

## BRIEFING NOTE FOR DECISION

**DATE:** June 4, 2019

**PREPARED FOR:** Honourable Doug Donaldson, Minister of Forests, Lands, Natural Resource Operations and Rural Development

**ISSUE:** Timber Sale Licence A95595 - Request for a Minister's directed redetermination of the upset stumpage rate to account for timber damaged by 2018 wildfires.

### RECOMMENDED OPTION:

**Option 1: The Minister's direction to redetermine the stumpage rate for Timber Sale Licence (TSL) A95595 to \$56.62/m<sup>3</sup> (\$33.63/m<sup>3</sup> for the upset plus \$22.99/m<sup>3</sup> for the bonus offer).**

### BACKGROUND:

Applicant:

- Richard Vossen  
s.22
- TSL A95595 is a scale based licence authorizing the harvest of approximately 45,066 m<sup>3</sup> of timber.
- This TSL covers a harvest area of 126 ha within one cut block located in the Babine Business Area. The licensee had not commenced harvesting when in the summer of 2018 the Torkelson fire wildfire burnt 83.1 ha (approximately 28,088 m<sup>3</sup>).
- The timber within the burnt areas is not considered marketable and salvageable. The timber sales manager, at the request of the licensee, has amended out the fire damaged timber. The licensee will be removing the remaining non-fire damaged timber from this licence area which is 42.9 ha (approximately 16,978 m<sup>3</sup>).

### DISCUSSION:

The licensee is requesting the Minister to direct the redetermination of the stumpage rate under section 2.2.4 of the *Interior Appraisal Manual* (IAM), to have the new stumpage rate reflect the value of the timber that remains to be harvested (approximately 34.1 percent of the initial total hectares).

The IAM specifies that the stumpage rate for a TSL is fixed unless the Minister directs the redetermination of the upset stumpage rate. There is no mechanism under the *Forest Act* that provides for an amendment to the bonus bid. Therefore, the bonus offer submitted in the application and tender for the TSL cannot be changed.

The timber sales manager has amended the TSL to remove the fire impacted area. Amending fire damaged areas is consistent with the principles and administrative practices for major licensees.

In determining the reduction of the upset stumpage rate, consideration should be given to the pro-rated loss in value of the fire damaged timber. If there is insufficient room in the upset stumpage rate to account for the total loss, then upset stumpage rate must be the minimum stumpage rate.

The licensee has requested to harvest the remaining timber and therefore is required to pay the revised upset rate and the bonus bid if the Minister approves the re-determination. The licensee will be made whole through the redetermination process and therefore will not be applying for a remission order.

**OPTIONS:**

**Option 1:** The Minister's direction to redetermine the stumpage rate for TSL A95595 to \$56.62/m<sup>3</sup> (\$33.63/m<sup>3</sup> for the upset plus \$22.99/m<sup>3</sup> for the bonus bid).

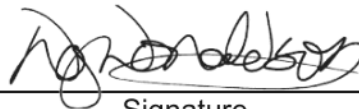
**Implications:**

- recognizes that the burning of the timber was outside of the licensee's control;
- consistent with current and past principles and administrative practices being used by the ministry for other forest tenures;
- amending the area and redetermining the stumpage rate is consistent with the options available to major licence holders;
- maintains the legal principle that the bonus offer cannot be changed under any situation.

s.13

**RECOMMENDATION:** **Option 1**

**Approved** / Not Approved



Signature

Honourable Doug Donaldson, Minister of  
Forests, Lands, Natural Resource  
Operations and Rural Development

June 13, 2019

Date

**Attachments:**

Attachment 1. Memo regarding Fire Damaged TSL A95595

Attachment 2. Licensee letter TSL A95595

**PREPARED BY:**

Jason Nunn  
Sr. Timber Pricing Forester  
Timber Pricing Branch  
778-974-2400

**REVIEWED BY:**

|                  | Initials | Date         |
|------------------|----------|--------------|
| DM               | JA       | 2019-06-06   |
| DMO              | AK       | 2019-06-06   |
| A/ED             | JS       | June 5, 2019 |
| Program Dir/Mgr. |          |              |

Ref: 247614

Date: June 13, 2019

To: Greg Rawling, Regional Executive Director, Omineca Region  
Ray Luchkow, A/Executive Director, BC Timber Sales

From: The Honourable Doug Donaldson  
Minister of Forests, Lands, Natural Resource Operations and Rural Development

**Re: Fire Damaged Timber Sale Licence (TSL) A95595**

Through this memo I direct you to redetermine the upset stumpage value or rate for TSL A95595.

The reappraisal shall use the following procedure:

1. The Executive Director for BC Timber Sales shall adjust the existing Variable Cost Upset rate for TSL A95595 to be \$33.63/m<sup>3</sup> (revised upset rate) and notify the Regional Executive Director of the revised upset rate as soon as possible.
2. The existing bonus bid for TSL A95595 is not adjusted.
3. The revised stumpage payable is the sum of the revised upset rate plus the existing bonus bid.

The redetermined stumpage rate shall be effective on the date of this memorandum.



Doug Donaldson  
Minister

pc: Jim Schafthuizen, A/Executive Director, Forest Policy and Indigenous Relations Division  
Allan W. Bennett, Director, Timber Pricing  
Patrick Asante, Manager, Timber Pricing  
Ray Luchkow, A/Executive Director, BC Timber Sales  
Alan Powelson, A/Director, BC Timber Sales  
Debbie Janning-Stewart, Timber Sales Manager, Babine Business Area  
Darius Low, Revenue Team Leader, Omineca Region

1077430 BC Ltd.  
s.22

December 18, 2018

BCTS Manager  
Box 999  
Burns Lake B.C. V0J 1E0

Attention: Debbie Janning-Stewart

Dear Debbie:

Timber Sale A95595 is held by 1077430 BC Ltd. and I am requesting that you amend the boundary of this sale to exclude the area burnt by the Torkelson fire in the summer of 2018. Harvesting on this Sec 20 timbersale had not yet been initiated when the wildfire started.

As per the attached map, I request that the area east and north east of the large fire guard is removed from the sale and the sale boundary is amended to only include the unburnt area to the west of the guard. I am also prepared to utilize the decked fire guard timber along this guard within the boundaries of the timbersale.

Please provide me with an updated map, cruise and new indicated stumpage rate for the area to the west of the fire guard.

It is my understanding that this request is consistent with the October 12, 2017 letter from Mike Falkiner regarding timber sales impacted by the 2017 Wildfires.

If you have any further questions, please contact me at [RichardVossen@Hamptonlumber.com](mailto:RichardVossen@Hamptonlumber.com) or 250 692 9591.

Thank you



---

Richard Vossen  
Director 1077530 BC

Attachment: Severity map of A95595 and Harvest Plan Map for A95595.

TSL A95595

New boundary for A95595

## BRIEFING NOTE FOR INFORMATION

**DATE:** May 29, 2019

**PREPARED FOR:** Honourable Doug Donaldson, Minister of Forests, Lands, Natural Resource Operations and Rural Development

**ISSUE:** SOFT OPENING AT MCABEE FOSSIL BEDS PROVINCIAL HERITAGE SITE

### BACKGROUND:

- Heritage Branch (Integrated Resource Operations Division) has responsibility for fossil management and stewardship of Provincial Heritage Properties including the McAbee Fossil Beds Heritage Site (McAbee).
- McAbee is located on Highway 1, thirteen kilometres east of Cache Creek, and was protected under Section 23 of the Heritage Conservation Act (HCA) in 2012. The 546 hectare site is globally-significant due to its highly diverse assemblage of plant and insect fossils of the Eocene Epoch (53 million years ago), and is the subject of ongoing academic research.
- The McAbee lands are culturally significant to the Secwepemc peoples and lie within the unceded traditional territories of the Bonaparte Indian Band, Skeetchestn Indian Band/Tk'emlups te Secwepemc (SSN), and the Neskonlith Indian Band
- McAbee has been closed to the public since it was formally protected by the Province in 2012. In 2017, Community Futures Sun Country (the key rural development partner organization in support of the site), with Heritage Branch agreement, purchased park equipment using BC-Canada150 funding in order to provide modest visitor amenities at McAbee. The Branch is now working on building the necessary vehicle infrastructure and is planning a soft opening of the new facilities in June 2019.
- Through Community Futures Sun Country and the Bonaparte Indian Band, two Indigenous youth will be hired for the summer season to provide interpretation at the site and ensure public access is respectful of the Secwepemc cultural values and the scientific values of the site. Collaboration with Bonaparte Indian Band members has been key throughout the project to ensure that the values associated with Secwepemc heritage are reflected in the management and interpretation of the site.
- The soft opening is scheduled to occur on June 21st, 2019 to coincide with National Indigenous Peoples Day. A new Ministry of Transportation and Infrastructure (MoTI) Stop of Interest describing the significance of McAbee will also be unveiled at the soft opening. Heritage Branch will work with GCPE to coordinate the event. The site will remain open to the public until late August 2019.

**DISCUSSION:**

Access from the highway to the designated heritage site is through a parcel of land owned by CN Rail. CN has granted the Heritage Branch a temporary license to use the land and are currently discussing permanent transfer of the parcel to government. This will be essential for long-term public access.

The Indigenous youth interpreters are employed under a service contract with Heritage Branch. While the approach that has been developed is considered to be the most cost-effective way to addressing government's responsibilities at McAbee, this is an additional responsibility that is currently being funded through the Provincial Heritage Properties maintenance funding.

A small group of academics (including Dr. Bruce Archibald) that have studied fossils at the site have been critical of government's past stewardship of the site. There may be criticism from these few individuals of the adequacy of the facilities being provided for the soft opening and the threat to the fossils posed by increased public access. However, the facilities provided do not allow for access to the fossil beds themselves, but rather interpreting them from a safe distance. A service road up to the beds is also being removed as part of these works to prevent theft of fossils by vehicle.

While it is not the intention to construct and operate a *destination* facility at McAbee, the improvements associated with the soft opening are part of a wider landscape design for the site, facilitated by government, that includes a concept for an interpretive centre and scientific research facility. Supported by a Rural Dividend funded business plan, Community Futures Sun Country plans to raise funds and gain community support for a destination facility that would likely be operated by a non-government entity, or a First Nation.

**NEXT STEPS:**

- The soft opening, including the unveiling of the new Stop of Interest sign, will take place on June 21<sup>st</sup>, 2019. The event will last from 10:00 am – 12:00 noon.
- Heritage Branch and its partners will work with GCPE to coordinate the event and promote the site opening, particularly in the surrounding communities

**Attachment(s):** Appendix A: Site Map

**PREPARED BY:**

Elise McLellan  
Heritage Resource Officer  
Heritage Branch  
(778) 698-4227

**REVIEWED BY:**

|                  | Initials | Date          |
|------------------|----------|---------------|
| DM               |          |               |
| Associate DM     |          |               |
| DMO              |          |               |
| ADM              | MA       | June 12, 2019 |
| ED               | JG       | June 2, 2019  |
| Program Dir/Mgr. | RL       | May 31, 2019  |

Page 08 of 65

Withheld pursuant to/removed as

Copyright

## Cliff #249098 Soft Opening at McAbee Fossil Beds Provincial Heritage Site

### Potential date of Soft Opening at McAbee Fossil Beds Provincial Heritage Site:

- June 21<sup>st</sup>, 2019

### Panel of Speakers:

- Ryan Day -confirmed- provide an overview of National Aboriginal Day and the site impact
- Skeetchetsn Chief/Council member
- MLA Tegart
- TNRD Regional District -Steve Rice- Area Director
- FLNRO Heritage Branch- Elisabeth Deom, Senior Stewardship Officer
- TRU- Dr. Thomas Dickinson
- TOTA- Ellen Walker-Matthews

### Co-hosts:

Frank Antoine and Deb Arnott of Communities Futures Sun Country will be co-hosting the event.

### Attendees:

- Invitations have been sent out in the region to community members and local government officials, up to 100 people are expected, exact attendees are unknown
- Due to the partnership with Ministry of Transportation (MoTI), a large number of MoTI staff and contractors have been invited as well
- Also on site for the event will be two film crews for filming a documentary and tourism marketing promotional material

### Communications:

- The branch has liaised with GCPE for inviting the Minister but unfortunately he is unable to attend
- GCPE opted not to do a NR
- From FLNR there will be two representatives

## BRIEFING NOTE FOR INFORMATION

**DATE:** June 25, 2019

**PREPARED FOR:** John Allan, Minister of Forests, Lands, Natural Resource Operations and Rural Development

**ISSUE:** Deputy Chief Forester Shane Berg, will be announcing the new allowable annual cut for the Fort Nelson Timber Supply Area.

### BACKGROUND:

- Effective June 25, 2019, the new Allowable Annual Cut (AAC) for the Fort Nelson Timber Supply Area (TSA) will be 2 800 000 cubic metres. It includes three partitions:
  1. *Northwestern portion of the TSA*: a maximum of 200 000 cubic metres from the Northwestern portion of the TSA;
  2. *Deciduous species*: a maximum of 1 600 000 cubic metres of deciduous volume from the rest of the TSA; and
  3. *Coniferous species*: a maximum of 1 000 000 cubic metres of coniferous volume from the rest of the TSA.
- This AAC will remain in effect until a new AAC is determined, which is required to take place within 10 years of this determination.
- The new AAC is a 72 percent increase from the current AAC of 1 625 000 cubic metres.
- In 2001, the AAC was 1 500 000 cubic metres with a partition of 900 000 cubic metres from deciduous-leading stands and 600 000 cubic metres from coniferous-leading stands. The current AAC was set in 2006 which discontinued the partitions and did not include the northwestern portion of the TSA.
- The base case shows that a harvest of 1 970 000 cubic metres/year can be sustained for the next 300 years. For the first 100 years, approximately 60 percent of the harvest is assumed to come from deciduous species.
- The average harvest over the past 10 years is approximately 9.4 percent of the current AAC and significant unharvested volumes have accumulated over this time.
- The Fort Nelson TSA supports a vigorous growing stock that has not been significantly impacted by forest insects, disease or wildfire.
- The Fort Nelson Timber TSA is located in the north-eastern corner of the province, within the ministry's Northeast Region. It is the second largest TSA in British Columbia and covers almost 9.9 million hectares.
- The Fort Nelson TSA overlaps the traditional territory of nine First Nations: Fort Nelson First Nation, Dene Tsaa Tse K 'Nai (Prophet River) First Nation, Dene Tha' First Nation, Halfway

River First Nation, Doig River First Nation, Acho Dene Koe (Fort Laird) First Nation, Daylu Dena (Lower Post) Council, Kaska-Dena Council, and Tahltan First Nation.

Since the closures of oriented strand board (OSB) and sawlog facilities in Fort Nelson in 2008, minimal harvesting in the Fort Nelson TSA has occurred. However, Stern Partners, Canfor and the Fort Nelson First Nation have stated their desire to restart the OSB facility in Fort Nelson.

## DISCUSSION:

The 72 percent increase in the AAC accounts for factors not modelled in the base case such as: the inclusion of the Northwestern portion of the TSA, inclusion of land mistakenly excluded from the timber harvesting land base, accounting for the use of endemic dead material, and a partition to encourage the use of deciduous species.

The feasibility of harvesting in the northwestern portion of the TSA is uncertain due to a combination of marketplace issues, high harvest and transportation costs, and lack of a developed road network other than the Alaska Highway. The addition of this partitioned area, within the Kaska Nation's asserted territory, was implemented to encourage potential forestry opportunities.

A species partition was implemented, consistent with the current inventory profile, intended to capitalize on harvesting opportunities in mature deciduous stands before wood quality deteriorates.

First Nations consultation for the Fort Nelson TSA AAC determination was initiated in 2017. Comment was received from the Fort Nelson First Nation, the Halfway River First Nation and Acho Dene Koe First Nation. The deputy chief forester met with Fort Nelson First Nation and the Acho Dene Koe First Nation. The chief forester also met with the Kaska Dena Council to discuss their interests. There were no responses from Prophet River First Nation, Doig River First Nation, or Dene Tha' First Nation.

## CONCLUSION

- Effective June 25, 2019, the new Allowable Annual Cut (AAC) for the Fort Nelson Timber Supply Area (TSA) will be 2 800 000 cubic metres, a 72 percent increase from the current AAC of 1 625 000 cubic metres. It includes three partitions:
  1. *Northwestern portion of the TSA*: a maximum of 200 000 cubic metres from the Northwestern portion of the TSA;
  2. *Deciduous species*: a maximum of 1 600 000 cubic metres of deciduous volume from the rest of the TSA; and
  3. *Coniferous species*: a maximum of 1 000 000 cubic metres of coniferous volume from the rest of the TSA.

### PREPARED BY:

Tamara Brierley  
Forest Analysis and Inventory Branch  
(778) 974-5577

### REVIEWED BY:

|                  | Initials | Date          |
|------------------|----------|---------------|
| DM               | JA       | June 21, 2019 |
| DMO              | NP       | June 21, 2019 |
| ADM              | DN       | June 21, 2019 |
| Program Dir/Mgr. |          |               |

## BRIEFING NOTE FOR INFORMATION

**DATE:** July 12, 2019

**PREPARED FOR:** John Allan, Minister of Forests, Lands, Natural Resource Operations and Rural Development

**ISSUE:** Deputy Chief Forester Shane Berg, will be announcing the new allowable annual cut for the Fort Nelson Timber Supply Area.

### BACKGROUND:

- Effective July 16, 2019, the new Allowable Annual Cut (AAC) for the Fort Nelson Timber Supply Area (TSA) will be 2 582 350 cubic metres. It includes three partitions:
  1. *Northwestern portion of the TSA*: a maximum of 200 000 cubic metres from the Northwestern portion of the TSA;
  2. *Deciduous species*: a maximum of 1 469 410 cubic metres of deciduous volume from the rest of the TSA; and
  3. *Coniferous species*: a maximum of 912 940 cubic metres of coniferous volume from the rest of the TSA.
- This AAC will remain in effect until a new AAC is determined, which is required to take place within 10 years of this determination.
- The new AAC is a 59 percent increase from the current AAC of 1 625 000 cubic metres.
- In 2001, the AAC was 1 500 000 cubic metres with a partition of 900 000 cubic metres from deciduous-leading stands and 600 000 cubic metres from coniferous-leading stands. The current AAC was set in 2006 which discontinued the partitions and did not include the northwestern portion of the TSA.
- The base case shows that a harvest of 1 970 000 cubic metres/year can be sustained for the next 300 years. For the first 100 years, approximately 60 percent of the harvest is assumed to come from deciduous species.
- The average harvest over the past 10 years is approximately 9.4 percent of the current AAC and significant unharvested volumes have accumulated over this time.
- The Fort Nelson TSA supports a vigorous growing stock that has not been significantly impacted by forest insects, disease or wildfire.
- The Fort Nelson Timber TSA is located in the north-eastern corner of the province, within the ministry's Northeast Region. It is the second largest TSA in British Columbia and covers almost 9.9 million hectares.
- The Fort Nelson TSA overlaps the traditional territory of nine First Nations: Fort Nelson First Nation, Prophet River First Nation, Dene Tha' First Nation, Halfway River First Nation, Doig

River First Nation, Acho Dene Koe First Nation, Daylu Dena Council represented by Kaska-Dena Council, Liard First Nation and the Tahltan First Nation.

Since the closures of oriented strand board (OSB) and sawlog facilities in Fort Nelson in 2008, minimal harvesting in the Fort Nelson TSA has occurred. However, Stern Partners, Canfor and the Fort Nelson First Nation have stated their desire to restart the OSB facility in Fort Nelson.

## DISCUSSION:

The 59 percent increase in the AAC accounts for factors not modelled in the base case such as: the inclusion of the Northwestern portion of the TSA, inclusion of land mistakenly excluded from the timber harvesting land base, accounting for the use of endemic dead material, and a partition to encourage the use of deciduous species.

The feasibility of harvesting in the northwestern portion of the TSA is uncertain due to a combination of marketplace issues, high harvest and transportation costs, and lack of a developed road network other than the Alaska Highway. The addition of this partitioned area, within the Kaska Nation's asserted territory, was implemented to encourage potential forestry opportunities.

A species partition was implemented, consistent with the current inventory profile, intended to capitalize on harvesting opportunities in mature deciduous stands before wood quality deteriorates.

First Nations consultation for the Fort Nelson TSA AAC determination was initiated in 2017. Comment was received from the Fort Nelson First Nation, the Halfway River First Nation and Acho Dene Koe First Nation. The deputy chief forester met with Fort Nelson First Nation and the Acho Dene Koe First Nation. The chief forester also met with the Kaska Dena Council to discuss their interests. There were no responses from Prophet River First Nation, Doig River First Nation, or Dene Tha' First Nation.

## CONCLUSION

- Effective July 16, 2019, the new Allowable Annual Cut (AAC) for the Fort Nelson Timber Supply Area (TSA) will be 2 582 350 cubic metres, a 59 percent increase from the current AAC of 1 625 000 cubic metres. It includes three partitions:
  1. *Northwestern portion of the TSA*: a maximum of 200 000 cubic metres from the Northwestern portion of the TSA;
  2. *Deciduous species*: a maximum of 1 469 410 cubic metres of deciduous volume from the rest of the TSA; and
  3. *Coniferous species*: a maximum of 912 940 cubic metres of coniferous volume from the rest of the TSA.

### PREPARED BY:

Tamara Brierley  
Forest Analysis and Inventory Branch  
(778) 974-5577

### REVIEWED BY:

|                  | Initials | Date          |
|------------------|----------|---------------|
| DM               |          |               |
| Associate DM     |          |               |
| DMO              |          |               |
| ADM              | DN       | July 12, 2019 |
| Program Dir/Mgr. | AN       | July 12, 2019 |

## BRIEFING NOTE FOR INFORMATION

**DATE:** June 17, 2019

**PREPARED FOR:** Honourable Doug Donaldson, Minister of Forests, Lands, Natural Resource Operations and Rural Development

**ISSUE:** Finalizing the Ministry of Forests, Lands, Natural Resource Operations and Rural Development (FLNRORD) 2018-19 Annual Service Plan Report

### BACKGROUND:

- In accordance with the *Budget Transparency and Accountability Act*, the Ministry is required to report on its performance against the goals, objectives, and performance measures set out in its annual service plan.
- The Annual Service Plan Report (ASPR) is prepared by Corporate Initiatives Division in consultation with business areas across the Ministry, in accordance with the guidelines set out by the Crown Agency and Board Resource Office (CABRO).
- The government-wide deadline for submission of Minister-signed ASPRs is June 27, 2019. ASPRs will be released with public accounts in Summer, 2019.

### DISCUSSION:

In the 2018/19-2020/21 FLNRORD Service Plan, the Ministry published seven strategic performance measures to provide indicators of progress towards its strategic goals, objectives, and strategies. A summary of performance measures results, and a three-year comparison is included in Appendix 1.

The Ministry achieved the following performance measure targets in 2018/19:

- Compliance and Enforcement Field Presence exceeded its target by 1%, increasing 1% over last year. This is due to improved data capture, and new systems and processes that allow officers to effectively and efficiently prioritize their activities in the field.
- Timber Volume Gain Forecasts from Silviculture Investments slightly exceeded its target due to increased planting levels being reported by industry with improved seed and additional fertilization by the FCI program.
- The Ministry successfully implemented a structure for ongoing engagement with Rural Communities in 2018/19, with extensive stakeholder and public feedback being used to improve the Rural Development and Rural Dividend programs.
- The Ministry made substantial progress on reviewing policy and programs in collaboration with Indigenous communities, exceeding the target for measure 2.1a.

The following performance measures did not achieve targets:

- The target for the number of policies modified in collaboration with Indigenous Peoples (2.1b) was not met, however, engagement and collaboration is ongoing, and it is anticipated that changes will occur in 2020/21.
- The Wildfire performance measure target for tracking initial attack on rank 1-4 wildfires was not met due to a historically busy fire season in 2018 and the need to prioritize resources to fires that posed the greatest threat to public safety and critical infrastructure.

- Annual Timber Volume Sold by BCTS achieved 94% of its target due to impacts such as consecutive record-breaking wildfire seasons and the mountain pine beetle infestation.
- Client Satisfaction with Natural Resource Authorization Services continued its upward trend with an improvement of 1 point over last fiscal, and reached its highest score since 2013. It remains, however, slightly below the target of 78. Ministry staff are maintaining their focus on client service and service improvements, as well as continuing investments in Client Service Certification training for both staff and managers.

#### NEXT STEPS:

- Deputy Minister's feedback, suggested changes and approval of the 2018/19 Annual Service Plan Report – ideally by June 21, 2019
- Annual Service Plan Report sent to the Minister's Office for review – June 21, 2019
- Minister's briefing – June 26, 2019
- Minister-signed ASPR due to CABRO – June 27, 2019

#### Attachment(s):

#### PREPARED BY:

Sandy Postings  
Manager, Corporate Planning and Performance  
Corporate Initiatives Division  
250-380-8565

#### REVIEWED BY:

|                  | Initials | Date       |
|------------------|----------|------------|
| DM               |          |            |
| Associate DM     |          |            |
| DMO              |          |            |
| ADM/ED           | BH       | June 17/19 |
| Program Dir/Mgr. | SP       | June 17/19 |

## Appendix 1

### 2018/19 Performance Measure Results Summary

| #    | Performance Measure                                                                                                     | 2018-19 Target      | Year End Result     | Variance |
|------|-------------------------------------------------------------------------------------------------------------------------|---------------------|---------------------|----------|
| 1.1  | Percent of Natural Resource Officers' time spent on education, promotion, inspections, investigations, and enforcement. | 80%                 | 81%                 | 1.25%    |
| 2.1a | The number of policies that have been reviewed in collaboration with Indigenous communities.                            | 10                  | 12                  | 0        |
| 2.1b | Number of programs or policies modified in response to collaboration with Indigenous communities.                       | 3                   | 0                   | -100%    |
| 3    | Percent of rank one to four wildfires contained at less than four hectares by 10AM the following day. <sup>1</sup>      | 94%                 | 87%                 | 7.4%     |
| 4.1  | Annual timber volume sold by BC Timber Sales                                                                            | 12.1Mm <sup>3</sup> | 11.4Mm <sup>3</sup> | -5.8%    |
| 4.2  | Timber volume gain (millions of cubic metres) expected in 65 years from silviculture treatments completed <sup>1</sup>  | 9.0 Mm <sup>3</sup> | 9.2Mm <sup>3</sup>  | 2.2%     |
| 5.1  | Implement a structure for ongoing engagement with rural communities                                                     | 1                   | 1                   | 0%       |
| 6.1  | Client satisfaction success score                                                                                       | 78                  | 76                  | -2.6%    |

### Comparison of Results 2015/16 – 2018/19

| #    | Performance Measure                                                                                                     | 2015/16 Actual      | 2016/17 Actual       | 2017/18 Actual <sup>1</sup> | 2018/19 Actual      |
|------|-------------------------------------------------------------------------------------------------------------------------|---------------------|----------------------|-----------------------------|---------------------|
| 1.1  | Percent of Natural Resource Officers' time spent on education, promotion, inspections, investigations, and enforcement. | 72%                 | 78%                  | 80%                         | 81%                 |
| 2.1a | The number of policies that have been reviewed in collaboration with Indigenous communities.                            | New in 2018/19      |                      |                             | 12                  |
| 2.1b | Number of programs or policies modified in response to collaboration with Indigenous communities.                       | New in 2018/19      |                      |                             | 0                   |
| 3    | Percent of rank one to four wildfires contained at less than four hectares by 10AM the following day. <sup>1</sup>      | New in 2018/19      |                      |                             | 87%                 |
| 4.1  | Annual timber volume sold by BC Timber Sales <sup>1</sup>                                                               | 13.5Mm <sup>3</sup> | 12.7 Mm <sup>3</sup> | 10.8Mm <sup>3</sup>         | 11.4Mm <sup>3</sup> |
| 4.2  | Timber volume gain (millions of cubic metres) expected in 65 years from silviculture treatments completed               | 7.8Mm <sup>3</sup>  | 7.6Mm <sup>3</sup>   | 9.1Mm <sup>3</sup>          | 9.2Mm <sup>3</sup>  |
| 5.1  | Implement a structure for ongoing engagement with rural communities                                                     | New in 2018/19      |                      |                             | 1                   |
| 6.1  | Client satisfaction success score                                                                                       | 70.9                | 74.6                 | 75                          | 76                  |

<sup>1</sup>These figures are internal only. In 2017/18 service plans across government did not report performance using traditional performance measures

**Ministry of Forests, Lands, Natural Resource  
Operations and Rural Development**

**2018/19  
ANNUAL SERVICE PLAN REPORT**

**July 2019**

**Draft**  
**June 19, 2019**



For more information on the British Columbia Ministry of Forests, Lands, Natural Resource Operations and Rural Development contact:

Ministry of Forests, Lands, Natural Resource Operations and Rural Development:

PO BOX 9352  
STN PROV GOVT  
VICTORIA, BC  
V8W 9M1

250-387-1772

Or visit our website at

[http://www.gov.bc.ca/for/?pl=mo-flnr-flnr\\_web](http://www.gov.bc.ca/for/?pl=mo-flnr-flnr_web)

Published by the Ministry of Forests, Lands, Natural Resource Operations  
and Rural Development

## Minister's Message and Accountability Statement



The 2018/19 *Annual Service Plan* Report concludes another historic year for our Ministry and the Province of B.C. While still recovering from last year's unprecedented wildfires, our province survived another record-breaking wildfire season, with over 2,100 fires burning 1.35 million hectares of land. To keep British Columbians safe, we immediately took action on the recommendations of the government-commissioned, independent review of the 2017 wildfires and floods. As part of Budget 2018, we committed \$72 million over three years for wildfire prevention and recovery. This includes the new \$50 million Community Resiliency

Investment Program to help local governments and First Nations reduce wildfire risks around their communities.

The forest sector is a cornerstone of our economy, providing good jobs for more than 57,000 people in 140 communities around our province. In December 2018, we led the largest-ever B.C. Forestry Asia Trade Mission delegation (including over 40 senior forest sector representatives from industry, First Nations, research and labour) to South Korea and Japan to further develop markets for our province's wood products. In January 2019, we launched the Coast Forest Sector Revitalization Initiative, which includes policy changes to increase the processing of B.C. logs on the coast and to reduce wood waste by redirecting it to B.C.'s pulp and paper mills. This will help to maintain and expand domestic manufacturing, get more value out of every log, provide new opportunities for First Nations, and encourage innovation.

To give government more oversight of the forest sector, we made changes to the *Forest Act* and to the *Forest and Range Practices Act*. Forest companies will now need approval from government before they dispose of or transfer a tenure agreement to another party. This will help us ensure all British Columbians benefit from the forest industry, and allow for more opportunities for participation of First Nations and others. Amendments made to the *Forest and Range Practices Act* will create more frequent and reliable opportunities for public input and information sharing in forest planning.

As part of Budget 2018, we committed \$16 million over three years to modernize land-use planning in order to sustainably manage B.C.'s ecosystems, rivers, lakes, watersheds, forests and old growth. The first year is focusing on collaborating with Indigenous communities to ensure modernized land use planning includes a shared vision for land management and stewardship that will advance reconciliation efforts, provide economic clarity that supports development opportunities, and enhance community well-being.

We are taking action to recover critical species at risk, including investing \$47 million towards the Caribou Recovery program. Provincial government biologists successfully moved three caribou from the South Selkirk area with the hope that they will join the Columbia-North herd, which has an estimated population of 147 animals. We are also providing \$14 million over three years to develop and implement a new wildlife management and habitat conservation strategy in 2020.

To help the province take more decisive action to conserve heritage and archaeology sites and objects, we made changes to the *Heritage Conservation Act*. The amendments also address First Nation's calls to do more to protect historic and cultural sites, and to act on our commitment to implement the United Nations Declaration on the Rights of Indigenous Peoples.

The *Ministry of Forests, Lands, Natural Resource Operations and Rural Development 2018/19 Annual Service Plan Report* compares the Ministry's actual results to the expected results identified in the *2018/19 – 2020/21 Service Plan* created in February 2018. I am accountable for those results as reported.

*Minister's Signature*

Honourable Doug Donaldson  
Minister of Forests, Lands, Natural Resource Operations and Rural Development  
[Insert date the Minister approves the Annual Report]

## Table of Contents

|                                                                    |    |
|--------------------------------------------------------------------|----|
| Minister's Message and Accountability Statement.....               | 3  |
| Purpose of the Annual Service Plan Report.....                     | 6  |
| Purpose of the Ministry.....                                       | 6  |
| Strategic Direction .....                                          | 6  |
| Operating Environment.....                                         | 7  |
| Report on Performance .....                                        | 8  |
| Goals, Objectives, Measures and Targets.....                       | 8  |
| Ministry Financial Report .....                                    | 20 |
| Financial Report Summary Table .....                               | 21 |
| Major Capital Projects .....                                       | 23 |
| Natural Resource Permitting Project (NRPP).....                    | 23 |
| Appendix A: List of Crowns, Agencies, Boards and Commissions ..... | 24 |
| Forest Practices Board Financial Report.....                       | 25 |

## Purpose of the Annual Service Plan Report

The Annual Service Plan Report (ASPR) is designed to meet the requirements of the *Budget Transparency and Accountability Act* (BTAA), which sets out the legislative framework for planning, reporting and accountability for Government organizations. Under the BTAA, the Minister is required to report on the actual results of the Ministry's performance related to the forecasted targets documented in the previous year's Service Plan.

## Purpose of the Ministry

The Ministry of Forests, Lands, Natural Resource Operations and Rural Development (the Ministry) is the Province's agency responsible for land and resource management in British Columbia, including the protection of the Province's archaeological and heritage resources. Operating on a provincial land base of over 94 million hectares, the Ministry ensures the sustainable management of our forests, wildlife, water and other land-based resources, and works with Indigenous and rural communities to strengthen and diversify their economies. It is also responsible for wildfire management, and facilitates public access to a wide range of recreational activities such as hunting, fishing, and access to B.C.'s wilderness and backcountry. By providing services British Columbians can count on, a commitment to sustainable natural resource management, and through the advancement of new transformational initiatives, the Ministry supports activities that provide environmental, economic, cultural and social benefits to all British Columbians. This work directly contributes to the achievement of the Province's goals of reconciliation, clean growth and a strong, sustainable economy.

The Ministry oversees policy development, operational management and implementation, and administers all or part of over 63 statutes and associated regulations.

## Strategic Direction

The strategic direction set by Government in 2017/18 and expanded upon in the Minister's Mandate Letter shaped the 2018/19-2020/21 Service Plan and the results reported in this Annual Service Plan Report.

The following table highlights the key goals, objectives or strategies that support the key priorities of Government identified in the 2018/19 Ministry of Forests, Lands, Natural Resource Operations and Rural Development Service Plan:

| Government Priorities                   | The Ministry of Forests, Lands, Natural Resource Operations and Rural Development Aligns with These Priorities By:                                                                                                                     |
|-----------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Making life more affordable             | <ul style="list-style-type: none"> <li>• Socio-economic development that will result in thriving rural communities and support community objectives (Objective 5.1)</li> </ul>                                                         |
| Delivering the services people count on | <ul style="list-style-type: none"> <li>• Sustainable Natural Resource Management (Goal 1)</li> <li>• Resilience to Natural Hazards in a Changing Climate (Goal 3)</li> <li>• Excellence in Client Service Delivery (Goal 6)</li> </ul> |

|                               |                                                                                                                                                                                                                                                                                    |
|-------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| A strong, sustainable economy | <ul style="list-style-type: none"> <li>• Sustainable Natural Resource Management (Goal 1)</li> <li>• Reconciliation with Indigenous People (Goal 3)</li> <li>• Revitalizing Forests and the Forest Sector (Goal 4)</li> <li>• Rural Development and Resilience (Goal 5)</li> </ul> |
|-------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

## Operating Environment

Impacts of climate change. Provincial policies aim to support the resilience and enhancement of key natural resource values, and most of these values are, and will continue to be, affected by the impacts of climate change. The Ministry's challenge is to effectively manage the Province's natural resources under these conditions, and ensure climate change considerations are integrated into all aspects of Ministry business. General trends in climate change across B.C. are well understood and are unfolding as expected, and the specific ecological impacts expected in any given location are becoming clear. Trends such as increasingly severe and complex wildfires, floods, landslides, droughts and outbreaks of pests continue to affect the provincial landscape and communities. The province has experienced two consecutive record-breaking wildfire seasons in 2017 and 2018. In 2018 alone, wildfires affected almost all regions of the province, with over 2,100 fires burning a record 1.35 million hectares of land.

In response, the Ministry worked to improve community resiliency and reduce the risk of disaster by taking clear and swift action on the government-commissioned, independent Abbott/Chapman report "Addressing the New Normal: 21<sup>st</sup> Century Disaster Management in British Columbia" on the 2017 wildfire and flood seasons. This Ministry has built partnerships with Indigenous and local communities to improve emergency preparedness and build local capacity and resources for disaster readiness, response and recovery. It has also expanded FireSmart funding and resources under the new \$50-million Community Resiliency Investment Program and continued to support community-led emergency planning. The Ministry is also working to meet (i) the mandate of its 2015-2020 Climate Change Strategy and (ii) the commitments made in Government's response to the Office of the Auditor General's report on Managing Climate Change Risks: An Independent Audit. Concurrently, in alignment with the goals of the Province in its CleanBC strategy, the Ministry is realizing opportunities of B.C.'s forests for improved carbon sequestration and emissions reductions through the Forest Carbon Initiative, and work with the Forest Enhancement Society of British Columbia.

B.C.'s forest sector economy. B.C.'s forest sector is responsible for over \$14 billion of the province's total exports and is the primary employer in many parts of the province. Forestry-related activities directly supported over 7,000 businesses and directly employed nearly 54,000 people in 2018. Challenges, for example a reduction in timber supply due to factors such as impacts of the mountain pine and spruce beetle infestations, increasing intensity and duration of wildfires, and ongoing trade disputes with the U.S., are affecting forest sector employment in logging, forestry services and manufacturing.

Supporting a strong economy for rural communities is a priority for the Ministry, especially for those that depend on the natural resource sector to employ their citizens and strengthen their economies. In January 2019, the Ministry launched the Coast Forest Sector Revitalization Initiative, which aims to reverse the systemic decline that has taken place in the Coast forest

sector over the past two decades through implementation of a number of legislative, policy and regulatory changes. The Province continued work to maintain and expand access for B.C. forest products in existing and emerging markets such as Japan, South Korea and India. The Comprehensive and Progressive Trans Pacific Partnership (CPTPP), which came into effect in December 2018, offers new trade opportunities in the Asia Pacific for Canada and the other countries that have ratified it. The Ministry also continued to work closely with the federal government, other provinces and the forest industry on the softwood lumber trade litigation with the U.S.

Natural Resource Management. Supporting true and lasting reconciliation with Indigenous peoples, considering the impacts of climate change, and an increasing social interest in the management of Crown land and resources, are all factors that demand a more collaborative and sophisticated approach to resource management decisions in the province. Decision-makers must ensure that evolving case law regarding First Nations' interest in the land base is respected, as well as consider increased public interest and the needs of rural communities.

In 2018/19, the Ministry took action to increase opportunities for collaboration in the stewardship of B.C.'s land, natural and cultural resources. The Ministry worked with the Ministry of Indigenous Relations and Reconciliation, Indigenous peoples, communities and organizations to begin to modernize its approach to land-use planning, and is committed to the stewardship of natural resources in a way that fully reflects the diverse values and interests of British Columbians. To build public confidence and trust in resource management decisions, the Ministry continues to integrate policy with operational resource management, and use innovative, science-based information such as the Cumulative Effects Framework and integrated monitoring.

The Economy. British Columbia's real GDP increased by 2.4 per cent in 2018 (according to preliminary GDP by industry data from Statistics Canada), the third strongest growth among provinces. Employment in B.C. grew by 1.1 per cent, a slower pace compared to previous years. Labour market conditions tightened further, while growth in wages and salaries remained strong. Domestic spending slowed somewhat, reflected by slower growth in retail sales and further moderation in housing activity, particularly home sales. Residential construction was strong with housing starts well above the historical average. Meanwhile, foreign demand overseas helped to support solid growth overall in B.C.'s merchandise exports.

## **Report on Performance**

The following section reports on the objectives and performance targets provided in the 2018/19 – 2020/21 Service Plan, along with the Ministry's achievements.

### ***Goals, Objectives, Measures and Targets***

The Ministry aligned its activities under the following six goals to achieve Government's priorities:

1. Sustainable Natural Resource Management
2. Reconciliation with Indigenous People
3. Resilience to Natural Hazards in a Changing Climate
4. Revitalizing Forests and the Forest Sector

5. Rural Development and Resilience
6. Excellence in Client Service Delivery

The seven selected performance measures gauge progress toward the Ministry goals and associated objectives as established for the 2018/19-2020/21 Service Plan.

## Goal 1: Sustainable Natural Resource Management

The Ministry is dedicated to transparency in managing stewardship responsibilities in the best interest of citizens of the Province. The Ministry engages in equitable, respectful and effective communications to ensure all parties and Indigenous communities are informed and, where appropriate, engaged on actions and decisions in a timely manner.

### Objective 1.1: Natural resource management that improves public confidence and trust in the stewardship of natural resources

This objective reflects a broad approach to stewardship, and identifies action that the Ministry is undertaking to increase public confidence in the Province's sustainable resource management, while contributing to job creation.

#### Key Highlights:

- Collaboratively engaged with Indigenous governments, communities, and stakeholders to modernize provincial land-use planning. The Ministry identified priority planning projects to initiate, completed initial drafting of a land-use planning framework to be co-designed with Indigenous governments, and advanced policy guidance that will support land-use planning processes;
- Investing \$14 million over three years towards improving wildlife management and habitat;
- Took action to recover critical species at risk, including investing \$47 million over five years towards the Caribou Recovery program;
- Continued implementation of the *Water Sustainability Act*, including an extension to the licence application transition period for those who were using groundwater on or before February 29, 2016 for any non-domestic use (e.g. agricultural, industrial, commercial and institutional groundwater uses).

| Performance Measure                                                                                                                         | 2016/17 Actuals | 2017/18 Actuals | 2018/19 Target | 2018/19 Actuals | 2019/20 Target | 20120/21 Target |
|---------------------------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------|----------------|-----------------|----------------|-----------------|
| 1.1 Percent of Natural Resource Officers' time spent on education, promotion, inspections, investigations, and enforcement. <sup>1, 2</sup> | 78%             | 80%             | 80%            | 81%             | n/a            | n/a             |

<sup>1</sup> **Data Source:** Ministry of Forests, Lands, Natural Resource Operations and Rural Development Natural Resource Information System

<sup>2</sup> This is the percentage of available time Natural Resource Officers carry out their core functions, but does not include general administration

## **Discussion:**

This performance measure evaluates the percentage of time that Natural Resource Officers (NROs) spend delivering their core functions, which include education, promotion, inspections, investigations and enforcement to support a strong provincial economy, safeguard Government revenue, and protect the environment, social values and public safety of British Columbians. These core functions support Ministry efforts to achieve its objective to foster public confidence and trust in the stewardship of British Columbia's natural resources.

Compliance and Enforcement slightly exceeded its target in 2018/19, increasing by one percent over last year. This was due to continued efforts to improve business and system processes which ensure timely and accurate recording of NRO time spent on core functions. The Ministry continues to implement new tools and streamlined processes to increase field time for compliance and enforcement officers, while also making that time more effective and efficient. For example, the provincial Report All Poachers and Polluters line and the Natural Resource Violations Reporting decision-making tool together will continue to help identify the highest priorities for officers, and make their time in the field as effective as possible.

Officer time spent on education, promotion, inspections, investigations, and enforcement has increased steadily since the baseline year due to continued efforts to improve business and system processes, leading to less overall administration time for NROs. Both targets and results have now leveled off near 80%, in recognition that the NROs' work will continue to have a necessary administrative component. As such, this measure is in its final year of reporting and no longer carries forward in the current 2019/20-2021/22 Service Plan. The Ministry will continue to streamline processes to improve effectiveness, efficiency, and maximize NROs' time in the community.

## **Goal 2: Reconciliation with Indigenous People**

This new goal in 2018/19 was developed in accordance with the Government's commitment to reconciliation with the Indigenous peoples of British Columbia, and the Ministry's focus on partnership, engagement, and collaboration. The Ministry is dedicated to supporting the Province's commitment to adopt and implement the principles of the United Nations Declaration on the Rights of Indigenous Peoples, and the Truth and Reconciliation Commission (TRC) Calls to Action.

### **Objective 2.1: Increased participation of Indigenous peoples in the work of the Ministry, and strengthened partnerships for the stewardship of natural resources and the natural resource economy**

This objective articulates the Ministry's commitment to working closely with Indigenous peoples to ensure a stronger voice in the stewardship of land, natural resources and cultural resources, and build capacity for government-to-government collaboration.

## Key Highlights:

- Introduced amendments to the *Heritage Conservation Act* that will strengthen the protection of archaeological sites and support Government's commitment to implement the UNDRIP;
- Worked with the Ministries of Agriculture, Indigenous Relations and Reconciliation and Attorney General, and First Nations to develop a government-to-government process to address conflict in the finfish aquaculture industry in the Broughton Archipelago. This was followed by work with industry to deliver recommendations that will protect and restore wild salmon stocks, allow an orderly transition plan for open-pen finfish for the Broughton Archipelago and create a more sustainable future for local communities and workers. Recommendations on specific tenures have been implemented and a broader implementation plan is now in place for the area;
- Established five collaborative stewardship forums with Indigenous peoples, covering 40% of the province and involving 33 Indigenous communities. Nineteen Indigenous community stewardship positions have been established to support this collaborative work and 18 projects have been initiated.

| Performance Measures                                                                                                | 2018/19 Target | 2018/19 Actuals | 2019/20 Target | 2020/21 Target |
|---------------------------------------------------------------------------------------------------------------------|----------------|-----------------|----------------|----------------|
| 2.1a The number of policies that have been reviewed in collaboration with Indigenous communities. <sup>1</sup>      | 10             | 12              | 20             | 20             |
| 2.1b Number of programs or policies modified in response to collaboration with Indigenous communities. <sup>2</sup> | 3              | 0               | 10             | 10             |

<sup>1, 2</sup> **Data Source:** First Nations Relations Branch

## Discussion:

New to the 2018/19 Service Plan, these measures (2.1a and 2.1b) evaluate Ministry efforts to expand and improve collaboration with Indigenous communities, through a progression beginning with policy reviews and resulting in policy changes reflecting these collaborative efforts. Targets are based on resourcing requirements, capacity of Indigenous communities and the Province, and on the results of Indigenous communities' engagement to determine which programs and policies are relevant to review.

In 2018/19, the Ministry began advancing a series of major policy and legislative initiatives in the natural resource sector. Collaboration with Indigenous Communities, and indigenous led organizations, has been and continues to be an integral part of this work. Through regionally accessible workshops, substantial policy direction was gained on the management of ancestral remains, forest policy objectives, economic development opportunities, and sustainable wildlife management. The Ministry engaged with Indigenous communities on 12 programs and policies to ensure that any potential changes the Ministry makes are in alignment with Indigenous Nations' priorities, UNDRIP and the TRC Calls to Action. The programs and policies reviewed include forest revenue sharing, protection and incorporation of Indigenous knowledge, wildlife

management, bio-economy opportunities, land based investments, protection of ancestral remains, and forest sector training.

Due to the substantial scope of the Ministry and the time required to advance program and policy changes across such a broad range of responsibilities, no significant changes were made in 2018/19. The work that was started in 2018/19 is ongoing, and is anticipated to have a direct and identifiable impact on recommendations for legislative or policy changes in 2020/21.

### **Goal 3: Resilience to Natural Hazards in a Changing Climate**

This goal reflects the Ministry's commitment to collaborating with other governments and agencies to build resilience to more severe events associated with climate change, including wildfire, flood, drought and landslides.

#### **Objective 3.1: Proactively and collaboratively manage natural hazards including wildfire, flood, drought and landslides**

This objective reflects increasing attention to the impacts of climate change, the Ministry's commitments to incorporating the lessons learned from the 2017 wildfire and freshet (flood) seasons, and its continued proactive approach to all potential natural hazards that are within the scope of its mandate.

#### **Key Highlights:**

- Established the \$50-million Community Resiliency Investment (CRI) program to help local governments and First Nations reduce wildfire risk around their communities. In its first year, the CRI program has approved over \$9.8 million in funding for 51 First Nations and 76 local governments;
- Responded to the government-commissioned, independent Abbott/Chapman report on the unprecedented 2017 wildfire and flood seasons in British Columbia, outlining actions planned and underway to address the report's 108 recommendations;
- Increased training, engagement and communication with Indigenous communities on wildfire management and response, including the establishment of partnerships between the BC Wildfire Service, the First Nations' Emergency Services Society of B.C. and Indigenous Services Canada to deliver training for Type 2 and Type 3 firefighting crews, and the development of a First Nations firefighter recruitment strategy;
- Improved integration with Emergency Management BC (EMBC), enhanced industry involvement in wildfire response efforts, improved external communications and engagement in all phases of emergency management, and partnered with the Office of the Fire Commissioner to expand the use of structural firefighters in rural and wildland urban interface areas.

| Performance Measure                                                                                                    | 2016/17<br>Baseline | 2018/19<br>Target | 2018/19<br>Actuals | 2019/20<br>Target | 20120/21<br>Target |
|------------------------------------------------------------------------------------------------------------------------|---------------------|-------------------|--------------------|-------------------|--------------------|
| 3.1 Percent of rank one to four wildfires contained at less than four hectares by 10AM the following day. <sup>1</sup> | 93%                 | 94%               | 87%                | n/a               | n/a                |

<sup>1</sup> **Data Source:** Wildfire Management, Electronic Fire Fighting Reports, Ministry of Forests, Lands, Natural Resource Operation and Rural Development.

## Discussion:

The Ministry's detection and management of wildfire is critical to successfully managing forests and maintaining healthy ecosystems. As healthy forest and range ecosystems are subject to natural fire cycles, fire suppression is warranted under conditions where there is a risk to public safety or government assets, such as Crown timber. If values at risk are low, a decision may be made to allow for the natural role of fire in maintaining healthy ecosystems, rather than undertaking fire suppression. Where a decision to take action is made, the goal is to keep the final size of the fire at less than four hectares, so that damage and costs for fire suppression will be minimized for fires ranked one to four<sup>1</sup>. This measure tracks the Ministry's success rate for initial attack on full response wildfires with the objective of fully suppressing wildfires before they reach four hectares or greater in size. The measure does not capture fire levels rank five and six<sup>2</sup>.

Due to a historically busy fire season in 2018, BC Wildfire Service had to prioritize resources to fires that posed the greatest threat to public safety and critical infrastructure, therefore many fires were monitored, but not suppressed until resources became available. As a result, the Ministry did not achieve its target. For 2019, BC Wildfire Service has an increased preparedness budget of \$38 million to improve its capacity to respond to increased fire load.

All aspects of wildfire management, including prevention and mitigation, planning, response and recovery, are essential to the maintenance of public safety and protection of private and public infrastructure. The Ministry seeks to continuously improve all these, while also focusing its attention on prevention and mitigation to minimize the negative impacts of wildfires, with particular focus on high risk areas including the wildland-urban interface. As such, the Ministry will continue to track this performance measure internally while replacing it in the current Service Plan with a new measure that evaluates prevention and mitigation efforts across the Province.

## Goal 4: Revitalizing Forests and the Forest Sector

This goal reflects shifts in the overall effort to ensure that the forest sector in B.C. is robust, the investment climate is attractive, forest policies and practices are sustainable and adaptable, and wood is used in innovative ways.

<sup>1</sup> Fires ranked one to four allow direct suppression methods. Ninety nine percent of fires in the last ten years were ranks one to four.

<sup>2</sup> Rank five and six wildfires are not within the Ministry's full control as there is increasingly limited ability to suppress fire directly without significant risks to firefighters, and suppression efforts are also limited to indirect actions.

## Objective 4.1: Increased domestic manufacturing potential and support for rural economies and workers in the forest sector

This objective aims to support the conditions that will drive the economic aspects for the domestic manufacturing industry.

### Key Highlights:

- Launched the comprehensive Coast Forest Sector Revitalization initiative with targeted forest policy reforms to support good jobs and greater domestic use of fibre, and improve public confidence in forestry activities;
- Led the largest-ever B.C. forest sector trade mission to Asia in December 2018 to expand markets for B.C. wood products, examine market trends that will shape future demand, and identify opportunities to raise the value of B.C.'s forest products;
- Worked with the Ministry of Municipal Affairs and Housing to advance building code changes that will allow for safe construction of taller wood buildings using mass-timber technology, which will support expansion of B.C.'s innovative wood-products sector and create more jobs and new markets for B.C. wood products;
- Supported the federal government and represented B.C.'s interests in Canada-US litigation on the softwood lumber dispute.

| Performance Measure                                           | 2016/17 Actuals      | 2017/18 Actuals     | 2018/19 Target      | 2018/19 Actuals     | 2019/20 Target      | 2020/21 Target      |
|---------------------------------------------------------------|----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| 4.1 Annual timber volume sold by BC Timber Sales <sup>1</sup> | 12.7 Mm <sup>3</sup> | 10.8Mm <sup>3</sup> | 12.1Mm <sup>3</sup> | 11.4Mm <sup>3</sup> | 11.8Mm <sup>3</sup> | 11.8Mm <sup>3</sup> |

**Data Source:** B.C. Timber Sales Cengea Resources System

<sup>1</sup> A key objective of BC Timber Sales is to sell its rationalized apportionment over the five year business cycle (2014/15-2018/19). Volumes sold targets are set to achieve this objective.

### Discussion:

Timber volume sold by BC Timber Sales (BCTS) supports rural economies and manufacturing sectors and workers, leading to strong, sustainable economies in communities throughout B.C.

This performance measure tracks the timber volume that BCTS sells through auction each year. Targets are set based on BCTS' annual apportionment, which is determined by the Minister in alignment with the Chief Forester's Allowable Annual Cut (AAC) for B.C. as a whole, and are re-evaluated annually considering a number of factors. Timber volume sold is a key performance output supporting BCTS' goal to provide credible representative price and cost benchmark data for the Market Pricing System through auctions of timber harvested from public land in British Columbia.

Timber supply has been impacted by recent and ongoing events, most notably the mountain pine beetle infestation. Despite these challenges, BCTS is committed to achieving the targets over the next three years. In 2018/19, BCTS achieved 94% of its target timber volume sold, and has sold over 97% of its rationalized apportionment over its five-year business cycle ending March 31,

2019. This achievement supported the Ministry's Market Pricing System and forest sector economies, generated significant net revenues for the Province, and maintained over 8,000 direct and 11,000 indirect jobs that support rural economies and families in British Columbia.

### **Objective 4.2: Increased investments in forests that provide economic, social, and environmental benefits for British Columbians**

This objective focusses on the environmental sustainability of B.C. forests and the forest sector. Investment in the forest sector provides social benefits such as community resilience and reconciliation with Indigenous people.

#### **Key Highlights:**

- Under the Forest Carbon Initiative, approximately \$27 million was invested in 2018-19 by the ministry and the Forest Enhancement Society of B.C. in projects that enhance carbon sinks and reduce carbon emissions in B.C. forests.
- Amended the *Forests and Range Practices Act* to enhance forest planning, practices, mapping and management, and improve First Nations consultation, public engagement and overall public confidence in the way the Province's forests are managed.

| Performance Measure                                                                                                        | 2016/17 Actuals    | 2017/18 Actuals    | 2018/19 Target <sup>2</sup> | 2018/19 Actuals    | 2019/20 Target | 2020/21 Target |
|----------------------------------------------------------------------------------------------------------------------------|--------------------|--------------------|-----------------------------|--------------------|----------------|----------------|
| 4.2 Timber volume gain (millions of cubic metres) expected in 65 years from silviculture treatments completed <sup>1</sup> | 7.7Mm <sup>3</sup> | 9.1Mm <sup>3</sup> | 9.0 Mm <sup>3</sup>         | 9.2Mm <sup>3</sup> | n/a            | n/a            |

<sup>1</sup> **Data Source:** Volume gains (millions of cubic metres of wood) estimated using data submitted by licensees and the Ministry to RESULTS (Reporting Silviculture Updates and Land Status Tracking System) and SPAR (Seed Planning and Registry System). Gain as compared to basic reforestation using natural unimproved seed sources; "Timber Volume gain" includes incremental growth associated with silviculture treatment (planting using select seed, rehabilitation, juvenile spacing, and fertilization) and is based on the estimated total accumulated volume gains in 65 years.

<sup>2</sup> Targets are based in part on Land Based Investment Strategy (LBIS) funding, and are also influenced by licensee activity. Targets are forecast based on activity from the previous two years, for example, seedlings sown in fall 2015 for planting in spring and summer 2017 influence targets in 2017/18.

#### **Discussion:**

In B.C., licensees are legally required to reforest the areas they harvest. This performance measure reflects investments beyond legal requirements that result in incremental timber volume gains. The measure accounts for Forests for Tomorrow and Forest Carbon Initiative (FCI) investments in areas without licensee obligations, and timber volume gains from investments in improved seed stock across all reforested Crown land. Further investments are also being made by the Forest Enhancement Society of B.C., through granting of funds to third parties who implement projects and treatments on the land base, improving damaged or low-value forests and reducing greenhouse gas emissions.

Fluctuations in targets and results since the baseline was established reflect the Ministry's ongoing commitment to address the long term economic, social, and environmental impacts from the mountain pine beetle infestation and wildfires. The 2017 and 2018 wildfire seasons have resulted in a large increased need for reforestation and this will begin to filter into the resulting activities in 2019/20.

In 2018/19, the Ministry increased its volume gain target due to increased planting levels by industry with improved seed and additional fertilization by the FCI program.

For 2019/20 and beyond, the Ministry has removed this performance measure in its Service Plan, replacing it with a new measure that reports on the outcomes of a range of forest investments including silviculture treatments and improved utilization of waste. The Ministry continues to maintain its commitment to reforestation investments in forests damaged by natural disturbance and improving the performance of these newly established forests with the goal of resilient and vibrant landscapes, providing additional timber for economic activity, high quality habitat for wildlife, and spaces for recreation and tourism.

## Goal 5: Rural Development and Resilience

This goal reflects Government's dedication to enhancing rural development with respect to natural resource management, economic sustainability and social development.

### Objective 5.1: Socio-economic development that will result in thriving rural communities and support community objectives

This objective focusses on the successful delivery of the Ministry's Rural Development Program, which leads community transition services for significant economic disruptions, actively supports rural community self-reliance and economic diversification, and delivers the Rural Dividend Program.

#### Key Highlights:

- Distributed over \$24 million in grants to 244 projects through the fifth intake of the Rural Dividend Program to support local governments, Indigenous communities, and not-for-profit organizations to strengthen and diversify their economies;
- Initiated a third-party review of the Rural Dividend Program, resulting in 28 recommendations for continuous improvement. The Ministry is fully implementing 13 recommendations before the sixth intake (June 15-August 15, 2019), with all recommendations to be implemented before the 2020/21;
- Completed a rural engagement process with communities around the province to identify issues impacting rural communities and better inform rural policy and program development across government.

| Performance Measure |                                                                     | 2018/19 Target | 2018/19 Actuals | 2019/20 Target | 2020/21 Target |
|---------------------|---------------------------------------------------------------------|----------------|-----------------|----------------|----------------|
| 5.1                 | Implement a structure for ongoing engagement with rural communities | 1              | 1               | n/a            | n/a            |

## **Discussion**

The Ministry is committed to making a difference in the lives of British Columbians in rural communities across the province. Critical to the creation and delivery of the Ministry's rural development mandate is effective and ongoing engagement with Indigenous and non-Indigenous rural communities across British Columbia.

During 2018/19, the Ministry successfully achieved its target by conducting a rural engagement process which included face-to-face sessions with communities around the province, key advisor interviews and an online engagement platform. From this engagement process, the Ministry released its *What We Heard* report in October 2018 which has informed the development and administration of programs and services to better align Ministry efforts with community needs across the province.

In 2018/2019, the Ministry also engaged a third party to conduct a review of the Rural Dividend Program. This review involved targeted engagement, including a survey and interviews, with past applicants and rural stakeholders to assess how the Program's overall impact and efficiency could be improved. The program review contributed 28 recommendations, which are currently being implemented by the Ministry. These changes will improve overall program impact, efficiency, and applicant experience.

The Ministry is committed to maintaining ongoing engagement to ensure the rural development mandate remains current and focused on the highest priorities for B.C.'s rural communities. Ministry staff remain connected to communities around the province in order to align resources to best realize the goals of rural economic development, preparedness and recovery from natural hazards, and deliver transition services to support communities impacted by economic disruption resulting from such events as wildfires, floods, and mill curtailments and closures.

With this performance measure successfully achieved, the Ministry has replaced it with a new performance measure in the 2019-20 Service Plan. The new performance measure tracks Ministry efforts to broaden its pool of applicants, ensuring that the Rural Dividend Program has the farthest reach, while helping make life more affordable in all regions of the province.

## **Goal 6: Excellence in Client Service Delivery**

The Ministry contributes to sustainable economic development and job creation in the province by managing access to B.C.'s diverse range of natural resources and use of Crown land.

### **Objective 6.1: Timely, innovative, integrated and effective delivery of natural resource services the public can count on**

This objective focusses on the efficient, effective and client-centered delivery of services to the citizens of British Columbia.

## Key Highlights:

- Launched a new, modernized [Applications, Comments & Reasons for Decision](#) website for Crown Land applications. This site provides an interactive map that allows users to view and display maps and documents related to an application submitted and provide comments, and view applications that have been adjudicated and a final decision has been rendered;
- Improved the [NR Online Services website](#) to include the ability for clients to submit Notice of Work applications for placer mining, aggregates and mineral exploration online. This process allows users to pay for authorizations required in a single transaction and have their submission consolidated into a single application form, reducing the amount of time required to prepare an application;
- Opened a new FrontCounter BC location in Nelson that offers services on behalf of partner agencies for more than 140 natural resource-related permits and authorizations. The new location is the 30<sup>th</sup> FrontCounter BC office to open in the province;
- Launched [MyRangeBC](#), a mobile and web-based application that digitizes the process for Range Use Plans (RUPs). With more than 1,500 RUPs in the province, digitization saves time for agreement holders and staff, and makes administrative tasks more efficient;
- Maintained Safety Accord Forestry Enterprise (SAFE) company certification for the third year, demonstrating the Ministry's ongoing commitment to improving safety performance using industry-recognized audit protocols.

| Performance Measure |                                                  | 2007/08<br>Baseline | 2017/18<br>Actuals | 2018/19<br>Target | 2018/19<br>Actuals | 2019/20<br>Target | 2020/21<br>Target |
|---------------------|--------------------------------------------------|---------------------|--------------------|-------------------|--------------------|-------------------|-------------------|
| 6.1                 | Client satisfaction success score <sup>1,2</sup> | 71                  | 75                 | 78                | 76                 | n/a               | n/a               |

<sup>1</sup> **Data Source:** FrontCounter BC Authorization Tracking System and BCStats Client Satisfaction Survey.

<sup>2</sup> Targets are set using 18 month trends, and consider operational context (e.g. staffing levels). Scores are calculated and reported as a mean score out of 100.

## Discussion

Through a single client point of contact and streamlined service, the Province offers a high quality client experience that assists clients through the regulatory process and strives to make B.C. a preferred choice for capital expenditures and investment. Client satisfaction scores provide a comprehensive measurement of service excellence by measuring the five drivers of client satisfaction: timeliness, accessibility, outcome, staff knowledge and completeness of information. The score reflects performance on authorizations services delivered by Ministry staff involved in the authorizations process but does not factor in the significant work the Ministry does with First Nations, stakeholders and the public on other resource management services.

The Ministry compares its client satisfaction success scores against similar organizations across Canada and strives to achieve a 'best-in-class' result. Although the Ministry did not achieve its

target for 2018/19, it realized an improvement of 1.0 point over 2017/18, and has reached its highest score since 2013. This improvement is a result of ongoing effort by FrontCounter BC to increase its focus on client service, service improvements and investments in Client Service Certification training for both staff and managers. Specific improvements include publishing client-facing service standards online and at all FrontCounter BC locations, and equipping the Contact Centre with modernized functionality.

## Ministry Financial Report

### *Discussion of Results*

The Ministry's operating budget for 2018/19 was \$734.181 million. Through the course of the year, the Ministry obtained access to additional authorizations totalling \$674.268 million. The breakdown of contingencies and other authorizations are as follows:

#### Ministry Operations:

- \$50.778 million for Contaminated Sites liabilities;
- \$22.592 million for write down of Natural Resource Permitting Project assets;
- \$8.497 million for operating and amortization costs under the Natural Resource Permitting Project;
- \$4.000 million in legal costs associated with Softwood Lumber litigation;
- \$1.750 million to support the Talhtan First Nations' interim housing projects;
- \$1.100 million for remediation work on an artesian well in Westwold, BC; and
- \$1.000 million grant to the Comox Valley Project Watershed Society.

#### Fire Management:

- \$567.953 million for fire suppression activities based on an active fire season.

#### BC Timber Sales:

- \$16.618 million increase to the Special Account authorization in order to match actual spending.

#### Crown Land Special Account:

- (\$0.020 million) reduction to the Special Account authorization in order to match actual spending.

The Ministry's total expenditure of \$1,408.449 million is a combination of base budget and other authorizations.

The Ministry's capital budget for 2018/19 was \$74.414 million. Through the course of the year, the Ministry obtained access to additional authorizations totalling \$10.461 million to complete work under the Natural Resource Permitting Project.

The Ministry's total capital expenditure was \$71.966 million which was primarily attributable to reprofiling Wildfire Facilities construction to the out years coupled with underspending in BC Timber Sales roads activity due to an extremely active fire season.

**Financial Report Summary Table**

|                                                                          | Estimated      | Other Authorizations <sup>1</sup> | Total Estimated  | Actual           | Variance        |
|--------------------------------------------------------------------------|----------------|-----------------------------------|------------------|------------------|-----------------|
| <b>Operating Expenses (\$000)</b>                                        |                |                                   |                  |                  |                 |
| Integrated Resource Operations                                           | 71,637         | 0                                 | 71,637           | 72,290           | 653             |
| Resource Stewardship                                                     | 101,676        | 0                                 | 101,676          | 93,384           | (8,292)         |
| Office of the Chief Forester                                             | 17,084         | 0                                 | 17,084           | 9,935            | (7,149)         |
| Rural Development, Lands and Innovation                                  | 55,968         | 52,528                            | 108,496          | 92,459           | (16,037)        |
| Timber Operations, Pricing & First Nations                               | 13,634         | 0                                 | 13,634           | 23,989           | 10,355          |
| Regional Operations                                                      | 139,278        | 2,100                             | 141,378          | 152,408          | 11,030          |
| Executive and Support Services                                           | 74,175         | 35,089                            | 109,264          | 118,704          | 9,440           |
| <b>Sub-Total – Ministry Operations Vote</b>                              | <b>473,452</b> | <b>89,717</b>                     | <b>563,169</b>   | <b>563,169</b>   | <b>0</b>        |
| Fire Management                                                          | 63,986         | 567,953                           | 631,939          | 631,939          | 0               |
| BC Timber Sales                                                          | 196,723        | 16,618                            | 213,341          | 213,341          | 0               |
| Crown Land                                                               | 20             | (20)                              | 0                | 0                | 0               |
| Forest Stand Management Fund                                             | 0              | 0                                 | 0                | 0                | 0               |
| <b>Sub-Total – Other Appropriations</b>                                  | <b>260,729</b> | <b>584,551</b>                    | <b>845,280</b>   | <b>845,280</b>   | <b>0</b>        |
| <b>Sub-Total – All Appropriations</b>                                    | <b>734,181</b> | <b>674,268</b>                    | <b>1,408,449</b> | <b>1,408,449</b> | <b>0</b>        |
| Adjustment of Prior Year Accrual <sup>2</sup>                            | 0              | 0                                 | 0                | (1,204)          | (1,204)         |
| <b>Total</b>                                                             | <b>734,181</b> | <b>674,268</b>                    | <b>1,408,449</b> | <b>1,407,245</b> | <b>(1,204)</b>  |
| <b>Ministry Capital Expenditures (Consolidated Revenue Fund) (\$000)</b> |                |                                   |                  |                  |                 |
| Executive and Support Services                                           | 28,599         | 10,461                            | 39,060           | 33,680           | (5,380)         |
| Fire Management                                                          | 525            | 0                                 | 525              | 514              | (11)            |
| BC Timber Sales                                                          | 45,290         | 0                                 | 45,290           | 37,772           | (7,518)         |
| <b>Total</b>                                                             | <b>74,414</b>  | <b>10,461</b>                     | <b>84,875</b>    | <b>71,966</b>    | <b>(12,909)</b> |

|                                             | Estimated      | Other Authorizations <sup>1</sup> | Total Estimated | Actual         | Variance       |
|---------------------------------------------|----------------|-----------------------------------|-----------------|----------------|----------------|
| <b>Other Financing Transactions (\$000)</b> |                |                                   |                 |                |                |
| BC Timber Sales Disbursements               |                |                                   |                 |                |                |
| Receipts                                    | 0              | 0                                 | 0               | 0              | 0              |
| Disbursements                               | 96,966         | 0                                 | 96,966          | 108,165        | 11,199         |
| Net Cash Source (Requirements)              | <b>96,966</b>  | <b>0</b>                          | <b>96,966</b>   | <b>108,165</b> | <b>11,199</b>  |
| Crown Land Administration                   |                |                                   |                 |                |                |
| Receipts                                    | 0              | 0                                 | 0               | 0              | 0              |
| Disbursements                               | 6,382          | 0                                 | 6,382           | 359            | (6,023)        |
| Net Cash Source (Requirements)              | <b>6,382</b>   | <b>0</b>                          | <b>6,382</b>    | <b>359</b>     | <b>(6,023)</b> |
| Crown Land Special Account                  |                |                                   |                 |                |                |
| Receipts                                    | 0              | 0                                 | 0               | 0              | 0              |
| Disbursements                               | 0              | 0                                 | 0               | 0              | 0              |
| Net Cash Source (Requirements)              | <b>0</b>       | <b>0</b>                          | <b>0</b>        | <b>0</b>       | <b>0</b>       |
| Tourism Development                         |                |                                   |                 |                |                |
| Receipts                                    | 0              | 0                                 | 0               | 0              | 0              |
| Disbursements                               | 600            | 0                                 | 600             | 157            | (443)          |
| Net Cash Source (Requirements)              | <b>600</b>     | <b>0</b>                          | <b>600</b>      | <b>157</b>     | <b>(443)</b>   |
| Habitat Conservation Trust                  |                |                                   |                 |                |                |
| Receipts                                    | (6,500)        | 0                                 | (6,500)         | (6,343)        | 157            |
| Disbursements                               | 6,500          | 0                                 | 6,500           | 6,343          | (157)          |
| Net Cash Source (Requirements)              | <b>0</b>       | <b>0</b>                          | <b>0</b>        | <b>0</b>       | <b>0</b>       |
| Total Receipts                              | <b>(6,500)</b> | <b>0</b>                          | <b>(6,500)</b>  | <b>(6,343)</b> | <b>157</b>     |
| Total Disbursements                         | <b>110,448</b> | <b>0</b>                          | <b>110,448</b>  | <b>115,024</b> | <b>4,576</b>   |
| Total Net Cash Source (Requirements)        | <b>103,948</b> | <b>0</b>                          | <b>103,948</b>  | <b>108,681</b> | <b>4,733</b>   |

<sup>1</sup> "Other Authorizations" include Supplementary Estimates, Statutory Appropriations and Contingencies. The source of the Other Appropriations is referenced above. Amounts in this column are not related to the "estimated amount" under sections 5(1) and 6(1) of the *Balanced Budget and Ministerial Accountability Act* for ministerial accountability for operating expenses under the Act.

<sup>2</sup> The Adjustment of Prior Year Accrual of \$1.204 million is a reversal of accruals in the previous year.

## Major Capital Projects

| Major Capital Projects                     | Targeted Completion Date (Year) | Approved Anticipated Total Cost of Project (\$ millions) | Project Cost to March 31, 2019 * |
|--------------------------------------------|---------------------------------|----------------------------------------------------------|----------------------------------|
| Natural Resource Permitting Project (NRPP) | 2019                            | 86.6                                                     | 86.6                             |

\* Project costs include \$4.778M that was transferred to the Ministry of Technology, Innovation and Citizens' Services

### Natural Resource Permitting Project (NRPP)

Through the NRPP, the Province's natural resource ministries and agencies are aligning legislation, processes, people and technology to allow for the integrated management of B.C.'s shared natural resources. The NRPP is a multi-year initiative aimed at reducing red tape, putting citizens and business first, improving services, streamlining processes, integrating government decision-making and improving access to information. While NRPP has now come to a close, NRPP projects will continue to provide improved online government services and tools into the future.

## **Appendix A: List of Crowns, Agencies, Boards and Commissions**

### **Association of BC Land Surveyors**

The Association of British Columbia Land Surveyors is responsible for setting educational requirements, examining for admission, and regulating professional land surveyors within B.C.

### **Association of British Columbia Forest Professionals**

The Association of British Columbia Forest Professionals registers and regulates professional foresters and forest technologists under authority of the *Foresters Act*.

### **BC Land Title and Survey Authority**

The British Columbia Land Title and Survey Authority is responsible for managing land title and survey systems, providing the foundation for all real property business and ownership in the province.

### **Creston Valley Wildlife Management Authority**

The Creston Valley Wildlife Management Authority manages the conservation of wildlife, particularly waterfowl, in the Creston Valley.

### **Forest Appeals Commission**

The Forest Appeals Commission is an independent tribunal granted authority under the *Forest and Range Practices Act* to hear appeals from decisions made under a variety of statutes administered by the Ministry.

### **Forest Enhancement Society of British Columbia**

The Forest Enhancement Society of British Columbia (FESBC) supports the Ministry by identifying, funding, advocating for and advancing environmental and resource stewardship of B.C.'s forests.

### **Forest Practices Board**

British Columbia's Forest Practices Board provides independent oversight of compliance with the *Forest and Range Practices Act* and the *Wildfire Act*.

### **Integrated Cadastral Information Society**

The Integrated Cadastral Information Society is a partnership between local governments, utilities, and the province for the purposes of creating seamless mapping of all Crown and private parcels.

### **Muskwa-Kechika Advisory Board**

The Muskwa-Kechika Advisory Board advises government on natural resource management in the Muskwa-Kechika Management Area.

### **Private Managed Forest Land Council**

The Private Managed Forest Land Council was established to protect key public environmental values on private managed forest land in B.C.

### **Skagit Environmental Endowment Commission**

The Skagit Environmental Endowment Commission works to ensure the preservation and protection of the natural and cultural resources, and recreational opportunities of the Upper Skagit Watershed.

## Forest Practices Board Financial Report

The Forest Practices Board spent 99.84% of its allocated budget in 2018/19. The Forest Practices Board independently monitors and reviews forest and range practices in B.C.'s public forests and rangelands. The Board audits both tenure holders and government ministries for compliance with forest and range practices legislation, carries out special investigations and issues reports as appropriate, investigates concerns and complaints from the public, and participates in appeals to the Forest Appeals Commission. It informs both the B.C. public and the international marketplace of forest and range licensees' performance in carrying out sound practices and complying with legal requirements.

The Board's mandate is provided by the *Forest and Range Practices Act* and the *Wildfire Act*. While the Board operates independently from the Ministry of Forests, Lands, Natural Resource Operations and Rural Development, its budget vote is the responsibility of the Minister. The Board reports its accomplishments and priorities through an annual report found at: [www.bcfpb.ca](http://www.bcfpb.ca).

### Forest Practices Board Resource Summary Table

|                                                                          | Estimated | Other<br>Authorizations | Total<br>Estimated | Actual | Variance |
|--------------------------------------------------------------------------|-----------|-------------------------|--------------------|--------|----------|
| <b>Operating Expenses (\$000)</b>                                        |           |                         |                    |        |          |
| <b>Total .....</b>                                                       | 3,845     | 0                       | 3,845              | 3,839  | (6)      |
| <b>Ministry Capital Expenditures (Consolidated Revenue Fund) (\$000)</b> |           |                         |                    |        |          |
| <b>Total .....</b>                                                       | 0,000     | 0,000                   | 0,000              | 0,000  | 0,000    |

## BRIEFING NOTE FOR INFORMATION

**DATE:** June 17, 2019

**PREPARED FOR:** Honourable Doug Donaldson, Minister of Forests, Lands, Natural Resource Operations and Rural Development

**ISSUE:** Approval of the 2018-19 Forest Enhancement Society of B.C. Annual Service Plan Report

### BACKGROUND:

- In 2016, the Forest Enhancement Society of B.C. (FESBC) was established to advance and advocate for the environmental and resource stewardship of British Columbia's forests.
- FESBC provides funding to government agencies or third parties to implement projects and treatments on the land base, working closely with service delivery partners to ensure the implementation is timely, efficient, and provides value for money.
- As a government reporting entity under the *Societies Act*, FESBC is required to complete an Annual Service Plan Report (ASPR) which corresponds to its 2018-19 Service Plan released in February 2018.
- The government-wide deadline for submission of Minister-signed ASPRs is June 27, 2019. ASPRs will be released with public accounts in Summer, 2019.

### DISCUSSION:

In 2018/19, FESBC received 130 proposals for projects valued at more than \$119M in requested funding.

The value of project completions on the ground in 2018/19 was \$25.5 million, and resulted in:

- fuel management funding to more than 85 communities to reduce wildfire risks;
- carbon sequestration projects that led to the planting of close to 88,000 trees and the sowing of another 11.6 million trees for planting in 2019/20;
- reduced carbon emissions by enhancing the utilization of 130,000 cubic metres of fibre that would have otherwise been burned (while also creating jobs and reducing smoke);
- improvements to future timber supply through the fertilization of close to 9,200 ha.

Implementation of some projects was delayed, however, due to:

- the limited time-frame and season-sensitive nature of some treatments (e.g. tree planting can only be done during a certain window);
- unprecedented wildfire response in 2018 took resources from both the private and public sectors, and restricted access to a significant portion of the land base;
- the lack of contractor capacity in B.C. (staff and equipment), which has not yet grown to meet the demand for work in this area;
- many project delivery partners are still new to providing large-scale forestry services (e.g. small local entrepreneurs, First Nations companies).



**NEXT STEPS:**

- Minister's approval of the attached FESBC Annual Service Plan Report – by June 26, 2019
- Minister-signed ASPR due to CABRO – June 27, 2019

**Attachment(s):** FESBC 2018-19 Annual Service Plan Report

**PREPARED BY:**

Anne Ferdinands  
Sr. Corporate Planning Analyst  
Corporate Initiatives Division  
778-974-5791

**REVIEWED BY:**

|                  | Initials | Date       |
|------------------|----------|------------|
| DM               |          |            |
| DMO              |          |            |
| ADM              |          |            |
| Program Dir/Mgr. | Vera Sit | June 17/19 |

# Forest Enhancement Society of BC



Forest Enhancement  
Society of British Columbia

## 2018/19 ANNUAL SERVICE PLAN REPORT

July 2019

June 19/19 draft



For more information on the Forest Enhancement Society of BC contact:

101 – 925 McMaster Way, Kamloops, B.C. V2C 6K2

1-877-225-2010

[office@fesbc.ca](mailto:office@fesbc.ca)

Or visit our website at  
[www.fesbc.ca](http://www.fesbc.ca)

## Board Chair's Accountability Statement



The Forest Enhancement Society of BC *2018/19 Annual Service Plan Report* compares the corporation's actual results to the expected results identified in the *2018/19 - 2020/21 Service Plan* created in February 2018. I am accountable for those results as reported.

A handwritten signature in black ink, appearing to read 'Wayne Clogg'.

Wayne Clogg  
Chair, Board of Directors  
Forest Enhancement Society of BC

## Table of Contents

|                                                             |    |
|-------------------------------------------------------------|----|
| Board Chair’s Accountability Statement.....                 | 3  |
| Chair Report Letter.....                                    | 5  |
| Purpose of the Annual Service Plan Report .....             | 6  |
| Purpose of the Organization .....                           | 6  |
| Strategic Direction.....                                    | 6  |
| Operating Environment .....                                 | 7  |
| Report on Performance.....                                  | 8  |
| Financial Report .....                                      | 16 |
| Discussion of Results.....                                  | 16 |
| Resource Summary .....                                      | 17 |
| Financial Statements and Independent Auditors’ Report ..... | 18 |
| Appendix A – Additional Information .....                   | 19 |
| Corporate Governance .....                                  | 19 |
| Organizational Overview .....                               | 19 |
| Contact Information .....                                   | 20 |

## Chair Report Letter

This Report covers the Service Plan period April 1, 2018 to March 31, 2019.

I am pleased to share the work accomplished through the Forest Enhancement Society of BC (FESBC) in this report. The work we do is made possible through the collaborative work of our Society, through the hard work of proponents on the ground, and through the Ministry of Forests, Lands, Natural Resource Operations and Rural Development (FLNRORD), who set priorities.

We are working together to achieve B.C. government priorities related to the health of our forests, including:

- Increasing participation of Indigenous communities in the forest economy,
- Assisting with wildfire recovery efforts and risk reduction,
- Contributing to the achievement of greenhouse gas emission reduction targets,
- Improving habitat for wildlife,
- Improving the recovery of fibre, and
- Adding to the environmental sustainability of B.C.'s natural resources.

To support openness, transparency, and effective service delivery, FESBC continued to develop and build on its governance and administrative systems to help deliver its mandate efficiently and effectively. Staff continued to improve processes for project proposal review, worked with proponents to help deliver previously approved projects, and continued to expand communication efforts regarding FESBC's purpose and opportunities for eligible applicants.

The focus for FESBC in 2019/20 and beyond will be to continue to identify and approve high-value forest enhancement projects that meet our objectives and contribute to a strong and sustainable provincial economy.

I want to thank the FESBC Board of Directors, and particularly the staff at FESBC for their enthusiastic commitment to our Society, which is key to the success of this important program.



Wayne Clogg  
Chair, Board of Directors  
Forest Enhancement Society of BC

## Purpose of the Annual Service Plan Report

The Annual Service Plan Report (ASPR) is designed to meet the requirements of the *Budget Transparency and Accountability Act* (BTAA), which sets out the legislative framework for planning, reporting and accountability for Government organizations. Under the BTAA, the Crown corporation's board is required to report on the actual results of the Crown's performance related to the forecasted targets documented in the previous year's Service Plan.

## Purpose of the Organization

At inception in 2016, FESBC was a non-profit society, with its enabling legislation under the *Societies Act*.

The purpose of FESBC is to advance and advocate for the environmental and resource stewardship of British Columbia's forests by funding projects that:

- Prevent and mitigate the impact of wildfires,
- Improve damaged or low-value forests,
- Improve habitat for wildlife,
- Support the use of fibre from damaged and low-value forests, and
- Treat forests to improve the management of greenhouse gas (GHG) emissions.

FESBC provides funds to government agencies or third parties to implement projects and treatments on the land base, working closely with service delivery partners to ensure the implementation is timely, efficient, and provides value for money.

## Strategic Direction

The strategic direction set by Government in 2017/18 and expanded upon in the *Board Chair's Mandate Letter* from the Minister Responsible in 2018 shaped the *2018/19 Service Plan* and the results reported in this ASPR.

The following table highlights the key goals, objectives or strategies that support the key priorities of the provincial government identified in the 2018/19 Forest Enhancement Society of BC Service Plan:

| Government Priorities                   | FESBC Aligns with These Priorities by:                                                                                                                                                                                                                                                                            |
|-----------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Delivering the services people count on | <ul style="list-style-type: none"> <li>• Prevent and Mitigate the Impact of Wildfires (Goal 1)</li> </ul>                                                                                                                                                                                                         |
| A strong, sustainable economy           | <ul style="list-style-type: none"> <li>• Improve Damaged or Low-Value Forests (Goal 2)</li> <li>• Improve Habitat for Wildlife (Goal 3)</li> <li>• Support the Use of Fibre from Damaged or Low-Value Forests (Goal 4)</li> <li>• Treat Forests to Improve the Management of Greenhouse Gases (Goal 5)</li> </ul> |

## Operating Environment

FESBC is focused on achieving the B.C. government's priorities outlined in the [January 2018 Mandate Letter](#). FESBC's operations, which extend to all parts of the province, help support the government in delivering on two of the three key commitments: delivering the services that people count on and building a strong, sustainable economy that works for everyone.

FESBC places priority on those projects which align with these key commitments and supports both the Government's strategic priorities and leadership in achieving its climate change targets. FESBC supports projects consistent with both federal and provincial climate change goals that are also eligible for recovery of funds under the Federal Low Carbon Economy Leadership Fund. Significant FESBC funding has been allocated to projects supporting wildfire recovery activities – primarily the reforestation of areas impacted by wildfires. As shown by the devastating 2017 and 2018 fire seasons, climate change will continue to significantly influence wildfire activity. As such, support for proactive fuel management treatments and [FireSmart](#) projects which aim to mitigate the negative impact of wildfire on B.C. communities will continue to be priorities for the Board.

As a result of the last two severe wildfire seasons and other factors, including limited contractor capacity, some of the projects in the 2018/19 Annual Service Plan experienced delayed implementation. Projects less impacted by these external factors were easier to initiate, resulting in enhanced rural economic development, increasing the value of forest fibre, contributing to reconciliation by increasing Indigenous community participation in the forest economy, improving future timber supply, improving habitat for wildlife, and supporting the environmental sustainability of B.C. forests.

## Report on Performance

With a delivery framework largely in place, the focus of the FESBC Board and staff has been to identify and deliver high-value forest enhancement projects. In 2018/19 FESBC received 130 proposals for projects aligned with the five goals which drive the Society's purpose. These applications totalled more than \$119M in requested funding.

| <b>FESBC Priorities</b>                                          | <b>2018/19 Applications</b> | <b>Value of Applications</b> |
|------------------------------------------------------------------|-----------------------------|------------------------------|
| Wildfire Risk Reduction                                          | 86 applications             | \$62.77M                     |
| Forest Carbon Initiatives (including enhanced fibre utilization) | 31 applications             | \$50.45M                     |
| Improving Low Value Forests                                      | 10 applications             | \$4.44M                      |
| Improving Wildlife Habitat                                       | 2 applications              | \$1.30M                      |
| Supporting the Use of Fibre                                      | 1 application               | \$150,000                    |

The value of project completions on the ground in 2018/19 was \$25.5 million, compared to \$9.6 million in 2017/18 and \$1.1 million in 2016/17. The acceleration of project completion was significant, albeit less than what was originally forecasted.

Nine project approvals were expedited to allow proponents to immediately utilize forest fibre that otherwise would have been slash burned—thus avoiding carbon emissions. These projects are expected to increase utilization of forest fibre by up to 20% (approximately one million cubic meters or 700,000 tonnes of CO<sub>2</sub>e) based on current harvest plans. These projects also have the added benefit of addressing the use of waste wood which has concerned local citizens in the past. As a result of these projects, cull piles are now smaller and less material is burned as waste in cutblocks.

2018/19 highlights include:

- Zero reported safety incidents related to FESBC projects,
- Significant expansion of the FESBC website content, development of a comprehensive application guide and an electronic intake portal,
- Approximately 30% of the projects funded by FESBC are led by First Nations proponents or have significant First Nations participation,
- FESBC funding enabled over 85 communities (incorporated, unincorporated, Indigenous, mountain resorts) to reduce wildfire risks to their citizens, infrastructure, residential homes and commercial investments,
- Carbon sequestration projects funded by FESBC resulted in the planting of close to 88,000 trees and the sowing of another 11.6 million trees to be planted in 2019/20,
- Future timber supply was improved through the fertilization of close to 9,200 ha,
- FESBC funding supported reduction of carbon emissions by enhancing the utilization of 130,000 cubic meters of fibre that would have otherwise been burned (while also creating jobs and reducing smoke).

As of March 12<sup>th</sup> 2019, FESBC had approved 168 projects valued at \$180 million since inception:

| <b>FESBC Priorities</b>                                          | <b>Number of Projects</b> | <b>Approved (\$ millions)</b> |
|------------------------------------------------------------------|---------------------------|-------------------------------|
| Wildfire risk reduction                                          | 86                        | \$38.45                       |
| Improving Low Value Forests                                      | 27                        | \$23.41                       |
| Wildlife habitat improvement                                     | 13                        | \$3.71                        |
| Supporting the Use of Fibre                                      | 11                        | \$4.11                        |
| Forest Carbon Initiatives (including enhanced fibre utilization) | 31                        | \$110.31                      |
| <b>TOTAL</b>                                                     | <b>168</b>                | <b>\$179.99</b>               |

## **Goal 1: Prevent and Mitigate the Impact of Wildfires**

Fire is a natural and essential ecological process in British Columbia's forests. Balancing the potential benefits and risks of wildfire is becoming increasingly challenging, especially within the context of climate change. FESBC has worked collaboratively alongside provincial agencies, local governments, and indigenous and rural communities to support risk reduction and impact mitigation associated with wildfires.

### **Objective 1.1: Enhance wildfire risk reduction activities for B.C. communities**

#### **Key Highlights:**

- As a member of the BC FireSmart Committee (which includes FLNRORD (BC Wildfire Service), Emergency Management BC, First Nations Emergency Services Society of British Columbia, Union of BC Municipalities, Fire Chiefs Association of British Columbia, British Columbia Office of the Fire Commissioner, and FireSmart) FESBC supported the expansion and delivery of the FireSmart program for 190 local governments (including 162 municipalities and 28 regional districts ) and 208 First Nations communities across the province. Approximately 85 communities conducted wildfire risk reduction planning and/or treatments in forested areas. FESBC funding enabled these communities (incorporated, unincorporated, indigenous, mountain resorts) to reduce wildfire risks to their citizens, civic infrastructure, residential homes and commercial investments.
- FESBC effectively delivered funds in partnership with UBCM to complete wildfire prevention planning and fuel management treatments near communities and infrastructure.

| Performance Measure                                                                                                            | 2016/17 Actuals | 2017/18 Actuals | 2018/19 Target | 2018/19 Actuals | 2019/20 Target | 2020/21 Target |
|--------------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------|----------------|-----------------|----------------|----------------|
| 1.1 FESBC funding committed to wildfire prevention planning and fuel management treatments near communities and infrastructure | \$0.0 Million*  | \$0.0 Million*  | \$2.5 Million  | \$3.2 Million   | n/a            | n/a            |

\*This metric measures the amount of FESBC funding allocated to the UBCM-administered program called the SWPI. Prior to 2018, the SWPI funded fuel management projects within the 2 km perimeter of communities (the Wildland-Urban Interface (WUI)). In early in 2018, the SWPI was replaced by the CRI program.

## Discussion

FESBC actively collaborated as a member of the BC FireSmart Committee and in the implementation of the Community Resiliency Initiative (CRI). Communities have expressed a significantly increased desire to mitigate wildfire risks to protect citizens, residences, commercial values, civic infrastructure, cultural features, recreational opportunities, wildlife habitat, and emergency evacuation routes. As such, the implementation of fuel management projects was greater than originally anticipated under the Service Plan.

In order to assist the Province and UBCM with the transition from the Strategic Wildfire Protection Initiative (SWPI) to CRI, FESBC began funding fuel management treatments within the 2 km Wildland-Urban Interface during the 2018/2019 fiscal year.

Going forward, the performance measure will be based on the number of hectares treated rather than the dollars spent.

## Objective 1.2: Improve wildfire resilient ecosystems

### Key Highlights

- The planning and treatments that occurred in the 85 communities also contributed to achieving resilient forested landscapes adjacent to those communities.

| Performance Measure                                                                                                                       | 2016/17 Actuals | 2017/18 Actuals | 2018/19 Target | 2018/19 Actuals | 2019/20 Target | 2020/21 Target |
|-------------------------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------|----------------|-----------------|----------------|----------------|
| 1.2 Approved funding applied towards planning and completion of operational treatments to meet landscape-level fire management objectives | \$0.5 Million   | \$3.2 Million   | \$3.0 Million  | \$3.0 Million   | n/a            | n/a            |

## Discussion

At the time of the creation of the Service Plan, the goal was to measure FESBC-funded fuel management planning and treatments outside of the 2 km WUI perimeter around communities. However, early in the 2018/19 fiscal year, FESBC began funding wildfire risk reduction projects both inside and outside of the 2 km WUI. This funding enabled 85 communities to create Community Wildfire Protection Plans and conduct fuel management treatments.

For 2019/20 and beyond, the performance measure will be based on the number of hectares treated rather than the dollars spent.

## Goal 2: Improve Damaged or Low-Value Forests

The impacts of catastrophic disturbances and the resulting constraints to timber supply are reducing the overall forest asset value in the Province. FESBC believes in supporting collaborative initiatives that will ultimately improve damaged, low-value forests for the long-term, lasting benefit of British Columbians.

### Objective 2.1: Improve sustainable and reliable timber supply

#### Key Highlights

- FESBC supported 19 projects across the province including those in: Terrace, Prince George, Kamloops, Merritt, and the North Island, Cariboo-Chilcotin and Okanagan regions.
- One of the most significant projects to improve timber supply is the work being done by Central Chilcotin Restoration Ltd., a First Nations owned and operated company. This multi-year project meets several FESBC purposes. The aim of this project is to rehabilitate significant areas of dead (mountain pine beetle) forests in the Chilcotin area west of Williams Lake, B.C.

| Performance Measure                                                                                                                                    | 2016/17<br>Actuals | 2017/18<br>Actuals | 2018/19<br>Target | 2018/19<br>Actuals | 2019/20<br>Target | 2020/21<br>Target |
|--------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|--------------------|-------------------|--------------------|-------------------|-------------------|
| 2.1 Funding provided to forest enhancement projects for low-value and damaged forests, as guided by FLNRORD's integrated investment planning processes | \$0.0<br>Million   | \$0.9<br>Million   | \$3.1<br>Million  | \$5.1<br>Million   | n/a               | n/a               |

## Discussion

Funding variance is primarily a result of more progress on some of the larger projects than anticipated when the targets for the 2018/19 Service Plan were developed.

The partnership with local Indigenous communities has been very successful while simultaneously preparing for future timber supplies. These forests are working as landscape-level fuel breaks to protect local communities. Very good project progress was made this year.

Activities included the salvage harvesting of mountain pine beetle and fire-impacted stands, spacing of second growth stands, cone and seed collection, silviculture strategy development, and research.

For 2019/20 and beyond, the performance measure will be based on the number of hectares treated rather than the dollars spent.

### Goal 3: Improve Habitat for Wildlife

British Columbia's wildlife is diverse and abundant. Some wildlife populations and their habitats, however, are in decline due to factors such as habitat loss, increasing human population, resource development and climate change. While many of the forest enhancement projects funded by FESBC effectively achieve multiple purposes, including wildlife habitat improvement, FESBC recognizes a key opportunity to leverage its funding with existing organizations having a primary mandate and expertise in improving habitat for wildlife in the province.

#### Objective 3.1: Improve terrestrial wildlife habitat

##### Key Highlights

- FESBC facilitated many provincial (multi-regional) projects aimed at enhancing the habitat of threatened or at-risk species including amphibians in southwestern B.C., bats, moose (central B.C.), mountain caribou, wolverines (Columbia Mountains) and rattlesnakes.
- Co-funded projects enhanced wildlife habitat in the Kootenays, Lower Mainland, Vancouver Island, Thompson-Nicola, Cariboo, Skeena, Okanagan and the Omineca/Peace regions.

| Performance Measure |                                                                     | 2016/17<br>Actuals | 2017/18<br>Actuals | 2018/19<br>Target | 2018/19<br>Actuals | 2019/20<br>Target | 2020/21<br>Target |
|---------------------|---------------------------------------------------------------------|--------------------|--------------------|-------------------|--------------------|-------------------|-------------------|
| 3.1                 | Co-funding with 3rd parties with technical subject matter expertise | \$0.6<br>Million   | \$1.3<br>Million   | \$2.0<br>Million  | \$0.3<br>Million   | \$2.0<br>Million  | \$2.0<br>Million  |

##### Discussion

FESBC-funded wildlife habitat enhancement is largely directed through the Habitat Conservation Trust Foundation (HCTF).

2018/19 actual expenditure shows \$1.7 million less than targeted, primarily due to a timing difference, for accounting purposes, in the amount of \$1.4 million. This expense will be recognized in subsequent year(s).

The HCTF and FESBC have a shared objective in the enhancement of wildlife habitat in British Columbia. HCTF and FESBC are both funding organizations who provide funding to third parties to help achieve this shared objective. A letter of agreement (LOA) between FESBC and HCTF outlines the co-funding commitment from FESBC and the processes the organizations use to partner in the project selection, approval, and delivery. Once the jointly approved HCTF/FESBC co-funded projects have been selected, subsequent grant administration is managed by HCTF.

## **Goal 4: Support the Use of Fibre from Damaged or Low-Value Forests**

Supporting the use of fibre can help to reduce GHG emissions and encourages significant industrial activity in rural economies, creating employment and embracing innovation and diversification. FESBC believes that damaged and low-value stands can be restored to a more productive forest, creating economic opportunities while concurrently supporting climate change goals and objectives.

### **Objective 4.1: Encourage diverse and innovative utilization of fibre to support employment and reduce GHG emissions**

#### **Key Highlights**

- 13 projects utilized residual fibre which would otherwise have been burned. These projects were primarily focussed on bioenergy (mostly wood pellets, but also some was used to generate electricity), and also used to make long-lasting, cement-board siding for residential homes.

| Performance Measure                                                    | 2016/17<br>Actuals | 2017/18<br>Actuals | 2018/19<br>Target | 2018/19<br>Actuals | 2019/20<br>Target | 2020/21<br>Target |
|------------------------------------------------------------------------|--------------------|--------------------|-------------------|--------------------|-------------------|-------------------|
| 4.1 Annual funding for projects focusing on residual fibre utilization | \$0.0<br>Million   | \$0.2<br>Million   | \$1.2<br>Million  | \$0.0<br>Million   | n/a               | n/a               |

#### **Discussion**

In 2018/19, 13 projects utilized residual fibre that would otherwise be burned, and contributed to the achievement of Objective 4.1. However, these projects were eligible for federal funding under the Low Carbon Economy Leadership Fund (LCELF), and as such they are accounted for under Goal 5.

For 2019/20 and beyond, the performance measure will be cubic metres utilized.

## Goal 5: Treat Forests to Improve the Management of GHG Emissions

British Columbia has vast forests that can be used to help sequester carbon and defer/avoid the GHG emissions to help reduce the impacts of climate change. Due to trees' ability to absorb and store carbon as they grow, forests can positively affect atmospheric concentrations of carbon dioxide and other greenhouse gases that are factors in causing the climate to change.

### Objective 5.1: Sequester atmospheric carbon and reduce emissions from forest activities

#### Key Highlights

- Considerable success was achieved this year with the reforestation of significant wildfire damaged areas throughout B.C., and Indigenous communities were involved in many of the related activities. FESBC funding planted 87,890 trees and sowed another 11,574,070 seedlings to be planted in 2019/20.
- Many benefits resulted from this reforestation effort, including soil stabilization, water quality improvement and habitat enhancement in addition to the employment and socioeconomic benefits associated with local contractors being employed in communities adjacent to or within areas impacted by catastrophic wildfires in 2017.

| Performance Measure                                                                                                               | 2016/17<br>Actuals | 2017/18<br>Actuals | 2018/19<br>Target | 2018/19<br>Actuals | 2019/20<br>Target | 2020/21<br>Target |
|-----------------------------------------------------------------------------------------------------------------------------------|--------------------|--------------------|-------------------|--------------------|-------------------|-------------------|
| 5.1 FESBC funding of carbon sequestration and reduced emissions projects in alignment with the FCI to support provincial targets. | \$0.0<br>Million   | \$4.0<br>Million   | \$25.5<br>Million | \$13.8<br>Million  | n/a               | n/a               |

#### Discussion

Projects can contribute to the achievement of Goal 5 in three ways:

1. Planting trees in BC's forests that otherwise would not be reforested.
2. Fertilizing trees to make them grow faster.
3. Avoiding carbon emissions by utilizing post-harvest fibre that otherwise would be burned.

Much of the variance from the original 2018/19 service plan target can be attributed to two causes. The first is due to difficulty in locating suitable areas for reforestation that did not otherwise have a reforestation obligation.

FESBC funded two large multiyear reforestation projects, one in the Cariboo that focused on wildfire restoration, and the other a provincial initiative focused on areas without reforestation obligations.

The province-wide project was slower to start and continues to encounter challenges to find, prescribe and ultimately plant enough areas to meet the forecasted target.

Secondly, the expedited approval of some funding in December 2018 was intended to capture a significant opportunity during the winter logging season in the interior. While the projects did start and produce volume, the quantity of volume was less than forecasted. This reduced volume was due to major licensees having to change their harvesting plans to adapt to a rapidly declining lumber market. These fourth quarter changes disrupted plans to utilize forest residuals and contractor capacity to handle the volume of residuals originally forecasted.

Going forward, FESBC intends to primarily direct funding to enhance utilization of residual forest fibre that would otherwise be burned. This fibre will assist secondary fibre users, including bio-energy products such as electricity generation and wood pellets for export.

## **Financial Report**

KPMG has completed a financial audit for the fiscal year ending March 31<sup>st</sup> 2019. This Audit Findings Report is appended.

## **Discussion of Results**

FESBC's revenue recognition policy is set out in the attached financial statements and is linked to expenditures. Operating expenditures have been relatively constant over the past 2 fiscal periods. Grants issued and related administration have increased significantly since FESBC's inception in 2016. These increases were anticipated in the initial years of operation as part of FESBC's life cycle, however actual results were less than targeted due to reasons outlined below in the Variance and Trend Analysis section.

**Resource Summary**

| <b>Core Business Area<br/>(\$m)</b>                          | <b>2017/18<br/>Actual</b> | <b>2018/19<br/>Budget</b> | <b>2018/19<br/>Actual</b> | <b>2018/19<br/>Variance</b> |
|--------------------------------------------------------------|---------------------------|---------------------------|---------------------------|-----------------------------|
| <b>Operating Revenue</b>                                     |                           |                           |                           |                             |
| Contribution from Province                                   | 9,432                     | 36,575                    | 23,798                    | (12,777)                    |
| Recoveries from Province                                     | 0                         | 0                         | 0                         | 0                           |
| Other Income & Recoveries                                    | 2,230                     | 3,340                     | 3,839                     | 499                         |
| <b>Total Revenue</b>                                         | <b>11,662</b>             | <b>39,915</b>             | <b>27,637</b>             | <b>(12,278)</b>             |
| <b>Operating Expenses</b>                                    |                           |                           |                           |                             |
| Contracted Services                                          |                           |                           |                           |                             |
| Provincial Services                                          |                           |                           |                           |                             |
| Grants                                                       | 9,617                     | 37,247                    | 25,446*                   | (11,801)                    |
| Administration                                               | 2,033                     | 2,668                     | 2,181**                   | (487)                       |
| Capital Asset Amortization                                   | 12                        | 0                         | 10                        | 10                          |
| <b>Total Expenses</b>                                        | <b>11,662</b>             | <b>39,915</b>             | <b>27,637</b>             | <b>(12,278)</b>             |
| <b>Net Income from Operations</b>                            | <b>0</b>                  | <b>0</b>                  | <b>0</b>                  | <b>0</b>                    |
| <b>Capital Expenditures</b>                                  | <b>18</b>                 | <b>0</b>                  | <b>35</b>                 | <b>35</b>                   |
| <b>Total Liabilities (even if zero)</b>                      | <b>227,225</b>            | <b>183,492</b>            | <b>208,698</b>            | <b>25,206</b>               |
| <b>Accumulated Surplus/ Retained Earnings (even if zero)</b> | <b>0</b>                  | <b>0</b>                  | <b>0</b>                  | <b>0</b>                    |

\*Grants include purchases of goods and services from the province in the amount of \$7.4 million.

\*\*Administration includes \$385,000 for secondment of employees.

## Variance and Trend Analysis

The life-cycle of FESBC expenditure of funds received to date is expected to follow a bell-shaped curve. That is, slow initial start, middle years with high expenditures, followed by a significant decline in expenditures in the latter years.

The service plan targets were ambitious. However, project delivery has and will continue to be uncertain due to the proponent-driven model for FESBC funding deployment and other external factors:

1. The largest variances are related to project completion. Most of the funded treatments on the land base are season-sensitive (e.g. tree planting can only be done during a certain window). There are a number of factors that contributed to projects not getting completed as expected:
  - a. Unprecedented wildfire response in 2017 and 2018 took resources from both the private and public sectors.
  - b. Contractor capacity in B.C. (staff and equipment) have not yet been built up to match the demand for all the work that needs to be done.
  - c. Many project delivery partners are new to providing large-scale forestry services (e.g. small local entrepreneurs, First Nations companies).
2. FESBC re-deployed some redeemable GIC's in early 2019 during an interest rate spike. About \$80 million is now locked-in at rates that are higher than previously forecast for future years. For the year past, interest income variance is attributable to higher than expected rates on variable rate bank accounts as well as higher than expected deposit balances in those accounts.

## Risks and Uncertainties

The same factors that impacted past performance will continue to be risks, particularly if the contractor community does not have the economic confidence to invest to further increase staff and equipment in order to increase the overall capacity to enhance B.C.'s forests.

## *Financial Statements and Independent Auditors' Report*



2019-03-31 Forest  
Enhancement Society

## **Appendix A – Additional Information**

### ***Corporate Governance***

The Board of Directors plays a central role in the leadership of any organization. While the board may hire management to conduct day-to-day operations, the board is ultimately responsible to ensure the organization is successful and achieves its mandate. Under the new BC Societies Act, the Directors must “manage, or supervise the management of, the activities and internal affairs of the society”.

In carrying out their responsibilities, Directors must adhere to two legal duties: the first, commonly known as the fiduciary duty, requires Directors to act honestly, in good faith, and in the best interests of the society. In the context of a government-mandated society, there is a need to balance achievement of the mandate with a consideration of other key stakeholders. The second duty is called the duty of care, which requires Directors to exercise the care, diligence, and skill that a reasonably prudent investor would exercise in making investments in light of the purposes and distribution requirements of FESBC. A sound governance scheme ensures that Directors are able to meet the standards required under the duty of care.

The Board fulfills its duty by delegating to the Executive Director responsibility for the day-to-day operations of FESBC. Directors serve part time and the Board’s role is one of governance and oversight of FESBC.

The Board’s overall governance role involves a wide range of responsibilities, including approving FESBC’s multi-year strategic plan and reviewing it annually, approving annual operating plans and budgets, monitoring FESBC’s performance, ensuring management is qualified, reviewing FESBC’s material risks, and overseeing a succession planning process to ensure continued leadership.

The Board is committed to conducting business in a legal and ethical manner.

The FESBC Board meets on an as needed basis several times each year.

### ***Organizational Overview***

In February 2016, the BC Government announced the formation of a new organization called the Forest Enhancement Society of BC (FESBC). At the time of its formation, the BC Government provided an initial contribution of \$85 million to the Society. In February 2017, an additional \$150 million grant was received from the Government under its Forest Carbon Initiative.

The purposes of the Forest Enhancement Society of British Columbia are:

- A. To advance environmental and resource stewardship of British Columbia’s forests by:
  - i. preventing and mitigating the impact of wildfires;
  - ii. improving damaged or low value forests;
  - iii. improving habitat for wildlife;
  - iv. supporting the use of fibre from damaged and low value forests; and

- v. treating forests to improve the management of greenhouse gases.
- B. To advocate for the environmental and resource stewardship of British Columbia's forests.
- C. To do all such other things as are incidental and ancillary to the attainment of the foregoing purposes and the exercise of the powers of the Society.

### ***Contact Information***

FESBC  
101 – 925 McMaster Way  
Kamloops, BC  
V2C 6K2  
Toll-Free: 1.877.225.2010  
Local: 1.778.765.0980  
Office Email: [office@fesbc.ca](mailto:office@fesbc.ca)  
Website: [www.fesbc.ca](http://www.fesbc.ca)

For FESBC media inquiries, please contact:  
Aleece Laird, Amplify Consulting Inc.  
Phone: 250.574.0221  
Email: [communications@fesbc.ca](mailto:communications@fesbc.ca)

## BRIEFING NOTE FOR INFORMATION

**DATE:** June 17, 2019

**PREPARED FOR:** Honourable Doug Donaldson, Minister of Forests, Lands, Natural Resource Operations and Rural Development

**ISSUE:** Preparation for meeting with Honourable Bob Simpson, Mayor of the City of Quesnel ("the City").

### BACKGROUND:

- Quesnel is a community impacted by both Mountain Pine Beetle and fires in 2017/21018.
- In 2017 the Allowable Annual Cut dropped from 4,000,000m<sup>3</sup> to 2,607,000m<sup>3</sup>, the Quesnel apportionment decision is pending in July.
- Recently Tolko has announced the permanent closure of it's Quest Mill for August 2, 2019, resulting in approximately 130 layoffs. The company states a lack of economic log supply as the reason.
- The City of Quesnel, in partnership with West Fraser Mills, C&C Wood Products, First Nations and the Cariboo Regional District have made an application to be a pilot District in the Interior Forestry Renewal Initiative.

### DISCUSSION:

A timber supply analysis and Allowable Annual Cut (AAC) determination was made in 2017, resulting in a reduction from 4,000,000 m<sup>3</sup> to 2,607,000 m<sup>3</sup>. Quesnel District staff are currently working collaboratively with First Nations on the apportionment process, developing options. The City has engaged with District staff during this process and have expressed interest in a Community Forest Agreement (CFA), in addition to supporting additional volume to First Nations. A new Timber Supply Review (TSR) process has begun in Quesnel, which is anticipated to take up to 2 years to complete.

Rural Development Unit (RDU) Regional Manager and Community Adjustment Manager have worked closely with the City of Quesnel to coordinate an initial in-person Community Transition Team launch meeting on June 3, 2019 in response to Tolko's recent closure announcement. The Mayor also cited concern for additional curtailment of operations in the community including Quesnel River Pulp and Nazbec, a bio-processing facility on the Tolko Quest Wood property which is operated as a joint venture between Nazko First Nation and Pacific Bio Energy.

The City began a "Future of Forestry Think Tank" process in 2018, beginning with a session engaging industry, First Nations, government, academics and non-profit societies on ideas to strengthen the forest sector in the District. Since that time, District staff have been working with a similar cohort on a specific project which promotes community and ecological resiliency by creating a research-based analysis tool that will enable the development of a strategic and purposeful landscape level management plan, built on collaboration with all stakeholder groups. The community has expressed an interest in building on the success of the Forest Think Tank project and discussions are underway around a Wood Manufacturing Think Tank in September, focused on gaps in the workforce and opportunities to address those gaps. RDU staff are in contact with SDPR around potential funding for this project through a Labour Market Partnership. Mayor Simpson indicated desire to collaborate with the Province to develop future sustainable forestry practices in the region that will be supportive of a shifting industry through their "Future of Forestry Think Tank".

In response to the Interior Forest Renewal opportunity presented by the Premier, the City, industry, First Nations and the Cariboo Regional District have formed a coalition to pro-actively work on positive and forward-looking processes to improve forest sector competitiveness and community stability in the Quesnel TSA. The coalition table would like to focus on landscape level planning, tenure diversification and manufacturing. The government is waiting the signatures from the remaining coalition partners and will assess the proposal. Preliminary review indicates that this is a strong proposal.

## MINISTRY RESPONSE:

### Timber Supply/Apportionment:

- A new TSR has been initiated this past month in the Quesnel Timber Supply Area
- Staff are meeting with Minister Donaldson July 3, 2018 to present the apportionment options for consideration, from the 2017 TSR decision. An apportionment decision is pending after that meeting.
- Several options to be presented include the addition of a new CFA, disposition of that CFA would occur after an apportionment decision is made.

### Community Transition/Mill Closures:

- RDU staff are analyzing the outcomes and requests for support from the initial Transition Team meeting to identify timelines and potential resources.
- RDU staff will work with the SDPR, AEST and other government resources to identify existing programs to address impacts and support implementation.
- RDU staff will work with the City of Quesnel and the Cariboo Regional District to support completion of the recently launched Regional Labour Market Strategy.
- RDU staff will continue to support the community of Quesnel and area on its economic development and sector diversification initiatives, closely monitoring this situation as well as other mill curtailments in the region.

### Future Forestry Think Tank:

- The Province continues to support the Future Forestry Think Tank sessions by providing analytical and facilitation support with FLNRORD staff

### Interior Renewal Coalition Proposal:

- The proposal is awaiting review by John Allan and Rick Manwaring

## Attachment(s):

### PREPARED BY:

Josh Pressey  
A/Regional Executive Director  
Regional Operations, Cariboo  
(250) 255-7946

### REVIEWED BY:

|                  | Initials | Date          |
|------------------|----------|---------------|
| DM               |          |               |
| Associate DM     |          |               |
| DMO              |          |               |
| ADM              |          |               |
| Program Dir/Mgr. | JP       | June 18, 2019 |