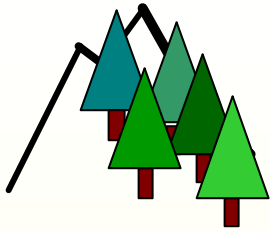


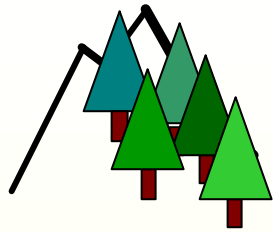
Ministry of Forests

Core Review Presentation



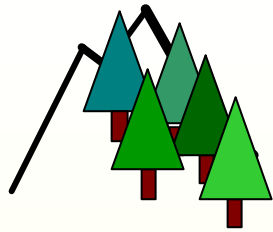
The Province needs an agency to:

- Protect and manage the public's asset
- Maximize the benefits from that asset



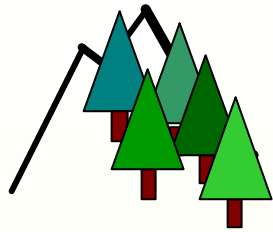
Current Situation

- MoF's current mandate and business model have significant problems



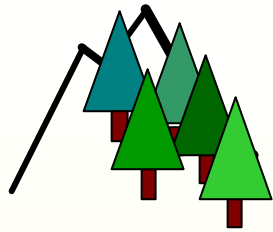
Main Problems Are ...

- Command-and-control regulatory process is not cost effective
- Market forces are constrained from driving competitiveness and dynamism in the forest sector
- Social engineering is driving out jobs and creating instability



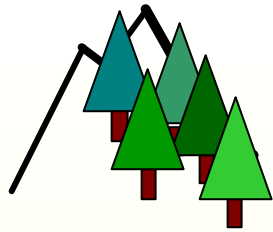
More Focused Mandate

- ➊ Protect the Province's forest assets
- ➋ Provide the basis for a globally competitive forest industry with high environmental standards
- ➌ Maximize benefits to the Province subject to ➊ and ➋ above



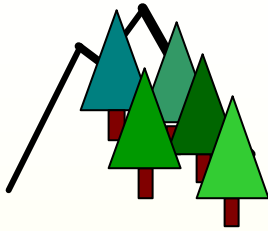
Core Functions Required to Deliver Mandate

- Protecting and managing the asset
- Pricing the asset
- Selling the asset (allocating licences)

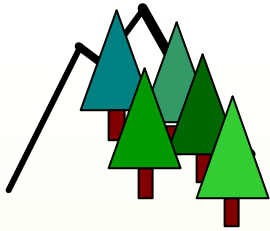


Core Functions (continued)

- Setting performance standards for forest and business practices
- Compliance and enforcement
- First Nations consultation
- Protecting/enhancing market access

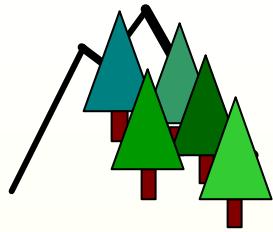


Required Shifts in Business Model



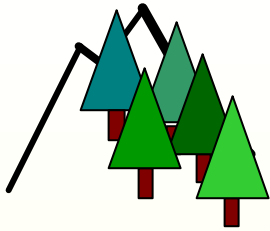
Regulation ...

- ***Existing Model***
 - Process
 - Command and control
 - Micro-management
- ***New Model***
 - Results
 - Professional and Company accountability



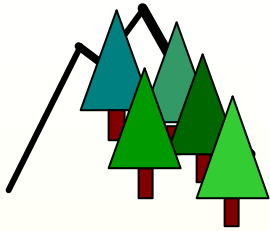
Timber ...

- ***Existing Model***
 - Ministry directs where timber goes
- ***New Model***
 - Timber follows market



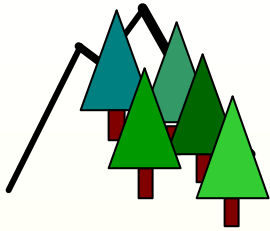
Private Sector Involvement ...

- ***Existing Model***
 - Ministry performs activity belonging in private sector
- ***New Model***
 - Ministry focuses on core functions



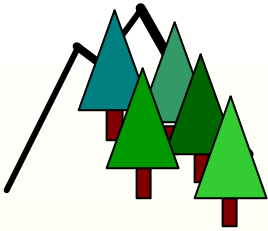
Competition and Revitalization ...

- ***Existing Model***
 - Constraints to industry competitiveness, productivity and revitalization
- ***New Model***
 - Facilitate industry competitiveness, productivity and revitalization

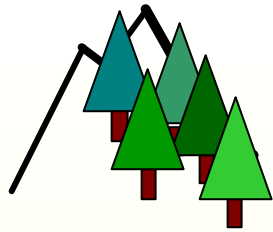


Wealth Measured By ...

- ***Existing Model***
 - Wealth measured by volume of timber harvested
- ***New Model***
 - Wealth measured by benefits of timber harvested and productivity of land base

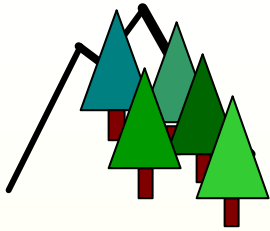


Action Plan



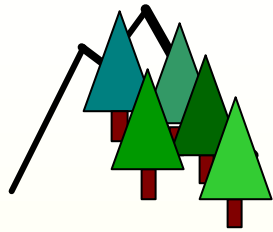
Policy Change

- Market-based timber pricing
- Settlement of trade issue with the U.S.
- Revitalization of Coastal Industry



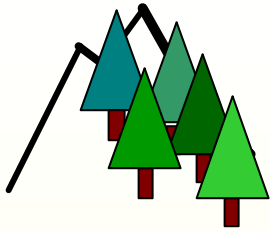
Policy Change (continued)

- Streamlined results-based regulatory regime
- More competition
- Complementary changes to tenure



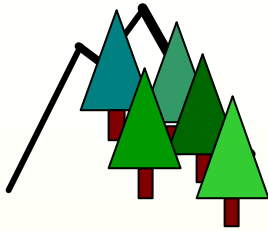
Organizational Change

- Restructuring around core functions
- Facilitating industry competitiveness, productivity and revitalization
- Small business program on a more commercial basis



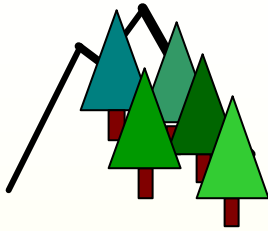
Organizational Change (continued)

- Transfer direct program activities to private sector
- Establish international marketing campaign



Measures of Success

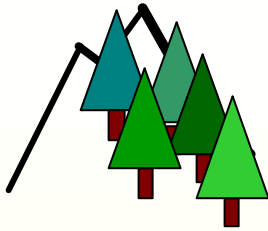
- ***Objective***
 - Protect and manage the asset
- ***Performance Indicator***
 - Amount and quality of standing timber inventory
- ***Successful Outcome***
 - Greater/higher



Measures of Success

(continued)

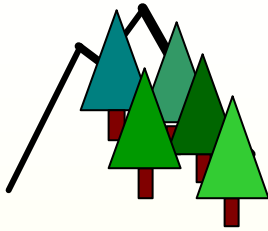
- ***Objective***
 - Competitive industry with high environmental standards
- ***Performance Indicator***
 - ROI compared to competitors
- ***Successful Outcome***
 - B. C. equals or exceeds



Measures of Success

(continued)

- ***Objective***
 - Competitive industry with high environmental standards
- ***Performance Indicator***
 - Environmental certification of companies
- ***Successful Outcome***
 - More companies certified



Measures of Success

(continued)

- ***Objective***
 - Crown revenue
- ***Performance Indicator***
 - Return on forest asset
- ***Successful Outcome***
 - More benefits