

## **Land Based Investment Strategy Frequently Asked Questions**

### **THE NEED FOR CHANGE**

#### **Q1 - Why are you changing how you deliver land based investments?**

**Response:**

- The Mountain Pine Beetle, recent wildfires and current fiscal situation means we've had to take a hard look at our investment activities on the land base to ensure we're getting the most from our silviculture investments and have the fibre to support a healthy and vibrant industry.
- In recent years, the ministry has had a mix of programs to fund activities on the land base including the Forest Investment Account (FIA), Forests for Tomorrow (FFT) and lesser funded programs delivered as part of regular ministry operations.
- To ensure that the limited funding is expended in the most efficient and effective way, we decided to consolidate these funding sources.

#### **Q2- How did you come to this decision?**

**Response:**

- Internal Ministry of Forests and Range (MFR) assessment of the expenditures and outcomes indicated that the mix of programs to fund activities on the land base was not as focused as it could be in achieving government goals and priorities.
- In some cases, the activity areas and investments did not fit well with changing land based investment priorities of the ministry.
- Over the next few months the MFR will review all delivery model options to ensure that a high level of cost effectiveness and efficiency is achieved.

#### **Q3- Is the change just about administrative costs?**

**Response:**

- The consolidation and review isn't just about administrative costs, but about re-directing the focus to those activities that align with government priorities. For the most part, administration of projects by forest licensees has been efficient and effective.
- However, our review of land based investment programs has identified opportunities to improve cost effectiveness through amending the structure of some administrative arrangements.

#### **Q4- How will information be communicated to stakeholders?**

##### **Response:**

- The MFR will be providing information sessions to FIA and FFT recipients, other ministries, First Nations and the Western Silviculture Contractors Association.
- A FIA recipients session on May 13, 2010, was the first in that series.

#### **THE PLAN**

#### **Q5- What are the new priorities?**

##### **Response:**

- The new land base investment program is focused on core forest management activities aimed at mitigating mid-term timber supply issues and supporting activities focused on achieving critical government goals and priorities, such as:
  - 1) maximum productivity of forest and range resources;
  - 2) best return from investments and activities on the forest and range land base;
  - 3) co-ordinated and integrated planning of the use of the forest and range resources.

#### **Q6- What activities will be eligible?**

##### **Response:**

- Key investment areas for 2010/11 include:
  - Treatments to address mid-term timber supply
    - Fertilization
    - Spacing
    - Backlog brushing
  - Reforestation of areas impacted by catastrophic disturbance
    - Mountain Pine Beetle
    - Wildfire
    - Dothistroma
  - Tree improvement
  - Forest health and mitigation of invasive species
  - Forest inventory activities
    - Focused on priority management units for midterm timber supply mitigation and
    - Ecosystem based forest management units on the coast

- Fish passage
  - Fish passage will focus on the top 10 percent priority treatment areas that enable 70 percent habitat recovery
- Ecosystem Restoration
- Fuel management

**Q7- What activities will not be eligible?**

**Response:**

- Activities that are not directly related to the key priorities identified in the Land Based Investment Strategy will not be eligible and will have to be funded from other sources.
- Some examples of activities that will no longer be eligible are:
  - Terrain stability mapping,
  - Road de-activation,
  - Fish inventories,
  - Wildlife and wildlife habitat inventories,
  - Recreation site and trail development and maintenance,
  - Timber operability assessments,
  - Timber supply analysis,
  - Riparian restoration outside of fish passage activities,
  - Archaeological assessment.
- During this transition year, a limited number of carry-over projects in some of the 'ineligible' activity areas will be completed.

**Q8- Where in the province will the LBIS focus investments?**

**Response:**

- Investment will be focused on the priority units for mid-term timber supply mitigation and key forest management units on the coast.
  - Priority Units<sup>1</sup> for mid -term timber supply mitigation:
    - Priority 1: Lakes, Quesnel, Prince George and Williams Lake
    - Priority 2: 100 Mile House, Merritt, Morice, Okanagan
    - Priority 3: Cranbrook, Kamloops, Invermere, Arrow, TFL 52, TFL 49

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<sup>1</sup> All forest management units (e.g. Tree Farm Licences, Woodlot licences, Community Forest Agreements, Timber Supply Areas, etc.) encompassed by the broader TSA name indicated are eligible for treatment if they meet the overall management objective.

- Forest management on the Coast where highest ROI will be achieved.
- Central coast forest management units with government commitments to aid in the implementation of EBM.
- Fish passage will be focused on areas which will yield the largest area of prime fish habitat.
- Ecosystem Restoration will be targeted at those areas deemed as highest priority by the ecosystem restoration strategic plan.

**Q9- How were the priority units in the Interior and the key forest management units on the Coast determined?**

**Response:**

- A considerable amount of the activities to be undertaken this year were planned in previous years (e.g., planting, fertilization, some inventories, ecosystem restoration projects, forest health treatments). Almost all of those past planned activities will be undertaken.
- Priority rating for Interior units was based on a combination of anticipated drop in mid-term harvest potential from current Allowable Annual Cut. All forest management units (e.g., Tree Farm Licences, Woodlot licences, Community Forest Agreements) encompassed by the broader TSA name indicated are eligible for treatment if they meet the overall management objective.
- On the Coast, activities will be focused on management units with mid-term timber supply availability issues, show higher anticipated rates of return on investment, and those units where government has committed to assist in successful implementation of Ecosystem Based Management.

**Q10- Are projects related to the environment such as wildlife or fish inventories, eligible?**

**Response:**

- Inventories specifically targeted at wildlife or fish inventories are no longer eligible under the LBIS.
- The LBIS places a high value on environment in the selection of activities through the Multiple Accounts Decision Analysis approach. As a result, \$1 million will be invested in ecosystem restoration projects, and \$1 million invested in Ecosystem Based Management (EBM).
- The LBIS also has a very high focus on water with \$4.4 million invested in fish passage and watershed assessments.

**Q11- What process will be used to review the plan and set priorities for future years?**

**Response:**

- The Forest Practices and Investment Branch will begin soliciting input this summer from regional and local management units to help form next year's plan.
- Determination of specific treatment areas will consider the direction contained within existing local plans and strategies (e.g., silviculture strategies, forest health strategies, community wildfire protection plans, sustainable forest management plans, ecosystem restoration plans, future forest strategies, and wildlife habitat plans).
- Future strategic priorities and geographic areas will be derived from detailed objectives and performance indicators at the management unit, regional and provincial levels

**Q12- Will there be labour or employment targets?**

**Response:**

- The focus of the LBIS is on effective and efficient expenditure of government funds to achieve specified land based outcomes and will not include labour or employment targets.
- However, many activities such as spacing and planting are labour intensive and will result in employment opportunities.

**Q13- What projects are considered carry-over projects and who decides which ones are funded?**

**Response:**

- Carry-over projects are those projects that had begun in previous years that are not yet completed.
- Ministry staff reviewed the projects and decided to continue if the project was:
  - Consistent with the current Land Based Investment Strategy
  - Related to previous Government commitments, or
  - If completion was necessary to realize value from previous investment

**Q14- Will licensees be provided a copy of the LBIS to review and be able to provide input?**

**Response:**

- This year's Land Based Investment Strategy will be available in late May or early June; however, most activities are already set due to last year's planning efforts under each funding source.
- Licensee input is being sought for those eligible activities that are not yet finalized such as fish passage and some inventory work.

**Q15- How will First Nations consultation be handled under the Land Based Investment Strategy?**

**Response:**

- The previous guidance developed for the FIA Land Based Investment Rational (LBIR) will be the framework for using the LBIS for First Nations consultations.
- It is anticipated that MFR staff will take the lead on First Nations consultation for the LBIS in most cases.
- The Forest Practices Investment Branch and Land Based Investment Delivery Branch will both be working with the First Nations Forestry Council to develop an efficient and effective process for LBIS consultation with First Nations.

## **DELIVERY**

**Q16- What are the new roles inside the MFR in regard to the LBIS?**

**Response:**

- The Forest Resource Stewardship Division, Forest Practices and Investment Branch is responsible for preparation of the LBIS.
- Delivery of all land based activities will be coordinated through Field Operations Division, Land Based Investment Delivery Branch (LBIDB) based on a strategic plan that targets specific outcomes on the forest land base.

**Q17- How will licensees be involved in delivering the new program?**

**Response:**

- By providing their local expertise and knowledge, licensees will be an integral part of developing future priorities and activities under the LBIS.
- For this year, licensees within the priority units in the interior or the key forest management units on the Coast will not see much change in their role for delivery of the program.

- For other licensees there may be no funding available.
- Licensee involvement is essential to the successful delivery of several components of the LBIS such as mid-term timber supply mitigation, fish passage, and inventory.

**Q18- How will woodlots and community forests be involved in delivering the new program?**

**Response:**

- Within the priority units for mid-term timber supply mitigation and key forest management units on the coast, activities consistent with the land base investment strategy on areas in community forests agreements and woodlot licences will be supported.
- The Federation of BC Woodlot Associations and the BC Community Forest Association will each be allocated \$600k to achieve the goals and priorities as set out in the LBIS.
- Only those activities considered as eligible in the LBIS will be approved for expenditure under the Woodlot and Community Forest allocation of the LBIS.

**Q19- What is the role of PricewaterhouseCooper (PwC)?**

**Response:**

- PwC will continue to have a similar role as they have in the past having a role with project approval and allocation of funds aiding the delivery of several components of the LBIS such as mid-term timber supply mitigation, fish passage, and inventory.

**Q20- Why not simply reduce the list of eligible activities to ensure work completed fits within your new strategy/direction and then let the licensees deliver upon these activities that meet your goals?**

**Response:**

- That is basically what is going to occur with the portion of funding formerly associated with the FIA-LBIP.
- The list of eligible activities, and the determination of areas to carry out those activities, will be focused on achieving government priorities and goals.

**Q21- Is the program going totally internal to the MFR?**

**Response:**

- No.
- All delivery model options will be reviewed over the next few months to ensure that a high level of cost effectiveness and efficiency is achieved.

- This could result in changes to how programs are delivered, but it is clear that the Land Based Investment Delivery Branch will continue to rely on the contracting community, including licence holders, for the completion of projects that assist in the achievement of government's priorities and goals.

**Q22- What role will Innovative Forest Practices Agreements (IFPAs) have in the Land Based Investment Program and will there be funding specifically allocated to them?**

**Response:**

- IFPAs will not receive a targeted funding allocation. If an IFPA is within a priority management unit, constituent licensees may work with LBIDB to determine if specific outputs can be delivered through the IFPA.

**Q23- How will multi-year projects be handled?**

**Response:**

- Multi-year projects will be undertaken subject to MADA requirements and commitment to a multi-year project plan.

**FUNDING**

**Q24- When will funds be available?**

**Response:**

- Funding for current re-forestation, including Forests for Tomorrow, is \$40 million for 2010/2011, with \$10 million allocated to FFT Recipient Agreement holders and TFL licensees for approved spring planting projects.
- It is estimated that up to \$14 million will be allocated to former LBIP-FIA recipients via PricewaterhouseCoopers. The activities and estimated timelines for allocation are provided below:
- **Planting Projects:**  
Funds have been allocated to PwC and will be sent to licensees with previously identified carry-over planting projects once project plans are completed and approved.
- **Carry-over projects:**  
Companies and projects have been identified and funding will be distributed through PwC upon project plan submission and approval.
- **Inventory projects:**  
Companies and projects have been identified and the MFR will be working with licensees and PwC to have project plans submitted and approved.



- **Fertilization:**  
PwC is currently working with licensees in priority areas who have previously been involved in the fertilization program. Project submissions by licensees commenced during the week of May 17, 2010, with a review and evaluation of proposals to follow. Fertilizer will be applied in the fall in the Interior and the fall/winter on the Coast.
- **Woodlots and Community forests:**  
The MFR will be working with the Federation of BC Woodlot Associations and Community Forest Association to determine the most effective way for woodlot associations and community forests to propose projects to PwC. A process will be established shortly to submit projects to PwC for approval.
- **Fish Passage:**  
An e-mail has been sent to PwC to contact the licensees in priority areas previously involved in fish passage work requesting proposals. Proposals will be ranked by the MFR to identify the highest priority projects for remediation and assessment. Project plan submissions and approval should commence around the first week of June.

**Q25 – How much was expended from the FIA LBIP account last year and what is budgeted for this year?**

**Response:**

- Last fiscal (2009/10) about \$30 million was expended under the FIA –LBIP:
  - \$11.5 million was spent on information gathering and management,
  - \$11.5million was spent on stand establishment and treatment,
  - \$5 million was spent on restoration and rehabilitation, and
  - \$2 million was spent on strategic planning and related activities.
- Due to lower funding levels as a result of current fiscal situation, the amount allocated to FAI-LBIP was reduced to \$21 million.
- In 2010/11 the FIA-LBIP is budget<sup>2</sup> is allocated as follows:
  - \$10million for stand treatments,
  - \$3 million for fish passage,
  - \$2 million for forest health and invasive plants,
  - \$5 million for Inventories focusing on VRI and site productivity,
  - \$1million for non-aligned carry-over projects that represent a significant past investment by government.
- This year's budget contains the purchases of fertilizer and BtK (about \$5.4million).

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<sup>2</sup> Amount listed in the LBIS may be different do to inclusion of funds from additional sources.

**Q26- What was the FIA-LBIP allocation between the Coast and Interior in previous years? What will it be this year and going forward?**

**Response:**

- In 2009/10 the Interior received about 70 per cent of the FIA-LBIP funding and the Coast 30 per cent.
- It is anticipated that the funding split will be similar for 2010/11.

**Q27- How much funding is allocated to LBIP in 2010/11?**

**Response:**

- Total funding for the LBIS is about \$75 million.
- The proportion that was previously associated with the FIA – LBIP is about \$21 million.

**Q28- How much funding is for “discretionary” projects?**

**Response:**

- All LBIS projects will be based on targeted outcomes and no discretionary funding will be made available.

**Q29- How are funds being invested relative to the needs for areas such as fuel management, invasive plants, and fish passage?**

**Response:**

- The LBIS targets those treatments and areas that will provide the highest return relative to the need for mitigation in fuel hazard reduction, invasive plant control, and fish passage.
- The funding allocated to these areas will also provide an opportunity for the provincial government to compliment other funding sources (e.g., Community Adjustment Fund)
- If cost savings are realized in other investment categories these funds may be re-directed to funding investment categories such as fuel management.

**Q30- How does funding for Forest and Range Practices Act (FRPA) section 108 fit into the Land Based Investment Program?**

**Response:**

- Funding for FRPA section 108 comes from the Land Based Investment Program.
- Funds earmarked for reforestation of catastrophic events (i.e., FFT) will be used for costs associated with FRPA section 108.
- Applications for FRPA section 108 funding is not restricted to the priority units identified within the LBIS.

**Q31- What flexibility is there to re-allocate funds within the LBIS?**

**Response:**

- The LBIS is results based; alteration of specific outputs within a key objective is allowed as long as the outcome for the specific key objective is achieved.
- Any funds remaining after the outputs have been achieved within an allocation to a specific key objective may be used, in consultation with the Chief Forester, to achieve other outcomes within that, or other, investment areas.
- No funds shall be moved between investment areas without consent of the Chief Forester.

