

# Forest Enhancement Society of BC

## 2020/21 – 2022/23 SERVICE PLAN

February 2020



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## Board Chair Accountability Statement



The 2020/21 – 2022/23 Forest Enhancement Society of BC (FESBC) Service Plan was prepared under the Board’s direction in accordance with [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, 2020 have been considered in preparing the plan. The performance measures presented are consistent with the *Budget Transparency and Accountability Act*, FESBC’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 FESBC’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 large initial 'W' and 'C'.

Wayne Clogg  
Board Chair

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## Strategic Direction and Alignment with Government Priorities

The Government of British Columbia remains focused on its three strategic priorities: making life more affordable, delivering better services, and investing in a sustainable economy. Crowns are essential to achieving these priorities by providing quality, cost-effective services to British Columbia families and businesses.

Additionally, where appropriate, the operations of Crowns will contribute to:

- The objectives outlined in the government's newly released A Framework for Improving British Columbians' Standard of Living,
- Implementation of the *Declaration on the Rights of Indigenous Peoples Act* and the Truth and Reconciliation Commission Calls to Action, demonstrating support for true and lasting reconciliation, and
- Putting B.C. on the path to a cleaner, better future – with a low carbon economy that creates opportunities while protecting our clean air, land and water as described in the CleanBC plan.

By adopting the Gender-Based Analysis Plus (GBA+) lens to budgeting and policy development, Crowns will ensure that equity is reflected in their budgets, policies and programs.

FESBC contributes to the achievement of Government's strategic priorities through the delivery of its constitutional purposes:

- Prevent and mitigate the impact of wildfire,
- 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 operates on a proponent-driven model, in which it periodically invites project funding applications 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 purposes and Government's priorities. FESBC works with service delivery partners to ensure project implementation and treatment on the land base is timely, efficient, and provides value for money. As of December 31, 2019, of the \$235 million in funding allocated to FESBC by the Province, \$233 million has been approved by FESBC to support funding of 250 projects.

In addition to advancing FESBC's constitutional purposes, assisting with wildfire recovery and prevention, and contributing to the achievement of the [Low Carbon Economy Leadership Fund \(LCELF\)](#) objectives, the [Mandate Letter issued by the B.C. Government](#) directs FESBC to deliver on the following priorities, consistent with government's priorities of advancing reconciliation with Indigenous Peoples, and revitalization and transformation of the forest sector:

- Prioritize FESBC investments to support workers, Indigenous and non-Indigenous communities and contractors impacted by the current downturn and continue to identify and fund projects which meet the purposes of FESBC and the Provincial [Forest Carbon Initiative](#) objectives;

- Develop a plan for the delivery of all funded projects to ensure they are effectively implemented on the ground and bring lasting economic, environmental and social benefits to British Columbia; and
- Create a comprehensive communications strategy to show how the achievements of FESBC have delivered on its purposes, successfully contributed to the Province’s key commitments to sustainability and reconciliation and led to continued benefits for B.C.’s forests, Indigenous Peoples, and communities.

FESBC funds projects that support the Province’s key commitments to British Columbians to deliver the services that people count on and build a strong, sustainable and innovative economy that works for everyone. FESBC funded projects employ forestry and mill workers and support secondary forestry industries that are focused on utilizing traditionally non-merchantable fibre to generate energy, reduce carbon emissions by reducing open burning, which, together, contribute to provincial and federal climate change objectives, including that in the [CleanBC](#) plan and Forest Carbon Initiative. FESBC also assists in the implementation of eligible projects under the LCELF.

FESBC supports the implementation of the *Declaration on the Rights of Indigenous Peoples Act*, the implementation of the United Nations Declaration of the Rights of Indigenous Peoples ([UNDRIP](#)), and the objectives outlined in the government’s Framework for Improving British Columbians’ Standard of Living. Projects approved through FESBC support true and lasting reconciliation with Indigenous Peoples through supporting increased First Nations participation in the forest economy.

To ensure FESBC projects are delivered on time, and bring the desired benefits to the citizens and communities in B.C., FESBC is committed to delivering on the Province’s direction to implement enhanced and rigorous project management systems to track and quantify the impact of this investment in B.C.

FESBC is aligned with the Government’s key priorities:

Government Priorities	FESBC Aligns with These Priorities By:
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, 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

As a Government Reporting Entity, FESBC's purposes will continue to be guided by Government's operating environment, and achievement of Government's strategic priorities.

Climate change has a significant influence on FESBC's activities, and supporting Government's climate change objectives continues to be a priority for the Board. FESBC funds 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 fire seasons in 2017 and 2018, climate change will also continue to have significant influence on wildfire activity in the future. As such, proactive fuel management treatments and FireSmart projects that help to mitigate the negative impact of wildfire on B.C. communities are ongoing priorities for the Board. In addition to wildfire mitigation and prevention activities, FESBC funding also supports wildfire recovery projects, such as reforestation of wildfire-affected areas. These activities bring multiple benefits to the land base of British Columbia, including healthy and resilient forests, and wildlife habitat for the future.

FESBC projects also play an important role in supporting forest dependent communities, contractors, and workers that have been impacted by the economic challenges currently facing the forest sector. Through the funding and delivery of projects consistent with its purposes and the Province's Forest Carbon Initiative objectives, FESBC creates jobs for British Columbians in Indigenous and non-Indigenous communities across the province. By overseeing the timely and effective completion of these projects, FESBC will ensure that their activities realize maximum benefits to B.C. forest workers and forest-dependent communities.

As of December 31, 2019, 99 percent of the \$235 million granted to FESBC by the Province has been committed to projects that will bring multiple benefits to the land base of British Columbia. Approved projects include those focused on wildfire risk reduction to protect communities, rehabilitation of wildfire and mountain pine beetle-killed stands, and the restoration of low-value forests and wildlife habitat. There is also considerable focus on projects which improve the management of GHG emissions through reforestation of land impacted by wildfire, forest fertilization, and utilization of residual fibre to avoid burning.

The focus of FESBC in the coming years will expand to include a greater emphasis on project implementation, in addition to project identification and funding. This is reflected in the service plan projections as the associated expenses and performance measure targets are generally highest in 2020/21 then begin to decline as the funding is expended. Effective and diligent project oversight of projects on the ground will be critical to ensure FESBC aligns to Government's strategic priorities of delivering the services people can count on, reconciliation with Indigenous Peoples, and supporting a strong, sustainable economy in B.C.

The Economic Forecast Council (EFC) expects B.C.'s real GDP to grow by 2.4 per cent in 2020 and 2.3 per cent in 2021. Meanwhile for Canada, the EFC projects national real GDP growth of 1.7 per cent in 2020 and 1.8 per cent in 2021. As such, B.C.'s economic growth is expected to outperform Canada's in the coming years. Risks to B.C.'s economic outlook include ongoing uncertainty regarding global trade policies and weak global economic activity, as well as lower commodity prices and slower domestic economic growth. Meanwhile, LNG development in the province is expected to have a positive impact on B.C.'s economy.

## Performance Plan

### Goal 1: Prevent and Mitigate the Impact of Wildfire

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 higher-risk communities and critical infrastructure;
- Work with FLNRORD to assess strategic wildfire risk management opportunities; 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 Measures	2018/19 Actuals	2019/20 Forecast	2020/21 Target	2021/22 Target	2022/23 Target
1.1a Priority area of fuel management treatments completed (hectares) <sup>1</sup>	1,200 ha	2,500 ha	3,300 ha	2,200 ha	1,900 ha
1.1b Number of higher risk communities* with wildfire risk reduction treatments	37	22	30	7	9

<sup>1</sup> Data Source: Assumes average cost of \$5,000/ha. 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.

\* Higher risk communities include: First Nations reserve areas, treaty settlement lands, municipalities and unincorporated areas within regional districts that are located within a Wildland Urban Interface risk class 1 or 2 area or have a locally approved plan that has identified high or extreme threat areas, as defined in [FLNRORD 2019/20 Service Plan, Objective 1.2](#).

#### Linking Performance Measures to Objectives:

Both 1.1 a and b demonstrate progress towards FESBC’s goal of preventing and mitigating the impact of wildfire through its investments in fuel management treatments in priority areas such as those near communities, First Nations communities, and critical infrastructure.

#### Discussion:

Through third party delivery, FLNRORD, or other partnerships, FESBC funds projects that support strategic community and landscape-level fire management objectives and wildfire prevention plans. Key focus areas in 2020/2021 will be verification of fuel types, confirmation of strategic plans to address wildfire risks, supporting operational prescriptions and implementing fuel treatment activities. Going forward, greater emphasis will be placed on ensuring the entire life-cycle of the process—from

wildfire prevention plans to operational prescriptions and treatments—is supported by FESBC funds through requiring applicants to include an allocation of resources throughout the entire proposed project timeline.

## **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 in 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	2018/19 Actuals	2019/20 Forecast	2020/21 Target	2021/22 Target	2022/23 Target
2.1 Area (hectares) of low-value and damaged forest enhanced through FESBC-funded projects <sup>1</sup>	1,300 ha	1,300 ha	900 ha	1,300 ha	1,000 ha

<sup>1</sup> Data Source: Assumes average cost of \$4,000/ha. Targets over the three-year period are set based on spending forecasts for the associated performance measure. As FESBC’s funding is expended the performance measure targets will naturally peak then decline over time.

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

Through its mandate, FESBC supports projects which improve the viability of low-value and damaged forests throughout the interior of B.C. This performance measure demonstrates progress towards the revitalization of these areas.

#### **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 wildfire, 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 for future generations of British Columbians.

## **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 of organizations with wildlife management expertise.

**Objective 3.1: Improve terrestrial wildlife habitat and populations**

**Key Strategies:**

- Strive to achieve multiple benefits on all projects, including the improvement of wildlife habitat; and
- 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	2018/19 Actuals	2019/20 Forecast	2020/21 Target	2021/22 Target	2022/23 Target
3.1 Funding allocated for improving wildlife populations and their habitat	\$0.3 Million	\$1.3 Million	\$2.0 Million	\$1.0 Million	\$0.7 Million

<sup>1</sup> Data Source: FESBC Letter of Agreement, dated March 11, 2019 with HCTF. Targets are determined based on associated financial forecasts, and are reviewed annually in conjunction with spending plans.

**Linking Performance Measures to Objectives:**

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 this co-funding agreement, 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 can help to reduce greenhouse gas emissions, encourage job opportunities for forest workers in rural economies, and promote economic innovation and diversification.

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

Many fibre recovery projects will result in net GHG reductions by 2030 and 2050 and therefore are eligible for carbon funding under Goal 5. However, fibre recovery projects that don't meet the threshold requirements under Goal 5 are accounted for under Goal 4.

**Key Strategies:**

- Prioritize projects that provide employment benefits to workers in impacted communities; and
- Work with FLNRORD, First Nations, and communities to assess opportunities for the innovative use of low-value fibre, and promote improved utilization.

Performance Measure	2018/19 Actuals	2019/20 Forecast	2020/21 Target	2021/22 Target	2022/23 Target
4.1 Volume of residual fibre utilized (cubic metres)	-	157,000 m <sup>3</sup>	100,000 m <sup>3</sup>	-	-

<sup>1</sup> Data Source: Assumes average cost of \$12 per cubic metre in 2018/19, and \$14 per cubic metre in 2019/20 and forward. 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:**

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

**Discussion:**

FESBC encourages opportunities to increase 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 the potential displacement of fossil fuel use. While some fibre recovery projects will also provide incremental reductions in GHG emissions, the projects reported under Goal 4 are not eligible for carbon funding under the Forest Carbon Initiative (FCI).

**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 reduce GHG emissions to help mitigate climate change. As trees absorb and store carbon as they grow, forests can positively affect atmospheric concentrations of carbon dioxide and other greenhouse gasses that are factors in causing the climate to change. Maximizing carbon sequestration through forest management practices can offset or displace the impact of GHG emissions resulting from fossil fuels.

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

**Key Strategies:**

- Prioritize projects that provide employment benefits to workers in impacted communities;

- Work with FLNRORD to reduce forest emissions and support carbon sequestration through FESBC-funded projects in alignment with the FCI and CleanBC;
- Support alternatives to burning of wood waste associated with forestry and logging operations; and
- Provide funding to priority projects that will result in increased sequestration of carbon.

Performance Measures	2018/19 Actuals	2019/20 Forecast	2020/21 Target	2021/22 Target	2022/23 Target
5.1a Hectares (ha) treated to enhance forest carbon sequestration <sup>1</sup>	9,700 ha	22,000 ha	20,000 ha	4,000 ha	18,000 ha
5.1b Enhanced utilization of cubic metres (m <sup>3</sup> ) of roadside fibre to avoid forest carbon emissions <sup>2</sup>	234,000 m <sup>3</sup>	746,000 m <sup>3</sup>	1,055,000 m <sup>3</sup>	1,310,000 m <sup>3</sup>	170,000 m <sup>3</sup>
5.1c Number of trees planted (in ground) by the end of fiscal year.	1.03 Million	10.6 Million	26.4 Million	7.9 Million	31.8 Million

<sup>1</sup> Data Source: 5.1a assumes \$1,200 per hectare planting costs and \$500 per hectare fertilization costs. 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 over time.

<sup>2</sup> 5.1b assumes \$12 per cubic metre in 2018/19 and \$14 per cubic metre in 2019/20 and forward, for enhanced utilization of roadside fibre.

**Linking Performance Measures to Objectives:**

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 identifies 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

### Summary Financial Outlook

(\$000)	2019/20 Forecast	2020/21 Budget	2021/22 Plan	2022/23 Plan
<b>Total Revenue</b>				
<b>Contribution from Province</b>	52,800	64,680	41,110	40,252
<b>Other Income</b>	2,726	2,888	2,910	1,750
<b>Total Revenue</b>	<b>55,526</b>	<b>67,568</b>	<b>44,020</b>	<b>42,002</b>
<b>Total Expenses</b>				
<b>Grants</b>	52,800	64,680	41,110	40,252
<b>Administration</b>	2,726	2,888	2,910	1,750
<b>Total Expenses</b>	<b>55,526</b>	<b>67,568</b>	<b>44,020</b>	<b>42,002</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>0</b>	<b>0</b>	<b>0</b>	<b>0</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>	42	0	0	0
<b>Dividends/Other Transfers</b>	0	0	0	0

### 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;
- Integrated investment planning processes by FLNRORD to provide a strategic framework to help identify investment priorities, support proponent applications, and support FESBC investment decisions; and,
- FESBC staffing levels will remain stable.

## **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.

FESBC will continue to closely monitor resources and expenditures to ensure funded projects are delivered in an efficient, timely 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: Hyperlinks to Additional Information**

### **Ministry Contact Information**

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

### **Organizational Overview**

[FESBC Governance](#)

[FESBC Staff Information](#)

[FESBC Board of Directors Policy Manual](#)

[FESBC Constitution](#)

[FESBC Bylaws](#)

[Financial Statements March 31, 2019](#)

[Annual Service Plan Report 2018/19](#)