



Forest Enhancement  
Society of British Columbia

# **2019/20 – 2021/22 SERVICE PLAN**

**February 2019**



For more information on the FESBC, contact:

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

1-877-225-2010

office@fesbc.ca

Or visit our website at

[www.fesbc.ca](http://www.fesbc.ca)

## Board Chair Accountability Statement



The 2019/20 – 2021/22 Forest Enhancement Society of BC Service Plan was prepared under the Board’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 February 4, 2019, 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’s 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 dark ink, appearing to read 'Wayne Clogg'. The signature is fluid and cursive, with a long horizontal stroke at the end.

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

**Table of Contents**

Board Chair Accountability Statement ..... 3

Strategic Direction and Alignment with Government Priorities..... 5

Operating Environment..... 7

Performance Plan ..... 8

Financial Plan..... 13

    Key Forecast Assumptions, Risks and Sensitivities ..... 14

    Management’s Perspective on the Financial Outlook ..... 14

Appendix A: Ministry Contact Information ..... 15

Appendix B: Hyperlinks to Additional Information ..... 16

    Forest Enhancement Society of BC Corporate Governance ..... 16

    Organizational Overview ..... 16

## Strategic Direction and Alignment with Government Priorities

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. 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 with service delivery partners to ensure the implementation is timely, efficient, and provides value for money. FESBC operates on a proponent-driven model, in which it periodically invites project funding applications (an “intake”) and reviews them with input from the Ministry of Forests, Lands, Natural Resource Operations and Rural Development (FLNRORD) technical staff to ensure project proposals are aligned with FESBC's purpose and Government's priorities.

In February, 2017, FESBC was allocated an additional \$150 million from the Province to be spent on improvements to Crown land. FESBC began expanding its efforts, especially on projects which improve damaged or low-value forests and reduce GHG emissions to support the Government's climate change commitments and targets.

In its first two years of operation, the FESBC Board approved 173 projects in four intakes from all regions of the province, allocating a total of \$163 million. Approved projects included 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, projects to improve the management of GHG emissions through reforestation of land impacted by wildfires, forest fertilization, and utilization of residual fibre to avoid burning. It is anticipated the Board will continue to receive and evaluate a similar cross-section of projects, with an emphasis on projects focused on wildfire risk mitigation and the reduction of GHG emissions.

FESBC is guided by its Mandate Letter, which highlights two key areas of focus to be delivered by working with FLNRORD, First Nations, communities, stakeholders and others:

1. Within the scope of FESBC capacity, engage in wildfire recovery, wildfire risk reduction and mitigation activities in coordination with other wildfire recovery efforts; and
2. Build on the success of the Provincial Forest Carbon Initiative (FCI) by focusing on activities that are consistent with Federal and Provincial climate change goals and eligible for recovery of funds under the Federal Low Carbon Economy Leadership Fund.

Frequent contact between the Government and the FESBC Board and staff will ensure FESBC’s work continues to be aligned with Government direction, accountabilities and the strategic priorities of FLNRORD, particularly as related to job creation in the forest industry, reducing the risk of wildfire impacts on communities, renewing the province’s forests by expanding investments in reforestation, improving wildlife habitat conservation and the reduction of GHG emissions.

FESBC is aligned with the Government’s key priorities:

<b>Government Priorities</b>	<b>FESBC Aligns with These Priorities By:</b>
Delivering the services people count on	<ul style="list-style-type: none"> <li>• Preventing and Mitigating the Impact of Wildfires (Goal 1)</li> <li>• Supporting the Use of Fibre from Damaged or Low-Value Forests (Goal 4)</li> </ul>
A strong and sustainable economy	<ul style="list-style-type: none"> <li>• Preventing and Mitigating the Impact of Wildfires (Goal 1)</li> <li>• Improving Damaged or Low-Value Forests (Goal 2)</li> <li>• Improving Habitat for Wildlife (Goal 3)</li> <li>• Supporting the Use of Fibre from Damaged or Low-Value Forests (Goal 4)</li> <li>• Treating Forests to Improve the Management of GHG Emissions (Goal 5)</li> </ul>

## Operating Environment

FESBC is 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. FESBC is now operating as a Service Delivery Crown Corporation.

As a Crown agency, FESBC's purposes remain relevant and will continue to be guided by Government's operating environment going forward. In particular, projects that support the Government's strategic priorities and leadership in achieving its climate change targets are a priority for the Board. FESBC supports projects that are consistent with Federal and Provincial climate change goals and eligible for recovery of funds under the Federal Low Carbon Economy Leadership Fund.

As shown by the devastating 2017 and 2018 fire seasons, climate change will also continue to have significant influence on wildfire activity in the future. As such, support for proactive fuel management treatments and [FireSmart](#) projects that help to mitigate the negative impact of wildfire on B.C. communities will continue to be priorities for the Board. In addition, a significant component of FESBC funding has been allocated to projects that support wildfire recovery activities, primarily reforestation of areas that have denuded as a result of the recent wildfires. Due to the magnitude of the wildfire impacts, delivery of the reforestation efforts in the projected timeline may be adversely impacted.

It is anticipated that the majority of the \$235 million granted to FESBC to date will be spent or committed once project funding approvals from the November 2018 intake are determined. This is reflected in the service plan projections as the associated expenses and performance measure targets are highest in 2019/20 then begin to decline as the funding is expended through 2020/21.

The Economic Forecast Council (EFC) expects B.C.'s real GDP to grow by 2.5 per cent in 2019 and 2.6 per cent in 2020. Meanwhile for Canada, the EFC projects national real GDP growth of 1.9 per cent in 2019 and 1.8 per cent in 2020. As such, B.C.'s economic growth is expected to outperform Canada's in the coming years. Risks to the economic outlook are weighted to the downside and include uncertainty regarding global trade policy, weakening global economic activity, as well as ongoing economic challenges in Asia and the euro zone. Additionally, there are risks related to monetary policy tightening and the volatility associated with commodity prices and the exchange rate outlook.

## Performance Plan

### 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 with the inherent risks of wildfire is becoming increasingly challenging, especially in light of climate change. FESBC works collaboratively with Provincial agencies, local governments, First Nations, and rural communities to support both risk reduction and mitigation activities associated with wildfires.

#### Objective 1.1: Enhance wildfire risk reduction activities for B.C. communities and improve ecosystem resiliency

##### Key Strategies:

- Coordinate and support the effective delivery of funds for wildfire prevention planning and fuel management treatments near communities and critical infrastructure;
- Work with FLNRORD to assess strategic wildfire risk management opportunities;
- Provide financial support for treatment projects to meet landscape-level fire management objectives; and
- Support the delivery of the [Community Resiliency Investment \(CRI\) Program](#) in cooperation with existing agencies including FLNRORD, Union of BC Municipalities (UBCM), and First Nations Emergency Services Society (FNESS) of British Columbia.

Performance Measure	2017/18 Actuals	2018/19 Forecast	2019/20 Target <sup>1</sup>	2020/21 Target	2021/22 Target
1.1 Priority area of fuel management treatments completed.	374 ha	1,000 ha	2,800 ha	1,800 ha	1,400 ha

<sup>1</sup> Targets over the three year period are set based on spending forecasts for the associated business area. As FESBC’s funding is expended the performance measure targets will naturally peak then decline through time.

##### Linking Performance Measures to Objectives:

1.1 This performance measure demonstrates progress towards FESBC’s goal of preventing and mitigating the impact of wildfires through its investments in fuel management treatments in priority areas such as those near communities, First Nations, and critical infrastructure.

##### Discussion:

Through third party delivery, FLNRORD, or other partnerships, FESBC funds projects that support strategic landscape-level fire management objectives and wildfire prevention plans. Key focus areas in 2019/20 will be verification of fuel types, confirmation of strategic plans to address wildfire risks, supporting operational prescriptions and implementing fuel treatment activities.

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

The impacts of catastrophic disturbances and the resulting losses to timber supply are reducing the overall forest asset value of the province. FESBC supports 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 Strategies:

- Work with the FLNRORD to assess strategic silviculture investment opportunities at a regional level through [integrated investment planning](#) processes; and
- Provide funding for operational silviculture treatments, such as stand thinning, in damaged or low-value forests through collaborative planning with the [Forests for Tomorrow](#) program.

Performance Measure	2017/18 Actuals	2018/19 Forecast	2019/20 Target <sup>1</sup>	2020/21 Target	2021/22 Target
2.1 Area of low-value and damaged forest enhanced through FESBC funded projects.	234 ha	2,000 ha	2,400 ha	1,300 ha	800 ha

<sup>1</sup> Targets over the three year period are set based on spending forecasts for the associated business area. As FESBC’s funding is expended the performance measure targets will naturally peak then decline through time.

#### Linking Performance Measures to Objectives:

2.1 Significant investments towards improving low-value and damaged forests are planned throughout the interior of B.C. in 2019/20 and beyond. This performance measure demonstrates how FESBC will support the implementation of this work, and assist in the revitalization of B.C. forests.

#### Discussion:

Priority areas for investment are identified through collaboration with FLNRORD and the Ministry’s integrated investment planning process. The focus of FESBC’s investments in the immediate term is anticipated to be on mountain pine beetle killed stands, stands affected by recent wildfires, and other low-value timber such as overly dense and suppressed stands. These damaged or currently low-value forest areas are important for rural sustainability and will continue to require intensive forest management activities and investments to realize their maximum benefit.

## 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. Many of the forest enhancement projects funded by FESBC achieve multiple purposes, including wildlife habitat improvement. In addition, FESBC identifies and acts on targeted opportunities to improve wildlife populations and their habitat when funding projects to organizations with wildlife management expertise.

## Objective 3.1: Improve wildlife habitat

### Key Strategies:

- Maintain and enhance the agreement with the [Habitat Conservation Trust Foundation](#) (HCTF) to co-fund and collaborate on wildlife habitat improvement projects in B.C.

Performance Measure	2017/18 Actuals	2018/19 Forecast	2019/20 Target <sup>2</sup>	2020/21 Target	2021/22 Target
3.1 Funding allocated for improving wildlife populations and their habitat. <sup>1</sup>	\$1.362 Million	\$1.7 Million	\$2.1 Million	\$1.7 Million	\$0.5 Million

<sup>1</sup> Data Source: FESBC Letter of Agreement with HCTF and FESBC Strategic Funding Plan – October 2018

<sup>2</sup> Targets over the three year period are set based on spending forecasts for the associated business area. As FESBC’s funding is expended the performance measure targets will naturally peak then decline through time.

### Linking Performance Measures to Objectives:

3.1 FESBC improves wildlife populations and their habitat in B.C.’s forests by partnering with the HCTF on a wide range of projects that provide multiple benefits.

### Discussion:

Through its relationship with the HCTF, FESBC is able to leverage technical expertise, and co-fund the highest priority and value-for-money projects that help to support achievement of FESBC’s wildlife habitat improvement goal. Examples of recent projects include: analysis of data from collared cow moose to inform moose management in B.C.; reintroduction of fire into the low to mid elevation dry forest and grassland ecosystems to restore and improve forage nutrition and availability for species such as mule deer and bighorn sheep; and maternal penning of caribou to encourage recovery of the Klinse-Za/Scott herds in the South Peace region.

Through its co-funding agreement with HCTF, FESBC and all British Columbians benefit through an expanded scope of habitat improvement projects in the province, helping ensure that suitable wildlife habitat is available and the abundance and distribution of wildlife in the province is maintained.

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

Supporting the use of post-harvest fibre from damaged or low-value forests can help to reduce greenhouse gas emissions, and encourage significant industrial activity in rural economies, creating employment and promoting economic innovation and diversification.

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

**Key Strategies:**

- Work with FLNRORD, First Nations and communities to assess opportunities for the innovative use of low-value fibre, and promote improved utilization.

Performance Measure	2017/18 Actuals	2018/19 Forecast	2019/20 Target <sup>1</sup>	2020/21 Target	2021/22 Target
4.1 Volume of residual fibre utilized.	15,733 m <sup>3</sup>	0 m <sup>3</sup>	83,300 m <sup>3</sup>	55,500 m <sup>3</sup>	27,700 m <sup>3</sup>

<sup>1</sup> Targets over the three year period are set based on spending forecasts for the associated business area. As FESBC’s funding is expended the performance measure targets will naturally peak then decline through time.

**Linking Performance Measures to Objectives:**

4.1 To support communities and encourage diverse and innovative economies throughout B.C., FESBC has increased its emphasis on implementing fibre recovery and utilization within feasible projects throughout the province. This performance measures tracks the volume of fibre utilized through those activities.

**Discussion:**

FESBC encourages opportunities to implement fibre recovery and utilization. The benefits of utilizing residual fibre include the reduction of residual wood pile burning, increased opportunities for incremental bio-energy production, employment creation and displacement of fossil fuel use. While some fibre recovery projects will also provide incremental reductions in GHG emissions, these projects are not eligible for carbon funding under the Forest Carbon Initiative.

FESBC continues to work with FLNRORD in the development of tenure and pricing policy and procedures to support increased fibre recovery initiatives.

**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 GHG emissions to help reduce the impacts of climate change. Due to trees’ ability to absorb and store carbon as they grow, their use in long-lived forest products, and their ability to create energy instead of fossil fuels, forests can positively affect atmospheric concentrations of carbon dioxide and other greenhouse gasses that are factors in causing the climate to change.

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

### **Key Strategies:**

- Work with FLNRORD to reduce unnecessary emissions and support carbon sequestration through FESBC-funded projects in alignment with the Forest Carbon Initiative (FCI) and [CleanBC](#);
- 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.

<b>Performance Measure</b>	<b>2017/18 Actuals</b>	<b>2018/19 Forecast</b>	<b>2019/20 Target<sup>1</sup></b>	<b>2020/21 Target</b>	<b>2021/22 Target</b>
5.1 Hectares treated to enhance forest carbon sequestration.	5,403 ha	15,000 ha	27,000 ha	27,700 ha	16,600 ha
5.2 Enhanced utilization of roadside fibre to avoid forest carbon emissions.	n/a	334,000 m <sup>3</sup>	599,000 m <sup>3</sup>	616,000 m <sup>3</sup>	369,000 m <sup>3</sup>

<sup>1</sup> Targets over the three year period are set based on spending forecasts for the associated business area. As FESBC's funding is expended the performance measure targets will naturally peak then decline through time.

### **Linking Performance Measures to Objectives:**

5.1 and 5.2 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 future forest carbon and reduce GHG emissions. These actions are in alignment with the provincial Forest Carbon Strategy, CleanBC, and the Forest Carbon Initiative.

### **Discussion:**

In collaboration with FLNRORD, FESBC utilizes processes to identify projects that support both forest carbon sequestration and emissions reductions across the province. FESBC-supported activities that enhance forest carbon sequestration may include increased planting density, incremental reforestation, improved utilization and enhanced fertilization. FESBC contributes to the reduction of GHG emissions by encouraging activities such as the use of post-harvest fibre to reduce slash pile burning. In addition to the forest carbon benefits, these activities also promote significant industrial activity in rural economies, creating employment and embracing innovation and diversification.

## Financial Plan

Core Business Area(\$m) or (\$000)	2018/19 Forecast	2019/20 Budget	2020/21 Budget	2021/22 Budget
<b>Total Revenue</b>				
<b>By Major Sources</b>	34,175	77,935	65,142	42,201
<b>Investment Earnings</b>	9,090	4,105	2,426	1,819
<b>Total Grant Revenue</b>	<b>43,265</b>	<b>82,040</b>	<b>67,568</b>	<b>44,020</b>
<b>Total Expenses</b>				
<b>Carbon Leading<sup>1</sup></b>	22,377	41,681	42,300	25,264
<b>Wildfire risk mitigation, low-value forest and wildlife habitat improvement</b>	17,542	34,235	21,243	14,730
<b>Administrative expenses</b>	3,346	6,124	4,025	4,026
<b>Total Expenses</b>	<b>43,265</b>	<b>82,040</b>	<b>67,568</b>	<b>44,020</b>
<b>Net Income/Excess of Revenue over Expenses/Annual Surplus (Deficit)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Liabilities/Debt (even if zero)</b>	<b>187,902</b>	<b>109,967</b>	<b>44,825</b>	<b>2,624</b>
<b>Accumulated Surpluses/Retained Earnings/Equity (even if zero)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Capital Expenditures</b>	<b>0</b>	<b>64</b>	<b>0</b>	<b>0</b>
<b>Dividends/Other Transfers</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

<sup>1</sup> Recovery of fibre (Goal 4, PM 4.1) is assumed to be carbon eligible and included in Carbon Leading total expenses

## **Key Forecast Assumptions, Risks and Sensitivities**

The FESBC forecast is based on the following key assumptions:

- There is no change in the funding granted to FESBC for delivery;
- The forest sector and Government will continue to propose eligible projects and activities and will ensure cost-effective, on-the-ground delivery in the projected timeline;
- Integrated investment planning processes now underway by FLNRORD will be completed and will provide a strategic framework to help identify investment priorities, support proponent applications, and support FESBC investment decisions; and,
- FESBC staffing levels will remain stable or increase if funding levels are increased.

If additional funding is granted to FESBC the projected forecast will require adjustment.

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

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 provided by the FESBC Board of Directors in 2018/19.

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 key Government commitments and, in doing so, will manage expenditures accordingly.

## **Appendix A: Ministry Contact Information**

[Forests, Lands, Natural Resource Operations and Rural Development](#)

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

### **Forest Enhancement Society of BC Corporate Governance**

[Board of Directors Role and Membership List](#)

[FESBC Staff Information](#)

[FESBC Board of Directors Policy Manual](#)

### **Organizational Overview**

[FESBC Constitution](#)

[FESBC Bylaws](#)

[Financial Statement Jan 2017 - Mar 2018](#)

[Annual Service Plan Report - July 2018](#)