



BUSINESS PLAN 2000/2001





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# Message from the Minister

**IN APRIL 1994**, the establishment of Forest Renewal BC was based on a shared understanding among all forest-sector stakeholders that we must invest now to ensure a healthy, sustainable forest economy in the future. For the past six years, Forest Renewal BC has been there through the ups and downs of the forest economy, planning and implementing a program of investments that are leading B.C. toward a new, more sustainable, productive and competitive forest economy.

Forest Renewal BC's investments in our forest lands and people have produced real benefits for this province. The positive results of Forest Renewal BC's first five years of investments include:

- 311,000 hectares of forest land have been treated to improve timber growth and quality,
- 12 million cubic metres of second-growth timber have been added to B.C.'s potential future harvest,
- 150 environmentally damaged watersheds have been restored,
- 25,500 B.C. workers have received skills upgrading to improve their employability,
- 600 community forest businesses—including 30 joint ventures with First Nations—have received start-up or expansion help.

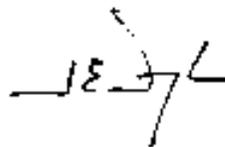
Now, Forest Renewal BC is leading the way to a new, more diversified forest economy. The corporation is the number one financial supporter of British Columbia's growing value-added

sector, which is producing more jobs and community benefits from every tree that is harvested.

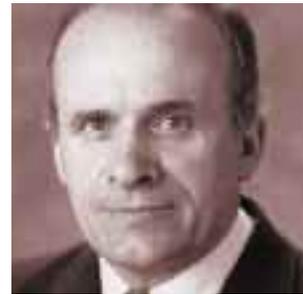
We have seen some difficult years in the transition to a new forest economy. But B.C. has turned the corner toward better days, and the recent upswing in our forest sector means that increased revenues can prolong future renewal investments. Forest Renewal BC's financial reserves, which were invested to get us through the crunch, are being reduced at a slower-than-anticipated rate. These positive signs will ensure that the corporation has the resources necessary to achieve its five-year performance targets of increased forest productivity and environmental health.

The hallmarks of a dynamic organization are continual learning and improvement. Forest Renewal BC continues to be dynamic—building on experience, refining operations, and streamlining the way programs are delivered across the province. Renewal investments are already producing positive benefits, and they will continue to pay off 60, 70 and 80 years down the road—in more jobs and a healthier, more productive forest environment.

And that is exactly what the Forest Renewal BC partnership of forest companies, workers, environmental groups, First Nations, communities and government set out to do.



Honourable Jim Doyle  
Minister of Forests



# Message from the Chief Executive Officer and Chair of the Board



## **THE FOREST RENEWAL BC 2000/01 BUSINESS PLAN** provides a

carefully planned basis for making program investments of \$302 million during the second year of our five-year strategic plan. In 2000/01, we will work with our partners to focus on growing more high-value timber,

filling more knowledge gaps to improve forest management decision-making, restoring many more environmentally damaged watersheds, and continuing to implement Forest Renewal BC's industry-driven Value-added Strategy to foster the sector's continued growth and job creation.

Forest Renewal BC's performance-based strategic plan is about producing positive results, not just spending money. And this year's investments will move us closer to targets established in the strategic plan. These targets include:

- increasing the timber available for potential future harvest by 25 million cubic metres,
- restoring an additional 20 per cent of high-priority watersheds damaged by past harvesting activities,
- helping as many as 30 communities that are experiencing major forest-sector job loss,
- supporting the start-up, expansion or maintenance of more than 200 additional small forest-sector businesses, and
- further expanding the value-added sector. Sales for B.C. firms benefitting from Forest Renewal BC investments are forecast to increase by 10 per cent more than the expected industry growth rate.

Forest Renewal BC is also completing its major corporate restructuring, from a project-driven agency to a much smaller, more focused investment agency. This streamlining is getting more of our dollars on the ground where they can produce more benefits, and it is allowing our forest-sector partners to take on more and longer-term

responsibility. The 2000/01 investment plan will be managed by fewer than 100 full-time Forest Renewal BC staff, and our annual corporate administration overhead will be kept at 5 per cent of total funds invested.

Forest Renewal BC has come a long way since 1994. We started from scratch, in the spotlight of big expectations from the public and from our forest-sector partners. We've learned a lot in six years, and we've changed a lot based on our experience. That evolution will continue as we keep striving to increase the efficiency and effectiveness of how we deliver our on-the-ground investments.

Our Strategic Plan 1999 – 2003 is guiding that evolution. It gives us a clear road map of where we want to go. Our business plans explain how we'll get there, and how we can be measured along the way.

With improving revenues to fund renewal activities, I'm confident that Forest Renewal BC will continue to make progress in meeting those high expectations for a renewed forest-sector economy and a healthier forest environment for generations to come.

Roger Stanier  
Chief Executive Officer  
and Chair of the Board  
Forest Renewal BC

# Introduction

IN 1994, THE B.C. GOVERNMENT unveiled its Forest Renewal Plan—a long-term strategy to renew the province’s forests. The plan included the creation of Forest Renewal BC, a new Crown agency to direct and manage a program of investments that would renew B.C.’s forests and forest economy.



Created through consultation with a broad spectrum of forest-sector stakeholders, Forest Renewal BC is a unique partnership of forest companies, workers, environmental groups, First Nations, communities and government. This partnership is reflected in the membership of Forest Renewal BC’s Board of Directors and committees, and defines the corporation’s core values and operating principles.

With revenue from a portion of the stumpage fees collected for the right to cut timber on Crown forest lands, Forest Renewal BC makes strategic investments to renew the forests, improve our knowledge about forest management, support forest-dependent communities and workers, and expand the value-added sector. The corporation is organized into three operational business units (Forests and Environment, Workforce and Communities, and Value-added), and three corporate units (Communications, Corporate Planning and Evaluation, and Finance and Corporate Services).

This is Forest Renewal BC’s sixth annual Business Plan, and the second in support of the corporation’s Strategic Plan 1999 – 2003. This plan outlines Forest Renewal BC’s priorities, key corporate initiatives and investment strategies for the 2000/01 fiscal year. It also includes Forest Renewal BC’s fiscal plan for 2000/01, and an overview of the corporation’s financial status.



# Strategic Framework

FOREST RENEWAL BC'S STRATEGIC PLAN 1999-2003, published in 1999, identified the challenges and opportunities facing the forest sector and described Forest Renewal BC's corporate direction and priorities for the next five years. Under that strategic plan, the corporation's investments and operations are guided by four corporate commitments and seven strategic objectives.

## CORPORATE COMMITMENTS

One of the features that makes Forest Renewal BC unique is its four corporate commitments. They reflect the corporation's founding principles and core values and are incorporated into all of Forest Renewal BC's operational and investment decision-making processes. While the corporation's strategic objectives may change over time, these corporate commitments will remain constant:

**Regional equity** – Forest Renewal BC will allocate investments based on strategic priorities and opportunities for investment, in a manner that equitably addresses the needs of communities in each region of the province.

**First Nations participation** – Over the next five years, Forest Renewal BC will maintain the proportion of First Nations participation that was achieved in 1997/98 (i.e., 7 per cent of investments will be managed by First Nations and 12 per cent of the people employed through Forest Renewal BC will be aboriginal).

**Stakeholder involvement** – Forest Renewal BC will continue to develop active partnerships with stakeholders to deliver its investments. The corporation will ensure transparent planning processes that involve implementing partners and consultation with all partner groups.

**Employment creation** – Forest Renewal BC is committed to creating and maintaining sustainable forest jobs.

## STRATEGIC OBJECTIVES

Forest Renewal BC focuses its investments to achieve six corporate strategic objectives.

A seventh strategic objective guides the corporation's internal operations.

### STRATEGIC OBJECTIVE 1 Sustainable Harvest

Forest Renewal BC will invest in the production of faster-growing, higher-quality stands of second-growth timber.

*Key Five-Year Target: Forest Renewal BC's investments to improve timber volume will increase the timber available for potential harvest by 25 million cubic metres (m<sup>3</sup>).*

### STRATEGIC OBJECTIVE 2 Enhance Environmental Values

Forest Renewal BC will invest in restoring forest watersheds and in promoting environmental stewardship and strong environmental values in B.C.'s forests.

*Key Five-Year Target: Forest Renewal BC will work with its partners to complete the restoration of 20 per cent of the highest-priority watersheds that have been damaged or seriously threatened by past forest development activities.*

**STRATEGIC OBJECTIVE 3**  
**Strengthen Sustainable Forest Management  
(Enhance Knowledge)**

Forest Renewal BC will invest in the development of relevant, useable, timely information and tools keyed to achieving sustainable forest management.

*Key Five-Year Target: Forest Renewal BC will work with its partners to identify key gaps in knowledge for sustainable forest management. By April 1, 2003, these key knowledge gaps will be addressed to help improve future Timber Supply Reviews and Land and Resource Management Plans.*

**STRATEGIC OBJECTIVE 4**  
**Strengthen and Expand the  
Value-added Sector**

Forest Renewal BC will strengthen and expand B.C.'s value-added sector through strategic investments with leading industry partners.

*Key Five-Year Target: Over the next five years, the growth in sales for B.C. firms benefitting from Forest Renewal BC investments will be increased by an additional 10 percentage points over the expected industry growth rate of 20 per cent.*



**Key Target: Annual corporate  
administration costs will not exceed  
5 per cent of total invested dollars.**

**STRATEGIC OBJECTIVE 5**  
**Support Forest Workers Through Transition**

Forest Renewal BC will provide re-employment services to long-term forest-sector workers who are facing permanent displacement.

*Key Target: To have all clients who receive re-employment services assess those services as making a positive contribution to their re-employment.*

**STRATEGIC OBJECTIVE 6**  
**Support Forest Communities Experiencing Major  
Job Loss**

Forest Renewal BC will provide support to forest-dependent communities that are experiencing significant forest-sector job loss, to help them



stabilize and diversify their forest economies and to increase First Nations participation in the forest sector.

*Key Target: Forest Renewal BC investments will increase forest economic diversification and forest-sector employment in more than 30 forest-dependent communities that are experiencing major job loss.*

#### **STRATEGIC OBJECTIVE 7** **Increase Forest Renewal BC's Effectiveness and Efficiency**

Forest Renewal BC will increase its effectiveness and efficiency to optimize the impact of its investments, while maintaining low administrative costs.

*Key Five-Year Target: Annual corporate administration costs will not exceed 5 per cent of total invested dollars.*

#### **CORPORATE PROGRESS REPORT**

In its first five years of operations, Forest Renewal BC made a significant contribution to British Columbia's forests and the workers and communities that rely on them. During that time, the corporation had to continually adapt to rapidly changing conditions and priorities in the forest sector.

Forest Renewal BC's *Strategic Plan 1999 – 2003* outlines the corporation's strategic path for the next five years as a smaller, more strategically focused investment agency. During 1999/00, the corporation made significant strides in the new directions outlined in its *Strategic Plan*.

Forest Renewal BC has refined and implemented a new strategic and performance-based process for directing and managing its investments and internal operations. It continues to work with its partners to develop information and tools that will help direct Forest Renewal BC investments and measure their impacts.

During 1999/00, the corporation also implemented the second phase of its organizational restructuring and downsizing to improve internal operational efficiencies and effectiveness. Forest Renewal BC has begun staff training in performance management and has developed and implemented new internal performance-management reporting systems.

Finally, although this *Business Plan* was prepared before the end of the 1999/00 fiscal year, proponent reporting from forest companies and other Forest Renewal BC partners suggests that the first year of investment under the new strategy has been successful. Current reports indicate that actual 1999/00 investment expenditures will be near the levels predicted in the *1999/00 Business Plan*, and administration costs will be lower.

That plan provided for investments of \$45 million to increase the productivity of second-growth forests and \$53 million for investments to increase the forest growing area. Reporting indicates that these investments will add more than 5 million m<sup>3</sup> of available timber to the potential future harvest, which puts Forest Renewal BC on track to achieve its five-year target of 25 million m<sup>3</sup>.

Investments of \$61 million were planned to enhance environmental values through watershed restoration, recreation and research activities during 1999/00. Current reporting indicates that the amount of road deactivation and stream restoration work achieved during 1999/2000 will be

close to the *Business Plan* targets. Guidelines are now in place to ensure that the highest-priority watersheds are being restored first.

In 1999/00, investments of \$80 million were planned to strengthen sustainable forest management through the development of resource-planning and decision-making information and tools. Work continues to identify the key knowledge gaps related to upcoming Timber Supply Review decisions and to implementing strategic land-use plans. Investments under this strategic objective are being shifted to address these priority knowledge gaps.

Investments of \$21 million were allocated in 1999/00 to help implement Forest Renewal BC's Value-added Strategy. These investments (under Strategic Objective 4) are improving sector organization, knowledge of markets, the application of technology, and access to financing. They are also helping workers meet strategic skill gaps. Among other achievements, these investments are currently projected to help generate 1,500 new market leads and help 2,700 workers develop new skills.

The *1999/00 Business Plan* also included the first of two years of re-employment support for permanently displaced forest workers. Fortunately, the forest sector is performing better than expected this year, and the level of demand for assistance is significantly less than the \$61 million anticipated in the *Business Plan*. Re-employment assistance services continue to be provided on an as-required basis.

In the *1999/00 Business Plan*, the corporation also allocated investments of up to \$16 million for programs to support forest-dependent communities that are experiencing major job loss. This funding supports communities and First Nations that are implementing their forest economic development strategies, developing joint venture and other industry partnership opportunities, and increasing the size of local revolving loan funds. As noted above, the forest sector is performing much better than anticipated a year ago, so community transition assistance needs have not been as high as forecast in the *1999/00 Business Plan*.

## **FOREST-SECTOR ISSUES IN 2000/01**

A strong year in the forest sector is expected in 2000/01. Some economists and market analysts project improved forest company earnings based on factors such as recovering Asian economies, continuing strength in the U.S. housing market, and rising pulp prices. Most B.C. forest companies are expected to equal or exceed

their 1999/00 production levels. That could bring relatively stable forest-sector employment, after several years of job losses due to industry rationalization and temporary and permanent mill closures.

While this outlook should mean increased revenues for Forest Renewal BC, the corporation will maintain the investment levels that were forecast in its *Five-Year Strategic Plan 1999 – 2003*. If there is a surplus of funds, it will be reserved in the program continuity fund for future years.

Despite the present forest-sector economic upswing, concerns about the longer-term management of B.C.'s forests and the future of the provincial forest industry continue to dominate forest-sector public policy discussions. Three major initiatives that are currently underway may have significant implications for the future of the sector and how it will be managed.



### **Forest Policy Review**

In June 1999, the provincial government announced a Forest Policy Review. The review will lead to recommendations for forest policy changes, based on community and stakeholder consultation.

### **Softwood Lumber Agreement**

The current Canada/U.S. Softwood Lumber Agreement expires in 2001, and there is considerable debate within the forest sector about how bilateral forest products trade issues should be handled in future. Given the economic importance of access to the U.S. market, the outcome of this issue could have a profound impact on the B.C. forest sector.

### **Certification**

Most major forest companies are now seeking environmental certification of their operations and products, in response to pressure from the public and their customers. The Ministry of Forests recently acknowledged the growing importance of environmental certification when it announced that it will pursue certification of Crown timber under the Small Business Forest Enterprise Program.

The outcomes of these three initiatives could have a significant impact on Forest Renewal BC's future strategies and priorities. The corporation will monitor the initiatives and develop appropriate operational responses.

# Key Corporate Initiatives for 2000/01

FOREST RENEWAL BC IS CONTINUING WITH THE INITIATIVES that are necessary to fully implement its Strategic Plan 1999 – 2003. At the same time, ongoing changes in the forest sector necessitate continual re-evaluation and adjustments. During the coming year, in addition to implementing its 2000/01 investment plan, the corporation will undertake the following key corporate initiatives:



## Monitoring the Provincial Forest Policy Review

Many presentations to the Forest Policy Review have focused on three themes: forest land tenure, forest management regulation, and community/worker transition issues. Changes to current forest policy in these areas could have a significant impact on Forest Renewal BC's mandate and operations. The Forest Renewal BC Board of Directors and the Communities Committee have met with staff from the Office of the Jobs and Timber Advocate to discuss the progress of the review. Forest Renewal BC will continue to monitor the process, participate when appropriate, and, on completion of the recommendations, identify potential impacts and new investment opportunities.

## Stakeholder Consultation on Workforce and Communities Investments

The original Forest Renewal Plan called for Forest Renewal BC's investments to help mitigate the short-term impacts of land-use decisions on workers and communities. During the corporation's first five years, the transition challenges for

workers and communities were much greater than anticipated, because of factors that went well beyond the impacts of land-use plans (e.g., worsening global economic conditions, and significant structural problems within B.C.'s forest sector). In response, and as part of government's larger Forest Action Plan, Forest Renewal BC's *Strategic Plan 1999 - 2003* called for the corporation to accelerate and compress its Workforce and Communities transition investments for the first two years of the strategy. During 2000/01, Forest Renewal BC will be consulting with its stakeholders and partners about the future role of the corporation in both of these areas. Based on that consultation, the corporation's Workforce and Communities committees will recommend future investment options and strategies for these areas to the board of Forest Renewal BC.

## Enhanced Planning and Reporting of Investment Accomplishments

In its 1999 report, *Credibility, Transparency and Accountability – Improving the BC Budget Process*, the Budget Process Review Panel called for significant improvements in the way that government and Crown agencies provide information to the public about their business goals and actual results. The Auditor General's audit of Forest Renewal BC's planning and accountability processes also included several recommendations that emphasize the importance of an effective performance-measurement system for reporting to the province's forest sector on the benefits of Forest Renewal BC's investments. Over the past two years, the corporation has taken its initial steps to

Forest Renewal BC's strategic plan includes performance measures for each of its strategic objectives.



become a performance-based, results-oriented organization. Forest Renewal BC's strategic plan includes performance measures for each of its strategic objectives, and the corporation continues to develop and refine performance measures and reporting processes. In addition, the corporation will be working during 2000/01 to further refine performance measures for its corporate commitments, including regional equity and stakeholder involvement. Under Forest Renewal BC's Audit and Evaluation Plan, there will be an increased level of auditing and evaluation during 2000/01, compared with previous years, to complement ongoing performance monitoring and adaptation. Finally, the corporation will revise its annual report during 2000/01, to make it more consistent with the principles of performance-measurement reporting.

# 2000/01 Investment Plan



Consistent with its five-year strategy, Forest Renewal BC expects to make program investments of \$302 million during 2000/01 to renew B.C.'s forests, support expansion of the value-added sector, and support forest workers and communities in their transition to a new forest economy.

Forest Renewal BC's investment plans are the product of an extensive planning process. It begins with the Forest Renewal BC board reviewing the internal and external factors likely to affect the corporation, and ends with detailed business-unit planning to select the best mix of programs and investment opportunities. These investment choices are based on the following principles:

- Funds will be invested in business areas and activities based on their potential contribution to achieving the corporation's strategic objectives, and on their cost. All other considerations are secondary.
- The corporation encourages partnership and will strive to maintain the proportion of investments managed through partnership arrangements.
- The investment planning process will be open and transparent. Forest Renewal BC's stakeholders will receive prior notice of the details and timetable of the investment planning process, and of their opportunities for input into that process.
- The planning process will produce investment strategies for each strategic objective and

business-area program. Each program investment must demonstrate good potential for return on investment and value-for-dollar.

- The total amount of short-term employment to be created through investments will be proportional to that created in previous years.



## FORESTS AND ENVIRONMENT

The Forests and Environment Business Unit is responsible for directing and managing investments related to the corporation's first three strategic objectives: Sustainable Harvest, Enhance Environmental Values, and Strengthen Sustainable Forest Management.

The Forests and Environment component of the 2000/01 corporate investment plan is the product of a two-part planning and consultation process. First, local-area technical planning teams led by the Ministry of Forests and the Ministry of Environment, Lands and Parks developed and prepared resource management plans. Those plans identified local resource-management strategies, objectives and goals, as well as potential investment opportunities that were consistent with Forest Renewal BC's strategic objectives. Forest Renewal BC staff then met with representatives of partner groups in each region to develop program-level investment recommendations. Using the information contained in the resource management plans and gathered from partner group consultations, Forest Renewal staff prepared final regional land-based investment plans.

## STRATEGIC OBJECTIVE I

### SUSTAINABLE HARVEST

*Forest Renewal BC will invest in the production of faster-growing, higher-quality stands of second-growth timber.*

Forest Renewal BC's silviculture investments are strategically focused to improve timber supply by:

- increasing the productivity and value of second-growth forests.
- These investments help address industry's timber supply requirements

in the short to medium term (i.e., 15 to 40 years) by shortening the rotation age of some stands, optimizing the size of logs in other stands, and—in the longer term—through breeding better seedlings, and

- increasing the forest growing area. Investments in backlog reforestation increase the potential amount of timber that will be available for future harvest in the longer term (i.e., 65 years or more).

### Increasing the productivity and value of second-growth forests

Silviculture investments, to improve the quantity and quality of wood harvested from British Columbia's second-growth forests, include the following:

• An investment of \$2.5 million will go to fertilize approximately 9,000 hectares of forest lands. These investments are expected to increase wood volume by 200,000 m<sup>3</sup> by the next rotation, which will allow managers to choose either a shorter rotation or increased

volume for harvest at the planned rotation age.

- Some \$12 million will fund juvenile spacing treatments on approximately 13,000 hectares of forest lands. These spacing treatments will contribute to the growth of optimum log size and a more even distribution of harvest timing. That will, in turn, increase the value of lumber products by between 5 per cent and 30 per cent throughout the rotation.
- Funding of \$3.3 million will support pruning treatments on approximately 2,100 hectares, which is expected to increase the value of the wood in treated stands by between 5 per cent and 30 per cent.
- An investment of \$2 million will fund forest surveys and prescriptions for 84,000 hectares of forest lands to confirm optimum densities and determine the most appropriate future silvicultural treatments.
- Support of \$9.7 million will be invested to both continue and enhance the Tree Improvement Program. These investments support gene conservation, the use of known high-quality seed sources, and the acquisition of knowledge to support management decisions. Through its partnership with the British Columbia Forest Genetics Council, Forest Renewal BC has invested in a variety of activities, including:
  - support for tree breeding (i.e., testing and selecting insect-resistant, fast-growing, high-value trees from natural populations),



- orchard seed production. To date, 173 projects have improved the ability of 42 seed orchards to supply high-quality seed to forest nurseries, and

- technical support, which will enable better decision-making about the production, use, and geographic movement of seed.

### Increasing the forest growing area

Forest Renewal BC invests in reforestation of backlog areas that were not satisfactorily restocked after past harvesting or natural disturbances (e.g., by fire or pests). It also invests in silvicultural treatment of backlog lands where the growth of crop trees is impeded by other vegetation. Since 1996, Forest Renewal BC has invested more than \$140 million in these activities. As a result, the estimated backlog area has been reduced by more than 50 per cent, from 250,000 hectares to 110,000 hectares. Ongoing investments are needed to further reduce the size of the backlog area and to maintain already-treated sites.

During 2000/01, Forest Renewal BC will invest \$53.6 million in its Backlog Reforestation Program to treat more than 48,000 hectares.

These investments support a variety of activities, including:

- surveys of current conditions and treatment planning (\$8 million and 266,000 hectares),
- site preparation (\$2.6 million and 3,800 hectares),
- planting (\$5.4 million and 9,000 hectares), and
- brushing treatments (\$24.3 million and 36,000 hectares).

**SUSTAINABLE HARVEST - 2000/01 INVESTMENTS (\$Millions)**

	Cariboo-Chilcotin	Kootenay-Boundary	Omineca-Peace	Pacific	Skeena-Bulkley	Thompson-Okanagan	Province-wide	TOTAL
<b>Increasing productivity: second-growth</b>								
Enhanced Forestry	4.40	2.02	2.31	14.95	4.39	4.27	4.88	37.22
Tree Improvement	0.87	1.84	1.65	3.10	0.78	1.07	0.39	9.70
Research	0.01	0.13	0.23	3.18	–	0.55	–	4.10
Endowment	–	–	0.35	–	–	–	–	0.35
<b>Increasing the forest growing area</b>								
Backlog	6.27	5.04	22.99	8.09	5.16	5.33	0.70	53.58
Small Woodlands	0.39	0.19	0.58	0.19	0.19	0.19	0.35	2.10
Research	0.04	–	0.29	0.09	–	0.04	0.50	0.96
<b>Performance measurement, evaluation and audit</b>								
Performance Measurement, Evaluation and Audit	–	–	–	–	–	–	0.40	0.40
<b>Investments being phased-out</b>								
Bridge Replacement Funding	–	–	0.23	–	–	–	–	0.23
Research for access to harvesting	–	–	–	0.08	–	–	–	0.08
<b>TOTALS</b>	<b>11.98</b>	<b>9.23</b>	<b>28.62</b>	<b>29.69</b>	<b>10.52</b>	<b>11.45</b>	<b>7.22</b>	<b>108.73</b>

**SELECTED OUTPUTS<sup>1</sup>**

Hectares treated - Enhanced Forestry	4,600	2,600	900	13,200	3,200	3,600	–	28,100
Hectares treated - Backlog	8,100	4,700	23,000	4,700	4,500	3,800	–	48,800
Research studies completed	–	–	–	21	–	1	4	26
Employment (person-years)	200	120	400	300	180	160	50	1,410

NOTES 1 Output estimates for major investment areas. Actual total outputs will be determined through the final workplans prepared for each management unit and will reflect local investment opportunities and operating conditions.

**Other initiatives**

In addition to these investments during 2000/01, the corporation will also undertake three other initiatives that are related to this strategic objective:

- Forest Renewal BC and the Federation of Woodlot Owners of B.C. will work to more effectively and efficiently include woodlot owners in Forest Renewal BC programs.
- Through the British Columbia Forest Genetics Council, Forest Renewal BC will continue to provide guidance for the Tree Improvement Program, and will make recommendations for the development of a more formal forest-tree gene conservation program. The council will also support the creation of a new company, GenSeed Ltd., which will expand high-quality seed production for provincial reforestation programs.
- Working with the Ministry of Forests, Forest

Renewal BC will continue for a second year to develop forest-level silviculture strategies. These plans are jointly developed with industry, the Ministry of Environment, Lands and Parks, and the Ministry of Forests for each forest-level management unit (i.e., tree farm licences and timber supply areas). By March 31 2001, there will be a completed Silviculture Strategy in place for more than 90 per cent of the 71 forest management units in B.C. These plans will provide the basis for defining management-unit objectives, priorities, and improved investment decisions for every management unit. As a result, Forest Renewal BC will be able to make strategic investment choices for silviculture activities to more accurately achieve desired timber supply, timber wood quality, and habitat supply objectives.

**Summary**

In 2000/01, Forest Renewal BC's sustainable harvest investments will help forest managers address uneven distribution of timber supply and obtain the quality of timber that is needed to meet market demand in the short, medium and long terms. These investments are expected to result in:

- an increase of between 5 per cent and 30 per cent in the economic value of the forest products coming from the stands treated under the Enhanced Forestry Program,
- a projected increase of 5 million m<sup>3</sup> of wood that will be potentially available for future harvest (i.e., 3 million m<sup>3</sup> from backlog investments, and 2 million m<sup>3</sup> from other investments under this strategic objective), and
- 1,410 person-years of direct employment.

## STRATEGIC OBJECTIVE 2

### ENHANCE ENVIRONMENTAL VALUES

*Forest Renewal BC will invest in restoring forest watersheds and in promoting environmental stewardship and strong environmental values in B.C.'s forests.*

From its beginning, Forest Renewal BC has invested heavily in the restoration of watersheds that had been damaged or threatened by past forest harvesting activities or natural disturbances. Forest Renewal BC's Strategic Plan 1999 – 2003 directed that future watershed restoration investments be focused on high-priority, key watersheds—those that provide domestic water supplies or have high fisheries values, and show a high likelihood of restoration success. As

a result, based on the recommendations of the Resource Management Plans prepared by the Ministry of Forests and the Ministry of Environment, Lands and Parks, Forest Renewal BC will focus future watershed investments on 250 key watersheds across the province.

### Protecting and restoring watersheds

In 2000/01, Forest Renewal BC will invest \$52.1 million in watershed restoration to improve watershed health and prevent future damage. The results of these investments will include:

- restoring more than 400 hectares of riparian areas that are critical to fish habitat and water quality,
- deactivating or rehabilitating 2,700 kilometres of old logging roads to reduce the risk of sediment being carried into streams, and
- restoring more than 500 kilometres of streams to provide cleaner water and restore fish habitat.

#### ENHANCE ENVIRONMENTAL VALUES - 2000/01 INVESTMENTS (\$Millions)

	Cariboo-Chilcotin	Kootenay-Boundary	Omineca-Peace	Pacific	Skeena-Bulkley	Thompson-Okanagan	Province-wide	TOTAL
<b>Protecting and restoring watersheds</b>								
Watershed Restoration	3.48	5.11	5.65	25.58	3.85	6.09	2.35	52.11
Ecosystem Restoration Pilots	0.05	0.05	0.05	0.05	0.05	0.05	0.10	0.40
Research	0.13	0.29	0.39	0.59	0.11	0.20	0.30	2.01
Endowment	–	–	–	–	–	0.19	0.36	0.55
<b>Enhancing forest stewardship values</b>								
Recreation	0.05	–	0.12	0.39	–	0.05	1.38	2.00
<b>Increasing land area for biodiversity</b>								
Private Forest Biodiversity	–	–	–	–	–	–	1.50	1.50
<b>Performance measurement, evaluation and audit</b>								
Performance Measurement, Evaluation and Audit	–	–	–	–	–	–	0.22	0.22
<b>TOTALS</b>	<b>3.71</b>	<b>5.45</b>	<b>6.21</b>	<b>26.61</b>	<b>4.01</b>	<b>6.59</b>	<b>6.21</b>	<b>58.78</b>
<b>SELECTED OUTPUTS<sup>1</sup></b>								
Hectares of riparian area rehabilitated	5	5	20	370	20	20	–	440
Kilometres of road deactivated/rehabilitated	400	700	300	800	180	400	–	2,780
Kilometres of stream restored	80	70	20	70	180	120	–	540
Research studies completed	–	2	3	5	–	1	–	11
Employment (person-years)	30	30	40	230	40	60	20	450

NOTES 1 Output estimates for major investment areas. Actual total outputs will be determined through the final workplans prepared for each management unit and will reflect local investment opportunities and operating conditions.

### Enhancing forest stewardship values

Participation is key to fostering forest stewardship values, and watershed restoration projects have had significant involvement from all of



Forest Renewal BC's partner groups. In 2000/01, more than 50 per cent of watershed restoration projects will involve First



Nations and environmental, worker and/or community groups in planning or delivering investments. Each Forest Renewal BC forest region has established a process to ensure that the corporation's partners have continuing opportunities to play an integral role in planning and delivering watershed restoration projects.

### Increasing land area for biodiversity

Maintaining and enhancing biodiversity is a central element in protecting the full range of environmental values in B.C.'s forests, and of achieving the transition to sustainable forest management. Through the Private Forest Biodiversity Program, Forest Renewal BC collaborates with the Nature Trust of B.C. in acquiring interests in private lands. An advisory board helps the two organizations define planning priorities and set investments. The objectives of the program are to:

- conserve sites with unique or exceptional biodiversity attributes,
- foster private- and public-sector funding and management partnerships, and
- provide biodiversity education and research opportunities in British Columbia.

To date, Forest Renewal BC has invested in the acquisition of two private properties in the Cariboo-Chilcotin and the Thompson-Okanagan forest regions. During 2000/01, the corporation will develop an improved private-land forest biodiversity investment planning tool. It has also

allocated \$1.5 million for potential additional property purchases during the year.

### Other initiatives

In addition to these investments during 2000/01, Forest Renewal BC, the Ministry of Forests and the Ministry of Environment, Lands and Parks will complete restoration plans for each of the 250 high-priority watersheds that have been identified across the province. These restoration plans will guide future Forest Renewal BC watershed investments, and help achieve the target of completing restoration of 20 per cent of the highest-priority watersheds by March 2004.

### Summary

In 2000/01, Forest Renewal BC's environmental enhancement investments will result in:

- deactivation or rehabilitation of over 2,700 kilometres of old logging roads,
- restoration of more than 500 kilometres of streams,
- restoration of more than 400 hectares of riparian areas,
- completion of restoration plans for all high-priority watersheds in the province, and
- 450 person-years of employment.

## STRATEGIC OBJECTIVE 3

### STRENGTHEN SUSTAINABLE FOREST MANAGEMENT

*Forest Renewal BC will invest in the development of relevant, usable, timely information and tools keyed to achieving sustainable forest management.*

As B.C.'s forest industry moves to more sustainable forest management and environmental certification of forest products, the need grows for accurate resource information and new forest management tools. In 2000/01, Forest Renewal BC will continue to work with its forest-sector partners, investing a total of \$81.3 million to address gaps in strategic knowledge and develop new forest management techniques.

### Providing information and tools to improve existing strategic-level decision-making processes

Filling gaps in our knowledge about the forest is an important step in helping British Columbia practise sustainable forest management. Working with its forest-sector partners, Forest Renewal BC's forest

knowledge investments in 2000/01 will include the following:

- An investment of \$42.5 million in field inventories will generate information for strategic planning processes. For example, the corporation will invest in 50 inventories to identify fish and fish habitat that are of local and provincial significance and which may be affected by forest development activities. Forest Renewal BC will also invest in 32 growth and yield inventories, which will provide more accurate information about timber growth, and 24 terrain stability mapping inventories, which help forest managers define operable areas. These latter two types of inventories will improve the quality of information that is available for upcoming Timber Supply Reviews, enabling the chief forester to make more informed decisions on allowable annual cuts.
- Funding of \$10.2 million will go to framework inventories. These provide standards for collecting resource inventory information, developing central repositories for storing information gathered from field inventories, and providing standardized training for operational inventories. With these 2000/01 investments, most of the main

frameworks will be completed for current inventories, atlases and databases. To date, \$56 million has been invested in establishing 22 key frameworks.

- Approximately \$8 million will go to research investments to fill knowledge gaps and improve existing knowledge about forest-related processes and relationships. This investment will provide financial support to more than 170 ongoing and new research and development projects, building on the more than 210 research projects that have been completed to date.
- Continuing support of \$2.9 million will go to Crown land-use planning initiatives to enhance strategic land-use planning processes across the province.

#### STRENGTHEN SUSTAINABLE FOREST MANAGEMENT - 2000/01 INVESTMENTS (\$Millions)

	Cariboo-Chilcotin	Kootenay-Boundary	Omineca-Peace	Pacific	Skeena-Bulkley	Thompson-Okanagan	Province-wide	TOTAL
<b>Providing information and tools</b>								
Resource Inventory - Field	4.47	3.75	13.11	8.12	5.84	7.03	0.16	42.48
Resource Inventory - Framework	–	–	–	–	–	–	10.19	10.19
Research	0.21	0.46	0.47	1.80	0.39	1.55	3.20	8.08
Crown Land-Use Planning	0.10	0.29	0.39	1.46	0.29	0.39	–	2.91
Endowment	–	–	–	–	–	–	0.20	0.20
<b>Piloting and monitoring new approaches</b>								
IFPAs <sup>1</sup>	–	–	–	–	–	–	12.84	12.84
EFMPPs <sup>2</sup>	–	–	0.25	–	0.97	–	0.97	2.19
<b>Performance measurement, evaluation and audit</b>								
Performance Measurement, Evaluation and Audit	–	–	–	–	–	–	0.30	0.30
<b>Investments being phased-out</b>								
Resource Inventory - Framework (TUS)	0.54	–	–	–	0.06	–	0.71	1.31
Resource Inventory - Operational Requirements	–	0.27	0.13	–	–	–	–	0.40
Research - Operational Requirements	–	0.13	–	0.22	–	0.04	–	0.39
<b>TOTALS</b>	<b>5.32</b>	<b>4.89</b>	<b>14.35</b>	<b>11.60</b>	<b>7.55</b>	<b>9.01</b>	<b>28.58</b>	<b>81.30</b>
<b>SELECTED OUTPUTS<sup>3</sup></b>								
Kilometres of fish streams inventoried	1,500	1,900	5,800	2,000	7,700	1,600	–	20,500
Hectares of wildlife habitat area inventoried (000s)	560	710	3,200	2,700	3,900	1,000	–	12,070
Hectares of vegetation inventory (000s)	10	10	3,600	650	200	80	–	4,550
Research studies completed	–	1	6	30	1	9	2	49
Employment (person-years)	80	100	180	150	100	170	100	880

NOTES 1 IFPAs = Innovative Forest Practices Agreements. 2 EFMPPs = Enhanced Forest Management Pilot Projects. 3 Output estimates for major investment areas. Actual total outputs will be determined through the final workplans prepared for each management unit and will reflect local investment opportunities and operating conditions.

### **Piloting and monitoring new approaches and tools for strategic planning and decision-making**

In the past, Forest Renewal BC has invested in the development and testing of better forest management techniques and approaches.

That support will continue, to improve B.C.'s ability to define and achieve sustainable forest management in a way that meets both the needs of the province and the expectations of global markets. Investments during 2000/01 will include the following:

- Funding of \$12.8 million will support planning and testing of new approaches to forest management, through six Innovative Forest Practices Agreements. Initiatives such as multi-stakeholder and community planning, which will involve a wider range of stakeholders, will generate greater community support for decision-making. Other initiatives, such as building environmental values into planning tools, will help develop more environmentally acceptable forest management practices. New approaches to harvesting and silviculture techniques are expected to increase wood production by between 5 per cent and 15 per cent.
- Support of \$2.2 million will go to four Enhanced Forest Management Pilot Projects, to test new techniques in forest management and information gathering. Investments in these projects will, for example, produce better vegetation inventory information and more accurate estimates of stand-growth indices—both extremely important to forest managers.

#### **Other initiatives**

In addition to those investments, the corporation will continue during 2000/01 to work with stakeholders to identify and define:

- the critical knowledge gaps in each region which address sustainable forest management in relation to resource benefits and environmental values, and

- the priority issues and questions that should be addressed through investments to develop and test new approaches and decision-making tools.

This will help build a framework for directing future investments to specific, key decisions. It will also give Forest Renewal BC a template for systematically monitoring and evaluating those investments, and for reporting on the impacts they have on forest management decisions.

#### **Summary**

In 2000/01, Forest Renewal BC's investments under this strategic objective will continue to strengthen the ability of forest managers to practise sustainable forest management based on reliable information. They will also help improve the quality of data and analysis for Timber Supply Reviews and land-use planning processes. Overall, they will support the development and testing of new approaches and tools for strategic planning and decision-making, and they are expected to create 880 person-years of employment.

#### **VALUE-ADDED**

The Value-added Business Unit is responsible for managing Forest Renewal BC's value-added investments, which relate to its fourth strategic objective: Strengthen and Expand the Value-added Sector.

These investments are guided by the corporation's provincial Value-added Strategy and by ongoing consultations with the industry. The corporation receives input on the investment strategy at two annual planning events. At one, the Value-added Industry Planning Conference, participants review progress against the Value-added Strategy and may recommend changes to programs or the allocation of funds among value-added programs. The second event is a meeting of the Forest Renewal BC partners who are responsible for delivery of its key programs. The goal of this meeting is to improve program delivery and better coordinate activities to address the market, training and technology needs of the value-added sector.

### **STRATEGIC OBJECTIVE 4**

#### **STRENGTHEN AND EXPAND THE VALUE-ADDED SECTOR**

*Forest Renewal BC will strengthen and expand the value-added sector of British Columbia through strategic investments with leading industry partner groups.*

The value-added sector, which creates more jobs and other social

benefits for every tree harvested, has tremendous potential to strengthen and diversify B.C.'s forestry economy and the economies of forest-dependent communities. Supporting the expansion of the value-added sector is a key element of Forest Renewal BC's vision for a new forest-sector economy. In 2000/01, Forest Renewal BC will invest \$20.2 million in strengthening and expanding the value-added sector.

At present, Forest Renewal BC's value-added investments are split: approximately 20 per cent go to the primary industry—which is a critical supplier of fibre to the secondary industry—and 80 per cent go to the secondary industry. These investments, which help improve operating efficiencies and increase sales, are helping the wood products manufacturing sector become a more effective global competitor. Most of the corporation's value-added investments operate on a province-wide basis and are cost-shared with industry.

Investments include support for:

- improving sector organization,

- increasing knowledge and development of markets,
- improving the application of new or existing technologies,
- improving access to leveraged financing, and
- skills training.

#### Improving sector organization

During 2000/01, Forest Renewal BC will invest \$1.75 million to improve coordination and communication among primary and secondary operations, increase the amount of fibre that is transferred to the value-added sector, and increase public awareness of the value-added industry and its impact on the provincial economy. These investments will also strengthen industry associations by helping them:

#### STRENGTHEN AND EXPAND THE VALUE-ADDED SECTOR - 2000/01 INVESTMENTS (\$Millions)

	Cariboo-Chilcotin	Kootenay-Boundary	Omineca-Peace	Pacific	Skeena-Bulkley	Thompson-Okanagan	Province-wide	TOTAL
<b>Improving sector organization</b>								
Industry Infrastructure	–	0.13	0.05	0.19	–	0.10	1.28	1.75
<b>Increasing knowledge and development of markets</b>								
Market Development	–	–	–	0.96	–	–	6.94	7.90
<b>Improving the application of technologies</b>								
Technology Transfer	–	–	–	–	–	–	1.40	1.40
Innovation Development	–	–	–	–	–	–	1.00	1.00
Research	–	–	–	–	–	–	0.75	0.75
Endowment	–	–	–	–	–	–	0.23	0.23
<b>Improving access to leveraged financing</b>								
Value-added Business Development	0.17	–	–	–	–	–	1.93	2.10
<b>Skills training</b>								
Value-added Training	–	–	–	–	–	–	5.00	5.00
<b>Performance measurement, evaluation and audit</b>								
Performance Measurement, Evaluation and Audit	–	–	–	–	–	–	0.07	0.07
<b>TOTALS</b>	<b>0.17</b>	<b>0.13</b>	<b>0.05</b>	<b>1.15</b>	<b>–</b>	<b>0.10</b>	<b>18.61</b>	<b>20.20</b>

#### SELECTED OUTPUTS<sup>1</sup>

Incremental sales increase to primary industry (\$Millions)	88
Incremental sales increase to secondary industry (\$Millions)	50
Number of market leads generated	1,500
Improved operating efficiencies from training (\$Millions)	10
Investment leveraged (\$Millions)	5
Training provided (person-days)	8,000

NOTES 1 Output estimates for major investment areas. Actual total outputs will be determined through individual investment contracts.



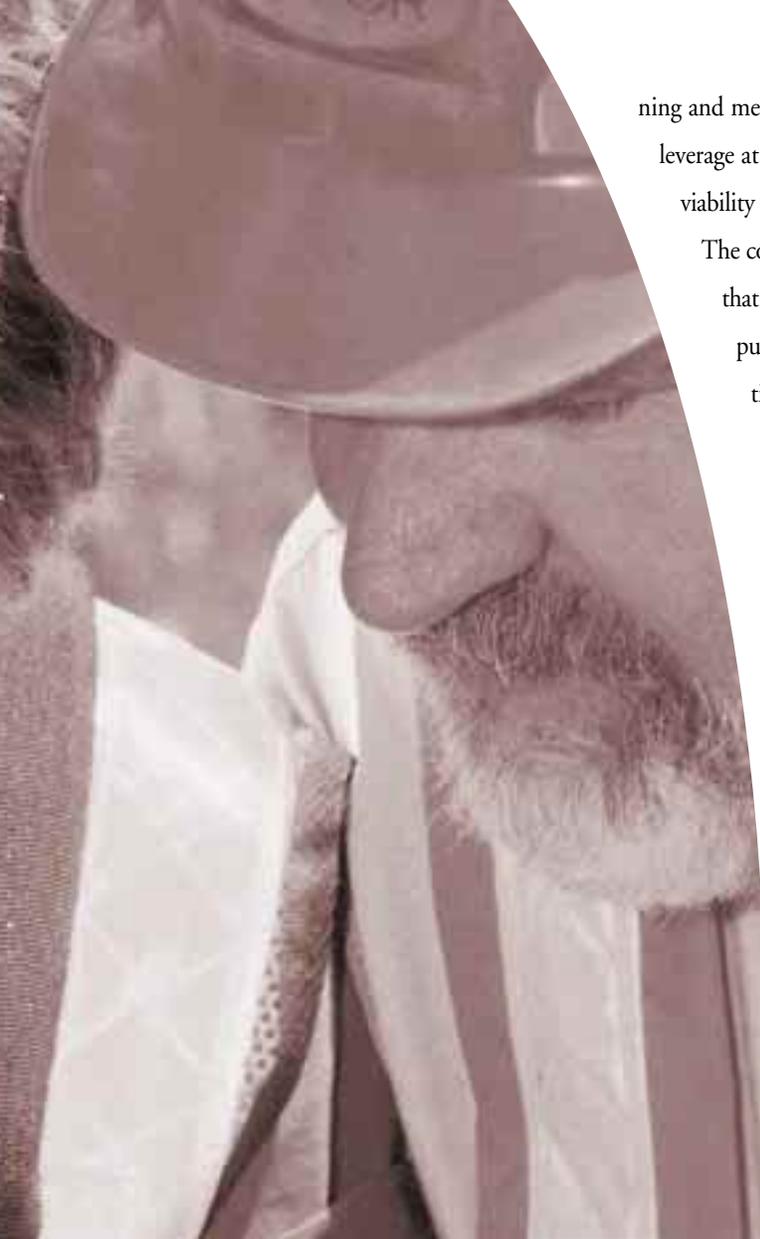
- develop capacity and achieve cost savings,
- enter into joint initiatives,
- participate in industry trade shows, such as the BC Construction Show and Forest Expo 2000, and
- provide a unified voice to government and other stakeholders on issues that affect the value-added sector.

Forest Renewal BC will also continue to support Fibre Facilitator positions to increase the flow of fibre to value-added manufacturers. That investment is expected to result in an additional 100 million board feet of raw material being transferred each year from the primary sector to value-added operations.

#### **Increasing knowledge and development of markets**

In 2000/01, Forest Renewal BC anticipates making \$7.9 million in marketing investments to continue to raise awareness of B.C.'s value-added industry in world markets, create more demand for our wood products, and improve market access and product opportunities. Other investments will help the industry develop new products, pursue product certification, and improve end-user knowledge of building codes and standards. This marketing support is expected to bring increased sales of wood products in domestic and export markets and support the development of new-generation products by the industry.

Overall, based on Forest Renewal BC's 1999/00 experience, the corporation expects its 2000/01 primary industry marketing investments to increase sales for that sector by \$88 million, and its secondary industry marketing investments to produce some 1,500 market leads and increase sales by about \$50 million for that sector.



ning and mentoring services to at least 40 firms. It also expects to leverage at least \$5 million in new investments to improve the viability and competitiveness of these value-added businesses.

The corporation is also considering a new lending program that will be designed specifically to help value-added firms purchase fibre—an initiative that could produce an additional \$6.50 in sales for every dollar loaned.

#### **Skills training**

The value-added industry has identified gaps in strategic worker skills as impediments to the growth of the sector. In 2000/01, Forest Renewal BC will invest \$5 million in value-added skills training to deliver approximately 8,000 person-days of training to value-added workers and managers. For the participating value-added firms, this training is expected to mean approximately \$10 million in improved operating efficiencies.

#### **Other initiatives**

In addition to those investments, Forest Renewal BC will be working during 2000/01 on several other initiatives, including:

#### **Improving the application of new or existing technologies**

In 2000/01, Forest Renewal BC expects to invest \$3.4 million to provide technical assistance and expert advice to help at least 50 firms apply or modify new technologies. These investments, along with research-related investments, will help improve operating efficiencies for secondary manufacturers. Industry benefits of about \$8 million are expected, from increased profitability brought about by better product quality, productivity, or fibre recovery, and from supporting the development of new manufacturing processes or the diversification of product lines.

#### **Improving access to leveraged financing**

Through its \$2.1 million investment in business development initiatives in 2000/01, Forest Renewal BC expects to provide business plan-

Supporting the expansion of the value-added sector is a key element of Forest Renewal BC's vision for a new forest-sector economy.

- increasing the number of value-added firms that participate in Forest Renewal BC investments,
- improving interaction between forest-industry sectors, and
- working with the value-added sector to implement a new performance-management framework. This framework will ensure that objectives for each investment are more clearly linked to a measurable sales increase or improved operating efficiencies, and that improved audit processes are adopted for verifying results.

### Summary

In 2000/01, Forest Renewal BC's value-added investments will help B.C.'s value-added wood products manufacturing companies become more effective global competitors by improving their operating efficiencies and sales. These investments are expected to result in:

- increased participation by the value-added sector in industry trade shows,
- an additional 100 million board feet of wood a year from the primary sector to value-added operations,

- a \$88 million sales increase for the primary industry and a \$50 million sales increase for the secondary industry,
- help for at least 50 firms in applying or modifying new technology, which is expected to produce \$8 million in industry benefits,
- business planning and mentoring services for at least 40 firms,
- leverage of at least \$5 million in new investment capital, and
- 8,000 person-days of training for value-added workers and managers, which is expected to mean some \$10 million in improved operating efficiencies for the value-added industry.

## WORKFORCE AND COMMUNITIES

The Workforce and Communities Business Unit is responsible for directing and managing Forest Renewal BC's investments under its fifth and sixth strategic objectives: Support Workers Through Transition, and Support Forest Communities Experiencing Major Job Loss.

By their nature, these investments are more demand-driven than those in the other business areas. The Forest Renewal BC Board of Directors therefore makes an allocation for these investments based on historical trends and analysis of current conditions in the forest sector. Workforce and Communities Business Unit staff then work with partners and stakeholders to deliver support for worker and community transition.

### SUPPORT FOREST WORKERS THROUGH TRANSITION - 2000/01 INVESTMENTS (\$Millions)

	Cariboo-Chilcotin	Kootenay-Boundary	Omineca-Peace	Pacific	Skeena-Bulkley	Thompson-Okanagan	Province-wide	TOTAL
<b>Increasing the employability of displaced forest workers</b>								
Forest Worker Re-employment Services	0.43	0.46	0.46	5.59	0.20	0.40	7.12	14.65
<b>Increasing the number of students pursuing forestry careers</b>								
Bursary	–	–	–	–	–	–	0.10	0.10
<b>Performance measurement, evaluation and audit</b>								
Performance Measurement, Evaluation and Audit	–	–	–	–	–	–	0.06	0.06
<b>Investments being phased-out</b>								
Forest Resource Technology	–	0.10	0.12	–	0.54	–	0.25	1.00
Forest Worker Transition <sup>1</sup>	–	–	–	–	–	–	0.25	0.25
<b>TOTALS</b>	<b>0.43</b>	<b>0.55</b>	<b>0.59</b>	<b>5.59</b>	<b>0.74</b>	<b>0.40</b>	<b>7.78</b>	<b>16.06</b>
<b>SELECTED OUTPUTS<sup>2</sup></b>								
Number of displaced workers assisted	135	120	135	1,435	55	120	–	2,000
Number of students/workers trained	–	15	15	–	60	–	–	90

NOTES 1 Program wind-up costs. 2 Output estimates for major investment areas. Actual total outputs will be determined by client demand and through individual investment contracts.

## STRATEGIC OBJECTIVE 5

### SUPPORT FOREST WORKERS THROUGH TRANSITION

*Forest Renewal BC will provide re-employment services to long-term forest-sector workers who are facing permanent displacement.*

In recent years, global economic conditions and significant structural problems within B.C.'s forest sector resulted in widespread layoffs and some permanent mill closures. Forest Renewal BC's Strategic Plan 1999 – 2003 therefore directed that the corporation would accelerate and compress its Workforce and Communities transition investments for two years, as part of government's larger Forest Action Plan. That included providing urgent assistance for displaced forest workers in their re-employment efforts. In early 1999, therefore, Forest Renewal BC created the Forest Worker Re-employment Services Program to replace the Forest Worker Transition Program, which was being wound-down.

The forest industry has recently experienced a significant economic recovery, which has, in turn, improved forest-sector employment. As a result, demand for forest worker transition services may not be as high as forecast during program development.

#### Increasing the employability of displaced forest workers

In 2000/01, Forest Renewal BC will make available \$14.7 million to support as many as 2,000 new clients in the Forest Worker Re-employment Services Program. The program is delivered under contract by the same agencies that deliver re-employment programming for the federal and provincial governments. This ensures that qualified applicants will receive full support from the existing re-employment programs of other agencies first, leaving the Forest Worker Re-employment Services Program to provide only additional secondary support that is unavailable from other agencies.

During 2000/01, Forest Renewal BC will also make a final investment contribution of \$1 million to complete the corporation's support for three Forest Technician training programs. As a result of this investment, 90 students will complete their training in 2001.

#### Other initiatives

During 2000/01, the Workforce Committee will consult with Forest Renewal BC's partners about the corporation's future role and focus in the Workforce area. Based on that, Forest Renewal BC will establish a new strategic direction for future Workforce investments. Also during this year, Forest Renewal BC will undertake another formal

survey of former Forest Worker Transition Program clients to assess their employment status and satisfaction with the program services.

#### Summary

Forest Renewal BC investments under this strategic objective in 2000/01 are expected to result in:

- assistance for 2,000 new clients through the Forest Worker Re-employment Services Program, and
- completion of Forest Technician training by 90 students.

## STRATEGIC OBJECTIVE 6

### SUPPORT FOREST COMMUNITIES EXPERIENCING MAJOR JOB LOSS

*Forest Renewal BC will provide support to forest-dependent communities that are experiencing significant forest-sector job loss, to help them stabilize and diversify their forest economies and to increase First Nations participation in the forest sector.*

Forest Renewal BC's *Strategic Plan 1999 – 2003* called for the corporation to focus its community-based investments on 'eligible regional groupings' of forest-dependent and First Nations communities that have been negatively affected by forest-industry downsizing or closures. ('Eligible regional groupings' derive at least 10 per cent of their basic income from the forest sector and are experiencing at least 10 per cent unemployment within their local forest-sector workforce.)

In 2000/01, Forest Renewal BC will make available up to \$14 million to support forest-dependent communities and First Nations. These investments will support a variety of transition initiatives, including:

- increasing forest community diversification by helping communities implement their economic development plans, and, where

necessary, developing transition and mitigation response strategies,

- increasing the participation of First Nations in the forest economy by developing joint ventures, and
- increasing the financing capacity of communities by partnering with community-based lenders to increase local pools of business investment capital.

#### Increasing forest-community diversification

In 2000/01, Forest Renewal BC expects to assist as many as 30 eligible regional groupings of forest-dependent communities with a \$5 million investment portfolio under the Forest Community Economic Development Program. Through these investments, Forest Renewal BC supports communities as they put their local forest-sector economic development/diversification strategies to work. During this year, Forest Renewal BC will also continue its investment partnership with the Municipal Finance Authority of B.C. by supporting a \$2.5 million

loan program (i.e., the Municipal Bond Fund). Through this investment, loans are made available to municipal governments that want to develop infrastructure to support forest-sector economic development opportunities which have been identified within their local economic development strategies.

#### Increasing the participation of First Nations in the forest economy

Forest Renewal BC's Forest Community Economic Development Program also supports First Nations communities in putting together and implementing forest-sector economic development and diversification plans. In 2000/01, a \$4.5 million investment portfolio will continue to fund these activities. It will also encourage the development of commercial joint ventures and partnerships between First Nations and forest-sector businesses. These investments are expected to support the development of more than 25 new forest-sector business partnerships (i.e., joint ventures).

#### Increasing the financing capacity of communities

As forest-dependent communities work to stabilize and diversify their economies, access to business financing becomes a critical issue. Forest Renewal BC will continue to partner with community-based lending institutions to increase the amount of capital in local revolving loan funds for forest-sector businesses. Currently, Forest Renewal BC is partnering with 38 community lending institutions

### SUPPORT FOREST COMMUNITIES - 2000/01 INVESTMENTS (\$Millions)

	Cariboo-Chilcotin	Kootenay-Boundary	Omineca-Peace	Pacific	Skeena-Bulkley	Thompson-Okanagan	Province-wide	TOTAL
<b>Increasing forest-community diversification</b>								
Forest Community Economic Development	0.50	0.55	0.50	1.35	0.85	0.75	0.50	5.00
Municipal Bond Fund	0.25	0.28	0.25	0.68	0.43	0.38	0.25	2.50
<b>Increasing the participation of First Nations</b>								
Forest Community Economic Development	0.45	0.50	0.45	1.22	0.77	0.68	0.45	4.50
<b>Increasing the financing capacity of communities</b>								
Forest Community Business	0.20	0.22	0.20	0.54	0.34	0.30	0.20	2.00
<b>Performance measurement, evaluation and audit</b>								
Performance Measurement, Evaluation and Audit	–	–	–	–	–	–	0.05	0.05
<b>TOTALS</b>	<b>1.40</b>	<b>1.54</b>	<b>1.40</b>	<b>3.78</b>	<b>2.38</b>	<b>2.10</b>	<b>1.45</b>	<b>14.05</b>
<b>SELECTED OUTPUTS<sup>1</sup></b>								
Number of projects								79
Number of communities assisted								30
Number of businesses assisted								200
Number of partnerships (e.g. joint ventures) started								25
Additional investments leveraged (\$Millions)								14

NOTES 1 Output estimates for major investment areas. Actual total outputs will be determined through individual investment contracts.

(i.e., 33 Community Futures Development Corporations and five Aboriginal Capital Corporations). Forest Renewal BC's combined investment and leveraging of loan funds with its partner lending institutions has created a provincial loan program that is valued at approximately \$30 million.

In 2000/01, Forest Renewal BC will invest another \$2 million in these community lending institutions for forest-sector small-business financing. Participating lenders will match this investment, for a total of \$4 million. These capital investments with Community Futures Development Corporations and Aboriginal Capital Corporations are expected to provide start-up or expansion loans for as many as 200 small forest-sector businesses within this fiscal year.

### Other initiatives

In addition to those investments, the corporation will undertake two other major initiatives during 2000/01 under this strategic objective. First, as already noted, Forest Renewal BC's Communities Committee will be consulting with stakeholders and partner groups about the corporation's future role and focus in the Communities area. Second, Forest Renewal BC will be revising its Forest Community Economic Development Program to support forest-dependent communities in their efforts to develop forest-sector infrastructure.

### Summary

In 2000/01, Forest Renewal BC will continue to help forest-dependent communities and First Nations stabilize and diversify their economies. These investments are expected to result in:

- economic development/diversification assistance for as many as 30 forest-dependent eligible regional groupings,
- more than 25 new forest-sector joint ventures with First Nations,
- start-up or expansion loans for as many as 200 small forest-sector businesses, and
- leveraging an additional \$14 million of investment capital into forest-dependent communities from private and public sources.

## STRATEGIC OBJECTIVE 7

### INCREASE FOREST RENEWAL BC'S EFFECTIVENESS AND EFFICIENCY

*Forest Renewal BC will increase its effectiveness and efficiency to optimize the impact of its investments, while maintaining low administrative costs.*

As noted throughout this Business Plan, Forest Renewal BC continues to undertake various initiatives to improve its corporate effectiveness and efficiency. Specifically, as described in the "Corporate Progress Report" and "Key Corporate Initiatives" sections, during 2000/01 Forest Renewal BC will finalize the implementation of its new performance-management framework and complete the final phase of its corporate restructuring and organizational downsizing.

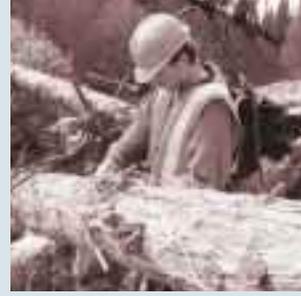
Over the past two years, the corporation has undergone significant and fundamental changes. Forest Renewal BC is now a much smaller and more strategically driven investment agency, and it has achieved its target of keeping core administrative costs to 5 per cent of total investments. The corporation will continue to explore opportunities for increasing its corporate effectiveness and efficiency.

### AGENCY SUPPORT

Forest Renewal BC provides financial support to its subsidiaries, two forest-sector agencies that contribute to the delivery of the corporation's mandate. In 2000/01, Forest Renewal BC will provide \$2.5 million in operational funding to these two agencies.

- New Forest Opportunities Ltd. was established in 1997 to help Coastal forest workers who had been displaced during the recent forest-sector downturn. The agency assesses eligible workers, equips them with the new skills they need, and gives them priority placement for work on Forest Renewal BC-funded land-based projects. (See Appendix 2 for additional information on 2000/01 activities.)
- The Office of the Jobs and Timber Accord Advocate Inc. was established in 1998 to report to industry and government on implementation of the Jobs and Timber Accord, and to monitor ongoing efforts to maintain and increase the employment base of the B.C. forest industry. (The Office plans and reports independently.)

# Fiscal Plan



When Forest Renewal BC was created in 1994, there was a general understanding that the corporation's revenues and expenditures would fluctuate with the provincial forest economy, but that they would average about \$400 million per year. It was anticipated that the revenue and investment patterns would lead to a corporate fiscal plan that



generated surpluses during forest-sector cycle highs and deficits during cyclical lulls.

In the first four years of the corporation's existence, the forest economy performed strongly, and Forest Renewal BC revenues averaged between \$450 million and \$480 million a year. Investments were initially very modest (e.g., \$37 million in 1994/95) while the corporation was in its program development phase, but over the next few years, investments grew steadily, to \$395 million in 1996/97. By March 1997, the corporation's accumulated surplus peaked at some \$850 million, but by then the forest sector was showing signs of weakening. In recognition of that cyclical downturn, corporate investments were increased to a record high of \$596 million during 1997/98.

Stumpage revenues for 1998/99 fell to \$177 million (compared to an original projection of \$370 million), primarily due to the changes to the pricing system in June 1998, further declines in the forest sector, and Forest Renewal BC's share of the Forest Action Plan stumpage reductions. Due to the June 1998 changes in the

stumpage pricing system, initial projections for the subsequent two years of revenue for the corporation were also bleak. However, 1999/00 stumpage revenue has benefitted from a turnaround in market conditions, and is currently expected to be \$268 million. Taking a relatively conservative approach, revised future revenue forecasts for the corporation remain in the \$250 million range for the next two years.

For 1998/99, total investments for the corporation were \$463 million (against the *Business Plan* of \$517 million). The resulting investment level was primarily based on a Forest Renewal BC board decision to reduce expenditures by 10 per cent when the corporate revenue decline became apparent. For 1999/00, investments are projected to come in below the *1999/00 Business Plan*, bringing the corporation closer to its goal of matching revenues to expenditures. Program investments detailed in this year's plan call for spending of approximately \$302 million, with the following year set at \$263 million. This decline in investments reflects the phasing-out of the existing Workforce and Communities transition investments by the end of the 2000/01 year, although the respective committees of the board are currently reviewing the future investment role of Forest Renewal BC in these areas. As shown in the *Three-Year Fiscal Plan* table on page 27, the corporation's total equity is expected to be some \$383 million by the end of 2001/02.

Although Forest Renewal BC will continue to draw-down on its equity, as planned, the market's recent upswing will result in a more

gradual reduction. The corporation continues to strive for consistency in its spending patterns, as evidenced by relatively flat expenditure targets. This is also supported by the board's recent approval of the corporation's plan to extend investments into the future rather than



increase current expenditures, despite the improved revenue position. This is not to say that Forest Renewal BC will not adjust to accommodate industry fluctuations, rather, it is moving toward a more stable existence that should offer its partners increased confidence and security. The Multi-Year Agreements that

Forest Renewal BC has entered into with its funding partners allows for some carry-over of funding between years so that, over the term of the agreements, investment targets can be attained.

## REVENUE

Total revenue for 2000/01 is forecast to be \$266.8 million: \$251.4 million in stumpage revenue and \$15.4 million in investment income.

### Stumpage revenue

Stumpage revenue for the corporation depends on harvest levels, lumber prices, and Canada/US currency exchange rates that prevail throughout the year. As outlined in last year's *Business Plan*, new variables were incorporated into the province's revenue forecasting model, and Forest Renewal BC absorbed any negative changes in pricing. These structural changes leave Forest Renewal BC more susceptible to market volatility, with a particular sensitivity to the price of pulp.

### THREE-YEAR FISCAL PLAN (\$MILLIONS)

	1999/00 Business Plan	1999/00 Forecast	2000/01 Business Plan	2001/02 Target
<b>REVENUE</b>				
Total Stumpage Revenue <sup>1</sup>	113.8	268.0	251.4	246.1
Investment Income	13.9	21.9	15.4	14.0
<b>TOTAL REVENUE</b>	<b>127.6</b>	<b>289.9</b>	<b>266.8</b>	<b>260.1</b>
<b>PROGRAM INVESTMENTS</b>				
Corporate Administration - CORE	17.0	15.7	15.0	13.0
Restructuring	2.0	1.1	0.9	-
Agency Administration	-	1.2	1.2	1.2
<b>TOTAL INVESTMENTS</b>	<b>362.3</b>	<b>336.9</b>	<b>318.7</b>	<b>277.2</b>
<b>EXCESS OF EXPENDITURES OVER REVENUE</b>	<b>(234.7)</b>	<b>(47.0)</b>	<b>(51.9)</b>	<b>(17.1)</b>
Reserve for Program Continuity	193.7	400.0	361.1	344.0
Reserve for Multi-Year Agreements	26.0	22.2	22.2	22.2
Reserve for Finance Purposes	15.0	16.6	16.6	16.6
Unappropriated Equity	-	13.1	0.0	0.0
<b>TOTAL EQUITY AVAILABLE</b>	<b>234.7</b>	<b>451.8</b>	<b>399.9</b>	<b>382.8</b>

#### NOTE:

(1) Stumpage revenue forecast has been based on the most recent forecast provided by the Ministry of Forests

Stumpage revenue assumptions:

Volume harvested – FRBC Direct (Million m <sup>3</sup> )	54.0	61.7	57.9	58.0
Exchange rate (\$CDN/US)	0.67	0.68	0.70	0.72
Price of pulp (per tonne)	500	560	670	718
Price of spruce-pine-fir (S-P-F), 2x4 Std & Btr	284	344	319	315
Price of spruce-pine-fir (S-P-F), 2x10 Std & Btr	309	433	386	368
Price of cedar – 2x4 Std & Btr	435	390	400	400
Price of hemlock baby squares (HBSQ)	529	598	600	600

The corporation is completing a two-year restructuring process to reduce and streamline administration costs.



The 1999/00 fiscal year has seen dramatic improvements in many market conditions, particularly with respect to lumber prices. Prices of spruce-pine-fir 2x4s and 2x10s soared, peaking in July at US\$438 and US\$575 per thousand board feet, respectively. Other lumber products also enjoyed price increases, and to solidify the year's gains, volumes tracked well above earlier projections.

Although many of these improvements are not sustainable over the long run, stumpage revenue is nonetheless expected to hover around \$250 million for the next two years. Also, while pulp prices are forecast to gain ground, the anticipated rise in the Canadian dollar will likely offset any potential gains to Forest Renewal BC. Asian markets have recently shown glimpses of a recovery, while the longevity of the housing boom in the United States remains uncertain.

### **Investment Income**

Under the *Forest Renewal Act*, the Ministry of Finance and Corporate Relations' Provincial Treasury Division acts as the corporation's fiscal agent and is responsible for investing surplus Forest Renewal BC funds. Provincial Treasury has full discretion in making investment decisions, within broad parameters set by the Forest Renewal BC Board of Directors, and the corporation receives no investment-specific information. The investment portfolio effectively operates as a blind trust to avoid any actual or perceived conflict of interest over investments. Income generated from these investments is recorded as investment income in Forest Renewal BC's financial statements and is available to fund corporate programs.

In 1999/00, investment income is forecast to be approximately \$22 million. The variance from the budget of \$14 million is due to a combination of conservative assumptions on return rates in the 1999/00 budget, and the overall improved financial position of the corporation.

For 2000/01, investment income is estimated at \$15.4 million, which reflects the reduction in the cash reserves as the accumulated surplus is used to fund operations.

### **EXPENDITURES**

Forest Renewal BC expenditures are made up of program investments and corporate administration. The Forest Renewal BC 2000/01 Business Plan table on page 31 provides a detailed breakdown of program investments by envelope and region.

## Corporate Administration and Restructuring

As the revenue implications of the downturn in the forest sector and government's response to it became clear, the corporation took action to reduce corporate administration expenditures. As a result of these actions, Forest Renewal BC's 1998/99 core administrative expenditures were \$22 million.

In 1999/00, the corporation also began a two-year restructuring process to reduce and streamline administration costs. The board approved the carry-over of unused restructuring expenditures to 2000/01, as long as total costs over the two fiscal years do not exceed \$2 million. For 1999/00, corporate administration expenses are estimated to be \$15.7 million, plus \$1.1 million for restructuring.

The corporation staffing complement, which was reduced from 193 in 1998/99 to 115 by the end of 1999/00, will be further reduced to 93 in the upcoming year.

Corporate administration expenditures are shown by business unit in the adjacent table.

## EQUITY

The corporation has entered into several long-term commitments that will result in expenditures in current and future years. Since Forest Renewal BC is prohibited by the *Forest Renewal Act* from borrowing, and since cyclical swings in the forest sector will create volatility in the corporation's revenue, the corporation has segregated a portion of its equity into restricted reserves. These reserves will ensure that the corporation has equity available to fund the continuation of program investments and to honour future commitments in years when revenues are low.

### EXPENDITURES (\$MILLIONS)

	1999/00 Business Plan	1999/00 Forecast	2000/01 Business Plan
Program			
Investments	343.3	318.9	301.6
Corporate			
Administration (Core)	17.0	15.7	15.0
Corporate			
Restructuring	2.0	1.1	0.9
Administration			
– Agencies	-	1.2	1.2
<b>TOTALS</b>	<b>362.3</b>	<b>336.9</b>	<b>318.7</b>

### CORPORATE ADMINISTRATION BUDGET (\$MILLIONS)

	1999/00 Business Plan	1999/00 Forecast	2000/01 Business Plan
<b>Corporate Administration - Core<sup>1</sup></b>			
Executive Offices			
& Committees	1.1	1.0	1.1
Forest Resources			
and Environment	3.9	3.3	3.2
Workforce			
& Communities	1.5	1.4	1.2
Value-added	0.8	0.8	0.8
Administration	0.6	0.4	0.4
Corporate Planning			
& Evaluation	0.7	0.7	0.9
Communications	1.8	1.6	1.6
Finance	1.9	1.6	1.5
Corporate Services	4.9	4.9	4.5
<b>TOTALS</b>	<b>17.0</b>	<b>15.7</b>	<b>15.0</b>
Restructuring Costs	2.0	1.1	0.9
<b>STAFF</b>	<b>115</b>	<b>106</b>	<b>93</b>

Notes 1 The 1999/2000 Business Plan and forecast have been restated to reflect the new business unit presentation.

Totals may not add due to rounding.



helps stabilize industry activity and community well-being during downturns in the forest sector.

Since many of the activities covered by Multi-Year Agreements are sensitive to weather and biological windows, the agreements have some built-in flexibility to allow proponents to take advantage of better-than-expected conditions. This means that expenditures can vary significantly from year to year within the agreements.

Each year, the corporation allocates up to 75 per cent of its land-based investments to Multi-Year Agreements. At the beginning of each fiscal year, the Reserve for these agreements is increased by the amount of funding allocated to that year for them. As Multi-Year Agreement investments are incurred, the Reserve balance is drawn down.

The corporation has also committed \$10 million to the acquisition of private forest land that has high biodiversity and ecological significance. Since the availability and acquisition of these properties cannot be forecast with any certainty, the spending patterns are very difficult to predict. Accordingly, the Reserve for Multi-Year Agreements was increased by \$10 million to provide for these acquisitions.

### **Reserve for Finance Purposes**

The Forest Community Business Program and the Value-added Business Development Program involve the corporation depositing cash with financial institutions to backstop loans that those institutions make to eligible communities/businesses. The deposits remain as assets unless the loans are determined to be uncollectible.

The Reserve for Finance Purposes was established in 1997 with an initial allocation of \$65 million. The board also established a funding formula that would transfer a portion of corporate investment income into the Reserve to provide ongoing funding for future loan/investment activity. As of March 31, 1999, the Finance Reserve was reduced to \$17 million, and ceased to earn investment income. New loans and investments will be added to the Reserve at face value.

## **RESERVES**

### **Reserve for Program Continuity**

The Reserve for Program Continuity, which was established by the board in 1996 at \$400 million, segregates equity for years when revenue does not cover expenditures. It is estimated that this Reserve will be drawn-down by some \$39 million in 2000/01, leaving a March 31, 2001 Reserve balance of approximately \$361 million.

### **Reserve for Multi-Year Agreements**

A significant portion of Forest Renewal BC's land-based investments is funded under Multi-Year Agreements. These long-term agreements, which were introduced in 1998/99, are multi-year commitments that provide ongoing funding for eligible activities. The multi-year commitment provides stability for the proponents who are performing the work, which allows them to plan with some certainty over several years. This, in turn, creates more secure employment and

FOREST RENEWAL BC 2000/01 BUSINESS PLAN (\$THOUSANDS) (This table is shown for historical reporting purposes to enable comparisons between previous years.)

ENVELOPE	1999/00 FORECAST	Cariboo- Chilcotin	Kootenay- Boundary	Omineca- Peace	Pacific	Skeena- Bulkley	Thompson- Okanagan	Province- wide	2000/01 TOTAL
<b>LAND AND RESOURCES</b>									
Enhanced Forestry	31,207	4,401	2,021	2,307	14,952	4,393	4,273	4,877	37,223
Backlog Silviculture	48,346	6,271	5,040	22,986	8,094	5,159	5,330	705	53,585
Resource Inventory	30,141	2,573	2,059	6,799	4,171	3,029	3,611	5,681	27,925
Bridge Replacement	1,370	—	—	228	—	—	—	1	229
Tree Improvement	6,500	873	1,843	1,649	3,104	776	1,067	388	9,700
Small Woodlands	1,591	388	194	582	194	194	194	354	2,100
IFPAs / EFMPPs <sup>1</sup>	13,038	—	—	250	—	970	—	13,816	15,036
Research	13,388	260	720	990	5,370	390	2,180	3,700	13,610
Endowment	554	—	—	350	—	—	—	200	550
Performance Measurement, Evaluation and Audit	—	—	—	—	—	—	—	699	699
<b>SUBTOTAL</b>	<b>146,135</b>	<b>14,766</b>	<b>11,877</b>	<b>36,142</b>	<b>35,885</b>	<b>14,910</b>	<b>16,656</b>	<b>30,421</b>	<b>160,657</b>
<b>ENVIRONMENT</b>									
Watershed Restoration	49,918	3,476	5,108	5,648	25,581	3,851	6,094	2,351	52,110
Fisheries Renewal BC	7,500	—	—	—	—	—	—	—	—
Resource Inventory	28,556	2,438	1,951	6,442	3,952	2,870	3,422	5,383	26,457
Recreation	2,350	53	—	117	393	—	54	1,381	1,997
Private Forest Biodiversity	3,013	—	—	—	—	—	—	1,500	1,500
Ecosystem Restoration Pilot	165	50	50	50	50	50	50	100	400
Crown Land Use Planning	3,000	97	291	387	1,457	291	387	—	2,910
Research	2,240	130	290	390	590	110	200	300	2,010
Endowment	310	—	—	—	—	—	190	360	550
Performance Measurement, Evaluation and Audit	—	—	—	—	—	—	—	216	216
<b>SUBTOTAL</b>	<b>97,052</b>	<b>6,243</b>	<b>7,690</b>	<b>13,034</b>	<b>32,023</b>	<b>7,172</b>	<b>10,397</b>	<b>11,591</b>	<b>88,150</b>
<b>WORKFORCE</b>									
Value-added Training	4,388	—	—	—	—	—	—	5,000	5,000
Sectoral Training	3,400	—	—	—	—	—	—	—	—
Forest Worker Re-employment	2,764	432	455	462	5,587	200	395	7,119	14,650
Forest Worker Transition	41,355	—	—	—	—	—	—	250	250
New Forest Opportunities Ltd.	2,711	—	—	—	2,000	—	—	—	2,000
Office of the Jobs and Timber Accord Advocate Inc.	500	—	—	—	—	—	—	500	500
Forest Resource Technology	1,055	—	95	123	—	535	—	247	1,000
Bursary	126	—	—	—	—	—	—	100	100
Research	263	—	—	—	—	—	—	—	—
Performance Measurement, Evaluation and Audit	—	—	—	—	—	—	—	59	59
<b>SUBTOTAL</b>	<b>56,562</b>	<b>432</b>	<b>550</b>	<b>585</b>	<b>7,587</b>	<b>735</b>	<b>395</b>	<b>13,275</b>	<b>23,559</b>
<b>COMMUNITIES</b>									
Forest Community Business	2,500	200	220	200	540	340	300	200	2,000
Forest Community Economic Development	3,604	950	1,045	950	2,565	1,615	1,425	950	9,500
Municipal Bond Fund	—	250	275	250	675	425	375	250	2,500
Forest Excellence Awards	116	—	—	—	—	—	—	—	—
Research	264	—	—	—	—	—	—	—	—
Performance Measurement, Evaluation and Audit	—	—	—	—	—	—	—	52	52
<b>SUBTOTAL</b>	<b>6,484</b>	<b>1,400</b>	<b>1,540</b>	<b>1,400</b>	<b>3,780</b>	<b>2,380</b>	<b>2,100</b>	<b>1,452</b>	<b>14,052</b>
<b>VALUE-ADDED</b>									
Value-added Business Development	414	170	—	—	—	—	—	1,930	2,100
Value-added Marketing	7,715	—	—	—	956	—	—	6,944	7,900
Technology Transfer	1,170	—	—	—	—	—	—	1,400	1,400
Industry Infrastructure	1,790	—	130	50	190	—	100	1,280	1,750
Research	358	—	—	—	—	—	—	750	750
Innovation Development	1,000	—	—	—	—	—	—	1,000	1,000
Endowment	230	—	—	—	—	—	—	230	230
Performance Measurement, Evaluation and Audit	—	—	—	—	—	—	—	74	74
<b>SUBTOTAL</b>	<b>12,677</b>	<b>170</b>	<b>130</b>	<b>50</b>	<b>1,146</b>	<b>0</b>	<b>100</b>	<b>13,608</b>	<b>15,204</b>
<b>TOTAL</b>	<b>318,910</b>	<b>23,012</b>	<b>21,787</b>	<b>51,211</b>	<b>80,421</b>	<b>25,198</b>	<b>29,647</b>	<b>70,347</b>	<b>301,622</b>
Province-wide Allocation		7,000	6,627	15,577	24,462	7,664	9,018	(70,347)	0
<b>TOTAL (Includes Province-wide Allocation)</b>		<b>30,011</b>	<b>28,414</b>	<b>66,787</b>	<b>104,883</b>	<b>32,862</b>	<b>38,665</b>	<b>0</b>	<b>301,622</b>
Percentage of land-based total (Forests and Environment —Province-wide Allocated to Regions)									
		10%	9%	24%	33%	11%	13%	0	100%
IFPAs <sup>1</sup> = Innovative Forest Practices Agreements EFMPPs = Enhanced Forest Management Pilot Projects									
Totals may not add due to rounding.									

# Appendices

## APPENDIX I FOREST RENEWAL BC PRO FORMA FINANCIAL STATEMENTS

Forest Renewal BC Pro Forma Consolidated Financial Statements include the assets, liabilities, revenues and expenditures of Forest Renewal BC and its 100-per-cent owned subsidiaries, New Forest Opportunities Ltd. and the Office of the Jobs and Timber Accord Advocate Inc.

PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS			
For the year ending March 31, 2001 (\$thousands) Unaudited			
<b>REVENUE</b>	<b>2001</b>	<b>2000*</b>	
Statutory forest revenue	251,408	267,996	
Investment and other income	15,353	21,923	
	<u>266,761</u>	<u>289,919</u>	
<b>EXPENDITURES</b>			
Program expenditures	301,622	318,910	
Administration	17,086	18,007	
	<u>318,708</u>	<u>336,917</u>	
<b>Excess of expenditures over revenue</b>	<u>(51,947)</u>	<u>(46,998)</u>	
*Forecast			

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION			
As at March 31, 2001 (\$thousands) Unaudited			
<b>ASSETS</b>	<b>2001</b>	<b>2000*</b>	
<b>CURRENT ASSETS</b>			
Cash and short-term investments	316,329	368,406	
Due from Province of BC	90,000	90,000	
Accountable advances	28,000	28,000	
Prepaid expenses	50	72	
	<u>434,379</u>	<u>486,478</u>	
<b>LONG-TERM INVESTMENTS</b>	24,000	23,848	
<b>CAPITAL ASSETS</b>	1,500	1,500	
	<u>459,879</u>	<u>511,826</u>	
<b>LIABILITIES AND EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable and accrued liabilities	5,000	5,000	
Project expenditures payable	55,000	55,000	
	<u>60,000</u>	<u>60,000</u>	
<b>NET ASSETS</b>			
Reserve for program continuity	361,129	400,000	
Reserve for multi-year agreements	22,150	22,150	
Reserve for finance purposes	16,600	16,600	
Unappropriated equity	–	13,076	
	<u>399,879</u>	<u>451,826</u>	
	<u>459,879</u>	<u>511,826</u>	
*Forecast			

PRO FORMA CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS						
For the year ending March 31, 2001 (\$thousands) Unaudited						
	<b>Reserve for Program Continuity</b>	<b>Reserve for Multi-Year Agreements</b>	<b>Reserve for Finance Purposes</b>	<b>Unappropriated</b>	<b>2001 Total</b>	<b>2000* Total</b>
Beginning of year	400,000	22,150	16,600	13,076	451,826	498,824
Excess (deficiency) of revenue over expense	–	(150,000)	–	98,053	(51,947)	(46,998)
Net Transfers	(38,871)	150,000	–	(111,129)	–	–
<b>Balance, End of Year</b>	<b>361,129</b>	<b>22,150</b>	<b>16,600</b>	<b>–</b>	<b>399,879</b>	<b>451,826</b>
*Forecast						

## APPENDIX II NEW FOREST OPPORTUNITIES LTD. 2000/01 ACTIVITIES

New Forest Opportunities Ltd. was established by Forest Renewal BC in November 1997 as a key delivery element of the June 1997 Jobs and Timber Accord. Its goal is to employ displaced forest workers, First Nations, and other qualified local workers on Forest Renewal BC-funded land-based projects in Coastal B.C. These projects include enhanced forestry (i.e., pruning, spacing and brushing),

watershed restoration, resource inventory, and activities related to recreation resources.

As a one-stop access point for displaced forest workers and First Nations in the Pacific Forest Region, New Forest offers job placement opportunities, job placement-related training, and access to Forest Renewal BC's Forest Worker Re-employment Services Program.

Through the New Forest Job Placement Program, workers' skills

and qualifications are assessed, training is provided when necessary, and workers are linked to available job opportunities on Forest Renewal BC-funded land-based projects.

Since it was established, New Forest has provided work opportunities for more than 1,500 individuals on some 5,000 work placements. In the 1999/00 work season, New Forest filled approximately 2,000 work placements on 250 projects.

During 1999/00, New Forest undertook three major, independent studies to examine worker and contractor satisfaction with the agency, and New Forest's impact on silviculture costs on the Coast. The first study found a high rate of worker satisfaction with New Forest. The second study found general agreement from contractors that New Forest was a good model for workers and that the agency was achieving its stated mandate. The third study—in which PriceWaterhouseCoopers examined comparative silviculture costs before and after the creation of New Forest—concluded that current silviculture unit costs in the Pacific Forest Region are within expectations, are declining over time, and are now close to historic unit-cost levels.

Seventy-five per cent of New Forest placements are on enhanced forestry projects; the balance are on watershed restoration projects. First Nations represent a large part of the New Forest workforce, with more than 1,000 First Nations workers currently registered and eligible for employment. More than 40 per cent of the job placements in the 1999/00 season were First Nations workers.

New Forest also provides job-related training to workers and supervisors, to ensure that they have the necessary skills to safely and effectively complete project work. New Forest will continue to provide training to workers in the upcoming year, although its key focus will be to expand and build on the skills of its existing, stable workforce, rather than to train a large number of new entrants to the industry.

For the 2000/01 work season, New Forest anticipates completing a further 2,000 work placements.

## APPENDIX III FOREST RENEWAL BC BOARD OF DIRECTORS

Roger Stanyer – Duncan  
Chief Executive Officer and  
Chair of the Board, Forest Renewal BC

Peter Beulah – Penticton  
President, Greenwood Forest Products (1983) Ltd.

John Brink – Prince George  
Owner, Brink Forest Products Ltd.

Ric Careless – Gibsons  
Executive Director, BC Spaces for Nature

Linda Coady – Vancouver  
Vice-President, Environmental Enterprise,  
Weyerhaeuser Canada Ltd.

Lee Doney – Victoria  
Deputy Minister, Ministry of Forests

Desmond Gelz – Prince George  
Forest Industry Representative

David Haggard – Port Alberni  
National President, IWA-Canada

Donald Hayes – Cobble Hill  
President, Hayes Management Services Ltd.

Joanne Kineshanko – Lumby  
Mayor, Village of Lumby

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

Dave Neads – Anahim Lake  
Executive Director, Cariboo-Chilcotin  
Conservation Society

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

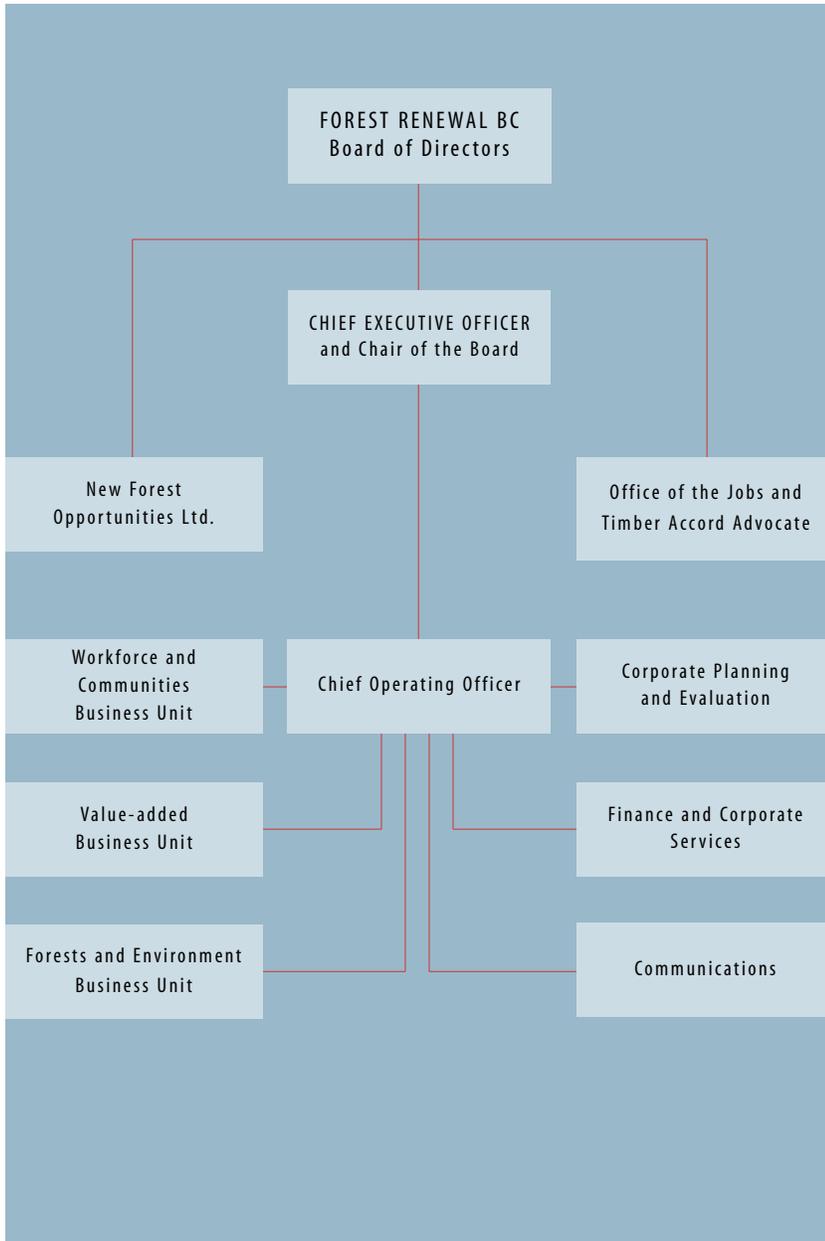
Glenn Robertson – Campbell River  
MLA, North Island

Hon. Joan Sawicki – Burnaby  
Minister of Environment, Lands and Parks

George Watts – Port Alberni  
Principal, Imhahup Consulting Group

Hon. Jim Doyle – Golden  
Minister of Forests

**APPENDIX IV**  
**FOREST RENEWAL BC ORGANIZATIONAL STRUCTURE**



**APPENDIX V**  
**PROGRAM DIRECTORY**

**Forests and Environment Programs**

**Backlog Silviculture Program** is a province-wide initiative to remove competing brush and reforest Crown forest land that was harvested before 1987 and was not satisfactorily restocked with commercial tree species.

**Crown Land-Use Planning Enhancement Program**

supports the development of information, data, planning and monitoring tools to improve Crown land-use planning. That improvement, 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.

**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.

**Innovative Forest Practices Agreements and Enhanced Forest Management Pilot Projects**

test innovative or new treatment regimes designed to improve forest productivity and enhance or maintain employment.

**Private Forest Biodiversity Program** supports the acquisition of interests in private lands to conserve biodiversity, and is carried out in collaboration with the Nature Trust of B.C.

**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.

**Resource Inventory Program** increases the quantity and improves the quality of resource and field inventory information to improve forest resource planning and management. Program activities

include the development of inventories for all of 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.

**Small Woodlands Program** expands the area of productive forest lands in the province by informing landowners about forest management opportunities 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 it helps maintain their genetic diversity. Seeds are taken from the most adaptable trees in both wild and cultivated stands and used 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 damaged by timber harvesting. Activities include deactivating and rehabilitating roads, stabilizing slopes and gullies, and restoring fish and aquatic habitat.

## Workforce 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 to eligible first- or second-year students in post-secondary schools.

**Forest Worker Re-employment Services Program** gives eligible unemployed, displaced forest workers access to the tools and resources they need to make a transition to new employment, either within or outside of the forest industry.

## Communities Programs

**Forest Community Business Program** provides loans and business planning support to small businesses in the forest sector. Strengthening small businesses helps forest communities diversify, stabilize and expand their economic and employment opportunities.

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

**Municipal Bond Fund** helps municipal governments develop infrastructure to support local forest-sector economic development. The program is run in partnership with the Municipal Finance Authority of B.C.

## Value-added Programs

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

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

**Value-added Business Development Program** provides loans through a chartered bank to new or expanding value-added wood manufacturing firms that would not otherwise be able to obtain that type of financing. The program also provides specific business planning and mentoring services to firms that are looking for new investment capital.

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

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

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

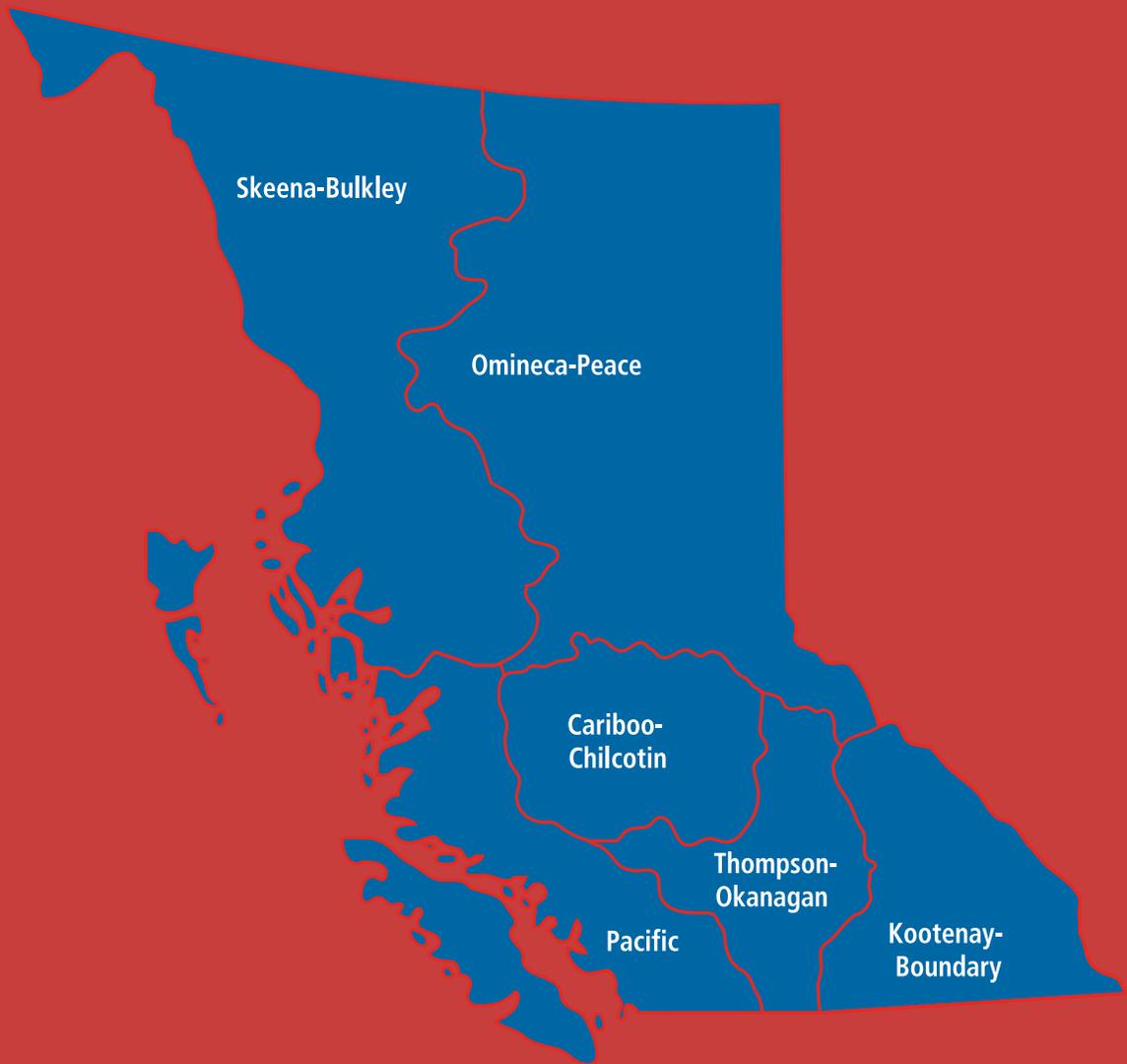
## Corporation-wide Programs

Forest Renewal BC also invests in programs that span several business investment areas:

**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.

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

# Forest Renewal BC Regions





## FOREST RENEWAL BC

### For more information, contact

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