in support of the Kootenay-Boundary Land Use Plan;
- to support activities intended to improve implementation of the Forest Practices Code;
- to support communities through ongoing economic transition efforts;
- to address current workforce issues facing communities such as Golden, Kaslo and Nakusp; and
- to help strengthen value-added manufacturing.

The region will implement a regional consultation process in 1996/97.

#### Land and Resources

In response to these priorities, the region plans to implement land-based projects at a value substantially larger than in 1995/96, including 72 enhanced forestry projects and 134 resource inventory projects.

#### Environment

This year, the region will implement 164 projects under the Watershed Restoration Program. Several recreation projects are planned which will help improve the educational and recreational opportunities provided by the forests.

#### Workforce

Regional staff will work closely with regional partners to develop new employment/training proposals and similar opportunities within ongoing proposals.

## Communities

Through the Forest Community Economic Development Program, the region will continue to support local communities facing transition issues. Regional staff anticipate strong interest in the Forest Community Business Program. This program, in combination with other initiatives in the value-added and communities areas, offers substantial opportunities for this region.

## Value-added

Forest Renewal BC will continue to support value-added manufacturing by sponsoring a value-added forum in Cranbrook, and by assisting companies with training in new technology, feasibility studies and market studies.

## Omineca-Peace Region

### Investment Targets 1996/97

Land and Resources	\$22.40 million
Environment	\$7.09 million
Workforce	\$2.41 million
Communities	\$2.42 million
Value-added	\$1.27 million
Programs in development	\$8.04 million
<b>Total</b>	<b>\$43.63 million</b>

*An estimated 1,010 person-years of employment will be created through these investments in 1996/97.*

The forest land base and forest industry are vital to all communities in the Omineca-Peace Region. In 1996/97, the regional office will continue to encourage and facilitate community participation in Forest Renewal BC programs. Given the very large area of the region, ensuring easy access to Forest Renewal BC staff by people throughout the area will remain a priority. Project officers have established formal schedules to work out of government agents' offices in communities throughout the region. In 1996/97, initiatives will include developing regionally based strategic priorities to guide program investments; encouraging proposal development so that the number of proposals in the Omineca-Peace Region can be increased; and exploring methods of streamlining program delivery. A regional consultation process will be established by early fall to help identify regional goals, priorities and evaluation measures.

#### Land and Resources

The regional office will continue to work with its partners to ensure that the region derives maximum benefits from the investments made by Forest Renewal BC. Investments in 70 enhanced forestry projects and 102 inventories are planned.

#### Environment

Forty-five watershed restoration projects will be implemented in 1996/97.

#### Workforce

The regional office will continue to work on a variety of initiatives for employment creation, enhancement and stabilization. For example, several approved land-based projects include a training component which will increase First Nations worker employment in the forest sector. Similarly, the regional office will continue to support industry/union initiatives and projects aimed at upgrading the skills of forest-sector employees.

Communities

**Implementing the Forest Community Economic Development Program and the Forest Community Business Program will be priorities for regional staff in 1996/97.**

Value-added

Expansion in the value-added sector offers considerable promise for economic and employment growth. Regional staff will make it a priority to work with proponents throughout the region to help them realize their value-added plans.

## Pacific Region

### Investment Targets 1996/97

Land and Resources	\$37.40 million
Environment	\$46.36 million
Workforce	\$6.60 million
Communities	\$4.47 million
Value-added	\$4.96 million
Programs in development	\$8.04 million
<b>Total</b>	<b>\$107.83 million</b>

*An estimated 2,595 person-years of employment will be created through these investments in 1996/97.*

The Pacific Region covers the Lower Fraser Valley to the Mid-Coast, and the Queen Charlotte Islands and Vancouver Island. The region is noted for its coastal temperate rainforests, diverse lifestyles, and an economy in which many

communities depend on resource activities. This large geographic area and the difficulties experienced in accessing all locations will require Forest Renewal BC staff to be innovative in their coverage of the region. A regional consultation process will be established in 1996/97 to ensure that regional priorities are incorporated into regional investment plans.

The Pacific Region is facing a number of challenges, particularly with respect to its workforce. Displacement of workers as a result of mill rationalization in the Fraser Valley, and new ways of practicing forestry due to new land use plans and Clayoquot Sound initiatives require attention from Forest Renewal BC. The corporation will assist displaced workers in finding continuing employment in the forest sector, and will endeavour to do so without displacing other workers.

#### Land and Resources

Enhanced forestry will continue to be a large program, with 134 projects planned for 1996/97, because of its potential for job creation and long-term benefits for improved fibre production. The Inventory Program is just getting underway with 96 projects planned. While the Pacific Region has experienced significant growth in the land-based delivery of its regional investment plan since 1995/96, delivery capacity and the lack of well-trained workers remain major concerns.

#### Environment

The Watershed Restoration Program will fund 174 projects this year. Programs such as research, recreation and various special projects will continue to be in heavy demand during the coming year.

## Workforce

Workforce issues are a high priority. Twenty per cent of all land-based projects will have training components. Land-use issues and reductions in the allowable annual cut will be major considerations as new programs are developed for displaced forest workers.

## Communities

The Forest Community Economic Development Program and the Forest Community Business Program are expected to generate significant interest in 1996/97. The Pacific Region expects to commit as much as 25 per cent of its expenditures to partnerships with communities, First Nations, displaced forest workers, and others. Significant progress has been made with the forest industry and government agencies to encourage and develop partnerships at the community level, so that more Forest Renewal BC programs can be delivered to enhance community stability.

## Value-added

There is a great deal of potential for growth in value-added and secondary manufacturing in the region. Business development, worker training and job creation in the value-added area are other high priorities in this region.

## Skeena-Bulkley Region

### Investment Targets 1996/97

Land and Resources	\$11.97 million
Environment	\$10.09 million
Workforce	\$2.37 million
Communities	\$2.15 million
Value-added	\$1.00 million
Programs in development	\$8.03 million
<b>Total</b>	<b>\$35.61 million</b>

*An estimated 750 person-years of employment will be created through these investments in 1996/97.*

The Skeena-Bulkley Region covers 24 million hectares in the northwest corner of the province, nearly a quarter of the provincial land base. It is one of British Columbia's most diverse regions, and stretches from Prince Rupert on the coast to the dry sub-boreal interior near Burns Lake, and to the northern tundra of the Cassiar area. This diversity is reflected in a wide range of forest-related issues and priorities that will be addressed by the regional office in 1996/97.

During the fiscal year 1996/97, Skeena-Bulkley will undertake several regional objectives to increase its Forest Renewal BC investments. In its first full year of operation, the regional office will continue to follow Forest Renewal BC's guiding principles and deliver programs in cooperation with industry, First Nations, labour, government and community partners. A regional consultation process will be established to help develop a regional strategy to guide program investments. This will enhance community-based decision making on initiatives that will have impacts on the region's forest resources. A regional communications strategy will be developed to enhance relationships with key stakeholders.

One of the major challenges facing the Skeena-Bulkley Region is to raise the involvement of the region's many and diverse First Nations in programs and projects funded by Forest Renewal BC.

### Land and Resources

The 1996/97 regional investment plan outlines land-based investments for the current field season that are nearly double the value of those in 1995/96. The regional office will work with partners to implement 39 enhanced forestry projects and 43 inventory projects.

### Environment

The region plans to invest in 27 watershed restoration projects and several recreation projects in 1996/97.

### Workforce

The regional office will continue to work in cooperation with the Ministry of Education, Skills and Training to deliver comprehensive training packages. A partnership with the B.C. Forestry Continuing Studies Network will ensure that high-quality training is attached to land-based programs.

### Communities

The Forest Community Economic Development Program will help strengthen communities and generate new local forest-sector jobs by providing assistance for community-level, forestry-related transition planning, research and project development. The Forest Community Business Program will be implemented in cooperation with local Community Futures organizations, First Nations development corporations and local credit unions. This new program will provide access to financing, business planning and support for small- and medium-sized new and expanding forest-sector businesses.

### Value-added

A strategy will be developed to increase value-added activity in the region—an area with considerable growth potential. The regional office will work to increase value and jobs from each tree harvested in the region.

## Thompson-Okanagan Region

### Investment Targets 1996/97

Land and Resources	\$8.26 million
Environment	\$8.24 million
Workforce	\$1.95 million
Communities	\$2.10 million
Value-added	\$0.83 million
Programs in development	\$8.03 million
<b>Total</b>	<b>\$29.41 million</b>

*An estimated 570 person-years of employment will be created through these investments in 1996/97.*

The Thompson-Okanagan Region, covering more than 8.5 million hectares, includes the north and south Thompson River drainages, the mid-Fraser, and Okanagan country to the U.S. border. Diverse in climate and lifestyle, it is one of the fastest growing areas of the province.

A comprehensive regional investment plan developed for 1996/97 incorporates all of the Forest Renewal BC guiding principles and will be delivered with the

cooperation of industry, First Nations, labour, other government agencies and community groups. A regional consultation process will be established over the course of the year, following directions outlined at a regional workshop in February 1996, to assist in program priority-setting throughout the region.

Thompson-Okanagan activities will increase in 1996/97, reflecting the level of interest in Forest Renewal BC and the corporation's increased ability to deliver programs through partnerships.

### Land and Resources

Enhanced Forestry Program work is underway with 101 projects, and will continue to be a mainstay of the overall Thompson-Okanagan program. Focused investments in the land will maximize yields and options for the future. Research into the effects of new land management regulations and their impact on natural systems will continue, as will the collection of important baseline planning data

on various species of animals affected by forest activities. The region's Inventory Program will fund 99 projects this year.

#### Environment

Water is critical to the dry Okanagan. The Watershed Restoration Program will fund 177 projects to help ensure a high-quality water supply for communities well into the future.

#### Workforce

Workforce issues are a high priority in the region. Training will be part of many land-based projects, to increase options for workers in areas of high unemployment and to ease transition for those affected by technological upgrades at older facilities.

#### Communities

Communities are in transition throughout the Thompson-Okanagan, and economic diversification is necessary to maximize future options. The Forest Community Business Program will ensure that funds are available to assist new small businesses in the forest sector. The Forest Community Economic Development Program will help build partnerships with industry and communities.

#### Value-added

Value-added opportunities will be identified and advanced in order to maximize jobs from every tree harvested in the Thompson-Okanagan Region.

## Forest Renewal BC Programs

In 1996/97, Forest Renewal BC will continue to establish a wide range of programs to help meet its mandate. Several programs—developed over the past year and a half in cooperation with the committees of the board and others—have received board approval, and are already in place. Information has been provided to the public on how to apply for funding under these programs.

The corporation also funds numerous unsolicited proposals in each of its five activity areas. While these proposals do not fit under existing programs developed by the corporation, those which are funded are entirely consistent with the objectives of Forest Renewal BC and help to meet its mandate. The corporation continues to encourage these proposals because they are a source of innovative, interesting solutions to regional or sector-wide needs. Forest Renewal BC cannot accurately predict the number or value of unsolicited project proposals that it will receive or fund during the year, so expenditure estimates for these proposals are broad approximations.

Forest Renewal BC is continuing to develop programs to meet the needs of the forest sector. This process was initiated in 1995/96 with the establishment of the committees of the board. Each committee undertook a strategic planning exercise to identify needs and opportunities for programs to address those needs. Forest Renewal BC policy and planning staff are working with the committees, other Forest Renewal BC staff and the corporation's board of directors to ensure that new program development is consistent with the needs identified in the strategic planning activities of the committees, and with the needs identified by the board and through regional input.

The following is a summary of programs in each of Forest Renewal BC's five activity areas. It includes programs already operational and others in development that will be presented to the Forest Renewal BC board for review in 1996/97. For each program, an expenditure target for 1996/97 is estimated. In the case of programs in development, the target figures are estimates and should not be considered final.

## Guiding principles for funding programs and projects

### *Adherence to the Forest*

*Renewal Plan:* Forest Renewal BC will fund only those proposals that help accomplish objectives of the Forest Renewal Plan. Those objectives are: to renew the land and keep the forests healthy; to invest in the forest lands which generate much of our wealth; to ensure sustainable use and enjoyment of our forests; to ensure the continued availability of good forest jobs; and to ensure the long-term stability of communities that rely on the forests.

### *Incrementality:*

Forest Renewal BC investments will be used only for programs and projects that would not otherwise be undertaken by government or industry.

*Wise spending:* Funding for all Forest Renewal BC programs and projects will be efficient, economical and effective.

### *Regional equity/sensitivity:*

Programs and projects funded by Forest Renewal BC will contribute to achieving the goals of delivering regionally equitable programming and obtaining regional input into decision making.

### *First Nations participation:*

Programs and projects funded by Forest Renewal BC will encourage the participation of First Nations at the planning and implementation stages.

### *Community stability:*

Programs and projects funded by Forest Renewal BC will enhance long-term community stability, with an emphasis on local employment.

*Jobs:* Forest Renewal BC investments will sustain or create jobs, or create conditions which support permanent jobs.

### *Sustainability:*

Forest Renewal BC investments will promote sustainability by integrating environmental, economic and social objectives and benefits.

### *Environmental values:*

Programs and projects funded by Forest Renewal BC will contribute to restoring and maintaining the ecological integrity and environmental sustainability of the forests.

## Land and Resources

For several reasons, British Columbia is reducing harvesting levels in its forests. The province is experiencing a transition from high-volume, old-growth forests to lower-volume, younger forests.

The new Forest Practices Code and other integrated management considerations such as biodiversity, wildlife, fisheries and visual quality will change the way forestry is practised. The implementation of land-use plans and the government's Protected Areas Strategy will remove some land from timber production and reduce harvest levels.

Forest Renewal BC has a unique opportunity to promote enhanced forest management to ensure the prosperity of the forest-based economy. Realizing this opportunity will include enhancing the productive capacity of forest lands to increase sustainable harvest levels; increasing the value and volume of timber available for harvesting; encouraging improved and innovative harvesting techniques to maximize value from the timber and minimize impact on the environment; and increasing the size of the resource base by bringing privately owned lands into forest production.

To ensure the sustainability of British Columbia's forests and the prosperity of the province's forest-based economy, Forest Renewal BC has established a solid base of programs in the land and resources activity area. Objectives for 1996/97 will be to fine-tune these programs to ensure that they are effective and efficient. Development of new programs will be limited to those which add significantly to the corporation's ability to meet its mandate.

#### Activities of the board's advisory committees

In 1995/96, each advisory committee of the board undertook a planning process to identify opportunities for Forest Renewal BC investments, and to guide program development.

Corporation staff work with the committees to ensure that new programs meet specific, identified needs.

Once programs are developed, the committees recommend them to the board of directors for review and approval. The committees also provide advice to staff on issues

related to requests for funding or program implementation.

The representatives on the committees—who are from all partner groups of Forest Renewal BC and from all regions of the province—provide balanced and practical advice.

## Current programs

1996/97 target expenditure: \$95.22 million

### Enhanced Forestry Program

1996/97 target expenditure: \$56.11 million

The goals of this program are to increase forest productivity, enhance the value of timber harvested in the future, increase the area of provincial forests and create jobs. Activities include incremental backlog reforestation, stand improvement, spacing, pruning, brushing, fertilizing, enhanced or incremental forest-health activities, and operational trials of these activities.

In December 1995, Forest Renewal BC released a new program handbook for proposals that would be received for the 1996/97 field year. The handbook outlined modifications to the 1995/96 Enhanced Forestry Program. For example, the corporation has moved to a two-step system of requests for proposals, in which an initial proposal that gives a broad outline of anticipated objectives is reviewed. Once a proposal is considered eligible for funding, proponents are asked to submit a more detailed proposal. This change streamlines the application process. Another modification is that Forest Renewal BC is reviewing all non-technical aspects of applications.

In addition, the board has directed the corporation to change how proposals are ranked. In 1995/96, proposals were ranked against defined criteria which had the same weighting across the province. For 1996/97, the board has directed that the employment and community stability merits of proposals be given more weight in areas where unemployment and workforce transition issues are acute.

The Enhanced Forestry Program will likely be expanded in 1996/97 to include Forest Renewal BC funding for tree-improvement activities for 1997/98. The British Columbia Tree Improvement Council, a multi-stakeholder agency which addresses province-wide tree-improvement issues, has been asked to recommend priorities for tree-improvement funding to Forest Renewal BC.

#### Resource Inventory Program

1996/97 target expenditure: \$19.12 million

This program funds activities to improve forest resource planning and decision making, and to facilitate the integration of non-timber resource values. The program focuses on acquiring new forest inventory data such as data banks, maps and training materials, and on developing the infrastructure needed to make use of such data. Operational inventories eligible for funding range from growth and yield to water quality and toxins.

Forest Renewal BC is also investing in inventory infrastructure over a five-year period starting in 1996/97. Inventory infrastructure ensures both the availability of existing inventory data and the consistency of newly obtained information. This infrastructure will build the foundation for incremental inventories and enable all partners to effectively and efficiently use and integrate data.

#### Woodlot Expansion Program

1996/97 target expenditure: \$3.36 million

Program goals are to double the number of woodlot licences in the province and provide technical assistance to licence owners. Increasing the allowable annual cut available for woodlot licences will increase opportunities for individuals to be involved in small-scale forest management. It will also increase the amount of private land under forest management.

## Research Program

1996/97 target expenditure: \$11.50 million

In the land and resources activity area, research is funded in growth and yield, tree genetics, pest management, forest operations, decision support, integrated resource management, and silviculture systems.

In 1996/97, to help Forest Renewal BC improve the effectiveness of its investments in tree-improvement research, the British Columbia Tree Improvement Council will assist the corporation by providing recommendations for strategic research priorities.

## Unsolicited proposals

1996/97 anticipated expenditure: \$5.13 million

\$5.13 million is available in the land and resources activity area for unsolicited proposals.

## Programs in development

1996/97 target expenditure: \$0.80 million

### Private Forest Land Program

1996/97 target expenditure: \$0.60 million

If approved by the board, this program will bring private land not currently used for forestry into commercial fibre production, and will allow for the conservation of lands with unique biodiversity attributes.

### Tree-Improvement Program

1996/97 target expenditure: \$0.20 million

There is a significant opportunity in British Columbia to increase forest productivity while ensuring the genetic diversity of the forests. In an era

of climate change, adaptability is the key to long-term productivity. Breeding trees for qualities such as rapid growth, disease resistance, and dense wood is vital to the commercial success of second-growth forests. Maintaining the genetic diversity of the forests depends on preserving seed from the most adaptable trees in both wild and cultivated stands. The land and resources committee has identified preliminary guidelines for funding in this area, and Forest Renewal BC has asked the British

Columbia Tree Improvement Council to develop suggestions for investments. Suggestions will be reviewed by the advisory committees and others to develop a Tree-Improvement Program that can be presented to the board for approval. If approved by the board, this program will improve the quality and survival rate of seedlings, improve growth rates and support reforestation research.

Woodlot Licence Sub-program

1996/97 target expenditure: part of the Enhanced Forestry Program

Although woodlot licence holders are eligible to obtain funding under the Enhanced Forestry Program, proponents have been somewhat unsuccessful in securing funds because their proposals often do not rank highly in Forest Renewal BC's social criteria. If approved by the board, the Woodlot Licence Sub-program will meet the needs of this group of licensees.

## Environment

Sustaining and enhancing the forest resource means considering the whole forest ecosystem, not just the flow of wood and other products from it. British Columbia's forests provide and sustain a variety of environmental values, such as clean water and a diversity of plants and wildlife. They also support a wide range of industries, including fishing, recreation, tourism, harvesting for products such as mushrooms, and

others. Forest Renewal BC is working to meet an environmental vision that will sustain and enhance the richness and variety of the forests in the interests of future generations of British Columbians.

## Current programs

1996/97 target expenditure: \$88.58 million

Forest Renewal BC has established a number of programs in the environment activity area, and the corporation launched a new Recreation Infrastructure Program in 1995/96. Program development activities in 1996/97 will focus on refining existing programs and developing new ones to advance the mandate of the corporation.

### Watershed Restoration Program

1996/97 target expenditure: \$50.43 million

The goal of the Watershed Restoration Program is to restore watersheds damaged by logging or natural causes. Activities include assessments and detailed prescriptions, road deactivation and rehabilitation, restoration of fish and wildlife habitat, and the rehabilitation of slopes, gullies, streams and riparian zones.

In December 1995, Forest Renewal BC released a new program handbook for proposals that would be received for the 1996/97 field year. The handbook outlined modifications to the Watershed Restoration Program that was implemented in 1995/96. For example, the corporation has moved to a two-step system of requests for proposals, in which an initial proposal that gives a broad outline of anticipated outputs and objectives is reviewed for funding eligibility. Once a proposal is judged eligible, proponents are asked to submit a more detailed proposal. This change will give proponents an indication of whether their proposal is eligible for funding before they undertake extensive work on a detailed proposal.

#### Resource Inventory Program

1996/97 target expenditure: \$20.97 million

This program will improve forest resource planning and decision making and facilitate the integration of non-timber resource values. Inventories will focus on areas such as fish and wildlife habitat, biodiversity, soils, minerals, aboriginal culture and heritage features, together with the infrastructure necessary to use new information.

Forest Renewal BC is also investing in environment inventory infrastructure over a five-year period starting in 1996/97. This infrastructure will ensure the availability of existing inventory data and the consistency of new data.

#### Recreation Program

1996/97 target expenditure: \$4.73 million

In 1995/96, the Forest Renewal BC board approved a new program to fund the development of forest recreation opportunities, such as access trails and campgrounds, that contribute to responsible management of recreation resources.

At the end of 1995/96 the corporation started implementing this program on a number of priority projects with the Ministry of Forests, and the Ministry of Environment, Lands and Parks. In 1996/97, the program will be expanded to include proposals from all Forest Renewal BC partners.

An information booklet about the program will be available from Forest Renewal BC's regional offices in the summer of 1996.

## Research Program

**1996/97 target expenditure: \$5.10 million**

Forest Renewal BC will continue funding a number of environment research activities in 1996/97. Environment research is administered in the same way as other Forest Renewal BC research, through the Science Council of British Columbia. In the environment activity area, research is funded in forest ecosystems and landscape ecology, biodiversity, extension, forest management and decision support.

## Unsolicited proposals

**1996/97 anticipated expenditure: \$7.35 million**

\$7.35 million is available in the environment activity area for unsolicited proposals.

## Programs in development

**1996/97 target expenditure: \$0.80 million**

### Ecosystem Restoration Program

**1996/97 target expenditure: \$0.60 million**

Forest Renewal BC is planning to expand its Watershed Restoration Program to provide for a broader range of ecosystem restoration needs. If approved by the board, the objective of this program will be to restore ecological integrity to forest and aquatic ecosystems.

## Land-based Planning Tools Program

1996/97 target expenditure: \$0.20 million

**If approved by the board, this program would support the development of information, data and planning tools to improve land-use planning.**

### Research program

The Forest Renewal BC Research Program has been significantly altered since its inception in 1994/95 and since its delivery in 1995/96.

For 1996/97, the Science Council of British Columbia has been contracted to administer the program. The Science Council organized 11 peer review committees in key research areas. The committees, made up of experts from around the province and from all Forest Renewal BC partner groups, reviewed

submissions and recommended those that met all of the corporation's evaluation criteria.

Forest Renewal BC's Research Program is designed to support the corporation's programs and focuses on funding research that can be applied in practical ways by the forest sector.

Forest Renewal BC will continue to refine its research priorities in 1996/97 with the assistance of its Research Working Group and many others. As Forest Renewal BC's programs and regional

priorities evolve, specific research needed to meet the corporation's mandate will be identified.

This continual process of refinement will be done in cooperation with advisory committees, the Research Working Group, and expert bodies such as the Forest Productivity Council and the British Columbia Tree Improvement Council, and through regional consultation processes.

## Workforce

Creating conditions that support permanent jobs and ensuring that forest workers have the training and skills they need to seize employment opportunities are fundamental objectives for Forest Renewal BC. Such conditions are vital to workers, communities, the forest industry and the province as a whole. Creating and sustaining jobs in the forest sector has become a critical need in British Columbia, because in recent years greater mechanization of harvesting practices and modernization of processing plants have displaced workers. The industry is now more capital-intensive, and the workforce generally more skilled. Workforce change will also result from reductions in the allowable annual cut and changes in the way forestry is carried out in British Columbia.

To obtain full employment in the forest sector, even workers at the most basic level will be required to perform several different tasks rather than just one, as in the past. This dramatic change means that present workers must quickly upgrade their skills, and new entrants into the workforce will require many more skills than before. Forest Renewal BC funding directed to intensive silviculture, environment programs, value-added manufacturing, and workforce and community development will create new jobs and other opportunities for worker training.

## Current programs

**1996/97 target expenditure: \$17.93 million**

### Forest Worker Employment and Training Program

**1996/97 target expenditure: \$2.41 million**

Program goals are to assist displaced workers or those whose jobs are threatened, to identify new opportunities, and to match workers with alternative forest jobs in their own communities. Skills assessments, career counselling and training are available in local communities.

In 1996/97 it is anticipated that Forest Renewal BC will use this program to assist workers on Vancouver Island and in the Lower Mainland, the Okanagan and the Kootenays, where the greatest displacement of workers is expected. The program will also be used in selected forest-dependent communities throughout the province where there are layoffs or plant shutdowns.

### Value-added Training Program

**1996/97 target expenditure: \$2.05 million**

One of the key factors contributing to the future growth of the value-added industry in the province is the availability of a highly skilled workforce whose productivity is competitive in a global market. This program is designed to facilitate access by workers and employers to skills ranging from entry-level to the highly technical. The program will be delivered throughout the province by community colleges, universities, private trainers and community skills centres. Training will be provided in a flexible way either on a job site, at local community learning centres, or at trainees' homes.

#### Land-based Project Training Program

1996/97 target expenditure: \$5.98 million

For the past two years, Forest Renewal BC has funded training associated with its land-based projects, including enhanced forestry, operational inventories and watershed restoration. Most of the training is provided at the workplace, with some classroom components. This training helps forest workers develop skills required to carry out the new kinds of work being done in the woods. Program funding guidelines and output measures will be refined during 1996/97.

#### Research Program

1996/97 target expenditure: \$0.54 million

Workforce research is administered in the same way as other Forest Renewal BC research. Research is supported by Forest Renewal BC if it: helps meet needs for enhanced professional and technical skills in the forest sector; raises the awareness of workers and employers about factors influencing changes in the forest sector, and about workforce adjustment needs; and ensures a forest-sector workforce able to work in the changing forest economy.

#### Bursary Program

1996/97 target expenditure: \$0.42 million

Through this program, a graduating Grade 12 student in each high school, regional correspondence school and band school throughout the province can receive a \$500 bursary toward further education. In addition, two first- or second-year students in each post-secondary institution in British Columbia will be eligible for \$1,000 bursaries toward further education.

## Unsolicited proposals

1996/97 anticipated expenditure: \$6.53 million

\$6.53 million is available in the workforce activity area for unsolicited proposals.

## Programs in development

1996/97 target expenditure: \$20.32 million

Forest Renewal BC and its workforce advisory committee have been working to identify and develop workforce programs to deal with the changing skills needed by workers, and on meeting the adjustment needs of workers whose jobs are at risk or have been lost.

### Foundation Skills Training Program

1996/97 target expenditure: \$4.54 million

If approved by the board, this program will provide funding for the development of foundation skills in numeracy, literacy and communications. It will target existing and displaced forest-sector workers as well as new entrants into the workforce. As the forest industry changes, workers require higher levels of basic skills and more technical skills to retain jobs, to grow into a changing job, or to secure a new job. This program will be particularly important to forest workers who have not completed high school.

Forestry Skills Upgrading Program  
1996/97 target expenditure: \$4.00 million

If approved by the board, this program will provide occupational skills training to prepare workers to compete for new jobs in the forest sector and to move between different forest industry occupations or to a higher level within their chosen occupation.

The development of these two programs will be done by industry-led task groups representing each of the sub-sectors within the forest industry, such as harvesting, silviculture, environmental restoration, primary manufacturing, pulp and paper, and value-added. Existing industry associations or task groups formed for this purpose will be funded by Forest Renewal BC to develop a training plan for their particular sub-sectors. Current skill levels of workers will be assessed and compared with anticipated skill requirements. Training requirements will then be identified, and an overall plan developed. Wherever possible, existing training materials will be used, and, where necessary, new training resources will be developed. Guiding principles for all training are that it be accessible to workers, and delivered in an environment that fits their needs. Consideration will be given to accrediting courses which could lead to certification recognized by the industry.

Adjustment Program  
1996/97 target expenditure: \$5.78 million

For the past 15 years, the forest industry has been experiencing significant change, including job loss and employment shifts to services, and more technical work. If approved by Forest Renewal BC's board, this program would provide adjustment services for forest-sector workers, helping them obtain new employment.

### Forest Technician Program

1996/97 target expenditure: \$6.00 million

The British Columbia forest sector requires more technically trained workers. In some instances, this need has meant searching out of province for individuals with the correct skills. Forest technology schools all over British Columbia have long waiting lists for forest technician courses, and most graduates find employment in the British Columbia forest sector.

Forest Renewal BC is working with the Ministry of Education, Skills and Training to develop a program to increase the number of seats available in two-year technologist programs across the province, and to develop and implement a one-year Forest Technician Program. Other forest-sector-related technician/technologist programs may also be considered. If approved by the board, the courses will be modular and flexible, and may be delivered through distance education. Another important feature will be a skills assessment as part of the entrance requirement for these courses, so that a prospective student's eligibility can be judged not only on academic accomplishments, but on the practical skills and experience he or she may have acquired working in the forest sector. This skills assessment is expected to be particularly useful for forest workers who have not graduated from high school.

## Communities

Instability has almost always been a fact of life in British Columbia's forest-based communities, because of the cyclical nature of the forest industry. Communities are vulnerable to fluctuations in demand and prices for forest products on world markets, changes in the level of forest sector activity, and technological developments within processing facilities.

The current primary concern for most communities relates to projected decreases in harvest levels, which will mean fewer jobs and greater community instability.

Forest Renewal BC's mandate includes strengthening communities and supporting their development and adjustment in the face of changes in the forest sector. The corporation's communities programs are designed to fulfill that part of the corporation's mandate.

### Current programs

1996/97 Target expenditure: \$15.33 million

Forest Community Business Program

1996/97 target expenditure: \$4.67 million

This program is designed to diversify, stabilize and expand the economic and employment opportunities of forest-based communities by providing financing and business planning support and training to small businesses in the forest sector. The program provides investment funds through community development corporations and credit unions to overcome commercial financing barriers faced by small businesses in the sector.

#### Forest Community Economic Development Program

1996/97 target expenditure: \$4.35 million

This program supports initiatives to increase the capacity of forest-based communities to undertake forest-sector transition and to develop new local forest employment opportunities. It provides forest-sector transition planning support to community economic development groups, support for community adjustment processes, and funding for forest-project feasibility studies. The program, partially implemented in 1995/96 through funding provided for community-based staff, will be fully implemented in 1996/97.

#### Research Program

1996/97 target expenditure: \$0.99 million

Communities research is administered in the same way as other Forest Renewal BC research, through the Science Council of British Columbia. Research priorities in the communities activity area are related to fostering the ability of communities to participate effectively in their economic transition planning, and facilitating community involvement in forest-resource planning.

Forests Excellence Awards Program  
1996/97 target expenditure: \$0.18 million

By working together to make significant changes in the way the province's forests are treated, British Columbians are regaining a sense of pride and accomplishment in the way the province's number-one resource is being managed. Forest Renewal BC's Forests Excellence Awards recognize accomplishments in new approaches to forest management. Each year, the corporation will solicit nominations of individuals who have made significant contributions in areas such as forest management, environment, value-added, labour, community, education, communications/media and forest service.

Unsolicited proposals  
1996/97 anticipated expenditure: \$5.14 million

\$5.14 million is available in the communities activity area to fund unsolicited proposals.

Programs in development  
1996/97 target expenditure: \$2.86 million

Forestry Awareness Program  
1996/97 target expenditure: \$1.43 million

If approved by the board, this program would support public education projects to increase community-level awareness and understanding of the forest-development process and forestry in general. Possible projects include development and distribution of forest education guides and education tools, and demonstration forests.

### Community Forest Program

1996/97 target expenditure: \$1.43 million

If approved by the board, this program would provide communities with increased awareness of forest management. Components might include support for feasibility studies for a community forest where the community has been given access to a Crown timber licence or has access to a community-owned forest.

### Value-added

Maintaining or increasing the economic benefits British Columbians derive from the forests can be achieved by extracting more value from each cubic metre of wood harvested. This is the idea behind Forest Renewal BC's goals of expanding the value-added sector and diversifying wood processing. There are about 600 value-added manufacturing facilities in British Columbia which turn lumber into products of higher value. The sector faces a number of challenges that must be dealt with if it is to grow and prosper, and Forest Renewal BC's activities in the value-added area are designed to address these challenges.

### Current programs

1996/97 target expenditure: \$9.74 million

#### Value-added Advanced Training Program

1996/97 target expenditure: \$1.31 million

This program, being delivered by B.C. Wood Specialties Group, will train as many as 600 students over the next five years in the use of cutting, profiling, gluing and surfacing equipment used by the value-added industry. All training is being conducted in a leased facility in Surrey by a team of five trainers.

### Research Program

1996/97 target expenditure: \$1.43 million

Value-added research is administered in the same way as other Forest Renewal BC research, through the Science Council of B.C. Research priorities in the value-added activity area are to identify and document specific raw materials, other production inputs, and products unique to British Columbia that give the province an advantage in world markets.

### Unsolicited proposals

1996/97 anticipated expenditure: \$7.00 million

\$7.00 million is available in the value-added activity area to fund unsolicited proposals.

### Programs in development

1996/97 target expenditure: \$6.62 million

#### Value-added Financing Program

1996/97 target expenditure: \$3.56 million

If approved by the board, this program will provide financial assistance to new or established entrepreneurs.

#### Value-added Marketing Program

1996/97 target expenditure: \$2.27 million

If approved by the board, this program will help producers to market their products cooperatively. Development of this program is being done in consultation with value-added producers and agencies such as the Coast Forest and Lumber Association, provincial trade representatives, and B.C. Wood Specialties Group.

#### Technology Transfer Program

1996/97 target expenditure: \$0.79 million

If approved by the board, this program will help value-added producers understand new technologies and upgrade their plants. Forest Renewal BC will facilitate access to technical knowledge and expertise.

#### Programs in development common to all activity areas

1996/97 target expenditure: \$16.80 million

#### Innovation Development Program

1996/97 target expenditure: \$0.80 million

If approved by the board, this program will help proponents develop innovative products and processes. Business-plan development advice will be available and financial assistance will be on negotiated terms at equal to or greater than commercial rates, with a royalty payback required as a condition of access to funds. The program will be delivered by an outside agency that will be responsible for a peer review of proposals.

#### Endowment Program for Education Institutions

1996/97 target expenditure: \$16.00 million

If approved by the board, this program will provide funding for endowed chairs or for research-related activities in degree-granting institutions in areas of research consistent with Forest Renewal BC's mandate. This could include biological science or forest science research, workforce transition issues, community adjustment issues, and public policy research.

# Forest Renewal BC Revenue and Expenditures *(Five-Year Projections)*

	1995/96	1996/97	1997/98	1998/99	1999/2000	2000/01	Total
<b>Revenue:</b>							
Total Stumpage and Royalty Revenue (1)	\$451,680	\$435,000	\$367,000	\$329,000	\$299,000	\$358,000	\$2,239,680
Investment Income (2) Rate of return ==> 5.00%	\$30,557	\$41,862	\$46,332	\$45,144	\$42,152	\$39,749	\$245,796
<b>Total Revenue</b>	<b>\$482,237</b>	<b>\$476,862</b>	<b>\$413,332</b>	<b>\$374,144</b>	<b>\$341,152</b>	<b>\$397,749</b>	<b>\$2,485,476</b>
<b>Activity Expenditures:</b>							
Environment	\$28,120	\$92,740					\$301,035
Land and Resources	\$96,693	\$99,380					\$1,003,450
Workforce	\$15,407	\$41,590					\$401,380
Communities	\$1,063	\$21,590					\$150,518
Value-added	\$3,920	\$19,700					\$150,518
<b>Total Program Expenditures</b>	<b>\$145,203</b>	<b>\$275,000</b>	<b>\$400,000</b>	<b>\$400,000</b>	<b>\$400,000</b>	<b>\$400,000</b>	<b>\$2,006,900</b>
							<b>100.0%</b>
Total Program Expenditures	\$145,203	\$275,000	\$400,000	\$400,000	\$400,000	\$400,000	\$2,020,203
Corporate Expenditures	\$13,185	\$18,876	\$17,500	\$17,500	\$17,500	\$17,500	\$102,061
<b>Total Expenditures</b>	<b>\$158,388</b>	<b>\$293,876</b>	<b>\$417,500</b>	<b>\$417,500</b>	<b>\$417,500</b>	<b>\$417,500</b>	<b>\$2,122,264</b>
<b>Funds Available from Operations:</b>							
	\$323,849	\$182,986	(\$4,168)	(\$43,356)	(\$76,348)	(\$19,751)	\$363,212
Unappropriated Equity	\$345,747	\$528,733	\$524,565	\$481,209	\$404,861	\$385,110	\$3,851,110
Reserve for Program Continuity	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$2,000,000

**Notes:**

- (1) The Stumpage and Royalty Revenue figure for 1996/97 was provided by the Ministry of Finance and Corporate Relations.  
(2) The Annualized Rate of Return for 1995/96 was 8.00%.

# Forest Renewal BC Balance Sheet (as at March 31, 1996)

## Assets

### Current Assets

Cash and Short-Term Investments	\$213,049,423
Due from Province of B.C.	\$196,319,080
Accounts Receivable	\$8,590
Prepaid Expenses	\$168,969
	\$409,546,062

Program Continuity Fund Investments	\$400,000,000
Capital Assets	\$221,438
	\$809,767,500

## Liabilities and Equity

### Current Liabilities

Accounts Payable and Accrued Liabilities	\$2,744,667
Project Expenditures Payable	\$61,276,359
	\$64,021,026

### Equity

Reserve for Program Continuity	\$400,000,000
Unappropriated Equity	\$345,746,474
	\$745,746,474
	\$809,767,500

# A ppendices

## Forest Renewal BC Advisory Committee Members

### Communities Committee

Garry Merkel—Chair  
 Claudette Everitt, Vernon—Community  
 Kevin Kelly, Kamloops—Labour  
 Sandra Kovacs, Fort St. James—Community  
 Steve Lotimer, Crofton—Industry  
 Ken MacLeod, Victoria—  
 Ministry of Municipal Affairs  
 Catharine Read, Victoria—Ministry of Small  
 Business, Tourism and Culture  
 Mark Roseland, Burnaby—Environment  
 Ken Sanders, Merritt—Silviculture  
 Sharron Simpson, Okanagan Mission—  
 Environment  
 Keith Spencer, Vanderhoof—Remanufacturer  
 Ray Travers, Victoria—Silviculture  
 Doug Weir, Revelstoke—Community  
 Angela Wesley, Terrace—First Nations

### Environment Committee

Ann Hillyer—Chair  
 Ralph Archibald, Victoria—Ministry of Forests  
 Collier Azak, Aiyansh—First Nations  
 Bill Beese, Nanaimo—Industry  
 Jim Cooperman, Chase—Environment  
 Jim Dixon, Mackenzie—Labour  
 Wes Giesbrecht, Smithers—Community  
 Don Laishley, Vancouver—Industry  
 Graham Lea, Vancouver—Industry  
 Loni Parker, Revelstoke—Community  
 Paul Senez, Victoria—Environment  
 Greg Utzig, Nelson—Environment  
 Jim Walker, Victoria—Ministry of Environment,  
 Lands and Parks  
 Clinton Webb, Parksville—Environment  
 Rodney Willis, Vernon—Industry  
 Darrel Wong, Courtenay—Labour

### Land and Resources Committee

David McInnes—Chair  
 Rod Beaumont, Williams Lake—Industry  
 Bill Bourgeois, Williams Lake—Industry  
 Mark Haddock, Port Moody—Environment  
 Barbara Hislop, Vancouver—Industry  
 Gary Kobayashi, Vancouver—Labour  
 Fred Lowenberger, Vancouver—Industry  
 Joyce Murray, New Westminster—Silviculture  
 Jim Maxwell, Victoria—Ministry of Forests  
 Mike Morton, Ucluelet—Community  
 Dave Neads, Anahim Lake—Environment  
 Chief Earl Smith, Black Creek—First Nations

## Value-added Committee

Desmond Gelz—Chair  
 Wilf Adam, Burns Lake—First Nations  
 Robert Bird, Penticton—Remanufacturer  
 Frank Everitt, Prince George—Labour  
 Peter Fisher, Victoria—Ministry of Employment  
 and Investment  
 Robert Holm, Surrey—Remanufacturer  
 David Jacobsen, Williams Lake—  
 Remanufacturer  
 Hartley Lewis, Victoria—Ministry of Forests  
 Josie MacNeill, Cranbrook—Industry  
 Mike Major, Victoria—Community  
 Benjamin Parfitt, Vancouver—Environment  
 Bill St. John, Vancouver—Industry  
 Shaun Sullivan, Vancouver—Remanufacturer  
 Len Traboulay, Port Coquitlam—Community  
 Arnold Zwiers, Prince George—Remanufacturer

## Workforce Committee

Joanne Kineshanko—Chair  
 Bob Enwright, Victoria—Ministry of Skills,  
 Training and Labour  
 Sandy Gibb, Port Mellon—Industry  
 Ian Harvey, Surrey—Remanufacturer  
 Brian King, Vancouver—Industry  
 Duncan MacRae, Victoria—Ministry of Skills,  
 Training and Labour  
 Glenn Matheson, Vancouver—Industry  
 Gwen Phillips-Clement, Cranbrook—  
 First Nations  
 Kathy Reddington, North Vancouver—Industry  
 Bill Routley, Duncan—Labour  
 Gordon Rowland, Vemon—Industry  
 Terry Smith, Vancouver—Labour  
 Al Thiessen, Vancouver—Human Resources  
 Development Canada  
 Ivan Thompson, Smithers—Community  
 Dr. Paul West, Victoria—Environment  
 Bill Williams, Vancouver—Silviculture  
 Fred Wilson, Vancouver—Labour

## Forest Renewal BC Board *of* Directors

### **Gerry Armstrong**

Deputy Minister, Ministry of Forests

### **Peter Beulah—Penticton**

President, Greenwood Forest Products  
President, Interior Value Added Wood Assoc.

### **Lois Boone**

MLA, Prince George—Mt. Robson  
B.C. Minister of Transportation and Highways

### **Ric Careless—Gibsons**

Western Regional Director,  
B.C. Spaces for Nature

### **Desmond Gelz—Prince George**

Vice President, Northwood Pulp & Timber Ltd.  
Director, Canadian Wood Council

### **David Haggard—Port Alberni**

President, IWA 1-85  
Member, B.C. Federation of Labour  
Executive Council

### **Ann Hillyer—Victoria**

Staff Counsel,  
West Coast Environmental Law Ass'n.  
Member, National Pulp and Paper Round Table

### **John Kerr—Vancouver**

Chair and CEO,  
Lignum Group of Companies

### **Joanne Kineshanko—Lumby**

Mayor, Lumby  
Kineshanko Logging Ltd.

### **Doug McArthur**

Deputy Minister to the Premier

### **David McInnes—Vancouver**

Chair of the Board,  
Weyerhaeuser Canada Ltd.

### **Garry Merkel—Kimberley**

Vice-Chair, Columbia-Basin Trust

### **Brian Payne—Vancouver**

Western Vice-President,  
Communications, Energy and Paperworkers  
Union of Canada

### **Paul Ramsey**

MLA, Prince George North  
B.C. Minister of Environment, Lands and Parks

### **Roger Stanyer—Duncan**

Chair of the Board of Directors,  
Forest Renewal BC

### **Ralph Torney—Victoria**

President, Truck Loggers Association  
President, Canadian Air-Crane Ltd.

### **George Watts—Port Alberni**

First Nations Summit representative

### **David Zirnhelt**

MLA, Cariboo South  
B.C. Minister of Forests

## Regional Offices

Forest Renewal BC  
Cariboo-Chilcotin  
Suite 303  
19 First Avenue North  
Williams Lake, B.C. V2G 4T6

Forest Renewal BC  
Kootenay-Boundary  
1601 - 1st Street South  
Cranbrook, B.C. V1C 1B7

Forest Renewal BC  
Omineca-Peace  
Suite 707  
299 Victoria Street  
Prince George, B.C. V2L 5B8

Forest Renewal BC  
Pacific  
Suite 215  
1180 Ironwood Street  
Campbell River, B.C. V9W 5P7

Forest Renewal BC  
Skeena-Bulkley  
1st Floor  
1070 Main Street  
Smithers, B.C. V0J 2N0

Forest Renewal BC  
Thompson-Okanagan  
238 St. Paul Street  
Kamloops, B.C. V2C 6G4



**Canadian Cataloguing in Publication Data**

Forest Renewal BC  
Business Plan -- 1995/96 -  
Annual. Title from cover.

ISSN 1204-8763 = Forest Renewal British Columbia

1. Forest Renewal BC - Periodicals.
2. Forest management - British Columbia - Periodicals.
3. Forests and forestry - British Columbia - Periodicals.
4. Forest policy - British Columbia - Periodicals.

I. Title: II. Title: Forest Renewal BC Business Plan  
SDI4.B7F67 634.9'2'0971105 C96-960221-9

*Forest Renewal BC*  
*A British Columbia Crown Corporation*

*9th Floor*  
*727 Fisgard Street*  
*Victoria, British Columbia*  
*V8V 1X4*  
*Canada*



*Printed in British Columbia, Canada*