

FIA Forest Investment Council Meeting Minutes

Meeting Date: October 27, 2004 Location: Canfor Office, Vancouver, B.C.
Attendees: Ric Slaco Ken Higginbotham
 Doug Konkin Chris Trumpy
 Ian de la Roche Rick Brand (secretary)
Absent: Gord Macatee, Bruce MacNicol
Guests: Kevin Bromley, Ian Brown, Michael Armstrong (PricewaterhouseCoopers)
 Ken Baker (FII)

1. September 30th Program Quarterly Reports

International Marketing & Product Development – Ken Baker FII

A half-day workshop with industry planned for late November to look at governance and priorities for 2005-06.

Rick Slaco suggested that offering some multi-year projects prior to the workshop would maintain some stability. The stability of the program and existing projects should remain in tact. Any changes proposed at the workshop should be focused on strengthening the program.

Ken Baker noted that there is \$18.75 M funding the International Marketing and Product Development programs and that there is nothing explicit in the contract about working with domestic groups such as the BC Wood Speciality Group and the Council of Resource Community Mayors.

The latter is seeking funding to facilitate meeting with other community representatives, but no clear objectives have been put forward. Supporting these groups may facilitate broader learning.

Ken Baker indicated that this topic would be raised at the half-day Nov. workshop. Ken Higginbotham suggested a paper be developed prior to the workshop to focus the meeting.

Action: Ric Slaco and Ian de la Roche offered to review any paper that FII might develop to help focus the workshop.

Ken Baker advised that there have been proposals to FII from some groups to fund the promotion of wood products for the Olympic venues and a decision will be required.

Action: Doug Konkin suggested that FII put out a request for some proposals prior to the November workshop.

Land Base Investment Program –Kevin Bromley & Ian Brown PwC

Overview

- \$27.7 M funding \$20.7 has been committed, 415 of the 510 projects approved.
- 98% of funds are committed
- LBIP funding for beetle suppression is ramping up.
- TSR funding expenditures are a little slow but should pick up. \$500,000 reallocated to plantations destroyed by fire under section 108 and also to Gypsy Moth suppression.
- The majority of LBIP projects are information gathering/inventory; still growth in funding of criteria and indicators; and data management and transfer.

Innovative Projects

- This year the funding cap of 15% on innovative projects was removed and YTD 11% of LBIP funds has been committed to these projects.

2003/04 audits

- Performance (technical) audits have been good although there have been some minor non-conformance.

- Financial audits have identified a few more issues resulting in PwC providing an update to licensees on the tendering 50% guideline. Provincially currently at 60% to 65% tendered projects.

Forest Science Program –Michael Armstrong (PwC)

Overview

- \$7.5 m funding for 2004/05, \$600,000 has been expended at end of the 2nd quarter. Forest Science Board is in place and is dealing with planning for 2005/06. 19 of 25 recipient agreements have been signed representing \$5M and 66% of the total dollar value of the projects approved, and 63% of the 109 approved projects. Five agreements with universities were late in signing due to discussions over intellectual property rights, but 4 out of 5 have now signed. The FSB approved multi-year projects for 2004/05 representing 80 projects and \$5.4M will continue to be funded in 2005/06 subject to approvals. 60% for multi-year is a cap, however do not have to reach that level if there are no suitable projects.

FSP Audit Plan

- As part of the FSB approval of multi year projects in 2004/05 some of these must be audited in 2004. Based on an audit plan PwC will carry these audits between Oct 2004 and March 2005.

Long Term Research Installations (LTRI)

- Based on a call for proposals the FSB recommended funding 44 LTRIs for \$640,000 for 2005/06.

Small Tenures Program, Ministry Coordination and CLUPE –Rick Brand - MoF

Small Tenures Overview

- Project eligibility is now based on a investment rationale for each of the 10 Woodlot and the Community Forest Associations. All work plans have been approved and projects are well underway.

Ministries Overview

- Ministries are reviewing projects with eligibility questions as well as under the innovative category. They are paying particular attention to evaluations of activity standards, deliverables making it to repositories and management of the data generated through the LBIP.

CLUPE Overview

- Funding has been allocated to land use projects throughout the province which are underway and on schedule.

General Discussion

- Need to communicate the outcomes from LBIP and ministries expenditures. Ric Slaco suggested highlighting a couple of accomplishments quarterly from the ministry expenditures. The members would like to see an annual report brochure on the LBIP accomplishments.

Action: Rick Brand to see that accomplishments from ministry expenditures are included in quarterly reports and to come back to the next FIC meeting with a viable approach for an annual report.

2. Southern Interior Growth and Yield (SIGY) Proposal

SIGY was originally funded by FRBC and continues to receive FIA funds annually through individual licensee LBIP transfers with West Fraser in Quesnel acting as the lead licensee. The SIGY cooperative is requesting direct FIA LBIP funding for 2005/06 from the SIFR allocation to fund a one-year pilot to demonstrate the increased effectiveness and efficiency of cooperative funding for certain regional and potentially provincial G&Y investments. SIGY has broad support in the Southern Interior Forest Region and has received numerous letters of support for this proposal.

- Some members indicated that this proposal could be precedent setting, opening the door to other groups and cooperatives to seek funding directly from the LBIP.
- It was pointed out that although SIGY's funding has been decreasing over the past 3 years, the percentage decrease is far less than the LBIP funding decrease and the actual percentage of LBIP funding transferred to SIGY has increased over the same time period.
- It was suggested that PWC could decrease administrative lag by carrying out the transfers to SIGY all at the same time upfront.

Decision: The members recognized the good work SIGY is doing and the support generated for this proposal, but feel that the present transfer system with efficiencies suggested by PwC should remain in place.

3. FIA Policy Issues

LBIP Allocation Model

- Rick Brand gave an overview of the issue note.

Decision: Members agreed to stay with the existing overall allocation process, but with consideration of raising the \$10,000 minimum funding to licensees if it only affects current smaller licensee allocations that have been transferred in the past.

Action: Rick Brand to do analysis on this and discuss with Doug Konkin.

FIC Structure

- Rick Brand gave an overview of the issue note. Members discussed who should be on a revised FIC governance structure. Ric Slaco said that FIC should be overseeing all programs under FIA and aligning them.

- Chris Trumpy suggested that the current membership should remain if they add value.

Decision to leave membership as status quo, recognizing the need for a bigger governance picture.

- Members discussed moving to two meetings a year, longer if necessary, and with no substitutes.

Action: Rick Brand to discuss governance structure and membership of FIC with Ken Baker and Doug Konkin and develop a revised ToR for the next meeting.

4. Other Topics

TIP

- Ian de la Roche asked what has happened to select seed and the move to self-sufficiency.

Action: Rick Brand to discuss with Jack Woods at Select Seed and get back to FIC members.

Allocations

- Ric Slaco asked about program allocation for FIA. Rick Brand indicated 2005/06 will be a status quo budget and allocations will be discussed in Nov/Dec. A preliminary allocation should be available for review by members in late January.
- Ric Slaco asked whether licensees can move part of their LBIP allocation to other FIA programs, for example, on the Coast to market access, and to beetles in the Interior.
- It was noted that this should be done up front at the Program budget time rather than through transfers after the allocation.

Action: Doug Konkin to raise issue with other major licensees to see if this is a major concern.