

Forest Investment Council Recommendations

January 27, 2004 - Meeting via conference call

Doug Konkin confirmed that:

- The Forest Investment sub-vote will be \$85 million for 2004/05, a \$25 million reduction from 2003/04 rather than the anticipated \$15 million reduction.
- \$12 million will be allocated to the International Marketing Program and \$6.75 million will be allocated to the Product Development Program.
- It is the Ministry's expectation that the sub-vote will rise back to \$100 million in 2005-06.
- It is the Ministry's intention to continue to have PwC administer as much of the Land Base Investment Program (LBIP) earmarked funding as possible, in addition to the amount available to licensees for their priorities.

The \$25 million reduction was explained in terms of the following budgetary pressures and commitments:

- The Ministry expects to continue the voluntary approach to Defined Forest Area Management (DFAM) activities by licensees, using earmarked funds within the LBIP.
- The Ministry must undertake certain aerial spraying to combat an outbreak of Asian gypsy moth and has committed \$1 million of FIA funding for control of noxious weeds.
- The Ministry anticipates allocating funding for various new activities aimed at lessening wildfire risk and damage based on the Filmon report recommendations.
- The Ministry is locked into the multi-year program of reforesting areas lost to the *Dothistroma* outbreak in the northwest.

Potential allocations within the Land Base Investment Program (LBIP) were discussed, including:

- The legislative background to possible use of LBIP funding under Section 162 of the Forest Practices Code of BC Act. It was suggested that a projection of \$2 million for next year is reasonable. Licensees are free to use their LBIP funding to reforest any areas for which their free-growing obligation had been relieved under Section 162. It was also noted that caucus members had expressed some concern about licensees generally not volunteering to use their LBIP funding for discretionary reforestation.
- The background to the Ministry of Forest's planned use of \$3.250 million next year to replace "Base" funding for recreation, weed control, and forest health activities.
- That Ministries pool all the funding for government-sponsored FIA activities and then decide among themselves how to allocate that pooled funding. In parallel to that, licensees should be able to set their own priorities within the full pool of LBIP funds. It was noted that that is the current trend among licensees in many areas, and the trend will continue with further reductions.
- Some council members favoured a proportional reduction across all programs other than International Marketing and Product Development. There was also recognition that government has its own priorities. It was suggested that DFAM activities could be left to licensees in many areas, as opposed to the Ministry deciding how much should be spent in a given area.

Mr. Konkin said that members' input would be considered and taken to the Minister for government's decisions.

The next regular meeting will be held February 25, 2004.