

Ministry of Forests

2002/03 – 2004/05 Service Plan Summary

Mission: **Protect and manage our public forests for the sustained benefit of all British Columbians**

Strategic Shifts

Function/Policy	Shift from	To
Regulation	<ul style="list-style-type: none"> Process-based and micro-management 	<ul style="list-style-type: none"> Results-based and professional/company accountability
Timber Allocation	<ul style="list-style-type: none"> The Forest Service directing where timber goes 	<ul style="list-style-type: none"> Timber flow responds to market forces
Private Sector Involvement	<ul style="list-style-type: none"> The Forest Service performing activity belonging in the private sector 	<ul style="list-style-type: none"> The Forest Service focusing on core functions belonging in the public sector
Competition and Revitalization	<ul style="list-style-type: none"> Constraints to industry competitiveness, productivity and revitalization 	<ul style="list-style-type: none"> The Forest Service facilitating industry competitiveness, productivity and revitalization
Measuring Wealth	<ul style="list-style-type: none"> Measuring wealth by volume of timber harvested 	<ul style="list-style-type: none"> Measuring wealth by the benefits of timber harvested

Core Business Functions

- 1. Protection of Forest and Range Assets:** Ensuring forest and range resources are protected, managed and improved on a sustainable basis.
- 2. Setting Performance Standards for Forest and Range Practices:** Ensuring the use of appropriate forest and range management practices to maintain and improve the long-term sustainability and health of the province's forest and range resources.
- 3. Compliance and Enforcement:** Ensuring performance standards and pricing and revenue requirements are monitored and enforced to uphold provisions of the *Forest Act*, the *Forest Practices Code of BC Act* and the *Range Act*.
- 4. Pricing and Selling the Assets:** Enhancing opportunities to generate wealth from forest and range resources; strengthening and supporting the competitiveness of the forest sector; maintaining and expanding international markets for BC forest products; and, ensuring the public receives fair value for the use of its forest and range resources.
- 5. Corporate Services:** Ensuring the Forest Service is a performance-focused, effective organization with highly trained and knowledgeable staff.

Major Initiatives
(listed by core business function)

Protection of Forest and Range Assets

Reduction of operating expenditures for this core function is 32% over the three-year period.

Moving tenures to a defined forest area management model will facilitate an increased responsibility for licence holders related to forest health and silviculture activities.

Significant levels of bark beetle attack on timber in North and Central British Columbia will impact forest management and timber-supply decisions, and require ongoing government and industry co-ordination.

Major programs/services the Forest Service will:

Continue to deliver	Deliver differently	No longer deliver
<p>Protect assets</p> <ul style="list-style-type: none"> • Preventing, preparing for and responding to wildfires. • Planning a provincial response to insect and disease threats. <p>Improve assets:</p> <ul style="list-style-type: none"> • The Ministry previously provided strategic direction for Forest Renewal BC's land-based activities. This function will continue for the new Forest Investment Vote. 	<p>Protect assets</p> <ul style="list-style-type: none"> • Implement a more cost-effective fire protection model in co-operation with forest companies, other industrial users, municipal governments and others. • Focus our forest fire response primarily on protecting lives and government assets, particularly timber. <p>Improve assets</p> <ul style="list-style-type: none"> • All discretionary silviculture investments, (i.e. not the legal obligations of the forest licence holder) will be eligible for Forest Investment Vote funding. 	<p>Protect assets</p> <ul style="list-style-type: none"> • Timber tenure holders will have increased responsibility to treat harmful insects and disease on tenures under a defined forest area management model. • The Forest Service will no longer provide cost-free fire-fighting services to protect non-government assets and interests. Services will be available on a user-pay basis. • Tenure holders will have increased responsibility for treating invasive plant species. <p>Improve assets</p> <ul style="list-style-type: none"> • Forest licence holders will be responsible for delivery of all silviculture investments on tenures under a defined forest area management model.

Setting Performance Standards for Forest and Range Practices

Reduction of operating expenditures for this core function is 37% over the three-year period.

Increased globalization, competition in forest markets and the preference of international customers for certified forest products, will require BC to continue to maintain high environmental standards, compatible with global definitions of Sustainable Forest Management.

Major programs/services the Forest Service will:

Continue to deliver	Deliver differently	No longer deliver
<ul style="list-style-type: none"> • Policy analysis, legislation development, and research to establish and monitor performance standards for forest and range practices. • Establish harvest levels through Allowable Annual Cut determinations. 	<ul style="list-style-type: none"> • A results-based Code relying on professional and company accountability to replace the present prescriptive regulatory framework. 	<ul style="list-style-type: none"> • Licensees will provide timber supply analysis and public consultation for areas under a defined forest area management model. • Range tenure holders will be responsible for range planning.

Compliance and Enforcement

Reduction of operating expenditures for this core function is 14% over the three-year period.

Changes to legislation to facilitate Government's changes to forest policy will require a new compliance and enforcement regime.

Major programs/services the Forest Service will:

Continue to deliver	Deliver differently	No longer deliver
<ul style="list-style-type: none"> • Compliance and enforcement activities required to uphold the provisions of the <i>Forest Act</i>, the <i>Forest Practices Code of BC Act</i> and the <i>Range Act</i>. 	<ul style="list-style-type: none"> • Enhance the compliance and enforcement regime to support the results-based Code. • Develop a new compliance and enforcement regime to fully protect the provincial revenue under the new tenure and timber pricing regimes. 	<ul style="list-style-type: none"> • Not applicable.

Pricing and Selling the Assets

Reduction of operating expenditures for this core function is 35% over the three-year period.

The softwood lumber dispute and its implications for market access to the United States is a critical challenge currently facing the province and forest sector.

Compounding this challenge, is the identified need for significant restructuring for the coastal forest industry due to changing product markets, significant over capacity problems, and the increasing importance of second growth timber.

Investment from BC forest enterprises is further impacted by unresolved Aboriginal land claims creating a level of long term business uncertainty.

Major programs/services the Forest Service will:

Continue to deliver	Deliver differently	No longer deliver
<ul style="list-style-type: none"> • Monitoring and analysis of global markets. • Pursuing free access for British Columbia forest products to markets in the United States, and pursuing opportunities in other markets. • Pricing policy, scaling, and billing. • Allocating and administering forest and range tenures, including timber sales under the revised Small Business Forest Enterprise Program. • Maintain approximately 2,000 km of Forest Service Roads (for public access to remote communities). 	<ul style="list-style-type: none"> • Develop and implement international marketing initiatives. • Implement a market-based pricing system to generate appropriate revenues to the Crown. • Make the Small Business Forest Enterprise Program more effective and put it on a commercial footing. • Reform tenure arrangements to curtail market interventions by government. 	<ul style="list-style-type: none"> • By March 31, 2005, all other Forest Service roads with non-industrial forest use will be transferred to other agencies, converted to a new wilderness road designation, permanently deactivated, closed or maintained on a user-pay basis.
<p>First Nations Consultation</p> <ul style="list-style-type: none"> • Consultation regarding forest development. 	<ul style="list-style-type: none"> • Forest Service to provide support for initiatives led by the Treaty Negotiations Office. 	<ul style="list-style-type: none"> • No initiatives led by the Forest Service directly.

Corporate Services

Reduction of operating expenditures for this core function is 33% over the three-year period.

The Forest Service is faced with a significant agenda for change in the province’s forest policy framework (including pricing, tenure and forest practices regulation), at the same time as meeting government’s fiscal direction.

Major programs/services the Forest Service will:

Continue to deliver	Deliver differently	No longer deliver
<ul style="list-style-type: none"> • Strategic policy development • Long-term strategic and performance planning. • Use of best practices. • Corporate governance processes, including, succession planning, training and leadership programs, and diversity initiatives. 	<ul style="list-style-type: none"> • Shared administrative services (e.g. finance, human resources, and information management systems). • More electronic client services. 	<ul style="list-style-type: none"> • Not applicable.

Non Core Businesses - Functions no longer delivered by the Forest Service:

Reduction for these functions is projected to be 100% over the three-year period.

- **Recreation sites and trails** - The Forest Service can no longer afford to fund the maintenance of recreation sites and trails. All current Forest Service recreation sites and trails will be transferred to other agencies and organizations or closed by March 31, 2005. The Forest Service will continue to set policy and standards for forest recreation use as part of the Setting Performance Standards core business area.
- **Seed Orchards and Nurseries** - These functions can be effectively delivered by the private sector, allowing the Forest Service to focus on core functions.
 - The Forest Service will close 2 seed orchards and offer the remaining 6 seed orchards for lease or sale to the private sector.
 - The two Forest Service nurseries will be privatized or closed.

Forest Service Resources (\$ Million)

	Fiscal Year				Percentage Change
	(re-stated estimates) 2001/02	2002/03	2003/04	2004/05	
Operating Expenditures	538	475	392	350	(35%)
FTEs	4,061	3,569	2,932	2,628	(35%)
Forest Investment Vote	294 ²	146 ¹	136 ¹	126 ¹	(57%) ²

¹ Includes \$12 M per year for international marketing initiatives.

² 2001/02 re-stated estimates for the Forest Investment Vote are planned expenditures as per the Forest Renewal BC 2001/02 Business Plan.

Organization Impact

All Forest Service offices will experience some level of downsizing over the three-year period. As part of this downsizing, the Forest Service will be closing some offices across the province. There will be substantial restructuring and downsizing of the Victoria offices to reflect the strategic shifts.

Attachments

The status of the New Era commitments and major initiatives assigned by the Premier to the Minister of Forests is attached.

Attachment 1

Government Priorities relating to Ministry of Forests



New Era Commitments Achieved

- Identification of opportunities to eliminate unnecessary and costly regulation within 30 days – *A deregulation report was delivered to Government in September 2001.*
- Report to cabinet within 30 days on the development of a plan to resolve, or at a minimum, contain and minimize negative impacts from the trade dispute with the US. – *A report was delivered to Cabinet in October 2001 and consultations with the United States are ongoing.*
- Outline for Cabinet the expected effects of industry restructuring – *The Pearse Report, commissioned by the Ministry, was released in November 2001.*
- Review of agencies, boards, commissions, and Crown Corporations to determine their roles in regard to the new priorities (including decision to “fix or scrap” Forest Renewal BC) – *The Forest Renewal BC Review was completed and Forest Renewal BC will be wound up and the new Forest Investment Vote implemented as of April 1, 2002. The Forest Practices Board review by the Attorney General was completed.*

New Era Commitments Included in 02/03 – 04/05 Service Plan

- In support of Government’s commitments to education, health care and other priorities, *the ministry’s revenue billing will annually contribute an estimated \$1.2 billion to the Consolidated Revenue Fund.*
- A leading edge forest industry that is globally recognized for its productivity and environmental stewardship will be addressed through:
 - Ensuring a competitive business climate – *Market interventions will be removed from provincial forest policy.*
 - Cut the forestry regulatory burden by one-third within three years without compromising environmental standards - *Deregulation and development of an effective results-based Forest Practices Code is underway. High environmental standards will be maintained.*
- Opportunities for efficiency, economy and synergy – *New partnerships with forest industry, simplified legislation and greater reliance on professional and company accountability will increase synergy, economy and efficiency.*
- Work to expedite interim measures agreements with First Nations – *The Forest Service will provide support for the Treaty Negotiations Office.*
- Enhanced focus on customer service and restoring BC as a world leader in E-Government services – *Use of electronic client services will be increased.*

- Efficient service delivery models including “user pay” principles where appropriate – *User pay principles will be introduced for forest fire protection.*
- Invest in Research to promote forest stewardship – *The Forest Service and the Forest Investment Vote will fund focused research.*
- Increase the Allowable Annual Cut over time through scientific forest management, proper planning and incentives to promote enhanced silviculture – *Planning, research and silviculture activities will be funded through the Forest Investment Vote.*
- Apply 1% of all direct forest revenues, not including “super stumpage,” to global marketing of BC’s forest practices and products – *New international marketing initiatives will be implemented in 2002/03.*
- Work to develop an internationally accepted standard for “eco-labelling” of BC forest products – *Certification initiatives will be supported by the Forest Service.*

Key Projects Included in 02/03 – 04/05 Service Plan

- Develop a market-based timber pricing regime (including elimination of waterbedding) and tenure reform package which will include fair value for the province’s timber resource - *Market based pricing reform and defined area forest management projects have been initiated in 2001/02.*
- Streamline the Forest Practices Code to establish a workable, results-based Code, with tough penalties for non-compliance – *The Results-Based Code was initiated in 2001/02 and legislation will be in place by fall 2002.*
- Develop a plan to make the Small Business Forest Enterprise Program more effective, and to put it on a commercial footing – *Small Business Forest Enterprise Program reform will be implemented beginning in 2002/03.*
- Participate actively in supporting the success of the Ministry of Sustainable Resource Management – *The Forest Service will support land use planning and the establishment of a working forest land base to provide greater stability and enhance long term forestry management and planning.*