

Forest Enhancement Society of BC

2025/26 – 2027/28 Service Plan

March 2025



For more information on the Forest Enhancement Society of BC contact:

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<https://fesbc.ca/>

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Board Chair's Accountability Statement



The 2025/26 – 2027/28 Forest Enhancement Society of BC (FESBC) Service Plan was prepared under the Board's direction in accordance with the *Budget Transparency and Accountability Act*. This plan is consistent with government's strategic priorities and fiscal plan. The Board is accountable for the contents of this plan and is responsible for the validity and reliability of the information presented.

All significant assumptions, policy decisions, events and identified risks, as of February 19, 2025, 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 "Dave Peterson".

Signed on behalf of the Board by:

Dave Peterson
Board Chair, Forest Enhancement Society of BC
March 4, 2025

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Strategic Direction

In 2025/26, public sector organizations will continue to prioritize delivering the services and infrastructure needed for people to build good lives in strong communities.

To support this objective public sector organizations will support Government's focus on growing the economy, responding to the threat of tariffs, creating good paying jobs, improving affordability, strengthening health care and education, and making communities safer.

Public sector organizations will also continue to work as directed to support the implementation of the Declaration on the Rights of Indigenous Peoples Act Action Plan.

This 2025/26 service plan outlines how the Forest Enhancement Society of BC will support the government's priorities and selected action items identified in the most recent [Forest Enhancement Society of BC Mandate Letter](#).

Purpose of the Organization and Alignment with Government Priorities

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,
- Support the use of fibre from damaged and low-value forests,
- Improve habitat for wildlife, 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. 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.

FESBC is supporting projects that mitigate wildfire risks to communities, including reducing fuel loads in dense forests adjacent to communities and infrastructure through various fuel reduction treatments, and when feasible, the residual fibre that is created from these projects is utilized for energy and other forest products rather than burned.

FESBC is also continuing to support projects that increase the use of low-value or residual fibre including trees damaged by recent wildfires and waste left on site after logging that would otherwise be burnt. These projects will be implemented throughout rural B.C. and will meaningfully impact both Indigenous and non-Indigenous communities by helping build

prosperous and sustainable economies even as the timber supply continues to decline. By implementing these projects, FESBC partners will be leading the way in developing the knowledge and experience required to create a low carbon forest industry while also supporting the achievement of provincial and federal climate change objectives, including those identified in the Province's [CleanBC](#) plan.

Many of the forest enhancement projects funded by FESBC achieve multiple objectives. When reviewing project proposals, FESBC places a higher priority on projects that address more than one of the purposes articulated in FESBC's constitution.

FESBC will continue to ensure successful and efficient completion of projects. Effective and diligent oversight of projects will ensure 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. FESBC will continue to communicate its plans and achievements to stakeholders and the general public, recognizing the contributions by the provincial government and Ministry of Forests staff to the success of the program.

Operating Environment

FESBC exists to invest in forest management activities on Crown land that result in more resilient forests, safer communities and improved habitat for wildlife. In addition, FESBC-funded projects play an important role in supporting B.C.'s rural and forest-dependent communities including contractors and workers impacted by the current economic challenges.

In the upcoming fiscal year FESBC will support proactive wildfire risk reduction treatments and continued support for the [FireSmart](#) program both of which help to mitigate the negative impact of wildfires on rural and First Nations. Wildfire risk reduction treatments such as thinning or spacing trees and removing dead and down material in the forest understory, result in a forest structure that is more resilient to climate change and fire, and more hydrologically stable in the long term. FESBC prioritizes funding projects that recover and utilize low-grade residual fibre, as any waste fibre that is directed for use in energy or manufacturing facilities, as opposed to open burning, presents an opportunity to reduce B.C.'s carbon footprint and support rural and indigenous workers and businesses.

In addition, FESBC supports proponents, including pulp, pellets and energy producers, to make use of low-value fibre that is otherwise too far away from their facilities to be economically available. Applications indicate that demand for this support remains high across the province. This demand has been exacerbated by recent sawmill closures and curtailments and the reduction in timber harvesting across the province.

FESBC-funds projects across and prioritizes projects that provide benefits to Indigenous communities and organizations. Approximately 30% of FESBC-funded projects in 2024/2025 provide direct benefits to Indigenous organizations, including employment opportunities.

FESBC is committed to funding and ensuring the completion of high impact projects. To that end, FESBC carries out rigorous project management systems to track and quantify the benefits of these investments in B.C.'s forests.

Economic Statement

B.C.'s economy experienced moderate growth last year amid relatively high interest rates, persistent price pressures and ongoing global economic uncertainty. The labour market ended the year on a positive note, supported by high immigration and strong population growth. Inflation in B.C. continued to moderate as the price growth of goods eased, while inflation for services remained elevated. Consumer spending and home sales activity were weaker for most of 2024 in the wake of still elevated interest rates and high prices. Subdued global demand and lower prices for key commodities led to a decline in the value of the province's merchandise exports in 2024. Meanwhile, B.C. homebuilding activity remained relatively strong following record high housing starts in 2023.

The Economic Forecast Council (EFC) estimates that B.C. real GDP rose by 1.2 per cent in 2024. In the near-term, the EFC expects B.C.'s economy to grow by 1.8 per cent in 2025 and 1.9 per cent in 2026, in line with the national average. For Canada, the EFC estimates growth of 1.4 per cent in 2024 and projects national real GDP growth of 1.8 per cent in 2025 and 1.9 per cent in 2026. These projections do not fully include the impact of the evolving U.S. tariff situation.

Restrictive global trade policies, particularly potential U.S. tariffs, pose a risk to the outlook and there is uncertainty over the degree and timing of impacts on B.C.'s economy, and among the province's trading partners. Other risks include lower population growth due to changes to federal immigration policy, as well as the potential for renewed price pressures leading to interest rates remaining elevated for longer, weaker global demand, and commodity market volatility.

Performance Planning

Goal 1: Prevent and Mitigate the Impact of Wildfire

Fire is a natural and essential ecological process in some of British Columbia's forests. Balancing the potential benefits with the inherent risks of fire on the landscape is becoming increasingly challenging, especially within the context of climate change. Returning forests to their normal historical fire regimes can minimize negative impacts from future wildfires.

Objective 1.1: Enhance wildfire risk reduction activities for B.C. communities

Fire can be a natural and essential ecological process in many of British Columbia's forests. Historical suppression activities and ongoing climate change have resulted in more catastrophic fires with severe negative impacts to humans and the environment. Ecologically appropriate forest management activities can reduce the future risk of catastrophic fires. FESBC funds these activities to improve forest resilience and increase community safety.

Key Strategies

- Work with the Ministry of Forests and other responsible organizations to implement strategic wildfire risk management priorities and opportunities,

- Coordinate and support the effective delivery of funds for wildfire prevention planning and fuel management treatments that reduce risk to communities and critical infrastructure,
- Promote the recovery and utilization of low-value residual fibre resulting from wildfire risk reduction treatments, and
- Support the delivery of the [Community Resiliency Investment](#) (CRI) program in cooperation with existing agencies including Ministry of Forests, Union of BC Municipalities (UBCM), and the First Nations Emergency Services Society (FNESS) of British Columbia.

Discussion

This objective supports progress towards FESBC’s goal of investing in fuel management treatments. FESBC works collaboratively with provincial agencies, local governments, Indigenous communities and partners, and other non-governmental organizations to support both risk reduction and mitigation activities associated with wildfires. Projects include removing dead and down material, thinning and pruning forests adjacent to communities and infrastructure such as transmission corridors and public roads to moderate fire behavior, and create landscape level fuel breaks.

To ensure the continuation of effective risk reduction activities, FESBC invests in fuel management treatment plans. The operational planning and accompanying prescriptions are prerequisites to completing wildfire reduction and prevention treatment activities. FESBC proponents must follow Crown Land Wildfire Risk Reduction Program standards as outlined in the [BCWS Tools for Fuel Management](#).

To monitor the impact of this work, FESBC tracks the completion of approved fuel management treatment activities, analyzes volumes of residual fibre being utilized from those activities, and identifies the communities positively impacted by these projects.

Performance Measures

| Performance Measure | 2024/25 Forecast ^{1,3} | 2025/26 Target ² | 2026/27 Target | 2027/28 Target |
|---|------------------------------------|--------------------------------|-------------------|-------------------|
| 1a Priority area of fuel management treatment activities completed (hectares) | 5,950 | 2,250 | 2,550 | 1,850 |

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

¹Forecast for 2024/25 is based on actual and projected work to be completed as entered into FESIMS.

²Targets are based on proponent project plan data entered into FESIMS, estimates by FESBC staff, and reflect Budget 2025 funding.

³Forecast exceeds [2024/25 target](#) due to a reallocation of funds from prior awarded programs.

| Performance Measure | 2024/25 Forecast ^{1,3} | 2025/26 Target ² | 2026/27 Target | 2027/28 Target |
|--|---------------------------------|-----------------------------|----------------|----------------|
| 1b Number of higher-risk communities with wildfire risk reduction activities | 53 | 33 | 31 | 23 |

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

¹Forecast for 2024/25 is based on actual and projected work to be completed as entered into FESIMS.

²Targets are based on proponent project plan data entered into FESIMS, estimates by FESBC staff, and reflect Budget 2025 funding.

³Forecast exceeds [2024/25 target](#) due to a reallocation of funds from prior awarded programs.

Goal 2: Increase Utilization of Residual Biomass Generated by Forest Management Activities

This goal supports FESBC's purposes related to supporting the use of fibre from damaged and low-value forests and treating forests to improve the management of greenhouse gases. Utilizing fibre that would otherwise be burnt helps the forest industry capitalize on the opportunities that residual biomass can provide. Enabling the utilization of this fibre is an important part of how B.C. is redefining the future of forest management.

Objective 2.1: Encourage diversity and innovation by the forest sector to utilize uneconomic waste fibre

Through funding the additional transportation costs needed to have this material shipped to secondary forest products facilities, FESBC is creating more opportunities for fibre utilization and recovery in B.C. and reducing the waste of forest resources and generation of greenhouse gasses caused by open burning. Partnerships with the secondary industry, including producers of pulp, cants, wood pellets and energy, and harvesting contractors helps preserve forest sector jobs while making a significant contribution to the forest industries' efforts to reduce GHG emissions related to forest management activities.

Key Strategies

- Fund only the differential between the cost of operations and the market value of the product,
- Track volumes and calculate the avoided emissions realized from these projects to report out the environmental benefits of the program, and
- Support all secondary manufacturing facilities including pulp mills, cant mills, pellet mills and energy complexes and small tenures holders and contractors that are eligible for funding, provided the fibre they are procuring meets the eligibility criteria including those related to costs.

Discussion

Fibre from conventional timber harvesting or other forest management activities, such as salvaging burned or insect-damaged stands, that is of too low quality to use for lumber or too

far away to be used for pulp or energy is usually piled and burned in the forest. Quality issues that render fibre unusable for lumber include logs being too small, having defects such as rot or large knots, or being too crooked to be processed in a sawmill. Such material still must be removed, however, to reduce fire risk and ensure that cutblocks are adequately reforested.

Strategies under this objective focus on delivering residual fibre to the secondary forest product producers without disrupting normal competitive fibre markets. FESBC funding is available only for the differential between the actual costs of using the fibre and the fair market value. In other words, FESBC aims to increase the amount of residual fibre available, not to reduce the cost of available residual fibre.

FESBC works with proponents to determine whether support is warranted by determining whether the cost of delivering the fibre in a usable form exceeds the market value of the fibre. The delivered log and fibre information, the products made at the receiving sites and other project specific data is also used to calculate the reduction of carbon emissions that are achieved by avoiding slash pile burning.

By supporting a reliable supply of residual fibre, FESBC seeks to normalize higher levels of forest fibre utilization by increasing the confidence of contractors and producers to invest in capital equipment and maintain a stable, well-trained workforce. In addition, providing consistent opportunities to recover residual fibre helps proponents improve efficiency and productivity that will drive down unit costs over time.

Performance Measures

| Performance Measure | 2024/25 Forecast ^{1,3} | 2025/26 Target ² | 2026/27 Target | 2027/28 Target |
|---|------------------------------------|--------------------------------|-------------------|-------------------|
| 2a Forest fibre utilized (cubic metres) | 1,950,000 | 400,000 | 345,000 | 465,000 |

Data source: FESBC Information Management System (FESIMS) Data and FESBC Staff

¹Forecast based on delivered and estimated volume.

²Targets are based on estimated delivery costs, inflation estimations, and Budget 2025 funding.

³Forecast exceeds [2024/25 target](#) due to a reallocation of funds from prior awarded programs. Unused funds for wildfire risk reduction activities were redeployed in 2024/25 to support additional fibre utilization.

Financial Plan

Financial Summary

| [\$000s] | 2024/25 Forecast | 2025/26 Budget | 2026/27 Plan | 2027/28 Plan |
|--------------------------------------|---------------------|-------------------|-----------------|-----------------|
| Revenues | | | | |
| Contributions from the Province | 56,203 | 20,231 | 20,000 | 20,000 |
| Other Income | 3,535 | 5,798 | 502 | 577 |
| Total Revenue | 59,738 | 26,029 | 20,502 | 20,577 |
| Expenses | | | | |
| Grants | 56,203 | 23,600 | 18,000 | 18,000 |
| Operating Costs | 3,524 | 2,417 | 2,490 | 2,565 |
| Capital Asset Management | 11 | 12 | 12 | 12 |
| Total Expenses | 59,738 | 26,029 | 20,502 | 20,577 |
| Annual Surplus (Deficit) | - | - | - | - |
| Total Debt | - | - | - | - |
| Accumulated Surplus (Deficit) | - | - | - | - |
| Capital Expenditures | - | - | - | - |

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 direction provided by government, mandates and priorities set for the Ministry of Forests, and funding granted and announced to date. Expenditure forecasts rely heavily on grant recipients' estimated completion timelines. FESBC strives to clearly outline its expectations, monitors projects against agreed upon milestones and works with grant recipients' dealing with unforeseen circumstances to mitigate risks of delayed projects.

Management's Perspective on 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 continue to consider on a go-forward basis the impacts of inflationary pressures on active projects. FESBC will work collaboratively and in a coordinated way to leverage partnerships, support the Ministry of Forests, the Ministry of Environment and Parks, the Ministry of Water, Land and Resource Stewardship and other Ministerial strategic priorities as applicable, to ensure alignment with key Government commitments and, while doing so, will manage expenditures accordingly.

Appendix: Mandate Letter from the Minister Responsible



June 15, 2023

Dave Peterson, Chair
Forest Enhancement Society of BC
101-925 McMaster Way
Kamloops, British Columbia V2C 6K2

Dear Dave Peterson:

On behalf of Premier Eby and the Executive Council, I would like to extend my thanks to you, your board members, and your organization's leadership, dedication, expertise, and service to the people of British Columbia.

Public sector organizations – including Crowns, Health Authorities and Post Secondary Institution Boards – support British Columbians by delivering vital public services and are accountable to the public through their responsible Minister. Your leadership in advancing and protecting the public interest strengthens trust in public institutions.

You are serving British Columbians at a time when people in our province continue to recover from and respond to the upheaval caused by the COVID-19 pandemic, an ongoing toxic drug crisis, climate-related natural disasters, and while global inflation is driving up costs. Now more than ever, we need to focus on building a prosperous, low-carbon, sustainable economy, and a province where everyone can find a good home – in rural areas, in cities, and in Indigenous communities.

This mandate letter, which I am sending in my capacity as Minister responsible for the Forest Enhancement Society of BC, sets out overarching principles relevant to the entire public sector and specific direction on priorities and expectations for your organization for the remainder of Government's term.

Government and public sector organizations must continue to advance results that people can see and feel in these key areas: strengthened health care, safer communities, attainable and secure housing, and a clean and fair economy that delivers affordability and prosperity.

In doing so, you will continue working towards lasting and meaningful reconciliation by supporting opportunities for Indigenous Peoples to be full partners in the province we are building together, and delivering on specific commitments as outlined in the *Declaration on the Rights of Indigenous Peoples Act* action plan.

As required by the *Climate Change Accountability Act*, please ensure your organization implements targets and strategies for minimizing greenhouse gas emissions, and managing

climate risk, including achieving carbon neutrality each year and aligning with the CleanBC target of a 50% reduction in public sector building emissions and a 40% reduction in public sector fleet emissions by 2030. Your organization is expected to work with government to report out on these plans and activities as required by legislation.

Our province's history, identity and strength are rooted in its diverse population. Yet racialized and marginalized people face historic, and present-day, barriers that limit their full participation in their communities, workplaces, government and their lives. The public sector has a moral and ethical responsibility to tackle systemic discrimination in all its forms – and every public sector organization has a role in this work. As part of this work, your organization is expected to adopt the Gender-Based Analysis Plus (GBA+) lens to ensure gender equity is reflected in your operations and programs.

British Columbians expect that public sector organizations operate in a responsible manner to deliver quality services equitably in all regions of the province. This requires strategic stewardship of planning, operations, and policies in the areas of financial, risk, and human resource management including information security and privacy protection.

The protection of government data and networks is a priority, especially where it concerns personal information of British Columbians. Public sector organizations must maintain up to date systems and effective cybersecurity practices, including maintaining current information management and cybersecurity policies, guidelines and standards; evaluating your organization against industry standards; and maintaining appropriate security and privacy practices. The Office of the Chief Information Officer within the Ministry of Citizens Services is available to support and offer guidance to your organization in any of these areas.

Public sector organizations must also implement and maintain an effective fraud risk management strategy. The Office of the Comptroller General and the Risk Management Branch in the Ministry of Finance are available for consultation.

The Crown Agencies Secretariat (CAS) in the Ministry of Finance supports public sector organizations to operate effectively, in the public interest, and aligned with government's strategic direction and priorities. Within CAS, the Crown Agencies and Board Resourcing Office (CABRO) will continue to support you and your board on recruitment, appointments and professional development, as well as ensuring Board composition and governance reflects the diversity of our province. CAS can support you in public sector governance best practices, policy and planning.

In addition to continuing to make progress on your [2021 mandate letter](#), I expect you to ensure the important priorities and areas of focus listed in this letter are incorporated into the practices

of your organization, and develop plans to address the following new priorities within your approved budget:

- Identify and fund projects that increase the use of low-value or residual fibre including trees damaged by recent wildfires and waste left on site after logging that would otherwise be burned. This increased utilization will help the forest sector across the province through this period of declining timber supply resulting from the mountain pine beetle epidemic.
- Support projects that mitigate wildfire risks, leading to better protection of communities, reduced greenhouse gas emissions and improved resiliency of B.C.'s forests to the impacts of climate change.

Each board member is asked to sign this letter to acknowledge this direction from government to your organization. The signed letter is to be posted publicly on your website by summer 2023.

I look forward to continuing to work with you and your Board colleagues to meet the high standards set for us by all British Columbians.

Sincerely,



Honourable Bruce Ralston
Minister of Forests

Date: June 15, 2023

Enclosure

cc: Honourable David Eby, KC
Premier

Shannon Salter
Deputy Minister to the Premier, Cabinet Secretary and Head of the BC Public Service

Heather Wood
Deputy Minister and Secretary to Treasury Board
Ministry of Finance

Mary Sue Maloughney
Associate Deputy Minister, Crown Agencies Secretariat
Ministry of Finance

Rick Manwaring
Deputy Minister
Ministry of Forests

Ken Day, Board Member, Forest Enhancement Society of BC
Trish Dohan, Board Member, Forest Enhancement Society of BC
Sarah Fraser, Board Member, Forest Enhancement Society of BC
Mike P. Kelly, Board Member, Forest Enhancement Society of BC
John Massier, Board Member, Forest Enhancement Society of BC
Ian Meier, Board Member, Forest Enhancement Society of BC
Steve Kozuki, Executive Director, Forest Enhancement Society of BC



Dave Peterson
Chair
Forest Enhancement Society of BC
Date: June 16, 2023



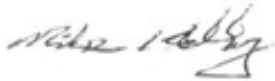
Ken Day
Board Member
Forest Enhancement Society of BC
Date: June 16, 2023



Trish Dohan
Board Member
Forest Enhancement Society of BC
Date: June 15, 2023



Sarah Fraser
Board Member
Forest Enhancement Society of BC
Date: June 15, 2023



Mike P. Kelly
Board Member
Forest Enhancement Society of BC
Date: June 15, 2023



John Massier
Board Member
Forest Enhancement Society of BC
Date: June 15, 2023



Ian Meier
Board Member
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Date: June 15, 2023