

Forest Enhancement Society of BC

2021/22 – 2023/24 Service Plan

April 2021



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Board Chair's Accountability Statement



The 2021/22 – 2023/24 Forest Enhancement Society of BC (FESBC) 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 March 31, 2021, 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 blue ink that reads "Jim Snetsinger". The signature is fluid and cursive.

Jim Snetsinger
Board Chair

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Strategic Direction and Alignment with Government Priorities

In 2021/22, British Columbians continue to face significant challenges as a result of the global COVID-19 pandemic. Recovering from the pandemic will require focused direction, strong alignment and ongoing engagement between public sector organizations and the Government of British Columbia. The government has identified five foundational principles that will inform each Crown agency's policies and programs and contribute to COVID recovery: putting people first, lasting and meaningful reconciliation, equity and anti-racism, a better future through fighting climate change and meeting our greenhouse gas commitments, and a strong, sustainable economy that works for everyone.

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, periodically inviting project funding applications which are then reviewed with input from the Ministry of Forests, Lands, Natural Resource Operations and Rural Development (FLNRORD). Technical staff ensure project proposals are aligned with FESBC's purposes and the provincial 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, 2020, all of the \$238 million provided to FESBC by the Province has been allocated by FESBC to support funding of 270 projects.

In addition to advancing FESBC's constitutional purposes and contributing to the achievement of the [Low Carbon Economy Leadership Fund \(LCELf\)](#) objectives, FESBC contributes to the achievement of the FLNRORD Minister's Mandate letter by accelerating B.C.'s transition to a larger bioeconomy, planting trees, and reducing greenhouse gas emissions from forestry activity. FESBC-funded projects employ forest sector workers as well as support secondary forest industries which utilize traditionally non-merchantable fibre to generate energy and reduce carbon emissions. Together, these activities create multiple economic and environmental benefits, and contribute to provincial and federal climate change objectives, including those identified in the Province's CleanBC plan, Forest Carbon Initiative (FCI) and the federal government's LCELf.

FESBC supports the implementation of the *Declaration on the Rights of Indigenous Peoples Act*, the United Nations Declaration of the Rights of Indigenous Peoples (UNDRIP), and the objectives outlined in the Province's [Stronger BC for Everyone: B.C.'s Economic Recovery Plan](#). Projects approved through FESBC support true and lasting reconciliation with Indigenous peoples through supporting increased Indigenous community participation in the forest sector economy.

In addition to contributing towards the achievement of FLNRORD's Mandate Letter priorities, FESBC supports the actions outlined in the Mandate Letters for the Ministry of Environment and Climate Change Strategy by reducing wildfire risk and better preparing communities for future wildfires, improving wildlife habitat in many areas of B.C. and contributing to the removal of over five million metric tonnes of carbon dioxide equivalent (CO₂e).

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 benefits of these investments in B.C.

Operating Environment

As a government-reporting entity, FESBC's purposes will continue to be guided by the provincial government's operating environment, and achievement of the Province's strategic priorities.

Climate change has a significant influence on FESBC's activities and supporting provincial and federal government objectives to fight climate change continues to be a priority for the Board. FESBC funds projects consistent with governmental climate change goals to reduce greenhouse gases, making them eligible for recovery of funds under the federal LCELF.

Climate change will also continue to have significant influence on wildfire activity in the future. As such, proactive fuel management treatments and FireSmart projects aimed to mitigate the negative impact of wildfire on B.C. communities are ongoing priorities for the Board. FESBC funding also supports land-based 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 play an important role in supporting the Province's forest-dependent communities, contractors and workers impacted by the economic challenges through the funding and delivery of projects consistent with its purposes and provincial FCI objectives, creating jobs for British Columbians in Indigenous and non-Indigenous communities.

As of December 31, 2020, all of the \$238 million granted to FESBC by the Province is committed to projects that will bring multiple benefits to B.C.'s land base. 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. Projected forecast and targets changed due to re-profiling of the three-year spending targets which provided flexibility to FESBC to address extra tree planting costs related to COVID-19 this spring, as well as to contribute to post COVID-19 economic recovery by implementing more projects in 2020/21. \$3 million in new funding was approved in November 2020 to support the Province's *Stronger BC for Everyone: B.C.'s Economic Recovery Plan*.

It is anticipated that over 97 per cent of current FESBC projects will be completed by the end of 2021/22, as reflected in service plan projections. As such, FESBC's efforts over the next two years will focus on ensuring successful and efficient completion of projects, actively identifying and re-deploying any underspent funds, and delivering a comprehensive public communication strategy to document its achievements. Effective and diligent oversight of projects on the ground will be critical to ensuring FESBC continues to align with the Province's strategic priorities of putting people first, meaningful reconciliation with Indigenous peoples, and supporting a strong, sustainable economy in B.C.

The COVID-19 pandemic significantly reduced economic activity in B.C. in 2020. The ongoing evolution and economic cost of the pandemic on B.C. and its trading partners remains highly uncertain. The Economic Forecast Council (EFC) estimates a 5.1 per cent decline in B.C. real GDP in 2020 and expects growth of 4.9 per cent in 2021 and 4.3 per cent in 2022. Meanwhile for Canada, the EFC projects national real GDP growth of 4.7 per cent in 2021 and 4.2 per cent in 2022, following an estimated decline of 5.4 per cent in 2020. As such, B.C.'s economic growth is expected to outperform Canada's in the coming years. The pandemic has increased risks to B.C.'s economic outlook, such as the timing of the global vaccination rollout, extended travel restrictions, a weaker global recovery, and the continued impact of a slower recovery in some sectors of the B.C. economy. Further risks include ongoing uncertainty regarding global trade policies and lower commodity prices.

Performance Planning

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 within the context of climate change. FESBC works collaboratively with provincial agencies, local governments, Indigenous communities and partners, 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 the First Nations Emergency Services Society (FNESS) of British Columbia.

Performance Measure(s)	2019/20 Actuals	2020/21 Forecast ¹	2021/22 Target ¹	2022/23 Target ¹	2023/24 Target ¹
1.1a Priority area of fuel management treatments completed (hectares)	2,617 ha	7,900 ha	8,300 ha	700 ha	0 ha

Data source: PwC financial data, FESBC Information Management System (FESIMS) Data, and FESBC staff input.

¹Forecast and targets are based on spending forecasts for the associated business area measure and a detailed analysis of actual average treatment costs to date of \$2,100/ha. As FESBC’s funding is expended, the performance measure targets will naturally peak then decline over time.

Performance Measure(s)	2019/20 Actuals	2020/21 Forecast	2021/22 Target	2022/23 Target	2023/24 Target
1.1b Number of higher risk communities with wildfire risk reduction treatments ¹	37	26	35	7	0

Data source: FESBC Information Management System (FESIMS) Data, and FESBC staff input.

¹Higher risk communities include: Indigenous communities, treaty settlement lands, municipalities and unincorporated areas within regional districts 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.

Linking Performance Measure to Objective

Both 1.1a and 1.1b demonstrate progress towards FESBC’s goal of preventing and mitigating the impact of wildfire through investments in fuel management treatments in high-priority areas near communities, Indigenous 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 2021/22 will be supporting completion of operational prescriptions and implementing fuel treatment activities on previously identified priorities.

The projected forecast and targets for performance measure 1.1a have changed significantly from the 2020/21-2022/23 Service Plan because of a reallocation of FESBC spending targets in May 2020 to address COVID-19-related project delivery costs and contribute to post-COVID-19 economic recovery, as well as updates to the per hectare treatment cost assumption. A decline in results for both measures over the course of 2022/23 and 2023/24 is expected as FESBC anticipates that most current wildfire risk reduction projects will be completed in 2021/22. Minimal activity will occur in 2022/23 as existing funding will have been fully expended.

Goal 2: Improve Damaged or Low-Value Forests

The impact 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

- Support rehabilitation of forest lands, that have been negatively impacted by wildfire or insect infestation, through funding the removal and utilization of damaged fibre to enable reforestation activities; 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(s)	2019/20 Actuals	2020/21 Forecast ¹	2021/22 Target ¹	2022/23 Target ¹	2023/24 Target
2.1 Area (hectares) of low-value and damaged forest enhanced through FESBC-funded projects	1,597 ha	3,100 ha	4,400 ha	1,700 ha	0

Data source: PwC financial data, FESBC Information Management System (FESIMS) Data, and FESBC staff input.

¹ Forecast and targets are based on spending forecasts for the associated business area measure and an analysis of reported actual average treatment costs to date of \$1,500/ha. As FESBC’s funding is expended, the performance measure targets will naturally peak then decline over time.

Linking Performance Measure to Objective

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.

The projected forecast and targets for performance measure 2.1 have changed from the 2020/21-2022/23 Service Plan primarily due to lower than expected per-hectare treatment costs which resulted in an increased area forecast and targeted for treatment. The change also results from the reallocation of FESBC spending targets in May 2020 to address COVID-19-related project delivery costs and contribute to post-COVID-19 economic recovery.

Goal 3: Improve Habitat for Wildlife

British Columbia’s wildlife is diverse and abundant. However, some wildlife populations and their habitats are in decline due to 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. FESBC identifies and acts on

targeted opportunities to improve wildlife populations and their habitat in collaboration with other 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(s)	2019/20 Actuals	2020/21 Forecast¹	2021/22 Target¹	2022/23 Target¹	2023/24 Target¹
3.1 Funding allocated for improving wildlife populations and their habitat.	\$1.4 million	\$2.3 million	\$1.5 million	\$0.8 million	0

Data source: FESBC Letter of Agreement with HCTF dated March 11, 2019, HCTF annual approved project list, PwC Financials and FESIMS data.

¹ Forecast and targets are based on associated FESBC financial forecasts and spending plans.

Linking Performance Measure to Objective

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. In addition, FESBC partners with other proponents on projects focused on habitat improvement.

Discussion

Through its relationship with the HCTF, FESBC can leverage technical expertise, and co-fund the highest priority and value-for-money projects to support achievement of FESBC’s wildlife habitat improvement goal. Through this co-funding agreement, all British Columbians benefit through an expanded scope of habitat improvement projects in the province, helping ensure 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, create 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

Key Strategies

- Prioritize projects that provide employment benefits to workers in forest-dependent communities in regions of B.C. facing economic challenges; and
- Work with FLNRORD, Indigenous communities and partners, and rural communities to assess opportunities for the innovative use of low-value fibre and promote improved utilization of residual (waste) fibre.

Performance Measure(s)	2019/20 Actuals	2020/21 Forecast¹	2021/22 Target¹	2022/23 Target¹	2023/24 Target¹
4.1 Volume of residual fibre utilized (cubic metres)	185,141 m ³	298,000 m ³	3,600 m ³	0	0

Data source: PwC financial data, FESBC Information Management System (FESIMS) Data, and FESBC staff input.

¹Forecast and targets are based on spending forecasts for the associated business area measure and projected average costs of \$14 per cubic metre. As FESBC’s funding is expended, the performance measure targets will naturally peak then decline over time.

Linking Performance Measure to Objective

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 measure 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. Many fibre recovery projects under Goal 4 also provide incremental reductions in GHG emissions and are therefore eligible for funding under the FCI program.

The projected forecast and targets for performance measure 4.1 have changed significantly from the 2020/21-2022/23 Service Plan. This is a result of \$3 million additional funding under the Province’s *Stronger BC for Everyone: BC’s Economic Recovery Plan*.

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 reduce atmospheric concentrations of carbon dioxide, a contributing factor towards the changing climate. 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 forest dependent communities in regions of B.C. facing economic challenges;
- Work with FLNRORD to reduce forest carbon emissions and support carbon sequestration through FESBC-funded projects in alignment with the FCI and CleanBC;
- Support alternatives to burning of residual wood waste associated with forestry and logging operations; and
- Provide funding to priority reforestation and fertilization projects that will result in increased sequestration of carbon.

Performance Measure(s)	2019/20 Actuals	2020/21 Forecast ¹	2021/22 Target ¹	2022/23 Target ¹	2023/24 Target ¹
5.1a Hectares (ha) treated to enhance forest carbon sequestration	18,475 ha	23,700 ha	13,500 ha	0	0

Data source: PwC financial data, FESBC Information Management System (FESIMS) Data and FESBC staff input.

¹ Forecast and targets are based on spending forecasts for the associated business area measure and projected average costs of \$1,400 per hectare planting costs and \$500 per hectare fertilization costs. As FESBC's funding is expended, the performance measure targets will naturally peak then decline over time.

Performance Measure(s)	2019/20 Actuals	2020/21 Forecast ¹	2021/22 Target ¹	2022/23 Target ¹	2023/24 Target ¹
5.1b Enhanced utilization of cubic metres (m ³) of roadside fibre to avoid forest carbon emissions	864,660 m ³	1,436,000 m ³	862,000 m ³	159,000 m ³	0

Data source: PwC financial data, FESBC Information Management System (FESIMS) Data and FESBC staff input.

¹ Forecast and Targets are based on spending forecasts for the associated business area measure and projected average costs of \$14 per cubic metre. As FESBC's funding is expended, the performance measure targets will naturally peak then decline over time.

Performance Measure(s)	2019/20 Actuals	2020/21 Forecast ¹	2021/22 Target ¹	2022/23 Target ¹	2023/24 Target ¹
5.1c Number of trees planted (in ground) by the end of fiscal year	10.4 million	28 million	33 million	0	0

Data source: PwC financial data, FESBC Information Management System (FESIMS) Data and FESBC staff input.

¹ Forecast and Targets are based on projections provided by project proponents and FESBC staff input. As FESBC's funding is expended, the performance measure targets will naturally peak then decline over time.

Linking Performance Measure to Objective

Working with FLNRORD carbon experts, FESBC is committed to acting 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 FCI.

Discussion

In collaboration with FLNRORD, FESBC identifies projects that support both forest carbon sequestration and emissions reduction across the province. FESBC-supported activities enhancing forest carbon sequestration may include increased planting density, incremental reforestation, 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. When residual fibre (concentrations of woody biomass) is burned following timber harvesting operations, GHG's are released (including carbon dioxide, methane, and nitrous oxide). If the residual fibre is utilized instead of piled and burned, GHG emissions can be avoided. In addition to the forest carbon benefits, these activities also promote significant industrial activity in rural economies by creating employment and embracing innovation and diversification. FESBC is accelerating British Columbia's transition to a larger bioeconomy by increasing the use of residual fibre. This fibre is used as a substitute for fossil fuels domestically and around the world to make green energy and paper products that displace single-use plastics.

The projected forecast and targets for Goal 5 performance measures have changed from the 2020/21-2022/23 Service Plan as result of a reallocation by government of FESBC spending targets from fiscal year 2022/23 to fiscal years 2020/21 and 2021/22, to address COVID-19-related project delivery costs and contribute to post-COVID-19 economic recovery. The reallocation also aimed to help the fibre shortage in the pulp sector and deliver a robust planting program in 2021/22.

Financial Plan

As discussed in the performance measure sections above, some project expenditures planned for 2022/23 in the 2020/21–2022/23 Service Plan were reallocated to 2020/21 and 2021/22 by government to support COVID-19-related project delivery costs and post-COVID-19 economic recovery. The 2020/21 forecast also increased as a result of \$3 million additional funding under the Province’s *Stronger BC for Everyone: BC’s Economic Recovery Plan* announced in September 2020.

Financial Summary

(\$000)	2020/21 Forecast	2021/22 Budget	2022/23 Plan	2023/24 Plan
Total Revenue				
Contribution from Province	80,000	56,000	6,982	0,000
Other Income	2,948	3,010	1,750	0,000
Total Revenue	82,948	59,010	8,642	0,000
Total Expenses				
Grants	80,000	56,000	6,982	0,000
Administrative	2,948	3,010	1,750	0,000
Total Expenses	82,948	59,010	8,642	0,000
Annual Surplus (Deficit)	0,000	0,000	0,000	0,000
Total Debt	0,000	0,000	0,000	0,000
Accumulated Surplus (Deficit)	0,000	0,000	0,000	0,000
Capital Expenditures	0,000	0,000	0,000	0,000

Note: The above financial information was prepared based on current Generally Accepted Accounting Principles.

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 program delivery;
- Customer demand, supply chains and labour availability continue to be stable even in the face of pandemic circumstances.

Management’s Perspective on the Financial Outlook

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, the Ministry of Environment and Climate Change Strategy, and other Ministerial strategic priorities as applicable, to ensure alignment with key Government commitments and, while doing so, will manage expenditures accordingly.

Appendix A: Additional Information

Corporate Governance

[FESBC Governance](#)

[FESBC Board of Directors Policy Manual](#)

[FESBC Constitution](#)

[FESBC Bylaws](#)

Organizational Overview

[FESBC Staff Information](#)

[Annual Service Plan Report 2019/20](#)