

June 18, 2003 Meeting

Don Wright advised the council that he is leaving his position as Deputy Minister of Forests at the end of June, and that his successor, Doug Konkin, will assume the FIC chair in due course.

Mr. Wright advised that administration of the three FII programs had passed from Forintek Canada Corp. to Forestry Innovation Investment Ltd. at the beginning of April. The Board of Directors consists of Mr. Wright, Paul Taylor (Secretary to Treasury Board), and Andrew Wilkinson (Deputy Minister of Competition, Science and Enterprise).

The following points were made with respect to FII:

- The FII annual report draft projected a year-end surplus of about \$5.5 million which was attributed to ineligible project cost claims, a late start in the first year, and proponents' inexperience with single-year funding.
- The Minister has announced some \$8.6 million in International Marketing funding for the current year. International Marketing strategies for some countries are well in hand, whereas a better effort is needed in respect of others.
- By the end of June, FII Ltd. will have completed its review of 249 research proposals with a projected total cost of approximately \$23 million. The peer-review process involved about 100 experts, who will rank the proposals for funding decisions by the Ministry in early July.

The following points were made with respect to the LBIP:

- The 2002-03 LBIP Annual Report shows a surplus of \$4 million last year that was attributed to a late start to the program in its first year and licensees unexpectedly turning back \$1.5 million in the last week of the year. Only \$40,000 of ineligible cost claims were discovered during the audit process.
- This year, eligible licensees have until June 30th to sign a recipient agreement, or have their allocations cancelled so the funds can be redistributed. Also, recipients will have until August 31st to propose projects that will use up their allocations, or have surplus funds taken back for redistribution.
- The 15 percent cap on spending for the innovative project category is a threshold for the LBIP as a whole. When aggregate approvals for "innovative projects" reach 15 percent of the full LBIP allocation (\$7.0 million), the Ministry will review the merits of the projects underway to ensure that the money is being well spent in that category.
- The Ministry earmarked \$1.5 million for timber supply analysis, and \$10.6 million for forest health activities to be administered by PwC. The latter includes \$7.5 million of FIA funding, and the balance is from the Ministry's Operations Vote. The

Ministry has identified a lead licensee in most management units, allowing PwC to administer relevant projects through existing recipient agreements.

- PwC has now received Land Base Investment Rationales from all management units. These are posted on the PwC website.
- All audits of last year's activities have been completed, with Ministry staff observing in 62 percent of the cases. The audits unearthed two instances of significant non-compliance, and corrective action is being taken in both cases.
- Avenues for continuous improvement of the LBIP program include capitalizing on ideas that arise during the audit process, regional workshops and PwC technical forums. The members agreed that "continuous improvement" should be a standing item for Council meetings.
- Reorganisation and funding cuts to the MSRM will entail rationalization of where information management is delivered, and where strategic planning staff are housed. MSRM has proposed legislation that will enable common data standards for information provided in the future by the private sector and a Ministry/industry workshop in November to discuss such standards was proposed.