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Ministry of Forests

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MINISTRY OF FORESTS
2022/23 Budget Highlights

OPERATING BUDGET: (\$832.516 M - an increase of \$44.842 M or 5.7 % from 2021/22 Restated)

The Ministry operating budget changes include;

In Plan Changes - (\$29.826M)

- o \$0.119 M Net increase in Ministry Operations based on: \$0.102 M approved lift for implementation of joint submission between the Ministry of Indigenous Relations and Reconciliation and the Ministry of Forests and \$0.017 M approved budget lift to the Minister of State for Lands and Natural Resource Operations
- o No changes to the Fire Management vote.
- o (\$29.945 M) Net decrease in BC Timber Sales. In plan 22/23 costs were lower than 21/22 restated costs as they were based on previous year's costs of goods sold expenses.

Inter-Ministry Program Transfers - (\$100.187M)

- o See Inter-Ministry Program Transfer worksheet for specific details on individual transfers

Add to Plan Changes - \$74.668 M :

- o \$6.790M approved budget lift for Clean BC
- o \$3.149M approved budget lift Climate Program and Adaptation Strategy (CPAS)
- o \$2.852M approved budget lift for Engineering work coordinated through the BC Wildfire Services
- o \$0.551M approved budget lift for Legal Services costs
- o \$57.975M approved budget lift to the Fire Management Vote
- o \$2.871M increase to align the BC Timber Sales budget with their Performance Targets and Resource Requirements
- o \$0.480M increase to the Crown Land Special Account to align the with the approved 5 year expense forecast submission

CAPITAL BUDGET: \$79.182 M (an increase of \$0.519M or 0.7% from 2021/22 Restated)

- o **Ministry Capital budgets are estimated on an annual basis based on requirements submitted and prioritized across government**

In Plan Changes - (\$6.807 M)

- o (\$5.600M) decrease for Wildfire facilities projects due to completion in 2021/22.
- o (\$0.295 M) decrease in funding requirements for vehicle replacements.
- o (\$0.087 M) decrease in Land Improvements due to expiration of funding in Campsite Expansion project.
- o (\$0.825 M) BCTS in plan 22/23 costs were lower than 21/22 restated costs based on anticipated decrease in road building activity

Inter-Ministry Program Transfers -

- o \$0.087M Land Improvement transfer amount to Environment and Climate Change in restated year was higher than 2022/23 amount

Total Plan Changes - \$0.7.239 M :

- o \$7.220 M increase for Wildfire facilities due to TB decision
- o \$5.310 M increase for Vehicles due to TB decision
- o \$2.050 M increase for Wildfire Specialized Equipment due to TB decision
- o \$1.014 M increase for Specialized Equipment due to TB decision
- o (\$8.355 M) reduction is due to a decrease in road building based on an anticipated decrease in the sale of timber and timber volumes harvested under the BC Timber Sales Special Account

FTEs and Staffing

FTEs - Continue to be budgeted at a summary level for the Province.

Staff - TBD Complement of staff at January 1, 2021 was 4,183 (3,838 FLNR and 345 Corporate services staff supporting the natural resource ministries), however this will change throughout the year, particularly in field and fire season when an additional 1,200 - 1,400 staff will be hired on a temporary basis.

**Ministry of Forests
2022/23 Budget Briefing**

THREE YEAR BUDGET CHANGES FROM FEBRUARY 2021 PLAN

OPERATING

\$000s

	2021/22 Estimates	2022/23 Estimates	2023/24 Plan	2024/25 Plan
A April 2021 Plan				
Vote 30 - Ministry Operations	517,715	517,834	517,852	517,852
Vote 31 - Fire Management	136,310	136,310	136,310	136,310
BC Timber Sales Special Account	233,816	203,871	199,835	199,835
Crown Land Special Account	20	20	20	20
Forest Stand Management Fund	-	-	-	-
Total April 2021 Plan	887,861	858,035	854,017	854,017
<i>Year-to-year change in 2021/22 Service Plan</i>		<i>(29,826)</i>	<i>(4,018)</i>	<i>-</i>
B Inter Ministry Transfers				
See Inter-Ministry Transfers worksheet for details	(100,187)	(100,187)	(100,187)	(100,187)
Total Inter Ministry Transfers	(100,187)	(100,187)	(100,187)	(100,187)
C Budget Lifts and Reductions				
Lift for Clean BC		6,790	6,792	6,795
Lift for Climate Program and Adaptation Strategy (CPAS)		3,149	4,932	4,992
Roads maintenance budget lift within Ministry Operations		2,852	2,852	2,852
Legal Services budget lift within Ministry Operations		551	551	551
Fire Management Vote budget lift		57,975	63,225	63,225
Lift to BCTS to align with their Performance Targets and Resource Requirements		2,871	13,165	32,226
Lift to Crown Land Special Account		480	480	480
Total Budget Lifts and Reductions	-	74,668	91,997	111,121
Total Transfers and Adjustments	787,674	832,516	845,827	864,951
<i>Change from 2022/23 Service Plan</i>	<i>(100,187)</i>	<i>(25,519)</i>	<i>(8,190)</i>	<i>10,934</i>
	<i>(11.3%)</i>	<i>(3.0%)</i>	<i>(1.0%)</i>	<i>1.3%</i>
D February 2022 Plan				
Vote XX - Ministry Operations	417,528	430,989	432,792	432,855
Vote XX - Fire Management	136,310	194,285	199,535	199,535
BC Timber Sales Special Account	233,816	206,742	213,000	232,061
Crown Land Special Account	20	500	500	500
Forest Stand Management Fund	-	-	-	-
Total February 2022 Plan	787,674	832,516	845,827	864,951
<i>Year-to-Year Change in 2022/23 Service Plan</i>		<i>44,842</i>	<i>13,311</i>	<i>19,124</i>
		<i>5.7%</i>	<i>1.6%</i>	<i>2.3%</i>

Footnote(s):

Ministry of Forests
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THREE YEAR BUDGET CHANGES FROM FEBRUARY 2021 PLAN

CAPITAL							
\$000s							
	2021/22 Estimates	#	2022/23 Estimates	#	2023/24 Plan	#	2024/25 Plan
A April 2021 Plan							
Vote 30 - Ministry Operations	29,808		23,826		23,826		23,826
Vote 31 - Fire Management	525		525		525		525
BC Timber Sales Special Account	49,851		49,026		46,686		46,686
Total April 2021 Plan	80,184		73,377		71,037		71,037
<i>Year-to-year change in 2021/22 Service Plan</i>			(6,807)		(2,340)		-
B Intra-Ministry Transfers							
Transfer to Environment - Rec.Sites and Trails	(1,521)		(1,434)		(1,434)		(1,434)
	-						
Total-Intra Ministry Transfers	(1,521)		(1,434)		(1,434)		(1,434)
Budget Lifts and Reductions							
Budget lift for BC Wildfire Facilities			7,220		6,650		6,650
Budget lift for Specialized Equipment			1,014		1,014		1,014
Budget lift for Vehicles			5,310		41		41
Budget lift for Specialized Equipment- Fire Mgmt			2,050		2,050		2,050
Decrease to BCTS Roads to align with their Performance Targets and Resource Requirements			(8,355)		(2,930)		(3,757)
Total Budget Lifts and Reductions	-		7,239		6,825		5,998
Total Transfers and Adjustments	78,663		79,182		76,428		75,601
<i>Change from 2022/23 Service Plan</i>	(1,521)		5,805		5,391		4,564
	(1.9%)		7.9%		7.6%		6.4%
C February 2022 Plan							
Vote XX - Ministry Operations	28,287		35,936		30,097		30,097
Vote XX - Fire Management	525		2,575		2,575		2,575
BC Timber Sales Special Account	49,851		40,671		43,756		42,929
Total April 2021 Plan	78,663		79,182		76,428		75,601
<i>Year-to-Year Change in 2021/22 Service Plan</i>			519		(2,754)		(827)
			0.7%		(3.5%)		(1.1%)

Footnote(s):

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Issue: Budget 2022 Summary

Recommended Response:

The Ministry budget for 2022/23 is \$832.516M, representing an increase of 5.7 percent (\$44.8M) from the 2021/22 restated estimates¹.

The increase is mainly the result of funding increases to Fire Management (\$57.98M); Ministry Operations (\$13.46M); Crown Land Special Account increase to reflect the approved five-year expense forecast (\$0.48M) and offset by a decrease to expected BC Timber Sales expenditures (-\$27.1M) (see chart below).

Key Facts:

	2021/22 Restated Estimates (000s)	2022/23 Estimates (000s)	Diff +/-
Ministry Operations - increase includes: \$6.79M – Clean BC \$3.15M – Climate Preparedness and Adaptation Strategy \$2.85M – Engineering Forest Service Road work for Wildfire support \$0.67M – Minor administrative and legal services costs	417,528	430,989	13,460
Fire Management	136,310	194,285	57,980
BC Timber Sales Special Account	233,816	206,742	-27,100
Crown Land Special Account	20	500	480
Forest Stand Management Fund	-	-	
Total	787,674	832,516	44,842
Percent Change		5.7%	

Date Prepared/Revised: January 26, 2022

Ministry Executive Sponsor:

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Program Contact for Issue:

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¹ The Ministry transferred total budgets of \$100.817M to other ministries as part of the Natural Resource Sector restructuring. This change is captured in the restated estimates for 2021/22 fiscal year to allow for a year over year budget comparison. See separate note for full details of the transfers.

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Issue: BC Climate Preparedness and Adaptation Strategy

Recommend Response:

- The Ministry of Forests has been provided funding through the Climate Preparedness and Adaptation Strategy (CPAS) led by the Ministry of Environment.
- A total of \$13.073M in new funding over three years was approved to:
 - support the implementation of the BC Flood Strategy;
 - increase the Ministry’s climate science capacity and expertise to develop a Ministry Climate Adaptation Policy Framework, and to provide climate change projections and impacts data for decision-makers and researchers; and,
 - improve understanding of the risks to provincial resource roads and increase their climate resilience.
- The new funding will provide foundational science, data, and capacity for climate change adaptation and fill critical gaps in expertise.

Key Facts:

Over three years, \$13.073M of new funding will be provided to implement CPAS actions in the following areas:

Table 1: Approved annual budget increases by program area (\$Millions)

Program Area	2022/23	2023/24	2024/25	3-yr Total
Flood Strategy and drought resilience	0.706	1.102	1.162	2.970
Increase FLNR climate change capacity and expertise	2.000	3.000	3.000	8.000
Geohazard risks and increases to the climate resilience of provincial resource roads	0.443	0.830	0.830	2.103
Annual Total	3.149	4.932	4.992	13.073

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BC Flood Strategy and drought resilience (\$2.97M)

- Develop and lead the ongoing application of provincial flood mapping guidelines to inform flood management across BC, to improve operational flood and drought forecasting capabilities, and to strengthen drought response.
- In addition, there will be \$11.991M over three years of access to Contingencies Vote, subject to Cabinet direction on the BC Flood Strategy.

Increase the Ministry's climate change capacity and expertise

- \$8.000M over three years to increase the Ministry's climate change capacity and expertise.
- Develop a Ministry Climate Adaptation Policy Framework and to provide user friendly, accessible climate projections for decision-makers and researchers.
- With this funding, projections of climate impacts relevant for consideration in forest, species, and ecosystem planning and management will be produced through a new Ecosystem Forecast Centre.

Geohazard risks and increases to the climate resilience of provincial resource roads

- \$2.103M over three years to establish provincial leadership on geohazards research and assessment, including mitigation of climate-driven geohazards such as landslides that can disrupt transportation corridors and communities.
- The new funding will also be used to establish and implement new standards and codes for resource roads that integrate consideration of climate change.

Date Prepared/Revised: January 24, 2022

Ministry Executive Sponsor:

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Issue: BC Wildfire Service Budget Uplift

Recommend Response:

- The BC Wildfire Service (BCWS) is responsible for managing wildfires (response, recovery, prevention and mitigation) and providing emergency response (boots on the ground) to all other natural hazards, such as floods.
- B.C.'s approach to wildfire continues the shift to a proactive approach to fire management that encompasses all four pillars of emergency management (prevention, preparedness, response, and recovery).
- In Budget 2022, the Fire Management Vote increases to \$194.285M in 2022/23 and to \$199.535M for 2023/24 and ongoing. This equals a total investment of \$184.425M over the three-year fiscal plan.

Fire Management Vote (\$M)	2022/23	2023/24	2024/25
Budget 2021	136.310	Government Financial Information	
Budget 2022 Increase			
- Wildfire Risk Reduction	20.000		
- Internal Resourcing (staffing, training and other tools)	37.975		
Budget 2022 Total	194.285		

The substantial investment will enable:

- Improve wildfire risk reduction on Crown Land by investing over \$60M over three years.
- Increasing Prescribed Fire and Cultural Burning Program.
- To add staff capacity

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- Improve training and modernize firefighting equipment,
- Respond to all natural hazards 12 months of the year,
- Develop innovative tools and technologies to provide decision-makers with the best information to make quick decisions and to provide the public with the most update to date information (e.g., public mobile app).
- Establish a community fire fighting model and support rural and indigenous communities to build capacity.
- Improve road access and egress in remote and indigenous communities
- The additional funding will assist B.C. in its continued objective to support its proactive approach to fire management and government will continue to manage wildfires on the land base.

Key Facts:

- Ten-year average costs are \$357M annually, however costs have ranged from \$134M in 2011 to \$712 M forecast for 2021.
- The severity and cost of wildfire seasons is unpredictable, as the level of activity and costs related to wildfire activities depend on weather conditions, the number of fires and where they burn.
- The Fire Management Vote includes statutory appropriation to spend what is required to fight wildfires. In the past, the impact of statutory wildfire suppression spending on government's fiscal plan has been offset by the forecast allowance in the budget, program savings by other areas of government, and/or higher than budgeted revenue.
- Funding for Fire Management Vote in the Estimates is a base amount, due to the significant variability in spending year-to-year. It is unnecessary to increase the budget "just in case" we have a bad fire season and potentially strand funds that could otherwise be available for other priorities.

Date Prepared/Revised: March 2022

Ministry Executive Sponsor:

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Prepared for 2022/23 Estimates Debate

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Issue: BC Wildfire Year End Payments

Recommend Response:

- At the end of last fiscal (March 2022), \$90M was granted to the Union of BC Municipalities (UBCM) to support wildfire community capacity and response programming for the wildfire risk reduction program.
- Objectives of the program include:
 - Decreasing wildfire risk through continued partnerships with local governments and First Nations through UBCM,
 - Increasing community wildfire resiliency, and
 - Improving critical infrastructure to increase wildfire resiliency.
- This funding will ensure the program is sustainable over the next five to six years.
- UBCM, First Nations' Emergency Services Society (FNESS) and the province through BC FireSmart committee will work directly with the communities through implementing all seven disciplines of FireSmart including emergency planning, vegetation management, and training.

Key Facts:

- Since 2017, the government has invested over \$135M in wildfire risk reduction and wildfire resiliency programs. Through programs such as the Community Resiliency Investment (CRI), supported by BC Wildfire Service's Prevention program and administered through UBCM and FNESS, there has been a focus in community wildfire resiliency. The three core principles in wildfire resiliency are to maintain and enhance:
 - **community resiliency**, by mitigating the adverse impacts of wildfires to lives, property, critical infrastructure, and well-being;

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- **ecological resiliency**, by sustaining and enhancing ecological processes that are integral to ecosystem health; and
- **economic resiliency**, by mitigating the adverse impacts of wildfires on the ecosystem processes that produce natural resource values that sustain diverse local natural resource economies.

Date Prepared/Revised: January 27, 2022

Ministry Executive Sponsor:

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Issue: BCTS 2021/22 Performance

Recommended Response:

- BCTS is a self-financing program within FLNRORD.
 - **Goal:** to provide credible representative cost and benchmark data for the Market Pricing System (MPS) through auctions of timber harvested from public land in BC.
 - **Objectives:**
 1. Sell the full BCTS apportionment over the business cycle, consistent with safe practices, reconciliation with Indigenous peoples, and sustainable forest management.
 2. Generate direct net revenue and indirect revenue for the Province over the business cycle.

2021/22 Performance Summary:

Key Performance Measure	Target	Projection	Variance
Annual Timber Volume Sold	10.9Mm3	5.9Mm3	(5.0Mm3) ¹
Annual Timber Volume Developed	12.0Mm3	9.5Mm3	(2.5Mm3) ²
Net Revenue	\$110.2M	\$184.1M	\$73.9M

¹ The government's old growth strategy has paused timber sales in identified areas adversely impacting volume sold production for the year.

² Development delays due to the government's old growth strategy combined with, reconciliation activities, and managing wildlife continue to adversely impacting production.

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- On average BCTS continues to achieve its goal of supporting the Market Pricing System by advertising over 20% of the planned provincial harvest volume for the year.
- Objective 1: There is a high likelihood this objective will not be achieved.

BCTS is projecting to only achieve 54% of its target for timber volume sold. Implementation of the government's Old Growth Strategy has significantly impacted BCTS' ability to sell timber this year. This combined with wildlife impacts, and delays related to reconciliation with indigenous peoples are the primary reasons for the shortfall.

2021/22 is the third year of the 5-year business cycle and BCTS. At the start of the year there was already a short fall in timber volume sold from 2019/20 and 2020/21. The Old Growth Strategy has paused a significant proportion of BCTS operations which will exacerbate the short fall. It is unlikely the shortfall will be rectified before the end of the business cycle March 31, 2024.

- Objective 2: BCTS is projecting to exceed its Net Revenue target for the year by about \$74M. The rates billed during the year were higher than expected as licensees took advantage of high lumber prices and continued to harvest high value timber.

Key Facts:

- BCTS continues to play a critical role in the forest sector and the economies of rural communities.
- Each year BCTS puts over \$170M directly into communities through tendering of its service contracts.
- Its activities also support over 7,000 direct and about 10,000 indirect well-paying jobs each year.
- Since inception in 2003, BCTS has:
 - ✓ sold over 200 million cubic metres of timber into the forest economy through competitive auctions;
 - ✓ grown over 1.1 billion trees to support future forests; and,

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- ✓ earned about \$1.8 billion in net revenue for the Province, the majority of which supported other government priorities such as education, health, parks and recreation.
- BCTS publishes quarterly and annual public performance reports. The 2021/22 Annual Performance Report will be available in late June 2022.

Date Prepared: January 24, 2022

Ministry Executive Sponsor:

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Alternate Contact for Issue:

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Ministry of Forests

Issue: BCTS 2022/23 Performance Targets

Recommend Response:

- BC Timber Sales (BCTS) is a self-financing program within the Ministry of Forests.

Goal: to provide credible representative cost and benchmark data for the Market Pricing System (MPS) through auctions of timber harvested from public land in BC.

Objectives:

1. Sell the full BCTS apportionment over the business cycle, consistent with safe practices, reconciliation with Indigenous Peoples, and sustainable forest management.
2. Generate direct net revenue and indirect revenue for the province over the business cycle.
3. Pursue continuous business improvements across government and with third party partners and customers.

Principles:

- Forest Sector Safety.
- Reconciliation with Indigenous Peoples.
- Sustainable Forest Management.

2022/23 Performance Summary:

Key Performance Measure	Target
Annual Timber Volume Sold ¹	6.3Mm3
Annual Timber Volume Developed ²	8.6Mm3
Annual Timber Volume Harvested	6.5Mm3
Net Revenue	\$53.74M

¹ The government's old growth strategy has paused timber sales in identified areas adversely impacting volume sold production for the year.

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² Development delays due to the government's old growth strategy combined with, reconciliation activities, and managing wildlife continue are adversely impacting production.

- On average BCTS continues to achieve its goal of supporting the MPS by advertising over 20 percent of the planned provincial harvest volume for the year. However, due to the impacts of the Old Growth Strategy, BCTS is not projecting to achieve this target in 2022/23.
- Objective 1: There is a high likelihood this objective will not be achieved.
BCTS is projecting to sell less timber volume in 2022/23 than in previous years. Implementation of the government's Old Growth Strategy has significantly impacted BCTS' ability to sell timber this year. This combined with wildlife impacts, and delays related to reconciliation with Indigenous Peoples are the primary reasons for the reduction.

2022/23 will be the fourth year of the five-year BCTS business cycle. At the end of 2021/22 there was already a shortfall in timber volume sold from 2019/20 and 2020/21. The Old Growth Strategy has paused a significant proportion of BCTS operations which will exacerbate the shortfall. It is unlikely BCTS will be able to rectify this shortfall before the end of the business cycle March 31, 2024.

- Objective 2: BCTS is projecting a lower Net Revenue for 2022/23 than earned in recent years. The rates paid for timber harvested are expected to maintain their level over the next year. However, the amount of timber volume harvested is expected to be much less than in previous years due to Old Growth Strategy impacts.

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Key Facts:

- BCTS continues to play a critical role in the forest sector and the economies of rural communities.
- Each year on average BCTS continues to put over \$170M directly into communities through tendering of its service contracts.
- Its activities also directly support approximately 4,000 to 7,000 well-paying jobs each year.
- Since inception in 2003, BCTS has:
 - ✓ sold over 200 million cubic metres of timber into the forest economy through competitive auctions;
 - ✓ grown over 1.1 billion trees to support future forests; and,
 - ✓ earned about \$1.8 billion in net revenue for the province, the majority of which supported other government priorities such as education, health, parks and recreation.
- BCTS publishes quarterly and annual public performance reports.

Date Prepared/Revised: February 1, 2022

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Ministry of Forests

Issue: Budget Transfer Summary

Recommended Response:

The Lands and Natural Resource Operations Secretariat completed a comprehensive analysis of the Natural Resource Sector that led to the creation of a new ministry and the reorganization of several programs across government.

Specifically, the Ministry of Forests transferred programs and corresponding budgets of just over \$100M to other ministries. Including;

- Strategic policy capacity for species at risk coordination, land use planning and ecosystem management has been transferred to the new Ministry of Land, Water and Resource Stewardship.
- Provincial Heritage Site and Resort Management programs have been transferred to the Ministry of Tourism, Arts, Culture and Sport.
- Rural Economic Development has been transferred to the Ministry of Jobs, Economic Recovery and Innovation.
- BC Recreation Sites and Trails has been transferred to the Ministry of Environment.

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Key Facts:

The following table details all the program transfers from the ministry:

Program Function	Ministry of Forests	
	Budget	FTEs
Regional Land Use and Ecosystems Staffing	-26,735,554	-226
Rural Development	-25,000,000	-18
Recreation Sites and Trails	-7,964,790	-49
Species at Risk Coordination	-6,905,000	-13
Heritage Programs	-6,615,184	-16
GeoBC	-5,073,113	-51
Corporate Services	-4,137,483	-333
FrontCounter BC	-3,494,092	-13
Resource Planning and Provincial Stewardship	-3,308,958	-35
Regional Geospatial Resources	-3,006,000	-35
Ministry Overheads	-2,424,000	0
Regional Economic Operations (part of Rural)	-2,391,000	-21
Resort Operations	-1,967,988	-24
Marine & Coastal Resources	-695,000	-7
ADMO(RSD)	-510,000	-3
Minister's Office-NRO-FOR	-290,000	-3
Corporate Services Support	-120,000	
NRS Governance Secretariat	-84,000	-2
Snow Survey Program	415,000	2
Total transfers	-100,307,162	-847

Date Prepared/Revised: February 2, 2022

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Ministry of Forests

Issue: CleanBC Funding for Forest Bioeconomy

Recommend Response:

- The Ministry of Forests is leading the implementation of the Forest Bioeconomy Pathway under the updated CleanBC Roadmap.
- The Forest Bioeconomy Pathway supports the achievement of CleanBC's 2030 targets by increasing the role that BC's forests play in carbon mitigation, through increased carbon sequestration and emission reductions
- \$20.377M of new funding over three years (\$6.79M annually) is included in the budget to:

Program	Annual \$M
Increase the rate and amount of carbon being stored in BC's forests through fertilization and addressing forest health;	5.125
Support Indigenous-led bioeconomy development;	1.300
Finalize and implement a new Forest Carbon Offset Protocol, which will enable investment in BC's forests through carbon offsets; and	0.250
Develop and implement regulatory measures to detect and reduce industrial methane emissions.	0.117
Total Annual Budget Increase	6.792

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Key Facts:

In Budget 2022, \$20.377M of new funding is provided to implement the Forest Bioeconomy Pathway in the following areas:

Carbon and Forest Management (\$15.375M over three years)

- to increase the rate and amount of carbon being stored in BC's forests through targeted fertilization of nutrient deficient stands, and to protect and manage BC's forest resources from the impacts of a wide range of forest health factors.
- To fund the fertilization of approximately 25,500 hectares of forests which is expected to lead to a reduction of the concentration of atmospheric greenhouse gases by 1.3 mega tonnes of carbon dioxide equivalent by 2030.
- It will also support forest health treatments to prevent the death of existing tree stands and avoid the release of the carbon stored in live trees through their death and decomposition. The healthy tree stands will continue to sequester carbon.

Indigenous Forest Bioeconomy (\$3.9M over three years)

- to expand the existing Indigenous Forest Bioeconomy Program to include a new accelerator stream which will provide additional support for projects.
- Since 2019, the Program has successfully delivered 41 projects with over 24 Indigenous communities and organizations across the province.
- This program supports increased Indigenous participation in the forest sector and the development of an Indigenous-led forest bioeconomy in BC.

Forest Carbon Offset Protocol (\$0.750M over three years)

- to allow the province to work with partners to finalize and implement a new Forest Carbon Offset Protocol, which will enable investment in BC's forests through carbon offsets.
- The sale of offsets provides another funding source for innovative emissions reduction work across all sectors without the need for substantial government investment, as well as economic diversification opportunities within the province.

Methane Emission (\$0.352M over three years)

- to develop and implement regulatory measures to detect and reduce industrial methane emissions.
- The overall goal is to eliminate industrial methane emissions in the province by 2035.

Date Prepared/Revised: May 4, 2022

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KEY MESSAGES

COVID-19 Vaccination Policy Employee Terminations

- Effective November 22, 2021, all employees in the BC Public Service were required to provide proof of vaccination, and compliance with this policy is a condition of employment.
- Accommodations for medical or other grounds that are protected under B.C.'s Human Rights Code were also considered.
- Approximately 1% of employees chose not to be vaccinated or chose not to disclose their vaccination status. Those employees were placed on unpaid leave for 3 months, at the end of which they were informed they would face termination if still unvaccinated and if no accommodation was in place.
- Unfortunately, within in our ministry one employee has been terminated as a result of not complying with the vaccination policy, and four more terminations are in process as of April 20, 2022.
- It would be inappropriate to share more details given these are human resource matters that must be treated with an appropriate respect for the privacy of those employees.
- However, I can confirm the ministry did take steps to ensure these terminations did not substantively impact ministry operations and service delivery.
- Questions about to the details and application of the vaccination policy are appropriately addressed to the Minister of Finance as the minister responsible for the BC Public Service Agency.

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Issue: Columbia Basin Trust Background Information

Recommend Response:

- The Trust will continue to deliver programs that support the social, economic and environmental well-being of Basin residents, consistent with the Columbia Basin Management Plan Strategic Priorities for 2020-2023.
- Those priorities were identified by Basin residents in the summer of 2020, and will help guide the Trust's work to the end of 2023.

Key Facts:

MOU between Columbia Basin Trust and the Province

- The unique relationship between the Province and the Trust, and the Trust's dual accountability to the Province and the residents of the Basin, is set out in a 2016 Memorandum of Understanding (MOU).
- The Trust is working with the Ministry of Energy, Mines and Low Carbon Innovation to update and renew the MOU.

Columbia Basin Management Plan (CBMP) Strategic Priorities 2020-2023:

- In September 2020, the Trust Board approved the CBMP which includes six Strategic Priorities (Community Wellbeing, Ecosystem Enhancement, High-Speed Connectivity, Housing, Local Food Production and Access, and Support for Business Renewal) and two Integrated Priorities (Climate Resilience and Working with Indigenous Peoples).
- The Board of Directors originally approved CBMP for the timeframe of 2020-2022. In the Fall of 2021, the Board extended the plan through to the end of 2023, in recognition that Basin residents continue to emphasize the priorities in the plan, and that significant in-person community engagement to seek feedback on developing a new plan is not yet possible from a public health perspective.
- Resident engagement for a renewed (longer term) CBMP is expected to commence in the latter months of 2022 and into mid-2023. This engagement will include in-person and virtual opportunities for input.
- Some highlights of the Trust's activities include (over the last 5 years):
 - constructed 895 km of fibreoptic connectivity, bringing high speed internet to more than 12,000 underserved homes
 - committed \$26 million to the construction of more than 600 affordable housing units in both Indigenous, and non-Indigenous Basin communities

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- invested \$50 million in direct loans to Basin businesses, and provided advisory support to more than 924 small business owners
- partnered to preserve 100,000 hectares of ecologically and/or biologically sensitive land in the region
- contributed more than \$6 million to help create 660 new childcare spaces, with a further \$4 million to improve 2,950 existing spaces
- provided more than \$10 million to support a range community level climate resiliency initiatives

Service Plan Financials

- Government Financial Information

Date Prepared/Revised: «add date»

Ministry Executive Sponsor;

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Ministry of Forests

Issue: Columbia Power Corporation Background Information

Recommend Response:

- Columbia Power Corporation will continue to ensure the long-term profitability, reliability, safety and environmental sustainability of its jointly owned power generation and transmission assets.
- Although certain planned operating maintenance and capital programs were delayed as a result of the COVID-19 pandemic, it has not had any negative long-term impacts to operations or equipment reliability.

Key Facts:

Operations and Maintenance Outsourcing Review

- Columbia Power is conducting a value-for-money assessment of the primary operations and maintenance contractor for the power assets (FortisBC) to ensure Columbia Power and the Columbia Basin Trust continue to receive the required level of performance at a commercially reasonable cost.
- Recommendations and follow-up action (if any) will be reviewed in Fiscal 2022/23.

Brilliant Power Purchase Agreement

- The 60-year power sales agreement with FortisBC at the Brilliant Dam and Generating Station contains a market reset clause at the conclusion of the first 30 years (2026).
- The price received for power is anticipated to change as a result of this clause, and dialogue with FortisBC has started to agree on interpretation and application of the agreement.

Brilliant Expansion Generating Station

- Power from Brilliant Expansion is currently sold under three separate agreements with terms coming to an end between 2027 and 2029.
- Columbia Power is undertaking a preliminary assessment of sales opportunities to ensure Columbia Power and the Columbia Basin Trust receive appropriate value for the power in the future.

Service Plan Financials

- In Columbia Power Corporation's 2022/23-2024/25 Service Plan, the following financial forecasts were presented for the year 2022/2023:
 - Generate \$81M in total revenue

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- Incur \$24M in expenses
- Deliver \$56M in net income

Date Prepared/Revised: «add date»

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Potential CBT/CPC Estimates Questions and Answers

1. What impact will a renegotiated Columbia River Treaty have on Columbia Basin Trust (CBT) and Columbia Power Corporation (CPC) from a power sales/revenue perspective?

Answer: Neither CBT nor CPC have a role in the CRT negotiation; however, I understand that both organizations maintain an open dialogue with the CRT negotiating team. When/if we reach the stage where specific details of a modernized CRT are understood, CBT and CPC would have an opportunity to review those details and provide feedback as to the impacts (positive or negative) prior to finalizing any agreement with the United States.

2. Now that CBT has assumed primary responsibility for managing the power projects, why doesn't the Province sell their 50% of the assets to the Trust? If the Province were to do this, could it allow CPC to use those funds to develop new clean and renewable power generating opportunities in the Province?

Answer: The Province has no plans to sell CPC's 50% ownership in Arrow Lakes Generating Station, Brilliant Dam, Brilliant Expansion, or Waneta Expansion to CBT or any other purchaser. Revenue from these assets is used to deliver on Government's overall priorities. Currently, CPC's mandate from the Province is to ensure the long-term reliability and profitability of its power generation and transmission assets in the Basin. It has no mandate to develop new generating assets at this time.

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Issue: Columbia River Treaty Background

Recommend Response:

- The Columbia River Treaty (CRT) is a trans-boundary water management agreement between the United States (U.S.) and Canada that was signed in 1961 and ratified in 1964.
- In 1963, Canada delegated most of the CRT rights and obligations to B.C.
- A provincial review to determine whether the CRT should be continued, amended or terminated was launched in 2011.
- A Provincial decision to continue the Treaty and seek improvements within its existing framework was released on March 13, 2014.
- The decision includes 14 principles to guide discussions with Canada and the U.S. on the future of the CRT.
- The decision and guiding principles were based on extensive Indigenous Nation, local government and public consultation processes, and more than two years of hydrologic, social, economic, and legal studies.
- The CRT continues to benefit both Canada and the U.S., but the benefits to the U.S. are significantly undervalued and extend across a much broader range of interests, such as fisheries, navigation, recreation, irrigation and water supply, than the original Treaty focus of flood risk mitigation and power production.
- The Canadian Entitlement in fiscal 2021/22 was \$232 million, an increase from previous years due to high market energy prices. The forecast for fiscal 2022/23 is \$256 million.

Key Facts:

Background:

- One of the key principles of the CRT is to create and equitably share benefits resulting from trans-boundary coordination of the Columbia River.
- Although the CRT has no specified end date, either Canada or the U.S. can unilaterally terminate most of the agreement's provisions after 2024, with at least 10 years notice. No such notice has been given.

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- Currently, the CRT returns approximately \$120-150 million each year to the Province's Consolidated Revenue Fund through the sale of Canada's share of the downstream power benefits (referred to as the Canadian Entitlement).
- Although international treaties are within the jurisdiction of the executive branch of the federal government, the Canada-BC Agreement (1963) transferred most CRT rights and obligations to the Province, and also requires the agreement of the Province before any action by Canada to amend or terminate the Treaty.
- The CRT's primary purposes are to provide flood risk mitigation in Canada and the U.S., and increase the power generating potential of the Columbia River by capturing spring run-off and releasing water at other times of the year when it is more valuable and beneficial.
- Under the CRT, Canada agreed to build 15.5 million acre-feet of storage by constructing three dams: Duncan; Arrow (Hugh Keenleyside); and Mica.
- The CRT also gave the U.S. the option, which it exercised, to construct a dam near Libby, Montana, that floods the Kootenay River valley 68 km back into Canada almost as far as Cranbrook (Kooocanusa Reservoir).
- Assured flood control provisions expire in 2024 and change to a more ad hoc "called upon" version of flood control.
- In Canada, BC Hydro is the designated Entity responsible for implementing the CRT. The Province is designated as Entity for the purposes of disposing of the Canadian Entitlement. In the U.S., Bonneville Power Administration and the U.S. Army Corps of Engineers are jointly the U.S. Entity responsible for the CRT.

CRT Review:

- Beginning in late 2011, the Ministry of Energy, Mines and Low Carbon Innovation (EMLI) CRT Team led an extensive consultation and review process to evaluate future options, including continuation, amendment or termination of the Treaty.
- On March 13, 2014, the provincial government released its decision continue the CRT and seek improvements within its existing framework. The decision had, and continues to have, bipartisan support.

Indigenous Nation Engagement:

- The Ktunaxa, Secwepemc, and Syilx Okanagan Nations assert rights and title in the Columbia Basin.

Local Basin Engagement:

- B.C. continues its engagement with Basin residents, local governments and stakeholder groups to confirm their interests regarding the future of the CRT.
- In early 2021, the Province held a virtual town hall focused in the Columbia Basin to update residents on CRT negotiations and seek input on work being done to address community interests related to the Treaty.

Cross Reference: Estimate 2021 – Columbia River Treaty Negotiations

Date Prepared/Revised: March 28, 2022

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Prepared for 2022/23 Estimates Debate

