

Forests for Tomorrow

Quarterly Report
December 31, 2007

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1. Overview

We are pleased to submit our report covering the operations and administration of the Province's Forests for Tomorrow Program ("FFT") for the third quarter ending December 31, 2007.

The Forests for Tomorrow program was set up to respond to the catastrophic wildfires and the mountain pine beetle ("MPB") epidemic. The program was introduced by government in 2005 with an initial amount of \$161 million being allocated towards this program over four years.

The program is aimed at improving the future timber supply and addressing risks to other forest values through the re-establishment of young forests on land that would otherwise remain under-productive. The program focuses on land that is primarily within the timber harvesting land base yet outside of forest industry obligations.

In 2007/08, PricewaterhouseCoopers ("PwC") was to administer \$13.3 million on behalf of the Ministry of Forests & Range ("MFR") but this budget has been revised by the MFR to slightly below \$12 million. The third quarter of the fiscal 2007 has seen a large number of project plans submitted by Recipients and the commitment of the majority of the funds. Overall, PwC's investment team has received project plans representing over 95% of the budget and approved 137 projects.

PwC has commenced the planning of financial and performance audits of the 2007/08 program during this quarter. PwC will be contacting Recipients who will be audited prior to the end of the fourth quarter and anticipates that performance audit work will be carried out mainly in March through June 2008. We will provide our audit schedule to the MFR for comment prior to final confirmations being made.

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2. 2007/08 Year-to-Date Synopsis

As of December 31, 2007 we have approved 137 project plans for \$11.3 million in the FFT investment schedules (December 31, 2006 – 43 projects/\$4.5 million), representing approximately 95% of the revised FFT budget (originally \$13.3 million; currently \$12 million) allocated to eligible FFT Recipients.

A summary of the number and value of program projects submitted by Recipients at the end of the third quarter is found in the following table.

Summary of FFT Submitted Projects as of December 31, 2007

Activity Area	#	\$
Brushing	8	543,957
Danger Tree Assessment and Work	11	795,693
Environmental Maintenance on Roads	6	205,828
Planting	46	5,809,378
Silviculture Strategies	3	106,498
Site Preparation	4	458,340
Work Plan Development	10	266,522
Surveys	48	3,160,873
Total Submitted	137	\$11,347,089
FFT Allocation*		\$11,995,317

* Includes Provincial and Federal Funding

As shown in the table above, the majority of project funding to-date under FFT has been focused on the planting activity area, accounting for over 51% of the funding approvals by PwC, while survey work accounts for 27% of the funding.

The summary of those Recipients involved in the 2007/08 FFT can be found in Appendix 1.

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The following is a summary of the 2007/08 highlights year to-date, including any issues that have arisen:

- The FFT provincial funding allocation provided to PwC for 2007/08 was reduced by the MFR during the third quarter – from \$10.3 million to \$8.8 million. This has created a funding pressure for approved projects that PwC will continue to focus on with the MFR during the fourth quarter.
- Recipients have submitted proposed 2008/09 budget allocations to PwC and the MFR prior to the end of the third quarter. The MFR is currently reviewing these requests in order to determine funding needs for the 2008/09 fiscal year. A meeting with PwC and the MFR to discuss the budget is scheduled to occur during the fourth quarter.
- PwC has completed the audit reports for a number of field monitoring visits and audits. A number of issues were identified and rectified in a timely matter to ensure adherence to the goals/objectives of FFT. Year end audits will be planned during the fourth quarter and discussed with the MFR.

Appendix 1 – FFT Allocation

Management Unit	Location	Investment Schedule	Recipient	Allocation
Northern Interior Forest Region				
TSA 14	Lakes	NOTSA141054	Forests for Tomorrow Forsite	\$246,000
		NOTSA141051	Fed FFT Forsite	\$413,470
		NOTSA142744	Forests for Tomorrow Tweedsmuir	\$50,000
TSA 20	Morice	NOTSA201052	Fed FFT Forsite	\$68,500
		NOTSA202743	Forests for Tomorrow Tweedsmuir	\$50,000
TSA 24	Prince George	NOTSA242714	Forests for Tomorrow Canfor	\$450,000
		NOTSA242726	Fed FFT Canfor	\$195,000
		NOTSA241056	Fed FFT Erafor	\$50,000
		NOTSA241055	Fed FFT Pope & Talbot	\$70,000
Total for Region				\$1,592,970
Southern Interior Forest Region				
TSA 01	Arrow	SOTSA013060	Forests for Tomorrow Leasing	\$9,635
		SOTSA013071	Fed FFT Leasing	\$40,000
TSA 02	Boundary	SOTSA023077	Fed FFT Leasing	\$16,000
TSA 05	Cranbrook	SOTSA053058	Forests for Tomorrow Arbourtech	\$2,081,574
		SOTSA053069	Fed FFT Arbourtech	\$125,000
TSA 09	Invermere	SOTSA093057	Forests for Tomorrow Arbourtech	\$267,481
		SOTSA093068	Fed FFT Arbourtech	\$61,200
TSA 11	Kamloops	SOTSA113051	Forests for Tomorrow Forsite	\$542,252
		SOTSA113052	Forests for Tomorrow Timberline	\$845,788
		SOTSA113066	Fed FFT Forsite	\$558,133
TSA 13	Kootenay Lake	SOTSA133056	Forests for Tomorrow Leasing	\$953,173
		SOTSA133067	Fed FFT Leasing	\$117,695
TSA 15	Lillooet	SOTSA153070	Forests for Tomorrow Forsite	\$53,000
		SOTSA153076	Fed FFT Forsite	\$50,000
TSA 18	Merritt	SOTSA183061	Forests for Tomorrow Forsite	\$220,000
		SOTSA183053	Forests for Tomorrow Timberline	\$391,610
		SOTSA183075	Fed FFT Forsite	\$500,000
TSA 22	Okanagan	SOTSA223059	Forests for Tomorrow Forsite	\$83,312
		SOTSA223054	Forests for Tomorrow Timberline	\$687,241
		SOTSA224824	Forests for Tomorrow Weyerhaeuser	\$95,000
		SOTSA224841	Forests for Tomorrow LP	\$124,750
		SOTSA223074	Fed FFT Okanagan Nation	\$267,450
		SOTSA224851	Fed FFT Weyerhaeuser	\$25,000
TSA 23	100 Mile House	SOTSA233073	Fed FFT Blackwell	\$131,000
TSA 26	Quesnel	SOTSA263063	Forests for Tomorrow Blackwell	\$1,100,000
		SOTSA263065	Fed FFT Blackwell	\$200,000
TSA 29	Williams Lake	SOTSA293062	Forests for Tomorrow Blackwell	\$452,000
		SOTSA293064	Fed FFT Blackwell	\$269,000
		SOTSA294852	Fed FFT Alkali	\$50,000
TFL 18	Vavenby	SOTFL184849	Fed FFT Canfor	\$45,000
TFL 23	Nakusp	SOTFL234826	Forests for Tomorrow Pope & Talbot	\$58,000
TFL 35	Jamieson Creek	SOTFL354825	Forests for Tomorrow Weyerhaeuser	\$51,500
		SOTFL354850	Fed FFT Weyerhaeuser	\$58,500
TFL 49	Okanagan	SOTFL494846	Fed FFT Tolko	\$25,000
TFL 52	Bowron	SOTFL524842	Fed FFT West Fraser	\$25,000
Total for Region				\$10,580,294