



1998/99 Business Plan



Table of Contents



Message from the Minister	5
Message from the Chair of the Board	6
Message from the Chief Executive Officer	7
Corporate strategic framework	9
Situation analysis – forest-sector challenges and opportunities	9
Strategic objectives	10
Founding commitments	15
Summary	15
Key initiatives for 1998/99	17
Corporate initiatives under the Jobs and Timber Accord	17
New Forest Opportunities Ltd.	17
Corporate effectiveness initiatives	18
Program initiatives by strategic objective	19
Fiscal plan	27
Revenue	27
Expenditures	28
Equity	28
Audit	29
Appendices	31
Pro forma financial statements	31
Funding principles	33
Board of Directors	33
Advisory Committees	34
Organizational overview	35
Program directory	36
Forest Renewal BC offices	39
Forest Renewal BC regions (map)	40



Message from the Minister



Forest Renewal BC is a partnership of forest companies, forest workers, communities, First Nations, environmental groups, and government. Since it was created in 1994, the Crown corporation has been building effective relationships among all of these partners, so that its investments can work most effectively to renew British Columbia's forest sector.

Those efforts have paid off, helping forestry-dependent communities and workers in transition or facing job loss, helping the industry adapt and diversify, and funding substantial restoration and rehabilitation work to enhance our forest environment. It is a testament to the success of Forest Renewal BC's relationship-building with its partners that together, they have been delivering where it counts.

Now, as the British Columbia forest sector faces one of its most challenging periods, we need to rely more than ever on the strength of those partnerships.

Even for an industry used to boom-and-bust cycles, this is a difficult transition in the forest sector. All of the partners must work together to get the forest sector back on its feet so it can maintain its major contribution to jobs and the economy in British Columbia.

Forest Renewal BC is leading that effort, by investing an estimated \$619.5 million last year and \$517.5 million this year in the forests of British Columbia and in the people and communities that rely on them. Those higher-than-normal investment levels – well above the anticipated \$400.0 million annual target – reflect the need to do all we can to address the immediate and urgent challenges facing the forest sector.

Beyond the present difficulties in the forest sector, B.C.'s mid- and long-term sectoral prospects are bright. And Forest Renewal BC is leading the way in achieving positive results under the Jobs and Timber Accord: last year's investments – many of them in land-based work such as enhanced forestry and watershed restoration – created an estimated 9,000 person-years of direct employment.

Another sign of our confidence in the future of British Columbia's forest sector is Forest Renewal BC's investment in British Columbia's young people. By providing them with new opportunities to learn more about forestry and encouraging them to pursue forestry-related studies – through initiatives such as WoodLINKS and a variety of endowments and bursaries – we are inviting them to become partners in the very important work that Forest Renewal BC has undertaken.

In the longer term, getting more jobs and value from every tree we harvest remains the key to a strong, sustainable forest sector. In the coming year, with the support of its partners throughout the sector, Forest Renewal BC will put major emphasis on strengthening the value-added wood manufacturing sector and helping it realize its potential for job creation. The corporation will also support the hiring of regional value-added facilitators to help get more wood into the hands of secondary wood manufacturers. Forest Renewal BC will further support new value-added jobs and business with expanded financing and marketing initiatives.

Forest Renewal BC continues to make a difference, ensuring that B.C.'s forests continue to provide jobs, wealth and natural diversity for generations to come.

Honourable David Zirnelt
Minister of Forests

Message from the Chair of the Board



In its first four years, Forest Renewal BC has made an enormous effort to build program delivery capacity in order to meet the very high expectations and needs of the forest sector. We have met those expectations and needs by developing a range of solid, effective programs.

We have made substantial investments in work based on proposals we have received from our partners – industry, labour, environment, communities, First Nations and others – because that was the fastest way for us to help build delivery while we learned about the sector’s renewal needs.

The success of that great effort to build and learn can be seen in our accomplishments: we are meeting our mandate to renew the forest economy of British Columbia, and achieving our strategic goals of investing in land and the environment, worker and community transition, and diversification in the forest sector. Most importantly, the positive results are being felt in every region of the province, and in hundreds of forestry-dependent communities.

Last year alone, Forest Renewal BC funded more than 1.4 million hours of worker training. Our investments employed thousands of forest workers across the province, who provided enhanced silviculture treatments on more than 80,000 hectares of forests, assessed more than 15 million hectares of watershed lands, and rehabilitated, repaired or deactivated about 3,500 kilometres of roads and rehabilitated 3,000 kilometres of streams.

More than a third of the high-priority watersheds in B.C. have now been worked on. Forest Renewal BC investments in backlog silviculture have accelerated the rehabilitation timeline from 20 to 15 years, and significant work has been done to restore fish habitat in all regions of the province.

As anticipated, we achieved full delivery capacity in 1997/98, and spending exceeded revenue for the first time. Some initial programs were finished or restructured, so it was time to take the next logical step and refine the way we deliver our land-based programs. To improve our efficiency and effectiveness, we have therefore moved to a more strategic approach; from proposal-based to target-based planning, which gives our partners more (and longer-term) responsibility for ensuring job stability and reasonable overheads.

This new approach to investing in the forest sector is timely. The sector is being challenged on many fronts, and some communities and businesses are facing urgent needs for immediate assistance. At the same time, we need to ensure that our strategy secures long-term investments that will deliver a healthier, more productive forest in the future. We know that we must continue to balance those two priorities, as our renewal work goes forward.

Our program investments in 1998/99 will be \$517.5 million, which is more than the anticipated \$400.0 million annual target, for the second consecutive year. But clearly, we cannot maintain this spending level much longer. As part of its strategy to improve the competitiveness of British Columbia’s forest industry, the government is moving to adjust stumpage rates. If the changes go through, we will receive less revenue until lumber prices improve substantially.

Forest Renewal BC must therefore continue to be both prudent and focused so that we can successfully phase-in our target-based program delivery model, work to meet the immediate and long-term renewal needs of the forest sector, and ensure the long-term sustainability of our investments.

Roger Stanyer
Chair of the Board

Message from the Chief Executive Officer



This is Forest Renewal BC's fourth business plan, and perhaps its most important. Given the magnitude of the challenges currently facing British Columbia's forest sector, its workers, and the communities that depend on it, we know that we will have to be more strategic and more focused on results than ever before.

Our overall expenditure for 1998/99 will be \$543.9 million, which is more than we expect in revenues this year. Although this is consistent with the original Forest Renewal Plan commitment to invest \$2 billion over the corporation's first five years, we have no intention of allowing this current level of investment to jeopardize our long-term sustainability. This year's business plan is part of the strategy to stabilize investments at a level that we can maintain over the long term. The key to this strategy will be to focus more tightly on core priorities, as we continue to improve our efficiency.

Our new land-based delivery system will make a big difference in the coming year. Instead of reviewing 8,000 proposals and developing 3,500 contracts in 1998/99, we will develop some 250 larger contracts that will cover the bulk of our investments.

Our partners have told us that they are able and ready to carry much more of the load for delivering our investments – and we have responded. Starting this year, we will rely much less on government ministries, and more on our other forest-sector partners, to deliver programs.

In effect, everyone will do more of what they do best. Our forest-sector partners such as licensees, communities, environmental groups and First Nations will play a larger role by providing input into regional investment strategies, undertaking more planning and delivery of enhanced forestry and watershed restoration work, and being more accountable for delivery.

Government resource ministries and agencies will do much less program administration, focusing instead on their strategic resource planning and stewardship roles, while we continue to work with them to make approval processes more efficient and to further reduce program delivery costs.

Our Forest Renewal BC staff – more of whom are now closer to the "action" in our regional offices – can spend more of their time on planning, facilitation and contract administration. We have restructured our organization into business units with clearer roles and accountability to deliver Forest Renewal BC's investments more effectively. We will continue to assess each of our programs to ensure that we are getting the results we are looking for, in the most cost-effective manner.

Our new approach to planning is part of a natural evolution to regional program delivery, but it is also more businesslike than before. Multi-year agreements for three to five years will cover planning, implementation and delivery, allowing proponents to better integrate renewal work with their own operations, for greater efficiency. This is also critical to maintaining and creating forest-sector jobs under the Jobs and Timber Accord, because it provides ongoing, full-season work for the crews delivering Forest Renewal BC projects.

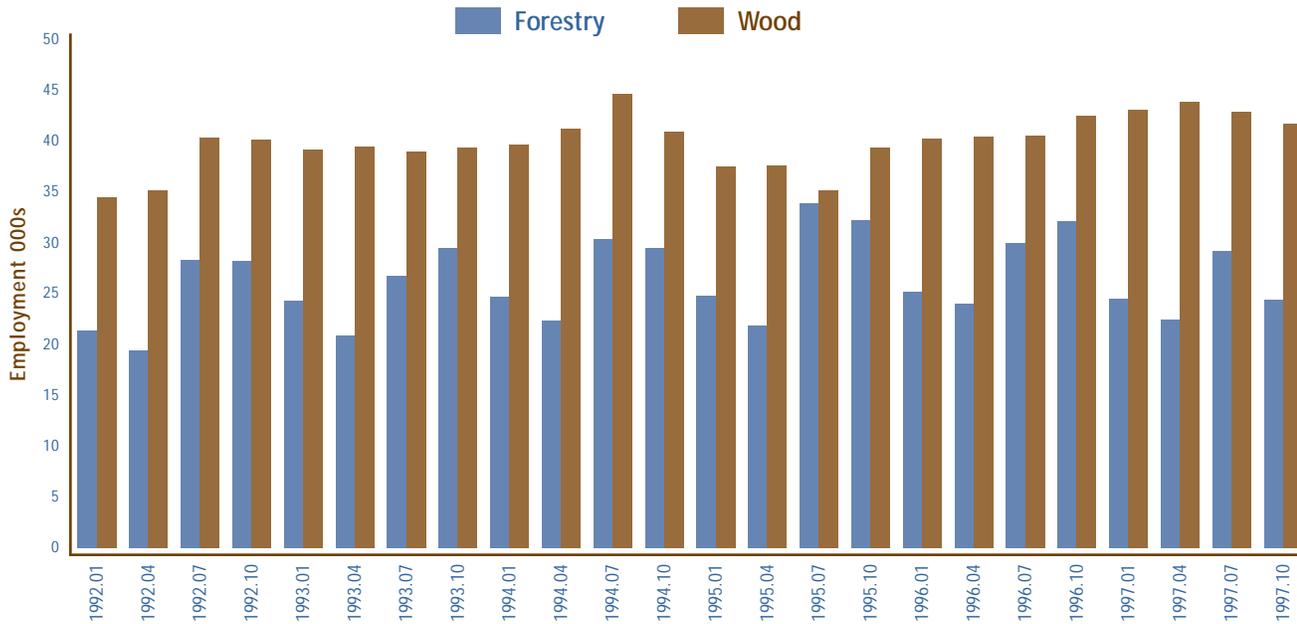
But there's more to our new way of doing things than just project delivery. We're also undertaking a new way of planning at Forest Renewal BC – a longer-term, more strategic approach based on the input of stakeholders in the regions, and balancing investment priorities across the province. We are setting measurable objectives for our investments in forests, people and products, and for our strategies to improve organizational effectiveness. And we will be accountable for delivering the results that are needed.

The reason for this consistent focus on strategic value, efficiency and effectiveness in every step of our investment process is simple: we need to maximize the value of every dollar we spend on the ground renewing our forest sector. Our resources are finite, and there are a lot of people counting on us to deliver. We can't afford to give them anything less than our best effort.

A handwritten signature in blue ink, appearing to read 'Lee Doney', written over a circular scribble.

Lee Doney
Chief Executive Officer

Forestry and Wood Manufacturing Employment in British Columbia (Monthly, 1992-1997)



(Source: Statistics Canada)

British Columbia Forest Facts

Total land area: 95 million hectares
 Total Crown land: 89.3 million hectares
 Total forest land area: 50.8 million hectares
 Crown lands administered by the Ministry of Forests: 81.7 million hectares

Average area harvested annually:
 about 200,000 hectares

(Source: Ministry of Forests)

Forestry's Contribution to the B.C. Economy - 1996

- Forestry and related industries account for 58.7 per cent of British Columbia's exports, about five per cent of direct employment, and about eight per cent of Gross Domestic Product.

- Forest product exports contributed \$16.0 billion to the B.C. economy.

(Source: BC Stats)

ANNUAL B.C. TIMBER HARVEST

Year	Total area (hectares)	Volume (cubic metres)
1996/97	N/A	72.6 million
1995/96	189,608	75.4 million
1994/95	190,244	75.3 million
1993/94	207,748	78.0 million
1992/93	221,599	78.8 million
1991/92	192,989	74.9 million
1990/91	181,530	74.3 million
1989/90	218,384	86.9 million
1988/89	270,401	85.2 million
1987/88	259,982	89.1 million
1986/87	239,877	79.9 million
1985/86	231,730	78.9 million
1984/85	216,416	74.5 million
1983/84	208,252	77.7 million
1982/83	N/A	60.9 million
1981/82	N/A	62.6 million
1980/81	N/A	72.6 million

Includes estimated area of Crown and private land harvested. The volume on which Forest Renewal BC revenues are calculated (approximately 53 million cubic metres) excludes several categories of harvesting.

(Source: Ministry of Forests)

Corporate strategic framework



Situation analysis – forest-sector challenges and opportunities

Forestry has been the heart of the British Columbia economy for more than a century – opening up the province and helping establish strong communities in every region. More than 200 rural communities, thousands of forest workers, and one in six urban workers depend on forest-related activities for their livelihood. But by the end of the 1980s, the forest sector faced some major challenges.

The harvest rate could not be sustained, especially when environmental values such as fish and wildlife habitat were taken into account. There were growing conflicts among those with an interest in B.C. forests. Changing international market conditions and global expectations of sustainable forest management threatened British Columbia's forest products exports, which accounted for nearly 60 per cent of all provincial exports in 1996. At the same time, employment dropped sharply in the 1980s, leaving many out of work and forestry-dependent communities in turmoil.

Forest Renewal BC was created in 1994 to implement a long-term strategy – reinvesting the wealth generated from forests back into the land, forest-sector jobs and communities – that would enable a transition to a more sustainable, productive and competitive forest economy. In the past four years, Forest Renewal BC has made tremendous progress, investing \$1.2 billion to renew British Columbia's forest sector. However, new challenges have emerged, and the organization has to respond if we are to succeed in delivering our mandate.

Some of those challenges are:

Harvest levels – Lower product prices and higher costs to get at less-accessible wood have made some forests uneconomical to harvest. Forest Practices Code requirements and other initiatives to protect the forest environment, such as the Protected Areas Strategy, have also had an impact on harvest levels.

Environmental stewardship – Damage from past practices remains to be restored. There is also a great deal of work to be done fostering environmental stewardship and respect for a full range of forest values.

Quality of information – Better forest management and decision making require much more and better information about our forest resources, and about the impacts of various practices and processes.

Degree of processing – Although we have a highly efficient primary manufacturing sector, B.C. continues to have fewer jobs per tree harvested than any of our neighbouring forestry jurisdictions in the Pacific Northwest.

Job security – Ongoing changes in the forest sector as well as volatile international market conditions continue to threaten the jobs of thousands of British Columbians.

Community stability – More than 200 B.C. communities rely to a significant extent on forest-sector activities for their economic well-being. Reduced forest industrial activity means local governments and First Nations are having to explore new opportunities to diversify their local forest economies.

Strategic objectives

In response to these ongoing challenges, beginning in 1998/99, the corporation is adopting a more focused, strategic approach to planning and setting investment objectives – not just for the coming year, but for a five-year planning horizon. This new planning approach includes:

- investing in our forests;
- investing in higher-value forest products;
- investing in people and communities; and
- investing in organizational effectiveness.

The new planning approach also respects and strengthens Forest Renewal BC's ongoing commitments to regional equity, First Nations participation, and wide representation of stakeholder groups.

Over the next five years, Forest Renewal BC's planning will be based on seven key strategic objectives:

1. Sustainable harvest;
2. Enhance environmental values;
3. Enhance our knowledge of the forest;
4. Strengthen the value-added sector;
5. Create and maintain sustainable forest jobs;
6. Assist forest-dependent communities through transition; and
7. Build an effective, efficient organization.

In the coming year, Forest Renewal BC will develop performance measures and targets for each of these strategic objectives. Potential measures of success are included with each objective listed on the following pages.



Investing in our forests

OBJECTIVE 1: Sustainable harvest

Simply put, Forest Renewal BC aims to grow more and higher-quality timber. Increasing the amount of timber available for potential harvesting, and growing higher-quality trees will foster a strong, diversified forest sector and strong resource communities for generations to come.

The key to realizing this goal will be to maintain Forest Renewal BC's substantial level of investment in enhanced forestry programs, including:

- investing in tree improvement activities to develop and produce faster growing, better-quality, more disease resistant seed stock;
- investing in fertilizing, spacing and forest health activities to enhance growth and yield;
- investing in pruning to increase the value of the wood;
- investing in accelerated reforestation of backlog areas not-satisfactorily-restocked after past harvesting or natural disturbances such as fires; and
- promoting the conversion of under-utilized private lands to forestry.

Potential performance measures

Forest Renewal BC is developing measures to track the degree to which its investments can contribute to timber supply and to the value of that timber. One of the most significant comparisons will be between the projected long-term sustainable harvest with and without Forest Renewal BC's investments taken into account. For example, the strategy developed by the British Columbia Tree Improvement Council and funded by Forest Renewal BC that seeks to triple the amount of improved seedlings planted in the province has the potential to increase the long-term timber supply by six per cent over currently projected levels. Equally important may be measures to assess public confidence in the positive impacts of our investments on increased growth and yield of the province's forests.

OBJECTIVE 2: Enhance environmental values

Forest Renewal BC is committed to fostering and promoting environmental stewardship and strong environmental values in British Columbia's forests. We believe that this stewardship ethic and those values are fundamental to sustainable economic development and job creation.

Working in partnership is the key to successfully investing in environmental restoration, protection and stewardship of all forest resources. We will continue to build on cooperative efforts with environmental groups, provincial and federal agencies, companies, First Nations, and community groups to invest in activities that maintain and enhance ecosystem functions and processes.

Forest Renewal BC activities to realize this objective include:

- continuing to fund watershed restoration activities and testing a broader ecosystem-restoration approach;
- contributing to sustainable management of non-timber values such as recreation;
- investing in the gathering and sharing of the better research and inventory information needed to improve our forest management practices and ensure ecosystem integrity is protected;
- assisting in the completion of land-use plans that will provide a greater degree of certainty for the land-based investments of industry and Forest Renewal BC; and
- promoting better management practices which are designed to preserve the long-term integrity of ecosystems.

Potential performance measures

Much work has been done by other agencies to develop criteria and indicators of sustainability and environmental health. The types of measures that may be relevant to Forest Renewal BC for showing progress in enhancing environmental values include demonstrated improvements to fish and wildlife habitat; improved water quality; increasing populations of fish in restored watersheds; increased recreation opportunities in the forest; and greater public understanding of environmental stewardship issues as a result of our leadership and investments.

OBJECTIVE 3: Enhance our knowledge of the forest

Forest Renewal BC's goal is to build the knowledge base required to enhance the sustainable, productive capacity and environmental values of B.C.'s forests. The better our understanding of the full range of forest values, the better our ability to direct our planning energies and investment dollars where they will produce the highest social and economic returns. This better information also enhances the ability of government, industry and other forest-sector partners to improve their decision making.

To realize our goal, we will invest in resource inventory to allow more-informed forest management decisions and research that will provide a sound basis for changes in practices, processes and regulations. We will also work to communicate this better understanding of our forests to our forest-sector partners and to the public. Better public understanding and support for sustainable forestry helps everyone in the forest sector achieve their goals.

Forest Renewal BC activities to realize this objective include:

- working with the Science Council of B.C. to invest in applied research and extension;
- working with forest-sector partner agencies to accelerate the availability of better inventory information on a full range of forest resource values;
- investing in endowment programs that foster greater knowledge and understanding of our forests and forestry processes; and
- communicating this greater knowledge and understanding to our program delivery partners and the public.

Potential performance measures

Performance measures for this objective will likely focus on tangible improvements to practices, processes and regulations expected to result from increased use of research and inventory data by all of the intended user groups. Continuing the upward trend of public knowledge of the forest will also be a key measure of our success.

Investing in higher-value forest products

OBJECTIVE 4: Strengthen the value-added sector

British Columbia has the largest forest sector in Canada, and we are a major competitor in the world forest products market. However, commodity lumber and commodity pulp represent the bulk of this activity; our value-added wood products remanufacturing sector is relatively undeveloped.

This sector has by far the greatest promise for creating new, higher-skilled forest sector jobs and economic activity to strengthen resource-dependent communities. In effect, it provides the opportunity to get more value and benefits from every tree harvested in British Columbia.

The Jobs and Timber Accord announcement in 1997 confirmed the priority the government places on growing the value-added sector. The Accord includes several initiatives that complement Forest Renewal BC's existing programs, including mechanisms to direct more wood to remanufacturers, and the introduction of value-added regional coordinators to ensure that remanufacturers' needs are being met. It is anticipated that the sector's need for a secure supply of raw materials at competitive prices will be met through these initiatives.

Forest Renewal BC activities will address the following value-added sector needs:

- assistance for market intelligence, penetration and development;
- financing for individual value-added companies and associations;
- value-added worker training to help companies achieve strategic positioning;
- fibre availability; and
- applied research and technology extension.

Potential performance measures

Measures of success for this objective will likely relate to:

- annual increases in the amount and sales value of value-added products;
- the number of new markets entered;
- the number of new or enhanced products introduced;
- fibre flow targets in the Jobs and Timber Accord; and
- the number of new job opportunities in the sector.

Investing in people and communities

OBJECTIVE 5: Create and maintain sustainable forest jobs

From the beginning, creating and maintaining sustainable forest jobs has been a key element of Forest Renewal BC's mandate. Under the Jobs and Timber Accord, we are committed to creating 5,000 direct and 5,000 indirect jobs on average per year, and to supporting the job creation commitments of licensees and the value-added remanufacturing sector.

Sustainable employment is a direct result of successful land-based activities that enhance the health and productivity of British Columbia's forests. Therefore, the majority of Forest Renewal BC investments already have short- and long-term employment benefits. Another prerequisite for sustainable job creation is training to provide workers with the broader range of skills they will need to build a secure future in the forest sector.

We expect to meet our Jobs and Timber Accord job creation targets this year as we move to stable, multi-year funding agreements with proponents, allowing them to create more stable and longer-term job opportunities for crews doing enhanced forestry and environmental restoration work.

Other activities to achieve our job creation goals include:

- launching New Forest Opportunities Ltd., a forest-worker agency that will assess, train and place Coastal forest workers in new job opportunities in the Pacific region and meet priority-hiring obligations under the Jobs and Timber Accord;
- investing in a broad spectrum of training to provide workers with the skills they will need for a secure future in the sector;
- maintaining funding of \$300.0 million a year on land-based activities;
- giving priority funding access to proponents with satisfactory job creation and maintenance plans; and
- working with agencies at all levels of government to coordinate and secure partnership funding for job training and placement programs.

Potential performance measures

Performance targets and measures for this objective will be drawn from the employment goals set out in the Jobs and Timber Accord.

OBJECTIVE 6: Assist forest dependent communities through transition

Forest dependent communities and the forest workers who live in them are facing tremendous changes in the forest sector – changes that present challenges and opportunities. Forest Renewal BC's goal is to enhance the capacity of forest communities to face the challenges and take advantage of the opportunities to diversify their forest economies.

Our priority will continue to be assisting local governments and First Nations that are facing an economic crisis related to forest-sector transition. Forest Renewal BC's full range of training, value-added support, and land-based activities contribute to building the capacity of communities to strengthen and diversify their local economies. Specific activities to realize our community support goals include:

- supporting forest sector economic planning and feasibility studies for forest-dependent local governments and First Nations;
- facilitating the development of new forest business opportunities in forest-dependent communities;
- funding displaced worker training for jobs inside or outside of the forest sector;
- training local area workers for jobs on Forest Renewal BC land-based projects;
- strengthening infrastructure and support agencies for displaced workers and assisting these forest workers to take advantage of new opportunities;
- facilitating community capital projects that can provide valuable infrastructure; and
- providing useful research data and economic development information to communities.

Potential performance measures

Successfully meeting this objective will lead to measurable improvements in local community economic indicators such as the number and diversity of forest sector companies, and decreases in forest sector unemployment levels within British Columbia's forest-dependent communities.

Investing in organizational effectiveness

OBJECTIVE 7: Build an effective, efficient organization

In the past year, we have made considerable progress streamlining Forest Renewal BC's processes and operations in order to deliver more of every renewal dollar to valuable, on-the-ground work. Our goal is to ensure that we operate efficiently and effectively, focused clearly on our strategic objectives.

We will continue to improve our overall performance and work to improve partner, project proponent and employee satisfaction.

Strategies for achieving our organizational effectiveness goals include:

- implementing our more efficient and strategic land-based delivery system and strategic planning system;
- improving our ability to respond quickly and effectively to new and urgent demands;
- implementing a corporate program evaluation plan to examine the effectiveness of all Forest Renewal BC activities;
- evaluating administrative structures and staffing to place more resources in the regions and ensure optimum efficiency and effectiveness without increasing administration costs; and
- continuing to invite feedback from our partners, proponents and employees to help us identify opportunities.

Potential performance measures

Performance measures for this objective will relate to maintaining a low ratio of overhead costs for the corporation as a whole (1998/99 will be 5.1 per cent of total program expenditures) and for all programs compared to benchmarks for similar organizations, and increasing the satisfaction levels of partners, proponents and staff. Equally important will be maintaining and building public awareness and satisfaction.

Founding commitments

Forest Renewal BC has also recognized three aspects of its mandate as key indicators of corporate success: regional equity, First Nations participation in the forest economy, and wide representation of stakeholder groups in the functioning of the corporation. Performance measures for all three will be developed and tracked over time.

Regional equity

The *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 a “fair share” of Forest Renewal BC investments – but defining and measuring equity poses a number of challenges.

Through our programs, Forest Renewal BC will allocate funding over time in a manner that pursues available investment opportunities and equitably addresses the needs of communities in each region. In practice, this means that backlog silviculture funding, for instance, will flow to regions in proportion to the amount of not-satisfactorily restocked land requiring treatment. In the case of forest worker transition funds, the allocation will be made based on the number of displaced workers in a region.

First Nations Participation

The *Act* also directs Forest Renewal BC to take into account the need to increase the participation of First Nations and aboriginal peoples in the forest economy, as we implement our programs.

The corporation supports the participation of First Nations in all of its programming, and encourages the development of business partnerships between First Nations and other forest-sector partners.

Measures of participation in terms of employment and the number of projects managed by First Nations will be further developed and tracked.

Representation of stakeholder groups

From the start, Forest Renewal BC has been a partnership of stakeholders from across the province. Industry, workers, First Nations, environmental groups, communities and government all have important roles to play in determining the direction and ultimate success of the corporation and its investments. Measures will be developed to track the degree to which stakeholder groups are represented in corporate activities.

Summary

This strategic framework represents an ambitious agenda for continued improvement. Forest Renewal BC believes that meeting these objectives will lead to a renewed, sustainable forest with more trees, more jobs, a healthy environment, and strong communities.



Key initiatives for 1998/99



Corporate initiatives under the Jobs and Timber Accord

Forest Renewal BC will be expected to play a central role in implementing the 1997 Jobs and Timber Accord between industry and government.

- In 1998/99, Forest Renewal BC will invest \$356.0 million in Land-Based Programs, including reforestation, enhanced silviculture, recreation, watershed restoration, resource inventory, and related training activities. Mainly through multi-year funding agreements with forest companies, Forest Renewal BC expects to create more than 5,600 person-years of employment through the delivery of this work. This stable, long-term approach to program delivery will allow for the creation of permanent crews to perform ongoing renewal work.
- Forest Renewal BC will set aside \$15.6 million for enhanced forest management pilot projects and innovative forest practices agreements that are designed to test new ways of increasing the long-term growth and yield of forest land, while protecting its environmental values.
- Forest Renewal BC will help small secondary wood manufacturers create 5,000 direct new jobs by hiring regional value-added facilitators, who will ensure that a greater volume of timber is transferred from primary producers to secondary manufacturers, and by making program investments in Forest Renewal BC's value-added activities to provide financing, training, technology transfer and marketing support.
- Forest Renewal BC is funding a forest-worker agency for displaced Coastal workers which will assess their capabilities and interests, equip them with the new skills they need and give them priority placement for Forest Renewal BC land-based work, such as enhanced silviculture and watershed restoration.

- Forest Renewal BC will provide for the establishment of the Forest Jobs Advocate's office, which will work with industry, unions and government to implement the Accord.
- Forest Renewal BC is providing a total of \$22.7 million in start-up money to Fisheries Renewal BC, which is expected to create 2,000 jobs for displaced forestry and fisheries workers.

New Forest Opportunities Ltd.

Forest Renewal BC has established a forest-worker agency to assist Coastal region workers who are being displaced during the current transition in the forest sector. New Forest Opportunities Ltd. assesses eligible workers, equips them with the new skills they require, and gives them priority placement for work on Forest Renewal BC land-based projects.

The goals of the new agency are to create:

- stable, long-term jobs – maximizing continuity of employment;
- well-paying jobs – with sufficient compensation and working conditions to support families; and
- fair access to jobs – giving priority to displaced forest workers in the region for Forest Renewal BC land-based work and increasing opportunities for First Nations and qualified local people.

A different mechanism will fulfill this function in British Columbia's Interior. How this will be structured is being negotiated by industry and labour to reflect differences in industry structure and bargaining patterns between the Coast and the Interior.

Corporate effectiveness initiatives

Forest Renewal BC's strategy to continue improving its organizational effectiveness is ongoing. We have taken major steps toward improved efficiency with the development of the new delivery strategy for land-based programs. It is designed to provide:

- more stable, full-season jobs;
- clarified objectives;
- more comprehensive, long-term planning;
- lower delivery costs;
- less red tape; and
- a larger role for Forest Renewal BC partners.

Old System

- funding based on proposals received
- usually single-year commitments
- ministry-based contracting
- 8,000 proposals requiring review
- 3,500 contracts
- provided intermittent work

New System

- funding based on strategic planning and balanced priorities
- multi-year funding commitments
- Forest Renewal BC-based contracting
- a few hundred proposals to review
- 250 larger contracts
- leads to full-season, continuous jobs

As a result, everyone involved in the delivery process has the opportunity to be more effective and do what they do best. Forest Renewal BC staff can focus on planning, facilitation and contract administration. Government ministries and agencies can focus on their stewardship and resource planning responsibilities. Industry can integrate Forest Renewal BC-funded work into their medium-term business planning for greater efficiency and lower overhead costs.

The new system also strengthens the role of regional consultation. Regional forest-sector representatives will play a more important, strategic role in providing input to regional investment strategies and assessing regional priorities.

To complement the new delivery strategy, we have developed a new strategic planning approach and reorganized our staff and resources along the lines of our strategic objectives (described in the previous section). We are setting ourselves measurable performance goals for each of these objectives, and we will be accountable for meeting them.



Program initiatives by strategic objective

OBJECTIVE 1: Sustainable harvest

Program initiatives

In 1998/99, Forest Renewal BC will allocate \$184.9 million to programs designed to increase the sustainable harvest. Key activities for realizing this goal include:

Enhanced Forestry Program – Investments in activities such as fertilizing, spacing and pruning under this program have accounted for a major share of Forest Renewal BC spending since we opened our doors in 1994, and this focus on increasing the productive capacity of our forests will continue.

Tree-Improvement Program – Increasing the productive capacity of forests while maintaining their genetic diversity depends on preserving seed from the most adaptable trees in both wild and cultivated stands. Working in cooperation with the British Columbia Tree Improvement Council, Forest Renewal BC is investing in a program to breed seedlings for qualities such as rapid growth, disease resistance and high density.

Backlog Reforestation Program – Over the next 15 years, Forest Renewal BC is investing \$250.0 million to reforest lands which did not regenerate after past harvesting (pre-1987), or were disturbed by natural causes such as wildfire and beetle kill. There are some 250,000 hectares of potentially productive forest land – much of it in northern and central B.C. – that could be replanted to help stabilize the wood supply.

SUSTAINABLE HARVEST – 1998/99 (\$ MILLIONS)

PROGRAM	Cariboo-Chilcotin	Kootenay-Boundary	Omineca-Peace	Pacific	Skeena-Bulkley	Thompson-Okanagan	Province-wide	TOTAL
Enhanced Forestry	\$7.8	\$6.3	\$14.1	\$29.6	\$6.8	\$8.9	\$6.9	\$80.4
Backlog Silviculture	6.8	5.9	22.3	8.0	9.8	6.9	0.3	60.0
Bridge Replacement	0.7	6.5	2.1	2.9	1.7	4.2	–	18.0
IFPA/EFMPP	0.1	0.1	0.1	0.1	0.1	0.1	17.0	17.6
SUBTOTAL (Land-Based)	15.4	18.8	38.6	40.6	18.4	20.1	24.2	176.0
Woodlot Expansion	0.6	0.4	1.0	0.3	0.4	0.5	–	3.1
Small Woodlands	–	–	–	–	–	–	0.5	0.5
Operational Tree Improvement	–	–	–	–	–	–	5.2	5.2
SUBTOTAL	0.6	0.4	1.0	0.3	0.4	0.5	5.7	8.8
TOTAL	\$16.0	\$19.2	\$39.6	\$40.9	\$18.8	\$20.6	\$29.9	\$184.9
OUTPUTS	Cariboo-Chilcotin	Kootenay-Boundary	Omineca-Peace	Pacific	Skeena-Bulkley	Thompson-Okanagan	Province-wide	TOTAL
Number of projects*	194	293	383	370	221	397	37	1,895
Employment (person-years)	430	440	920	810	430	360	410	3,800
Hectares treated	26,000	14,000	41,000	54,000	20,000	17,000	–	172,000
Number of bridges replaced	11	100	22	40	20	57	–	250

*Province-wide projects excludes IFPA/EFMPP.

Small Woodlands Program – This program (currently under development) is also designed to expand the area of productive forest lands in the province by informing land-owners about opportunities available through forest management and encouraging them to manage their lands for small-scale forestry. This will increase rural income and local jobs, and help stabilize rural communities.

In 1998/99, the program will expand to pilot ecosystem restoration activities that will feature “learn-by-doing” pilot projects to enhance ecosystem biodiversity, forest productivity and wetlands restoration.

Recreation Program – This program helps to develop forest recreation opportunities that contribute to British Columbians’ knowledge and recreational enjoyment of our forests.

OBJECTIVE 2: Enhance environmental values

Program initiatives

In 1998/99, Forest Renewal BC will allocate \$111.6 million to activities that will enhance environmental values and forest stewardship.

Watershed Restoration Program – This program, to restore watersheds damaged by past harvesting practices, remains the backbone of Forest Renewal BC’s environment enhancement strategy. Along with enhanced forestry, it was one of the first programs launched by the corporation in the summer of 1994. Projects include removing old logging roads, rehabilitating slopes, riparian areas and streams, and restoring wildlife and fish habitat.

Private Forest Biodiversity Program – This new program supports the acquisition of interests in private lands to conserve biodiversity, in collaboration with the Nature Trust of British Columbia. The goals of the program include: conserving sites that have unique or exceptional biodiversity attributes; fostering private and public-sector funding and management partnerships; and providing educational and research opportunities.

Crown Land-Use Planning Enhancement Program – This program supports the development of information, data, planning and monitoring tools to improve Crown land-use planning which, in turn, fosters certainty for all resource users.

ENHANCE ENVIRONMENTAL VALUES – 1998/99 (\$ MILLIONS)

PROGRAM	Cariboo-Chilcotin	Kootenay-Boundary	Omineca-Peace	Pacific	Skeena-Bulkley	Thompson-Okanagan	Province-wide	TOTAL
Watershed Restoration	\$6.0	\$4.8	\$7.9	\$39.3	\$6.4	\$9.8	\$2.0	\$76.2
Recreation	1.4	1.3	1.8	15.2	1.7	1.8	0.0	23.2
SUBTOTAL (Land-Based)	7.4	6.1	9.7	54.5	8.1	11.6	2.0	99.4
Fisheries Renewal BC	–	–	–	–	–	–	7.5	7.5
Private Forest Biodiversity	–	–	–	–	–	–	1.5	1.5
Crown Land-Use Planning	0.3	0.3	0.5	0.9	0.3	0.4	0.3	3.0
Ecosystem Restoration Pilot	–	–	–	–	–	–	0.2	0.2
SUBTOTAL (Other)	0.3	0.3	0.5	0.9	0.3	0.4	9.5	12.2
TOTAL	\$7.7	\$6.4	\$10.2	\$55.4	\$8.4	\$12.0	\$11.5	\$111.6
OUTPUTS	Cariboo-Chilcotin	Kootenay-Boundary	Omineca-Peace	Pacific	Skeena-Bulkley	Thompson-Okanagan	Province-wide	TOTAL
Number of projects*	151	202	270	432	174	244	69	1,542
Employment (person-years)**	100	70	110	540	100	160	20	1,100
Kilometres of road deactivated	1,200	1,000	1,100	2,600	1,600	550	–	8,050
Kilometres of streams restored	90	100	200	350	10	90	–	840
Recreation sites improved	16	27	43	80	59	34	–	259

*Excluding Fisheries Renewal BC, Private Biodiversity and Recreation (E-Team)

**Excluding Fisheries Renewal BC and Private Biodiversity

OBJECTIVE 3: Enhance our knowledge of the forest

Program initiatives

In 1998/99, Forest Renewal BC will allocate \$117.1 million to activities that will enhance our knowledge of the forest. That investment includes \$90.6 million for resource inventories, \$25.2 million for research, and \$1.3 million for the Endowment Program.

Resource Inventory Program – Forest Renewal BC has been a major investor in resource inventories, which are vital for improving forestry decision making and the integration of non-timber resource values under the Forest Practices Code. Resource inventory investment priorities for this year continue to focus on gathering the information necessary for forest development planning and timber supply analyses – such as fish and fish habitat work and vegetation inventories – as well as planning tools such as maps, and training materials.

Research Program – Forest Renewal BC is the single largest investor in forest-related research in British Columbia, and one of the largest in Canada. Since 1996, the corporation has invested \$72.3 million through the Science Council of B.C. for research and extension projects to address forestry issues relating to all of the corporation's activity areas.

During 1998/99, we will be building on projects that are already underway to develop and refine a focused, long-term research investment plan. This plan will continue to support Forest Renewal BC's broader program priorities and address both short- and longer-term research needs at the regional and provincial levels. This year we will fund a small number of specific initiatives to refine existing research priorities, link end-users to researchers capable of providing answers to on-the-ground issues, and build collaborative research groups.

Endowment Program – Forest Renewal BC is offering endowment funds to degree-granting educational institutions throughout the province in order to launch innovative programs in forestry-related research, teaching and information sharing (extension). In 1998/99, as many as six proposals are expected to be funded, in areas such as growth and yield and watershed restoration techniques.

ENHANCE OUR KNOWLEDGE OF THE FOREST – 1998/99 (\$ MILLIONS)

PROGRAM	Cariboo-Chilcotin	Kootenay-Boundary	Omineca-Peace	Pacific	Skeena-Bulkley	Thompson-Okanagan	Province-wide	TOTAL
Resource Inventory	\$8.2	\$6.5	\$27.9	\$12.2	\$7.0	\$8.4	\$20.4	\$90.6
Research	0.9	1.9	3.3	14.6	1.6	2.9	–	25.2
Endowment	–	–	0.4	–	–	0.2	0.7	1.3
TOTAL	\$9.1	\$8.4	\$31.6	\$26.8	\$8.6	\$11.5	\$21.1	\$117.1
OUTPUTS	Cariboo-Chilcotin	Kootenay-Boundary	Omineca-Peace	Pacific	Skeena-Bulkley	Thompson-Okanagan	Province-wide	TOTAL
Number of projects	71	196	130	241	93	176	31	938
Employment (person-years)	160	100	320	370	100	150	300	1,500
No. of hectares inventoried (000s)	2,555	3,645	15,738	6,897	4,459	1,988	–	35,282
Research studies completed	1	5	13	54	6	18	–	97

OBJECTIVE 4: Strengthen the value-added sector**Program initiatives**

The value-added sector will be given increased emphasis and priority in 1998/99. Forest Renewal BC will allocate \$22.4 million to helping the value-added wood manufacturing sector realize its growth and job creation potential.

A new value-added strategy, developed in consultation with stakeholders across the province, will provide a sound basis for Forest Renewal BC's value-added investments from 1998/99 to 2003/04. The objective is to help British Columbia's value-added sector become a more effective global competitor with more products sold to more markets, using more technologies, and creating and sustaining more jobs.

Just as the value-added strategy was developed through collaboration with industry, each of the key initiatives is industry-driven and will be accomplished in partnership with industry. The new value-added strategy includes the following elements and programs:

Strengthening industry infrastructure – Strong value-added industry associations will foster improved market access, better compliance with quality standards, increased purchasing power for members, and better creation of and access to all of the supporting services required by the province's value-added manufacturers. Forest Renewal BC's collaborative approach to working with industry associations can help make association members more competitive.

A facility like the Wood Enterprise Centre in Quesnel will provide existing and potential value-added manufacturers with quick access to appropriate industry resources and Forest Renewal BC-sponsored market research.

Marketing – The marketing strategy guides industry assistance in collecting and distributing specific market intelligence, improving market penetration, and developing new products. The Value-added Marketing Program works with value-added manufacturers to raise the profile of the sector and create new market access opportunities. New initiatives are underway to improve the B.C. industry's understanding of industry-targeted market fundamentals.

STRENGTHEN THE VALUE-ADDED SECTOR – 1988/99 (\$ MILLIONS)

PROGRAM	Cariboo-Chilcotin	Kootenay-Boundary	Omineca-Peace	Pacific	Skeena-Bulkley	Thompson-Okanagan	Province-wide	TOTAL
Value-Added Marketing	\$0.8	\$0.9	\$0.9	\$1.9	\$0.8	\$0.9	\$0.8	\$7.0
Value-Added Business Development	–	–	–	–	–	–	1.6	1.6
Value-Added Training	0.4	0.4	0.7	1.0	0.4	0.4	5.0	8.3
Research	–	–	–	–	–	–	1.3	1.3
Technology Transfer	0.2	0.2	0.2	0.2	0.2	0.2	0.2	1.4
Industry Infrastructure	0.3	0.2	0.3	0.5	–	0.5	1.0	2.8
TOTAL	\$1.7	\$1.7	\$2.1	\$3.6	\$1.4	\$2.0	\$9.9	\$22.4

OUTPUTS	Cariboo-Chilcotin	Kootenay-Boundary	Omineca-Peace	Pacific	Skeena-Bulkley	Thompson-Okanagan	Province-wide	TOTAL
Number of projects	26	29	29	33	26	28	37	208
Employment (person-years)	20	15	20	35	15	20	100	255
Number of marketing studies	–	–	–	–	–	–	–	30
Number of businesses assisted	–	–	–	–	–	–	–	140
Number of technical seminars	–	–	–	–	–	–	–	50

Training – Forest Renewal BC funds a range of training activities through its Value-Added Training Program. Industry has defined specific needs for improved regional access to training, so Forest Renewal BC is working with industry to fill training gaps and make in-plant training available to value-added manufacturers on an equal-access basis. Training resources range from basic skills upgrading in a worker’s own region, to a master machinist’s program at the Value-Added Skills Centre in Abbotsford, to studies at the Centre for Advanced Wood Processing at the University of British Columbia, and the Wood Design for Production program at the Kootenay School of the Arts.

Technology – British Columbia has a wealth of technological resources. Forest Renewal BC’s role is to work with industry to improve access to these and to foster a climate for technological growth. The Forest Renewal BC-funded Technology Transfer Program will put technical skills on industry’s doorstep. The program contributes to increased awareness among value-added businesses about new technologies, and provides technical information and in-plant technical assistance to help make these businesses more competitive.

Forestry Innovation Development Program – In collaboration with the Advanced Systems Institute, the Forestry Innovation Development Program fosters development of innovative processes and products through development advice and financial support for new technologies.

Business development – Forest Renewal BC’s Forest Community Business Program is already working with lenders to provide loan indemnification for value-added manufacturers. A new strategy provides debt financing to existing plants to help them implement leading-edge technology and access related on-site training. Forest Renewal BC will work with industry to improve business case development by providing marketing research assistance. The corporation is also exploring opportunities to provide credit indemnification for small value-added operators.

Other Forest Renewal BC support for the value-added sector includes:

- funding the fibre facilitators identified in the Jobs and Timber Accord, and providing the facilitators with the tools they need to help identify fibre-supply requirements of secondary industry and form sound fibre-supply relationships with primary manufacturers;
- supporting the B.C. Wood Products Industry Education Society (WoodLINKS) which helps industry, educational institutions and the community promote wood processing career awareness, and develop teacher resources and teacher training; and
- working with industry to help coordinate the activities of industry resources and enhance industry access to these resources.

OBJECTIVE 5: Create and maintain sustainable forest jobs

Program initiatives

Directly or indirectly, every dollar that Forest Renewal BC spends supports forest-sector jobs, now and in the future. Investments in response to our strategic objectives are expected to generate the following levels of employment directly through program activities:

Sustainable harvest	3,800 person-years
Enhancing environmental values	1,100 person-years
Enhancing our knowledge of the forest	1,500 person-years
Strengthening the value-added sector	200 person-years
Assisting community transition	300 person-years

In addition to creating new employment, Forest Renewal BC has launched New Forest Opportunities Ltd., an agency to find jobs for displaced and other forest workers in the Coastal region performing land-based work, such as enhanced forestry and environmental restoration, that is funded by Forest Renewal BC. Negotiations are underway to determine a mechanism to assist displaced workers in the Interior.

Measures such as these, and the Forest Worker Transition Program, address the need to retain the knowledge and experience of existing forest workers who may be temporarily displaced during the current transitions in the forest sector.

Priority activities directly associated with Forest Renewal BC's strategic objective to create and maintain sustainable jobs include a variety of training initiatives that are designed to improve the employability of workers. In 1998/99, Forest Renewal BC will allocate \$28.7 million to these activities, which include:

Forest Worker Employment and Training

Program – This program helps forest industry employers and workers to jointly identify new work opportunities and training needs, and to develop strategies to help workers remain employed in the forest sector.

Sectoral Training Initiatives – These initiatives provide training to groups of forest sector workers who want to upgrade their skills for new kinds of work within the industry.

Land-Based Training Program – Training under this program helps workers take advantage of employment opportunities created by Forest Renewal BC investments in enhanced forestry, watershed restoration, and operational inventory work.

TRAINING FOR SUSTAINABLE FOREST JOBS – 1998/99 (\$ MILLIONS)

PROGRAM	Cariboo-Chilcotin	Kootenay-Boundary	Omineca-Peace	Pacific	Skeena-Bulkley	Thompson-Okanagan	Province-wide	TOTAL
Forest Worker Empl Agency	–	–	–	\$6.5	–	–	\$1.0	\$7.5
Forest Worker Empl Training	\$1.0	\$0.2	\$0.2	0.5	\$0.2	\$0.1	0.1	2.5
Sectoral Training	0.1	0.3	–	–	–	0.2	7.6	8.1
Forest and Resource Technology	–	0.5	0.1	0.7	0.5	–	–	1.8
Bursary	–	–	–	–	–	–	0.2	0.2
Research	–	–	–	–	–	–	0.6	0.6
Land-Based Training	0.7	0.4	1.5	2.1	0.7	0.8	2.0	8.0
TOTAL	\$1.8	\$1.4	\$1.8	\$9.8	\$1.4	\$1.2	\$11.5	\$28.7
OUTPUTS	Cariboo-Chilcotin	Kootenay-Boundary	Omineca-Peace	Pacific	Skeena-Bulkley	Thompson-Okanagan	Province-wide	TOTAL
Number of workers trained	–	–	–	–	–	–	–	9,500
Number of hours – of training	–	–	–	–	–	–	–	375,000

Forest and Resource Technology Program –

Forest Renewal BC is funding an increase in the number of seats available in two-year Forest Technician programs, to help meet the demand for skilled forest and resource technicians in British Columbia.

OBJECTIVE 6: Assisting forest-dependent communities through transition**Program initiatives**

In addition to the land-based activities, worker training and value-added support programs that directly benefit communities and First Nations, Forest Renewal BC will allocate \$52.9 million to activities that will directly meet community and individual worker transition challenges.

Key elements of this investment strategy include:

Emergency Response – Forest Renewal BC is setting aside \$2.0 million to support for communities that are facing major disruption in forest sector activity.

Forest Worker Transition Program – This program provides transition services to forest-sector workers facing displacement due to structural changes in the forest industry.

Community Bonds Program – Forest Renewal BC is establishing a \$10.0 million fund to help forest-dependent communities self-finance infrastructure projects by issuing bonds through the Municipal Finance Authority.

Forest Community Business Program – Forest Renewal BC is supporting the expansion of economic and job opportunities by providing financing and business planning support for community-based forest-sector businesses. Funding provided in 1998/99 will allow \$3.5 million of new business loans to be issued in addition to the \$31.4 million in loan funds already assisting forest-sector businesses across the province.

Forest Community Economic Development Program – Forest Renewal BC is supporting the capacity of forest-dependent communities and First Nations to develop more diversified forest-sector opportunities, through transition planning and feasibility studies.

ASSIST FOREST-DEPENDENT COMMUNITIES THROUGH TRANSITION – 1998/99 (\$ MILLIONS)

PROGRAM	Cariboo-Chilcotin	Kootenay-Boundary	Omineca-Peace	Pacific	Skeena-Bulkley	Thompson-Okanagan	Province-wide	TOTAL
Forest Worker Transition	\$2.2	\$1.9	\$2.4	\$20.3	\$1.7	\$1.9	\$7.4	\$37.9
Forest Comm. Business	–	–	–	–	–	–	4.4	4.4
Forest Comm. Econ. Dev.	0.4	0.5	0.5	1.2	0.7	0.6	5.2	9.0
Regional Advisory Process	0.1	0.1	0.1	0.2	0.1	0.1	–	0.6
Research	–	–	–	–	–	–	0.8	0.8
Forest Excellence Awards	–	–	–	–	–	–	0.2	0.2
Other Proposals	–	–	–	–	–	–	0.1	0.1
TOTAL	\$2.7	\$2.5	\$3.0	\$21.7	\$2.5	\$2.6	\$18.1	\$52.9
OUTPUTS	Cariboo-Chilcotin	Kootenay-Boundary	Omineca-Peace	Pacific	Skeena-Bulkley	Thompson-Okanagan	Province-wide	TOTAL
Number of projects	17	19	18	53	27	23	54	211
Employment (person-years)	30	30	30	80	40	10	80	300
Number of communities directly assisted	–	–	–	–	–	–	–	67
Number of businesses assisted	–	–	–	–	–	–	–	90



Fiscal plan



When Forest Renewal BC was created in 1994, the average anticipated yearly investment level was \$400.0 million. For fiscal year 1998/99, the planned consolidated investment level is \$517.5 million.

While there are sound strategic reasons for higher investment levels in times of urgent need – and the corporation’s accumulated surplus has allowed expenditures to exceed revenues to meet those needs – clearly this investment pattern is not sustainable. Over the next two years, the corporation will move back to matching expenditures with anticipated revenues, thereby ensuring long-term financial sustainability.

The corporation’s board of directors has relied on three key principles in developing its fiscal plan:

- the plan is achievable from the perspectives of available finances and the availability of people to carry out the activities proposed;
- the corporation will retain overall financial flexibility so that it can respond to unforeseen events affecting revenue, or to situations that may require new investments; and
- the corporation will try to avoid driving-up market prices or creating boom-and-bust cycles in employment and activity by creating delivery capacity and demand for core programs beyond the levels that it intends to maintain over time.

Revenue

Total revenue for 1998/99 is projected at \$392.8 million, of which \$370.0 million is stumpage revenue and \$22.8 million is investment income.

Stumpage revenue

Stumpage revenue for the corporation is dependent on harvest levels, lumber prices, and Canada/U.S. currency exchange rates that prevail throughout the year. In 1998/99, stumpage revenue is expected to be down from 1997/98 levels by \$90.0 million, since U.S. lumber prices are projected to remain lower for the year, and Asian markets are expected to remain soft.

Revenue forecasts for 1998/99 are based on assumptions of:

- average lumber prices of \$296 per thousand board feet for SPF (spruce/pine/fir) 2x4 #2-and-better grade, and \$648 for hemlock baby squares;
- a Canada/U.S. exchange rate of \$0.7080; and
- harvests, subject to stumpage payments contributing to Forest Renewal BC, of 53.4 million cubic metres.

The government of British Columbia is reviewing its timber pricing system. That examination may result in a decrease in stumpage rates to partially offset logging cost increases that were unforeseen when stumpage charges were increased on May 1, 1994. Such a change would result in reductions in Forest Renewal BC’s revenues.

Investment income

Under the *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 – for which it has full discretion. The corporation does not make investment decisions and receives no information about specific investments. Effectively, the investment portfolio operates as a blind trust, which is designed to avoid any actual or perceived conflict of interest over investments. Income generated from these investments is credited to Forest Renewal BC to help sustain long-term program funding.

Expenditures

Forest Renewal BC plans to expend \$543.9 million in 1998/99:

	1997/98 (\$ MILLIONS)	1998/99 (\$ MILLIONS)
Investments	\$619.5	\$517.5
Corporate administration	26.4	26.4
TOTAL	\$645.9	\$543.9

Corporate administration

For 1998/99, Forest Renewal BC is budgeting corporate administration expenses at \$26.4 million. These expenses are as follows:

	1997/98 (\$ MILLIONS)	1998/99 (\$ MILLIONS)
Chair, board, committees and chief executive officer	\$1.4	\$1.4
Regional operations	11.0	14.6
Forests, Resources, and Environment	1.0	1.0
Communities and Workforce	0.9	0.9
Value-added	–	0.4
Finance and Administration	7.1	4.7
Corporate Planning and Evaluation	1.7	0.9
Communications	3.3	2.5
TOTAL	\$26.4	\$26.4

Staffing

	1997/98	1998/99
Regional staff	104	122
Victoria staff	96	71

The 1998/99 corporate administration budget will reduce Victoria expenses from 1997/98 levels, and will significantly increase regional funding, in order to address the planning and contract administration demands of the new land-based program delivery system.

Fiscal management and multi-year commitments

Forest Renewal BC has adopted a long-term vision in managing its budget, to prevent a start-and-stop approach to program support despite the ups and downs of the forest industry. Consistent, multi-year commitments for projects will provide ongoing funding, create stable employment and 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 a process of annual legislative approval.

Fluctuations in the factors that affect stumpage can create volatility in the corporation's revenue, and a series of years with low revenue could put Forest Renewal BC's program funding at risk. The corporation is also prohibited by the *Forest Renewal Act* from borrowing funds. For those reasons, the board of directors has established a program continuity fund to ensure that the corporation has funds available to honour multi-year funding commitments during periods when the corporation's revenues may be less than its anticipated investments. The board has allocated \$400.0 million to the program continuity fund.

Equity

Forest Renewal BC's programs and activities are growing in number and complexity, making the traditional financial statement format normally used by for-profit organizations and adopted by Forest Renewal BC in the past, inadequate to clearly present the corporation's various financial activities.

The corporation has now adopted a new format for its financial presentation to ensure proper budgeting for carryovers in multi-year agreements, budgeting for losses associated with loans and loan indemnities and to highlight funds held for specific purposes. In the year ended March 31, 1997, the board

appropriated \$400.0 million of surplus to the Program Continuity Fund, which was disclosed as a separate fund on the balance sheet. In the 1997/98 fiscal year, the board appropriated funds to be used for the Forest Community Business Finance Program, the Value-Added Finance Plan, and the Private Forest Biodiversity Program. In addition, this year the corporation is entering into new multi-year agreements with various stakeholders that require restrictions on equity.

Audit

The Auditor General of British Columbia issued an unqualified opinion on Forest Renewal BC's March 31, 1997 financial statements, and noted that improvements had been made in a number of administrative areas over the previous fiscal year.

The corporation also maintains an internal audit function, and several reviews were conducted throughout the year. The resulting recommendations continue to be implemented to improve administrative efficiencies.

1998/99 Fiscal Plan Overview

TARGET REVENUE AND EXPENDITURES (\$ MILLIONS)

Revenue	
Stumpage revenue	\$370.0
Investment income	22.8
TOTAL	\$392.8
Expenditures	
Program investments	\$517.5
Corporate administration	26.4
TOTAL	\$543.9
Equity	
Unappropriated equity	\$124.6
Financing Fund	32.1
Multi-year agreements	5.5
Program continuity	400.0
TOTAL FUNDS AVAILABLE	\$562.2

FIVE-YEAR REVENUE AND INVESTMENT ANALYSIS – (\$ THOUSANDS)

	1996/97	1997/98	1998/99	1999/2000	2000/01
REVENUE					
Total stumpage revenue (1 and 2)	\$485,328	\$460,000	\$370,000 ⁽³⁾	\$400,000 ⁽³⁾	\$400,000 ⁽³⁾
Investment income	35,569	48,212	22,757	18,662	17,277
TOTAL REVENUE	\$520,897	\$508,212	\$392,757	\$418,662	\$417,277
PROGRAM INVESTMENTS					
Corporate administration	20,047	26,440	26,440	26,440	26,440
TOTAL INVESTMENTS	\$415,532	\$645,918	\$543,915	\$451,440	\$451,440
FUNDS AVAILABLE FROM OPERATIONS					
Unappropriated equity	451,112	274,005	124,633	91,855	57,692
Multi-year agreements (MYAs)	N/A	7,000	5,500	5,500	5,500
Financing	N/A	32,401	32,115	32,115	32,115
Program continuity	400,000	400,000	400,000	400,000	400,000
TOTAL EQUITY AVAILABLE	\$851,112	\$713,406	\$562,248	\$529,470	\$495,307

NOTES:

(1) 1997/98 Forecast has been revised to \$460.0 million from the original estimate of \$495.0 million.

(2) Stumpage revenue assumptions:	1998/99
Total Volume Harvested (Million m ³)	59.5
Volume Harvested – FRBC Direct (Million m ³)	53.4
Exchange Rate (\$US/\$CDN)	\$0.7080
Price of Spruce/Pine/Fir – 2x4 #2 (SPF)	\$296
Price of Hemlock Baby Squares (HSQB)	\$648

(3) Does not include the effect of potential changes to stumpage rate policies that may be implemented after April 1, 1998.

FOREST RENEWAL BC 1998/99 BUSINESS PLAN – (\$ THOUSANDS)

	1997/98 Forecast	Cariboo- Chilcotin	Kootenay- Boundary	Omineca- Peace	Pacific	Skeena- Bulkley	Thompson- Okanagan	Province- wide	TOTAL ALL
LAND AND RESOURCES									
Enhanced Forestry	100,793	7,799	6,341	14,069	29,636	6,753	8,933	6,906	80,437
Backlog Silviculture	49,392	6,830	5,906	22,254	7,957	9,793	6,907	346	59,993
Resource Inventory	58,428	3,695	2,934	12,575	5,490	3,139	3,780	11,345	42,959
Bridge Replacement	22,262	673	6,464	2,135	2,873	1,657	4,204	0	18,006
Woodlot Expansion	3,790	600	400	950	260	410	480	0	3,100
Tree Improvement	2,058	0	0	0	0	0	0	5,200	5,200
Small Woodlands	80	0	0	0	0	0	0	500	500
Other proposals/IFPAs EFMPs	9,773	100	100	100	100	100	100	17,030	17,630
Research	16,848	580	675	1,930	9,070	520	1,477	0	14,252
Innovation Development	825	0	0	0	0	0	0	0	0
Endowment	0	0	0	400	0	0	0	370	770
SUBTOTAL	264,249	20,277	22,820	54,413	55,386	22,372	25,881	41,697	242,847
ENVIRONMENT									
Watershed Restoration	101,864	6,033	4,808	7,870	39,342	6,437	9,763	1,971	76,223
Fisheries Renewal BC	7,700	0	0	0	0	0	0	7,500	7,500
Resource Inventory	68,172	4,516	3,586	15,369	6,711	3,837	4,621	8,978	47,616
Recreation	30,203	1,422	1,313	1,755	15,152	1,715	1,778	0	23,136
Private Forest Biodiversity	3,250	0	0	0	0	0	0	1,500	1,500
Ecosystem Restoration Pilot	0	0	0	0	0	0	0	200	200
Crown Land Use Planning	2,097	273	250	510	903	335	405	324	3,000
Other Proposals	1,464	0	0	0	0	0	0	0	0
Research	17,896	303	1,267	1,400	5,500	1,112	1,400	0	10,982
Innovation Development	825	0	0	0	0	0	0	0	0
Endowment	0	0	0	0	0	0	180	300	480
SUBTOTAL	233,471	12,547	11,225	26,904	67,607	13,436	18,147	20,773	170,637
WORKFORCE									
Forest Worker Employment and Training	6,776	960	214	224	548	214	214	125	2,500
Value-Added Training	5,866	400	400	669	1,000	400	400	4,981	8,250
Land-Based Training	11,741	650	350	1,490	2,090	650	770	2,000	8,000
Sectoral Training	8,978	57	290	0	0	0	160	7,559	8,066
Forest Worker Transition	31,639	2,220	1,909	2,372	20,317	1,725	1,940	7,417	37,900
Forest Worker Employment Agency	3,700	0	0	0	6,500	0	0	1,000	7,500
New Forest Opportunities Ltd.	0	0	0	0	0	0	0	0	0
Forest and Resource Technology	1,320	0	468	123	651	535	0	0	1,777
Bursary	182	0	0	0	0	0	0	200	200
Other Proposals	2,129	0	0	0	0	0	0	0	0
Research	991	0	0	0	0	0	0	600	600
Innovation Development	825	0	0	0	0	0	0	0	0
Endowment	0	0	0	0	0	0	0	0	0
SUBTOTAL	74,147	4,287	3,631	4,878	31,106	3,524	3,484	23,882	74,793
COMMUNITIES									
Forest Community Business*	21,547	0	0	0	0	0	0	4,350	4,350
Forest Community Economic Development	6,537	419	454	473	1,220	658	600	5,176	9,000
Forest Excellence Awards	357	0	0	0	0	0	0	150	150
Regional Advisory Process	734	97	51	73	185	91	103	34	634
Other Proposals	1,739	0	0	0	0	0	0	100	100
Research	1,565	0	0	0	0	0	0	826	826
Innovation Development	825	0	0	0	0	0	0	0	0
Endowment	0	0	0	0	0	0	0	0	0
SUBTOTAL	33,304	516	505	546	1,405	749	703	10,636	15,060
VALUE-ADDED									
Value-Added Business Development	30	0	0	0	0	0	0	1,625	1,625
Value-Added Marketing	3,892	835	860	932	1,898	836	876	763	7,000
Technology Transfer	302	233	233	233	233	233	233	0	1,400
Industry Infrastructure	2,367	273	162	331	467	32	494	1,015	2,774
Research	2,516	0	0	0	0	0	0	1,340	1,340
Innovation Development	2,200	0	0	0	0	0	0	0	0
Endowment	3,000	0	0	0	0	0	0	0	0
SUBTOTAL	14,307	1,341	1,255	1,496	2,598	1,101	1,603	4,743	14,138
TOTAL	619,478	39,967	39,436	88,238	158,103	41,182	49,819	101,731	517,475
Province-wide Allocation		9,535	9,650	21,591	38,687	10,077	12,190		
TOTAL (Includes Province-wide Allocation)		48,503	49,086	109,829	196,790	51,259	62,009		517,475
Percentages of Total		9.4%	9.5%	21.2%	38.0%	9.9%	12.0%	0.0%	100.0%

For purposes of the Business Plan, New Forest Opportunities Ltd. and the Jobs and Timber Accord Advocate are included as program investments. Financial Statements require adjustments due to these programs also being subsidiary corporations.

*Includes \$15 million in one-time loan loss provisions in 1997/98; \$3.5 million in additional funds will benefit communities through new loans in 1998/99.

Appendices



Pro forma financial statements

Financial statement presentation

The corporation has changed its financial statement presentation in 1997/98. The statements will detail restrictions of equity for specific purposes so it can better manage financing programs and multi-year agreements. This addresses three key issues:

- budgeting for carryovers in multi-year agreements;
- budgeting for losses associated with loans, loan guarantees and loan indemnities; and
- highlighting funds held for specific purposes.

The segregation of certain types of activities from regular operations will be highlighted in the business plan and financial statements. They will present net assets reserved for specific purposes in the future.

Equity has been divided into restricted and unrestricted amounts. The statement of changes in net assets will reflect changes in each of the restricted and unrestricted balances.

Change in unrestricted equity includes most program activities with the exception of the multi-year and financial activities. The budgeting is the current fiscal framework model.

A portion of equity is restricted for multi-year agreements and if this equity is under-spent, the funds are reserved for future years. It includes land-based and other multi-year agreements such as the Nature Trust of B.C. and allows fluctuations in the expenditure budget from year to year. The expenditure budget is rationalized over the length of the multi-year agreement in accordance with the terms of the agreement.

A portion of equity is restricted for financing purposes, which includes community loans programs including loan aftercare. Capital gains for 1997/98, plus 25 per cent of investment income annually, will be appropriated for financing purposes. The maximum amount available for this program will be clearly outlined to the public and loan loss provisions caused by uncontrollable economic conditions will not impact other programs. This will allow for fluctuations in the expenditure budget from year to year.

A portion of equity is restricted for program continuity for years when revenue does not cover expenditure levels. This was established at \$400.0 million by the board in 1996.

Forest Renewal BC Proforma Statement of Operations For the year ending March 31, 1999 (\$ THOUSANDS)

REVENUE	1999	1998*
Statutory Forest Revenue	\$370,000	\$460,000
Investment income	22,757	48,212
	\$392,757	\$508,212
EXPENDITURES		
Program Expenditures	\$517,475	\$619,478
Corporate Administration	26,440	26,440
	\$543,915	\$645,918
Excess (deficiency) of revenue over expenditures	(\$151,158)	(\$137,706)

*Forecast

**Forest Renewal BC Pro forma Statement
of Financial Position**

For the year ending March 31, 1999 (\$ THOUSANDS)

ASSETS	1999	1998*
Current assets		
Cash and short-term investments	\$227,748	\$390,906
Due from Province of BC	80,000	93,000
Accountable advances	10,500	8,000
Prepaid expenses	300	300
	\$318,748	\$492,206
Capital assets	\$1,500	\$1,200
Long-term investments	400,000	400,000
	\$720,248	\$893,406
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accruals	\$8,000	\$10,000
Project expenditures payable	150,000	170,000
	\$158,000	\$180,000
Equity		
Restricted for specific purposes	\$437,550	\$439,401
Unrestricted	124,633	274,005
	\$562,248	\$713,406
	\$720,248	\$893,406

*Forecast


Forest Renewal BC Pro forma Statement of Changes in Net Assets

For the year ending March 31, 1999 (\$ THOUSANDS)

	Restricted for multi-year agreements	Restricted financing purposes	Restricted program continuity	Unrestricted	1999 TOTAL	1998* TOTAL
Balance, beginning of year	\$7,000	\$32,401	\$400,000	\$274,005	\$713,406	\$851,112
Excess (deficiency) of revenue over expense	(224,929)	(286)	–	74,057	(151,158)	(137,706)
Internally imposed restriction	223,429	–	–	(223,429)	–	–
Balance, end of year	\$5,500	\$32,115	\$400,000	\$124,633	\$562,248	\$713,406

*Forecast

Funding principles

The following principles, approved by the board of directors, guide investment decisions under all Forest Renewal BC programs:

Consistency with corporate mandate: Forest Renewal BC will fund only those proposals that are consistent with its mandate to renew the forest economy of British Columbia by enhancing the productive capacity and environmental values of forest lands, creating jobs, providing training for forest workers, and strengthening local communities that depend on the forest industry.

Incrementality: Forest Renewal BC funds should be used to expand the overall level of investment in the forest economy rather than displace existing spending. Forest Renewal BC will only invest in programs and projects that would not otherwise be undertaken by government or project proponents.

Wise spending: Projects funded by Forest Renewal BC should demonstrate economy of delivery, efficiency of operation, and effectiveness in achieving desired results.

Regional equity and sensitivity: Forest Renewal BC-funded projects should contribute to the corporation's goals of obtaining regional input into decision making and delivering regionally equitable programming.

First Nations participation: To the greatest extent possible, projects funded by Forest Renewal BC should encourage the participation of First Nations.

Community stability: Forest Renewal BC-funded projects should help enhance long-term community stability and emphasize local employment.

Jobs: Forest Renewal BC investments should sustain or create jobs, or help create conditions that support permanent jobs.

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

Environmental values: Projects funded by Forest Renewal BC should contribute to restoring and maintaining the ecological integrity and environmental sustainability of the forests.

Board of Directors

Roger Stanyer – Duncan
Chair of the Board, Forest Renewal BC

John Allan – Victoria
Deputy Minister, Ministry of Forests

Peter Beulah – Penticton
President, Greenwood Forest Products

Ric Careless – Gibsons
Regional Director, B.C. Spaces for Nature

Desmond Gelz – Prince George
Vice-President, Forest and Solid Wood Operations,
Northwood Inc.

David Haggard – Port Alberni
National President, IWA-Canada

Donald Hayes – Cobble Hill
President, Hayes Forest Services Limited

Ann Hillyer – Victoria
Partner, Hillyer Atkins

John Kerr – Vancouver
Chair and CEO, Lignum Group of Companies

JoAnne Kineshanko – Lumby
Mayor, Village of Lumby

Doug McArthur – Victoria
Deputy Minister to the Premier

David McInnes – Vancouver
Past Chair, Weyerhaeuser Canada Ltd.

Hon. Cathy McGregor – Kamloops
Minister of Environment, Lands and Parks

Garry Merkel – Kimberley
Vice-Chair, Columbia-Basin Trust

Brian Payne – Vancouver
Vice-President, Western Region,
Communications, Energy and
Paperworkers Union of Canada

Glenn Robertson – Campbell River
MLA, North Island

George Watts – Port Alberni
Principal, Imhahup Consulting Group

Hon. David Zirnhelt – Williams Lake
Minister of Forests

Advisory Committees

Land and Resources Committee

Makes recommendations to the Forest Renewal BC Board of Directors on investments in forest resources and the forest land base.

David McInnes, CHAIR, Vancouver – Industry
 Rod Beaumont, Vancouver – Industry
 Bill Bourgeois, Vancouver – Industry
 Bruce Ernst, Quesnel – Industry
 Mark Haddock, Vancouver – Environment
 Donald Hayes, Cobble Hill – Industry
 Barbara Hislop, Vancouver – Industry
 Gary Kobayashi, Vancouver – Labour
 Fred Lowenberger, Vancouver – Industry
 Jim Maxwell, Victoria – Government
 Joyce Murray, New Westminster – Silviculture
 Dave Neads, Williams Lake – Environment
 Chief Earl Smith, Black Creek – First Nations

Environment Committee

Makes recommendations to the Forest Renewal BC Board of Directors on investing in the environmental values of the forest.

Ann Hillyer, CHAIR, Victoria – Environment
 Ralph Archibald, Victoria – Government
 Bill Beese, Nanaimo – Industry
 Jim Cooperman, Chase – Environment
 Wes Giesbrecht, Smithers – Community
 Don Laishley, Vancouver – Industry
 Graham Lea, Vancouver – Industry
 Loni Parker, Revelstoke – Community
 Paul Senez, Victoria – Environment
 Greg Utzig, Nelson – Environment
 Nancy Wilkin, Victoria – Government
 Rodney Willis, Armstrong – Industry
 Paul Zeegers, Quesnel – Labour

Workforce Committee

Makes recommendations to the Forest Renewal BC Board of Directors on fostering forest employment opportunities, job training and related initiatives to assist forest workers and expand the forest workforce.

JoAnne Kineshanko, CHAIR, Lumby – Community
 John Betts, Nelson – Silviculture
 Sandy Gibb, Sunshine Coast – Industry
 Ian Harvey, Surrey – Industry
 Linda Kaivanto, Victoria – Government
 Carolyn Lawson, Vancouver – Government
 Gwen Phillips-Clement, Cranbrook – First Nations
 Armin Pyde, Kamloops – Industry
 Kathy Reddington, Vancouver – Industry
 Bill Routley, Duncan – Labour
 Gordon Rowland, Vernon – Industry
 Terry Smith, Vancouver – Labour
 George Watts, Port Alberni – First Nations
 Paul West, Victoria – Environment
 Fred Wilson, Vancouver – Labour
 David Yarmish, Prince George – Industry

Communities Committee

Makes recommendations to the Forest Renewal BC Board of Directors on supporting forest-based community development and adjustment.

Garry Merkel, CHAIR, Kimberley – First Nations
 Peter Boothroyd, Vancouver – Education
 Christie Brown, Victoria – Government
 Betty Davies, Smithers – Community
 Wendy Dubbin, Lone Butte – Community
 Claudette Everitt, Vernon – Community
 Kevin Kelly, Kamloops – Labour
 Steve Lorimer, Crofton – Industry
 Ken MacLeod, Victoria – Government
 Chris Robertson, Gibsons – First Nations
 Keith Spencer, Vanderhoof – Industry
 Mike Tarr, Prince Rupert – Community
 Steve Thorlakson, Fort St. John – Community
 Ray Travers, Victoria – Environment
 Doug Weir, Revelstoke – Community

Value-added Committee

Makes recommendations to the Forest Renewal BC Board of Directors on investments that assist forest industry diversification, further processing of the wood supply and increased manufacturing of wood products.

Desmond Gelz, CHAIR, Prince George – Industry
 Peter Beulah, Penticton – Industry
 Robert Bird, Penticton – Industry
 John Brink, Prince George – Industry
 Russ Cameron, Surrey – Industry
 David Cohen, Vancouver – Education
 Morris Douglas, Kelowna – Industry
 Russ Dowdeswell, Lumby – Industry
 Joan Easton, Victoria – Government
 Frank Everitt, Prince George – Labour
 David Haggard, Port Alberni – Labour
 Robert Holm, Surrey – Industry
 Bill St. John, Vancouver – Industry
 Barry Seymour, Prince George – First Nations
 Ron Small, Qualicum Beach – Industry
 Shaun Sullivan, Vancouver – Industry
 Laurie Vaughan, Anahim Lake – First Nations

Research Working Group

Advises the Forest Renewal BC Board of Directors on the strategic direction and effectiveness of investments in research and development.

Ted Baker, Victoria
 Bill Beese, Nanaimo
 Clark S. Binkley, Vancouver
 Max Blouw, Prince George
 Peter Boothroyd, Vancouver
 Bill Bourgeois, Vancouver
 Suezone Chow, Vancouver
 Jim Dangerfield, Vancouver
 Mark Haddock, Vancouver
 Robert Holm, Surrey
 Kevin Kelly, Kamloops
 Shawna Meade, Victoria
 Alex Sinclair, Vancouver
 Shaun Sullivan, Vancouver
 Greg Utzig, Nelson
 Paul West, Victoria
 Carl Winget, Victoria

Organizational overview

Forest Renewal has undertaken a major shift in its organizational structure.

The new structure has placed responsibility for governance and direction on a smaller number of Victoria office staff, and has shifted as much as possible, responsibility for program delivery to a larger number of staff in the regions.

The number of continuous regular staff has increased in the regions from 104 in 1997/98 to 122 in 1998/99, and decreased in the Victoria office from 96 in 1997/98 to 71 in 1998/99.

The following is an overview of the corporation's new structure:

CEO

The chief executive officer is accountable for the overall operation of the corporation and serves as the primary liaison for the chair, and for the board to government.

Corporate Secretariat

The Corporate Secretariat is accountable for providing advisory and support services to the CEO, chair and board of directors; for facilitating actions agreed to by the CEO, chair and the board; and for ensuring that the corporation follows up on board action items.

Corporate Planning and Evaluation

The Corporate Planning and Evaluation group is accountable for supporting the board's strategic planning process, and for leading the corporation in its strategic planning, business plan development, and program evaluation.

The Forest Resources and Environment, Communities and Workforce and Value-added business units

These business units are accountable for providing governance and overall direction to the corporation's investment programs. This includes program planning and development, policies, performance targets, financial allocations, and reporting.

Finance and Administration Unit

This business unit is accountable for providing governance and overall direction on the corporation's infrastructure, which includes Finance, Human Resources, Information Systems, Freedom of Information, and Facilities. This unit also provides services to the regional offices, when centralization of services is most efficient and effective.

Communications Unit

The Communications Unit provides corporate governance and direction on communications issues; serves as the corporation's communications link to the public, stakeholder groups and government; and provides central communications services when it is most effective and efficient.

Regional offices

The regional offices are accountable for the delivery of programs within the overall governance framework provided by the Victoria office. Regions consult with regional stakeholders regarding regional investment priorities; approve projects; and negotiate agreements within the region's funding allocation. The regions also monitor and track the progress of projects with respect to expenditures and outputs; and manage the issues that occur in relation to regional investments.

Subsidiary corporations

New Forest Opportunities Ltd.

This is a new agency to assist displaced Coastal region forest workers during the current transition in the forest sector.

Office of the Jobs and Timber Accord Advocate

The Jobs and Timber Accord Advocate, in reporting to industry and government, will:

- monitor the effectiveness of the Accord and ensure its timely implementation
- monitor ongoing efforts to maintain and increase the employment base of the B.C. forest industry
- enforce the provisions of the Accord to ensure a high degree of compliance with its full five-year term job creation objectives.

Program directory

Land, Resources and Environment Programs

Enhanced Forestry Program: increases the productivity of the province's forests by investing in stand tending (which includes spacing, brushing, pruning and fertilizing young forest stands) and forest health activities.

Backlog Silviculture Program: a province-wide initiative to reforest approximately 250,000 hectares of Crown forest land harvested before 1987 and not-satisfactorily-restocked with commercial tree species.

Bridge Replacement Program: rehabilitates or replaces bridges on Forest Service roads which provide critical access to silviculture and harvesting sites or represent a threat to stream habitat because of their state of deterioration.

Innovative Forest Practices and Enhanced Forest Management Pilot Projects: test innovative or new treatment regimes designed to improve forest productivity and enhance or maintain employment.

Woodlot Expansion Program: increases the number of woodlot licences and increases opportunities for individual licensees to get involved in small-scale forest management in order to increase productivity of Crown land and bring more private land under forest management.

Small Woodlands Program: expands the area of productive forest lands in the province by informing land-owners about opportunities available through forest management and encouraging them to manage their lands for small-scale forestry. This will increase rural incomes and local jobs, and help stabilize rural communities.

Tree-Improvement Program: increases the productive capacity of forests while maintaining their genetic diversity by taking seeds from the most adaptable trees in both wild and cultivated stands and using them to breed seedlings for qualities such as rapid growth, disease resistance, and high density.

Watershed Restoration Program: accelerates the recovery of watersheds that have been adversely affected by timber harvesting, by deactivating and rehabilitating roads, stabilizing slopes and gullies, and restoring fish and aquatic habitat.

Resource Inventory Program: increases the quantity and improves the quality of resource and field inventory information, to improve forest resource planning and management. Program work includes developing inventories of all the non-timber elements that make up B.C.'s forests, such as fish and wildlife habitat, soils, minerals, recreational use, and aboriginal culture and heritage.

Recreation Program: helps develop forest recreation and tourism opportunities, such as access trails and campgrounds, and increases public awareness, appreciation and responsible stewardship of B.C.'s forests.

Private Forest Biodiversity Program: supports the acquisition of interests in private lands to conserve biodiversity, in collaboration with the Nature Trust of British Columbia. The goals of the program include: conserving sites that have unique or exceptional biodiversity attributes; fostering private- and public-sector funding and management partnerships; and providing educational and research opportunities.

Crown Land-Use Planning Enhancement Program: supports the development of information, data, planning and monitoring tools to improve Crown land-use planning which, in turn, fosters certainty for all resource users.

Ecosystem Restoration Pilot: tests the potential to expand watershed restoration activities to address a broader range of forest productivity, biodiversity and habitat restoration needs.

Workforce Programs

Forest Worker Transition Program: helps displaced forest workers find new jobs, either within or outside the forest industry, by providing eligible forest workers with career counseling, funding for training, income support during training, or help to become self-employed.

Forest Worker Employment and Training Program: helps employers and workers identify new work opportunities, helps at-risk workers retain existing jobs, and matches displaced workers with alternate forest jobs available in their own communities.

Land-Based Training Program: ensures that forest workers have the skills they need to carry out land-based projects, by supporting training in such activities as silviculture, resource inventories, and environmental restoration.

Sectoral Training Initiatives: supports sectoral groups in human resource planning, training and adjustment activities.

Value-added Training Program: helps workers and employers find the skills training they need – from entry-level to highly technical – for jobs in the value-added sector.

Forest and Resource Technology Program: meets the growing demand for trained forest workers by increasing the number of spaces available in two-year forest and resource technology diploma programs.

Bursary Program: encourages training in forest-related studies by providing a \$1,000 bursary to eligible graduating Grade 12 students in high schools, regional correspondence schools and band schools, and a \$1,000 bursary to eligible first- or second-year students in post-secondary schools.

Communities Programs

Forest Community Business Program: provides loans and business planning support to small businesses in the forest sector, which in turn will help forest communities diversify, stabilize and expand their economic and employment opportunities.

Forest Community Economic Development Program: seeks to expand, diversify or otherwise support the economies of forest communities through community-developed economic development planning, project feasibility studies and transition planning.

Forest Excellence Awards Program: recognizes individuals, companies and groups that have made a significant contribution to improving and renewing the forest sector, in eight categories: Forest Management, Environment, Value-added, Labour, Community, Education, Communications/Media, and Forest Service.

Value-added Programs

Value-added Marketing Program: increases domestic and international demand for products manufactured by B.C.'s value-added sector, by helping the province's value-added producers jointly market their products.

Value-added Industry Infrastructure Program: helps the value-added industry diversify and grow, by funding needs analyses, member surveys, wood forums and conferences, association development activities, and other industry initiatives.

Technology Transfer Program: increases the awareness of value-added business owners about new technologies and provides technical information and in-plant technical assistance to help make the businesses more competitive.

Corporation-wide Programs

In addition to programs in our key activity areas, Forest Renewal BC is also investing in a number of other programs that are important to all activity areas.

Research Program: expands our knowledge of all aspects of the forest sector by supporting research and extension into such subjects as the forest environment, forest management, adding value to forest products, and the impact of new forest practices on biodiversity, timber supply and jobs.

Endowment Program: increases our understanding of the key issues facing the forest sector—both now and in the future, by building teaching and research capacity at B.C.'s degree-granting post-secondary institutions.

Forestry Innovation Development Program: invests in the development or adaptation of new forestry products or processes that are commercially viable.



Forest Renewal BC offices

We invite your enquiries and comments. For more information on any of Forest Renewal BC's programs or activities, please contact your nearest regional office, or visit us on the Internet.

Forest Renewal BC

Cariboo-Chilcotin Region

201 - 172 Second Avenue North

Williams Lake, BC V2G 1Z6

Phone: 250-398-4900

Fax: 250-398-4898

Forest Renewal BC

Kootenay-Boundary Region

828A Baker Street

Cranbrook, BC V1C 1A2

Phone: 250-426-1617

Fax: 250-426-1618

Forest Renewal BC

Omineca-Peace Region

200 - 299 Victoria Street

Prince George, BC V2L 5B8

Phone: 250-565-4400

Fax: 250-565-4409

Forest Renewal BC

Pacific Region

215 - 1180 Ironwood Street

Campbell River, BC V9W 5P7

Phone: 250-286-7717

Fax: 250-286-7720

Forest Renewal BC

Skeena-Bulkley Region

3790 Alfred Avenue

Bag 5000

Smithers, BC V0J 2N0

Phone: 250-847-7838

Fax: 250-847-7840

Forest Renewal BC

Thompson-Okanagan Region

478 St. Paul Street

Kamloops, BC V2C 2J6

Phone: 250-371-3922

Fax: 250-371-3933

Forest Renewal BC

Victoria Office

9th Floor, 727 Fisgard Street

Victoria, BC V8V 1X4

Phone: 250-387-2500

Fax: 250-387-3334

E-mail: frbc.info@gems9.gov.bc.ca

For **toll-free access**, call 1-800-663-7867 and ask for transfer to 387-2500.

Internet:

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

Forest Renewal BC Regions



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

SD14.B7F67 634.9'2'0971105 C96-960221-9



Forest Renewal BC funding – from stumpage that forest companies pay for the right to harvest timber on Crown lands – is reinvested into the forests, forest workers and forest communities.

Forest Renewal BC is a partnership of forest companies, workers, environmental groups, First Nations, communities and government.

