



Forest Enhancement  
Society of British Columbia

# **2017/18 – 2019/20 SERVICE PLAN**

*September 2017*



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## Board Chair Accountability Statement



The 2017/18 - 2019/20 Forest Enhancement Society of BC Service Plan was prepared under the Board of Director's direction in accordance with the [\*Budget Transparency and Accountability Act\*](#). The plan is consistent with government's strategic priorities and fiscal plan. The Board is accountable for the contents of the plan, including what has been included in the plan and how it has been reported. The Board is responsible for the validity and reliability of the information included in the plan.

All significant assumptions, policy decisions, events and identified risks as of September 1, 2017 have been considered in preparing the plan. The performance measures presented are consistent with the *Budget Transparency and Accountability Act*, the Forest Enhancement Society of BC mandate and goals, and focus on aspects critical to the organization's performance. The targets in this plan have been determined based on an assessment of the Forest Enhancement Society of BC's operating environment, forecast conditions, risk assessment and past performance.

A handwritten signature in black ink, appearing to read 'Wayne Clogg', written over a light-colored rectangular background.

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

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## Strategic Direction and Operating Environment

### Strategic Direction

On February 26, 2016, the Government of British Columbia announced the formation of the Forest Enhancement Society of BC (FESBC) with initial funding of \$85 million and a five-member Board of Directors to oversee the establishment of FESBC and the delivery of its purposes.

In its Constitution, the purposes of FESBC are to:

- Advance the environmental and resource stewardship of British Columbia's forests by:
  - preventing and mitigating the impact of wildfires,
  - improving damaged or low-value forests,
  - improving habitat for wildlife,
  - supporting the use of fiber from damaged and low value forests, and
  - treating forests to improve the management of greenhouse gases.
- Advocate for the environmental and resource stewardship of B.C.'s forests, and
- Do all such other things as are incidental and ancillary to the attainment of the foregoing purposes and the exercise of the powers of FESBC.

In February 2017, an additional \$150 million grant was received from the Government. FESBC began expanding its efforts, especially with regard to improving damaged or low-value forests and reducing greenhouse gases. In doing so, FESBC works effectively with the [Ministry of Forests, Lands, Natural Resource Operations and Rural Development](#) (FLNRORD) to support the Government's climate leadership targets and to identify high priority environmental and stewardship projects which help FESBC best achieve its purposes. FESBC also works closely with a number of service delivery partners to ensure timely and efficient implementation on the ground.

In September 2017, FESBC received its first [Mandate Letter](#) from the Government and is committed to the achievement of these key priorities. FESBC's operations, which extend to all parts of the province, will help support the Government in delivering on its three key commitments to British Columbians – making life more affordable, delivering the services that people count on, and building a strong, sustainable innovative economy that works for everyone.

Frequent contact between the Government and the FESBC Board and staff will ensure FESBC's work is aligned with Government direction, accountabilities and the strategic priorities of FLNRORD, particularly as related to job creation in the forest industry, renewing the province's forests by expanding investments in reforestation, supporting the modernization of land-use planning and sustainable management of B.C.'s forests, and improving wildlife habitat conservation.

In delivering on its purposes in 2016/17, the FESBC Board approved 91 projects in three intakes from all regions of the province, allocating a total of \$28.6 million in its first year of operation. Approved projects included; planning and prescription development, a variety of fuel management treatments to reduce wildfire risk, harvest treatments to help rehabilitate wildfire and mountain pine beetle killed stands, low-value forest and wildlife habitat restoration work, operationally relevant research proposals from across the province, as well as, projects to improve the management of greenhouse gases. Going forward it is anticipated the Board will continue to receive and evaluate a similar cross-

section of projects; funding those proposals which the Board determines will help it best achieve FESBC's purposes while ensuring value for money.

## **Operating Environment**

At inception, FESBC was a non-profit society, with its enabling legislation under the [Societies Act](#). In June 2017, the Government decided, with advice from the Auditor General, to consolidate FESBC's financial statements into the Government's Summary Financial Statements. Now that FESBC is part of the Government Reporting Entity, FESBC is considered a Service Delivery Crown Corporation. Currently, FESBC is working with the Province to fully implement the transition to operating as a Crown agency during 2017/18.

As a Crown agency, FESBC's purposes remain especially relevant to Government and will continue to guide its operating environment going forward. In particular, projects that support the Government's strategic priorities and leadership in achieving its climate change targets are priorities for the Board. As evidenced by the devastating 2017 fire season, climate change will continue to have a significant impact on wildfires in the future and, as such, support for fuel management treatments and [FireSmart](#) projects that help to mitigate its negative impact on B.C. communities will also remain priorities for the Board.

## Performance Plan

### Goals, Objectives, Strategies and Performance Measures

This Service Plan outlines FESBC’s goals for the 2017/18 to 2019/20 fiscal years and the strategies and performance measures used to achieve and assess them. The goals, objectives, strategies and measures articulate FESBC’s operating priorities, which are aligned with the Government’s values and strategic priorities. The targets in this plan have been determined based on an assessment of FESBC’s operating environment, forecast conditions, risk assessment and past performance.

The Board’s mandate is to identify, approve and fund projects that will best achieve FESBC’s purposes while considering their overall value for money. The performance measures under each goal also help achieve the objectives for other goals.

#### **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 in light of climate change. FESBC will work collaboratively alongside provincial agencies, local governments and First Nations to support risk reduction and impact mitigation associated with wildfires.

#### **Objective 1.1: Provide funding support to build upon and enhance wildfire risk reduction activities for B.C. communities**

##### Strategies

- Support expansion and delivery of the FireSmart Program in B.C. communities through existing agencies including FLNRORD, [Fire Chiefs Association of British Columbia](#), [First Nations Emergency Services Society of British Columbia](#), [Office of the Fire Commissioner](#), and the [Columbia Basin Trust](#), and
- Develop a co-funding relationship with the Union of BC Municipalities – [Strategic Wildfire Prevention Initiative](#) (UBCM-SWPI) for wildland urban interface fuel management projects near communities.

#### **Performance Measure 1: Community Wildfire Risk Reduction**

Performance Measure	2016/17 Actual	2017/18 Target	2018/19 Target	2019/20 Target
Number of agreements entered into and implemented annually to support the FireSmart Program in B.C.	1	3	3	3
FESBC funding committed to support the delivery of co-funded projects with UBCM-SWPI. <sup>1</sup>	N/A	\$1.0 Million	\$2.5 Million	\$5.0 Million

<sup>1</sup>Data Source: FESBC Letter of Agreement with UBCM

**Discussion**

This performance measure demonstrates progress towards FESBC’s goal of preventing and mitigating the impact of wildfires through its activities to support the FireSmart program in B.C., and implementation of co-funded projects through the Strategic Wildfire Prevention initiative. Through the establishment of Letters of Agreement, FESBC is able to set the stage for collaboratively supporting programs and increasing funding to these two key provincial programs, both of which are essential to helping mitigate the risk of wildfires and their impacts on communities in B.C.

In 2016/17, FESBC successfully negotiated one formal Letter of Agreement with the Columbia Basin Trust to support the FireSmart Program in southeastern B.C. In 2017/18, the target is to maintain the current agreement while developing additional agreements with the Fire Chiefs Association of British Columbia and the First Nations Emergency Services Society of British Columbia to ensure there are strong partnerships in-place to deliver the FireSmart program throughout B.C. The longer-term target will be to maintain and build upon the success of these three FireSmart related agreements into the future.

In addition, FESBC entered into a Letter of Agreement with the UBCM-SWPI program to expand the funding available to them to assist communities in undertaking fuel management treatment projects to reduce wildfire risk in the wildland urban interface. The UBCM Letter of Agreement will provide for co-funding of fuel management projects meeting FESBC criteria with total project funding of up to \$1.0 million in 2017/18. The target co-funding amount is expected to increase as more B.C. local governments apply for project funding to treat their wildland urban interface areas in future years. The achievement of future funding targets is contingent on projects meeting the FESBC criteria.

**Objective 1.2: Support strategic landscape-level fire management investments that lead to wildfire resilient ecosystems**

**Strategies**

- Work with FLNRORD to assess strategic wildfire risk management opportunities, and
- Provide financial support towards completing treatment projects to meet landscape-level fire management objectives.

**Performance Measure 2: Wildfire Risk Reduction Treatments**

Performance Measure	2016/17 Baseline	2016/17 Actual <sup>1</sup>	2017/18 Target	2018/19 Target	2019/20 Target
Approved funding applied towards planning and completion of operational treatments to meet landscape-level fire management objectives	\$2.0 Million	\$2.0 Million	\$6.0 Million	\$8.0 Million	\$10 Million

**Data Source:** FESBC Annual Project Assessment Reports

<sup>1</sup> 2016/17 data is provided by a project assessment prepared by FESBC management for the Board of Directors from projects approved for funding in August and November of 2016.

**Discussion**

This performance measure tracks FESBC’s funding of cost effective projects that support strategic, landscape-level fire management objectives. Either through third party delivery, FLNRORD or through partnerships, FESBC will seek to fund wildfire risk reduction and mitigation projects. Key focus areas in 2017/18 will be planning, verification of fuel types, confirmation of strategic plans to address wildfire risks, and supporting operational prescriptions and implementing fuel treatment activities. Future year targets are based on experienced expenditures and are expected to increase as planning is completed and additional project funding is applied for by interested parties. FESBC is engaging with FLNRORD in commencing pre-planning to assist in wildfire mitigation through the fall of 2017 and into the future.

**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 of 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: Promote strategic landscape-level investments in damaged and low-value forests that lead to sustainable and reliable timber supply**

**Strategies**

- Work with the FLNRORD to assess strategic silviculture investment opportunities at a regional level,
- Support the development of project proposals with proponents and FLNRORD,
- Provide funding support towards operational silviculture treatments in damaged or low-value forests through collaborative planning with the [Forests for Tomorrow](#) program, and
- Develop a Letter of Agreement with FLNRORD regarding reforestation of FESBC-funded projects.

**Performance Measure 3: Improve Low Value or Damaged Forests**

Performance Measure	2016/17 Actual <sup>1</sup>	2017/18 Target	2018/19 Target	2019/20 Target
Funding provided to forest enhancement projects for low-value and damaged forests, as guided by FLNRORD Integrated Investment Planning.	\$1.2 Million	Establish baseline	Increase baseline	Increase baseline

**Data Source:** FESBC Project summary analysis.

<sup>1</sup> As of March 2017, approximately \$1.2 Million of project funding had a primary purpose listed as Improving Low-Value or Damaged Forests.

**Discussion**

Significant investments towards improving low-value and damaged forests are planned through many regions of the interior of B.C. in 2017/18 and beyond. This performance measure demonstrates how FESBC will identify priority, cost-effective projects that plan and implement this work.

Although many projects contribute to multiple objectives and meet several of FESBC’s purposes, it is anticipated that the focus in the coming years will be on mountain pine beetle killed stands and those stands affected by recent wildfires. These damaged or currently low-value forests are important areas for rural sustainability and will continue to require intensive forest management activities and investments.

FESBC works closely with FLNRORD to fund priority activities that are identified and supported through the ministry’s integrated investment planning processes now underway, and utilizing the results of integrated investment planning will provide a framework for detailed operating plans for future year investments.

**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: Support strategic landscape-level investments in terrestrial wildlife habitat improvement**

**Strategies**

- Develop a Letter of Agreement with [Habitat Conservation Trust Foundation](#) (HCTF) that outlines the co-funding partnership objectives and collaboration for wildlife habitat improvement projects in B.C.

**Performance Measure 4: Wildlife Habitat Improvement**

Performance Measure	2016/17 Actual	2017/18 Target	2018/19 Target	2019/20 Target
Letter of Agreement negotiated and implemented with Habitat Conservation Trust Foundation with funding committed to co-funded projects delivered by them.	\$0.48 Million	\$1.0 Million	\$1.5 Million	\$2.0 Million

**Data Source:** FESBC Letter of Agreement with HCTF

## Discussion

FESBC has cultivated a strong, mutually-beneficial working relationship with the HCTF to share technical expertise and co-fund projects that help to support achievement of FESBC’s wildlife habitat improvement goal. This relationship was formalized in a Letter of Agreement in 2016/17 and provided for the co-funding of 24 priority HCTF habitat improvement projects that also met FESBC criteria, with FESBC contributing a total of \$480,000 towards project funding.

In 2017/18, this agreement is being extended, with the co-funding contribution by FESBC for habitat improvement projects being increased up to \$1.0 million. This will supplement the annual HCTF funding allocation which is approximately \$6 million for projects benefitting B.C.’s fish, wildlife and habitats. Through this co-funding agreement, HCTF, FESBC and all British Columbians benefit by expanding the scope of habitat improvement projects in the province. FESBC also benefits significantly from gaining access to technical wildlife habitat biologist expertise to ensure the highest priority, highest value for money wildlife habitat projects are considered for funding.

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

Supporting the use of fibre encourages significant industrial activity in rural and provincial economies, creating employment and embracing innovation and diversification. FESBC believes that market-based economies can be enhanced or expanded in scope through financial support, thereby enabling more damaged and low-value forests to become economic opportunities.

#### **Objective 4.1: Encourage diverse opportunities and support innovative utilization of fibre that contributes to the local economy**

##### Strategies

- Support communities in assessing the feasibility of the innovative use of low-value fibre, and
- Work with FLNRORD and local industry to promote increased utilization of fibre in FESBC-funded projects.

#### **Performance Measure 5: Increased Fibre Utilization**

Performance Measure	2016/17 Actual	2017/18 Target	2018/19 Target	2019/20 Target
Annual funding for projects focusing on residual fibre utilization.	\$3.6 Million	\$6.0 Million	\$8.0 Million	\$10.0 Million

**Data Source:** FESBC management estimate prepared in March 2017

## Discussion

To support communities and encourage diverse and innovative economies throughout B.C., FESBC has embarked on implementing fibre recovery within feasible projects throughout the interior of the province. This performance measures tracks funding provided by FESBC to support those activities.

Where a facility exists that is willing to accept residual fibre volume, approved projects within that vicinity are requested to utilize the fibre. This utilization reduces the amount of residual wood piles that are burnt and increases opportunities for incremental bio-energy production, fossil fuel displacement, employment, value creation and even supplementing firewood supply to remote and rural communities. FESBC anticipates collaborating with FLNRORD in the development of policy and procedures for increased fibre recovery initiatives. Many fibre recovery projects will provide incremental reductions in greenhouse gas emissions and may contribute to Provincial carbon sequestration targets.

The performance measure targets are based on the Board approved cost estimates for projects submitted during the FESBC March 2017 proposal intake. Future year targets are based on the 2017/18 experienced cost projections which, in discussion with industry proponents, are expected to gradually increase as planning is completed and additional project funding is applied for by interested parties. Achievement of these targets is contingent upon FESBC obtaining any authorizations required from government in a timely manner.

**Goal 5: Treat Forests to Improve the Management of Greenhouse Gases**

British Columbia has vast forests that can be used 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 climate to change.

**Objective 5.1: Enhance the carbon sequestration of mountain pine beetle and wildfire impacted sites**

**Strategies**

- Develop a Letter of Agreement with FLNRORD regarding the capture of forest carbon benefits through FESBC-funded projects,
- Require increased fibre utilization in silviculture treatment work plans funded by FESBC,
- Support alternatives to burning of wood waste associated with logging operations, and
- Provide funding to priority projects that will result in increased sequestration of carbon.

**Performance Measure 6: Carbon Sequestration/GHG Emissions Reduction**

Performance Measure	2016/17 Actual	2017/18 Target <sup>1</sup>	2018/19 Target	2019/20 Target
FESBC funding of carbon sequestration projects to support Provincial targets.	N/A	\$12.3 Million	\$22.3 Million	\$24.5 Million

**Data Source:** FESBC management estimate prepared in July 2017.

<sup>1</sup>Data for funding levels built from estimates drawn from existing approved projects, multi-year budgets, and FLNRORD staff (carbon) consultation.

## **Discussion**

Working with FLNRORD carbon experts, FESBC is committed to taking action on climate change. To this end, FESBC is engaged in projects designed to identify and capture opportunities to sequester forest carbon, in alignment with the provincial [forest carbon strategy](#).

Processes are currently being developed and implemented to facilitate an increased scope of proposed carbon sequestration projects province-wide. An expectation that FLNRORD and FESBC will develop effective service agreements for nursery capacity and contracts is important to achievement of this goal. As site surveys and planning is completed, if additional areas suitable for reforestation are identified beyond current projections, funding transfers to FLNRORD for sowing of additional seedlings may increase the target spending levels in future years. A risk associated with these targets is the overall capacity of the forest community to deliver cost effective programs. Both FESBC and FLNRORD are aware of this risk and are working to identify strategies and solutions.

## Financial Plan

### Summary Financial Outlook

(\$000)	2016/17 Actual	2017/18 Budget	2018/19 Budget	2019/20 Budget
<b>Total Revenue</b>				
<b>Amortization of Provincial Contributions</b>	1,262	29,153	50,096	60,976
<b>Investment Earnings</b>	447	3,044	2,537	1,973
<b>Total Revenue</b>	<b>1,709</b>	<b>32,197</b>	<b>52,633</b>	<b>62,949</b>
<b>Total Expenses</b>				
<b>Carbon-leading projects</b>	0,000	12,300	22,300	24,500
<b>Wildfire risk mitigation, low-value forest and wildlife habitat improvement projects (not carbon-leading)</b>	1,173	18,875	29,291	37,407
<b>Administration</b>	536	1,022	1,042	1,042
<b>Total Expenses</b>	<b>1,709</b>	<b>32,197</b>	<b>52,633</b>	<b>62,949</b>
<b>Net Income/Excess of Revenue over Expenses/Annual Surplus (Deficit)</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>
<b>Total Liabilities/Debt (even if zero)</b>	<b>234,921</b>	<b>205,840</b>	<b>155,744</b>	<b>94,768</b>
<b>Accumulated Surpluses/Retained Earnings/Equity (even if zero)</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>
<b>Capital Expenditures</b>	<b>43</b>	<b>29</b>	<b>0,000</b>	<b>0,000</b>
<b>Dividends/Other Transfers</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>	<b>0,000</b>

### Key Forecast Assumptions

The FESBC forecast is based on the following key assumptions:

- The forest industry will continue to propose eligible projects and activities and will expand their capacity to ensure cost-effective, on-the-ground delivery;
- Integrated investment planning processes now underway by FLNRORD will be completed and will provide a strategic framework for the completion of detailed FESBC operating plans; and,
- FESBC staffing levels will remain stable in the two subsequent fiscal years, 2018/19 2019/20.

## **Management's Perspective on the Financial Outlook**

FESBC does not anticipate receiving any additional funding grants from the Government within the scope of this Service Plan. Additionally, current revenue projections do not include revenue from external funders. FESBC may, however, obtain funding from other sources through the course of the fiscal plan. All budget information in this Service Plan is consistent with the strategic direction established by the FESBC Board of Directors in 2016/17.

FESBC will continue to closely monitor resources and expenditures to ensure funded projects are delivered in an efficient and cost-effective manner. FESBC will work collaboratively and in a coordinated way to leverage partnerships, support FLNRORD strategic priorities, ensure alignment with the mandate to support key Government commitments and, in doing so, will manage expenditures accordingly.

## **Appendix A: Hyperlinks to Additional Information**

### **Corporate Governance**

[Role and membership list of the Board of Directors](#)

[Role and membership list of Board Committees](#)

[Executive Director information](#)

[The FESBC Board of Directors Manual](#)

### **Organizational Overview**

[FESBC's Constitution and Bylaws](#)

[2016 Annual Report](#)

[FESBC 2016 Audited Financial Statements](#)