

Forestry Innovation Investment

2024/25 – 2026/27

Service Plan

February 2024



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Board Chair's Accountability Statement



The 2024/25 – 2026/27 Forestry Innovation Investment Service Plan was prepared under the Board's direction in accordance with the *Budget Transparency and Accountability Act*. This plan is consistent with government's strategic priorities and fiscal plan. The Board is accountable for the contents of this plan and is responsible for the validity and reliability of the information presented.

All significant assumptions, policy decisions, events and identified risks, as of February have been considered in preparing the plan. The performance measures presented are consistent with the *Budget Transparency and Accountability Act*, Forestry Innovation Investment's mandate and goals, and focus on aspects critical to the organization's performance. The targets in this plan have been determined based on an assessment of Forestry Innovation Investment's operating environment, forecast conditions, risk assessment and past performance.

Signed on behalf of the Board by:

A handwritten signature in black ink that reads "R. Manwaring". The signature is fluid and cursive.

Rick Manwaring
Board Chair, Forestry Innovation Investment
February 12, 2024

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Strategic Direction

In 2024/25, public sector organizations will remain focused on providing the services and infrastructure that people depend on to build a good life. Public sector organizations will continue to support Government in delivering results that matter to British Columbians including helping people with costs, attainable and affordable housing, strengthened health care, safer communities, and a secure, clean and fair economy. Public sector organizations will also continue to work closely with Government as it works collaboratively with Indigenous Peoples to implement the Action Plan for the Declaration on the Rights of Indigenous Peoples Act and delivers initiatives that advance reconciliation in ways that make a difference in communities throughout the province.

This 2024/25 service plan outlines how Forestry Innovation Investment will support the Government's priorities and selected action items identified in the most recent [Forestry Innovation Investment Mandate Letter](#).

Purpose of the Organization and Alignment with Government Priorities

Forestry Innovation Investment (FII) is the Government of British Columbia's market development agency for forest products. FII works with the forest industry and government to maintain, create and diversify demand for B.C. forest products in Canada and in key world markets; promote B.C.'s forest products and forest management to the global marketplace; and help ensure that the forest sector, through innovation and strong international sales, continues to be a leading contributor to the B.C. economy.

In pursuing its mandate, FII uses a collaborative model for developing, funding and delivering its programs. Under this model, FII works with the B.C. forest industry, government and leading research institutions to grow exports to existing markets, such as the U.S., Japan, China and South Korea, while promoting the use of B.C. products in high-potential, emerging markets, such as India and Vietnam. This approach takes advantage of partner expertise and marketing networks and ensures program costs are shared with other organizations, including industry. FII also works closely with Trade and Invest BC and its network of Trade and Investment Representatives (TIRs) as well as Canadian Trade Commissioners in select global markets. By leveraging these partnerships, FII is able to lead a comprehensive effort to expand B.C.'s exports to major markets in Asia and North America and to foster greater capacity and innovation in the domestic manufacturing sector.

FII receives its mandate letter direction from the Ministry of Jobs, Economic Development and Innovation (JEDI) and supports the Government's strategic direction to JEDI, the Ministry of

Forests (FOR), and the Minister of State for Trade related to developing markets for B.C.'s forest products, including [mass timber](#).¹

FII's mandate is closely aligned with a range of government priorities, with FII actively collaborating with and supporting other agencies and partners in areas of common interest. Collaboration with the Office of Mass Timber Implementation (part of JEDI), FOR and agencies across government are helping to advance the use of engineered wood products and mass timber wood building solutions. Expanding the use of mass timber products at home in B.C., and in export markets, contributes to the Province's green building objectives and to securing greater value from B.C.'s forest resource. Work with BC Housing, the Office of Construction of Housing Standards and the Ministry of Housing supports the expansion of building codes and the development of taller mass timber building solutions to enhance affordability objectives and the availability of rental housing in the Province. FII also has shared objectives with CleanBC, and initiatives aimed to enhance the performance of the built environment in B.C.

Details on FII's mandate, governance, goals and values, locations, and organizational structure are available at www.bcfii.ca, as are previous Service Plans and Annual Service Plan Reports.

Operating Environment

FII's market development efforts are influenced by a wide range of factors, many of which are outside the control of the organization and its partners. B.C.'s forest industry faces strong headwinds in 2024/25 with strained geopolitical relations and a continued lag in economic activity in major consumer markets presenting risks to the sector. Alongside these challenges, however, the world's increased focus on climate change is creating opportunities to position B.C.'s forest products and building systems as a low-carbon solution.

In B.C., forest policies are being modernized to support the sector in its transition to a smaller, higher-value industry—with Indigenous Reconciliation, community engagement and sustainable forest management and conservation values at the forefront of discussions. Government programs continue to support value-added production, expand innovation to create employment opportunities, support workers in transition, and enhance fibre access and utilization to help ensure the resiliency of B.C. communities. Government and industry partners continue to work together to expand mass timber use and act as a global showcase for how wood design can help reduce the carbon footprint of the built environment. Shifting Canadian federal government funding remains both a risk—with the loss of international wood product market development funding—but also an opportunity which points to emerging programs related to advancing low-carbon building solutions and Indigenous-focused programs here in Canada.

In the U.S., B.C. wood products continue to play a prominent role in the construction market. Alongside the growing recognition of the environmental benefits of building with wood, the

¹ Mass timber is a category of engineered wood products for load-bearing wall, floor, and roof construction. Engineered for high strength ratings like concrete and steel but significantly lighter in weight, lumber or wood fibres are glued, nailed, or doweled together to create large structural panels, posts, and beams. These exceptionally strong and versatile products are known as mass timber.

adoption of mass timber and taller wood buildings continued to expand in the U.S. market with opportunities for B.C. wood products in the multi-family/multi-storey residential and non-residential construction segments. The softwood lumber trade dispute with the United States continued with duties on Canadian lumber shipments at 8 percent² and U.S. signals of an intended increase in 2024. Housing starts are projected to remain suppressed in 2024 before recovering in 2025. Demand and pricing challenges for B.C.'s softwood lumber will likely continue through 2024.

Japan serves as a long-standing, valuable market for B.C. forest products. While B.C. is a leading global supplier of softwood lumber products to Japan, competition remains fierce from both domestic production and other exporting nations, particularly European suppliers. Trends favouring green building solutions, as well as recent government policy encouraging wood use in public buildings, is presenting opportunities for B.C. wood products in hybrid, multi-family/multi-storey and non-residential construction. B.C. remains Japan's second largest supplier of wood pellets, helping to support the country's efforts to replace nuclear energy. Alongside other global economies, Japan is currently experiencing a slowdown in construction starts across residential and non-residential projects. The construction slowdown coupled with strong competition, present short- to medium-term challenges for B.C. exports to the market.

India remains an emerging market for B.C. forest products with long-term potential for a variety of wood species. A diminishing supply of global hardwoods is creating opportunity to introduce B.C. softwood species for use in manufacturing applications, such as furniture, doors, windows and interior finishings. While market barriers such as distance and price sensitivity exist, the longer-term potential remains promising. Recent strained geopolitical relations between Canada and India continue to be monitored for any potential trade impacts.

As the second largest exporter of wooden furniture in the world, and facing similar hardwood supply constraints as India, Vietnam presents significant opportunity for B.C. As exports of value-added products to the U.S. and Europe are subject to laws with respect to traceable, sustainable, legal fibre, B.C. softwoods are well positioned to meet this demand. However, targeted efforts are required to create awareness of B.C. species and their potential in manufacturing applications.

China remains a valuable market for B.C. softwoods in construction and manufacturing applications. Increasing urbanization and carbon reduction targets are escalating the emphasis on prefabrication and green building solutions/materials, creating new higher-value market opportunities for B.C. wood products and wood building technologies. In the short term, however, B.C. softwood lumber exports to China will likely face continuing challenges with slower economic activity, strong competition from Russian and European suppliers, and diminished overall construction activity. FII is continuously assessing global markets in light of economic performance, geopolitical trends and international competition.

Over the period of this Service Plan, FII will continue to respond to the needs of the forest sector and to identify new opportunities for traditional forest products, advanced engineered

² Note, some companies have their own specific duty rate which varies slightly from this figure.

wood materials and building systems and, where appropriate, non-conventional, next-generation products. For 2024/25, no significant changes are planned in FII's internal operating environment. However, FII will adapt its priorities to ensure continued alignment with Government's strategic direction and priorities, B.C.'s Trade Diversification Strategy and the evolving domestic and global operating environment. FII's Strategic Plan and Service Plan will be updated as required to reflect these changes.

Performance Planning

Goal 1: Forest products are viewed as environmentally friendly, and B.C. is viewed as a reliable global supplier of quality products from sustainably managed forests

Our focus is on expanding opportunities for B.C. forest products by positioning wood, and wood-based products from B.C., as the first choice for a diverse range of high quality, environmentally friendly building materials and bioproducts. This goal creates a solid foundation for answering the questions, “Why wood?” and “Why wood from B.C.?”, upon which many of FII’s other market development investments and activities are based.

Objective 1.1: Opportunities for B.C. forest products are expanded by positioning wood, and wood-based products from B.C., as the first choice for environmentally friendly materials

This objective focuses on two significant market trends, which are the increasing recognition of wood products as renewable and sustainable, and the growing consumer demand for forest products that are produced in an environmentally responsible manner. With these factors in mind, FII aims to articulate:

- The benefits of wood as a sustainable, renewable building material.
- The advantages of wood in creating a significantly smaller environmental footprint than other building materials.
- The fact that wood, pulp and paper, and pellet products from B.C. are sourced from sustainably managed forests backed by stringent regulations and public consultation.

Key Strategies

- Champion science- and fact-based approaches to communicate B.C.’s forest practices and the merits of wood-based products and building technologies in reducing carbon emissions and mitigating climate change.
- Collaborate with industry and government stakeholders to encourage consistent and factual communications about B.C. forest practices, products, building innovations and progress in reducing environmental impacts.
- Monitor and advocate in international markets for codes, standards and policies that recognize the merits of wood and B.C. forest products.

Discussion

Major consumer markets including the EU, the U.S. and Japan, and important furniture and finished goods manufacturing markets like India and Vietnam, are holding suppliers to increasingly high legal and environmental standards. Governments and industries around the world are also advancing Environment, Social, Governance (ESG) objectives. Therefore, it is

important to ensure market access for, and acceptance of, B.C. forest products around the world. An independent Market Acceptance Advisory Committee, made up of senior government and industry marketing and communications experts, provides strategic guidance on program implementation priorities. FII supports government and industry initiatives to defend B.C.'s forest interests in international markets, addressing non-tariff environmental and reputational challenges, and proactively positions B.C.'s environmental pedigree. Based on trends over the past year, this will include involvement in communication activities regarding bills and executive orders related to deforestation in the U.S. and the renewable energy directive and deforestation regulations in the EU. The biennial customer survey provides an indication of the effectiveness of FII's international advocacy and communications initiatives (see performance measure 1a).

Objective 1.2: B.C. is recognized as a reliable global supplier of quality products from sustainably managed forests

The growing awareness of the benefits of wood products is increasing the demand from consumers for forest products that are produced in an environmentally responsible manner. To help position B.C. to meet this demand, FII delivers a suite of programming that showcases B.C. as a reliable supplier of quality forest products, and a global leader in sustaining forest resources and environmental values. This positioning helps strengthen awareness of, and interest in, B.C. forest products in major markets, thus supporting greater market share, premium positioning and easier access to new markets.

Key Strategies

- Showcase B.C.'s leadership in innovative products and building system technology to advance the use of wood at home and abroad via [naturally:wood](#) and other marketing and communication channels.
- Use FII's online product and supplier sourcing tool—the [naturally:wood Supplier Directory](#)—to promote the variety and quality of forest products manufactured from B.C.'s sustainably managed forests, and to advance connections and potential commercial opportunities for B.C. forest product companies.
- Develop and disseminate timely, factual and scientific information regarding B.C.'s sustainable forest management practices.

Discussion

naturally:wood.com provides information on B.C.'s forests, forest management, forest products and building expertise, with a growing focus on mass timber construction. The website, which hosts the B.C. Wood Supplier Directory, is FII's key information portal for the B.C. design and construction community, and it serves as the foundation of a digitally centred communications strategy that is strategically extended to global markets. FII develops a wide range of materials including blogs, building project profiles, case studies, videos and photography, and curates research-based content from other reputable sources. FII also executes a strategic digital marketing campaign that 'amplifies' the content via channels such as e-newsletters, contributed articles in trade publications, search engine marketing and social

media posts with the goal of driving traffic to naturallywood.com. Digital platforms such as Google Analytics, MailChimp, LinkedIn and YouTube allow FII to closely track engagements with naturally:wood content.

Performance Measures

Performance Measure	2023/24 Baseline	2023/24 Forecast	2024/25 Target	2025/26 Target	2026/27 Target
1a Percent of target customers who perceive that forest products from B.C. are a good choice for the environment ¹	90%	90%	N/A	90%	N/A

Data source: Leger - The Research Intelligence Group. Analysis of Market Acceptance Issues.

¹Surveys are conducted biennially.

Discussion

This measure provides an indication over time of the effectiveness of FII’s international advocacy and communications initiatives to influence customer perceptions of B.C. and its forest management practices.

The survey of international customers is conducted on a biennial basis as a cooperative undertaking between FII and other partners such as the Canadian Council of Forest Ministers with data gathered by an independent research firm. The survey, which is focused on environmental perspectives, forests and key forestry jurisdictions around the world, identifies the percentage of target international customers (pulp, paper and wood buying company executives in key export markets) who agree that B.C.’s forest products are a good choice for the environment. For future targets, FII and its partners consider that maintaining a 90 percent rating represents optimal performance given there will always be some who have varying degrees of concern about the environmental impact of forest practices in different jurisdictions.

Performance Measure	2023/24 Forecast	2024/25 Target	2025/26 Target	2026/27 Target
1b Number of prospects connecting with B.C. manufacturers from the naturallywood.com Supplier Directory, an online platform developed by FII	36,300	38,200	40,000	42,000

Data source: Forestry Innovation Investment Ltd/Google Analytics.

Discussion

Collecting data on connections made with suppliers tracks the effectiveness of FII’s online product and supplier sourcing tool with the goal of increasing awareness of, and interest in,

B.C.'s forest products while advancing commercial connections with B.C. manufacturers. The performance metric tracks the number of visitors who search for B.C. products and suppliers and the number of visitors that engage with a supplier email, phone number or website address. The 2023/24 target for prospects connecting with B.C. manufacturers via the Directory was set at 36,300; FII anticipates meeting this target and continues to work to grow this number in relation to year-over-year market activity and the evolving B.C. forest product supply landscape.

Goal 2: Enhance the value of B.C.'s forest products in traditional and emerging markets

This goal aids Government priorities to support employment in forestry and innovative wood manufacturing by expanding opportunities in international markets for both the primary and secondary manufacturing sectors³. Strategies include a mix of activities delivered by third parties and FII⁴ and focus on achieving a long-term balance between existing and emerging markets and traditional and innovative new products. This approach protects the industry from global market volatility and optimizes returns across products, species and grades marketed, while increasing the value generated from B.C.'s forest resource. An independent Market Priorities Committee, made up of senior forest product industry representatives, provides strategic guidance on program implementation priorities.

Objective 2.1: Expand opportunities for B.C. wood products in emerging markets

FII's market development programs in India and Vietnam are focused on augmenting the countries' dwindling supply of tropical and domestic hardwoods with Canadian softwood. The program targets applications for B.C. wood species, with a focus on coastal species, in the manufacturing of doors, windows, architectural millwork, furniture for domestic and export markets, and interior finishing product applications.

Key Strategies

- Leverage FII's market presence to build a strong Canadian brand.
- Undertake research to further understand opportunities and barriers.
- Expand the number of wood importers (or stockists) inventorying B.C. softwoods for sale.
- Conduct manufacturing product trials to generate commercially successful products using B.C. species.

³ 'Primary' manufacturing typically converts logs to lumber, plywood, OSB, etc.; 'secondary' manufacturing typically uses a form of lumber as a raw material input for further manufactured products, such as furniture, windows and doors, engineered wood products, mass timber products, cabinets, moulding and millwork, etc.

⁴ FII collaborates with industry trade associations and other funding bodies to leverage its investments for the greatest potential return for B.C.

- Lead education and promotional initiatives to raise the profile of B.C. wood products in the market.

Discussion

Objective 2.1 has been changed from the previous FII Service Plan, which focused on India specifically, to reflect the addition of FII Vietnam subsidiary operations as part of FII's focus on expanding opportunities for B.C. wood species in emerging markets. Market development in India and Vietnam is led by FII through subsidiary operations. In India, the program is now in Phase 2 (Expanding Engagement) of a multi-year strategy to achieve commercial acceptance and growth in the wood in manufacturing sector. The approach will be to build on gains made to date, leverage existing demonstration projects, and support the existing stockist network. Vietnam operations are in Phase 1 (Entry and Demonstration) with a formal subsidiary office established in spring 2022. Initial efforts are focused on building awareness of the Canadian Wood brand and establishing relationships with local manufacturers to introduce B.C. wood species. Progress in both markets is monitored via established annual performance metrics with interim reporting requirements.

Objective 2.2: Wood products secure greater market penetration in U.S. non-residential and multi-family construction

The U.S. housing sector, in particular single-family home construction, remains the leading consumer of B.C. lumber, panels, cedar products and value-added wood products. However, with the market moving toward multi-family living, FII is focusing its funding support on work that expands wood beyond the single-family residential segment and into growth opportunity sectors in multi-family/multi-storey construction and non-residential (commercial, institutional and recreational) construction. These segments have significant opportunities to increase wood's market share, and to expand opportunities to use wood both structurally and architecturally.

Key Strategies

- Build capacity and interest in greater wood use with developers, contractors and building and design professionals in the high-potential multi-family/multi-storey and non-residential sectors through training and technology transfer.
- Profile and encourage the use of new and emerging building solutions such as mass timber and wood-steel-concrete hybrid building systems.
- Support the province's value-added exporters and target the repair and remodeling sector and encourage the use of high-value B.C. species such as western red cedar in exterior applications.

Discussion

Most single-family housing in North America uses wood-frame construction as the primary building method; however, wood has a smaller share of non-residential structures and of multi-storey, multi-family residences. The forest industry in B.C., as well as the rest of Canada and the U.S., has a strong interest in seeing wood products secure a much higher market

penetration in this segment. To this end, FII supports the U.S. [WoodWorks](#) program to deliver education and technical advisory activities that assist architects, builders and developers to incorporate more wood into projects, as well as convert projects from other materials to wood (see performance measure 2b). Efforts focus on a range of building types (i.e., multi-storey/multi-family, non-residential, taller buildings) and systems (i.e., wood-frame, mass timber, hybrid). This diversification strategy will help expand the influence of the program across the construction sector while protecting suppliers against market fluctuations in any one segment of the building sector.

To support opportunities for B.C. forest products in other market segments, including repair and remodelling and value-added segments, FII also supports the activities of other partners in the market, including [BC Wood](#), the [Western Red Cedar Lumber Association](#) and the [Cedar Shake and Shingle Bureau](#).

Progress in the market is tracked via performance targets established by funding recipients with interim reporting across the year.

Objective 2.3, focused on China, was removed from the Service Plan from 2024/25 onward to reflect the maturity of FII's China market development program. While a China-related objective has been a long-standing measure in FII's Service Plans, the change reflects an increased focus on expanding emerging markets, including India and Vietnam⁵. FII, in cooperation with government and industry partners, will continue efforts to advance wood use in China in both construction and manufacturing sectors, and to position exports from B.C. in high-potential growth and higher-value segments.

Performance Measures

Performance Measure	2023/24 Forecast	2024/25 Target	2025/26 Target	2026/27 Target
2a Total number of product trials of B.C. species undertaken in emerging markets ¹	36	38	40	42

Data source: Forestry Innovation Investment Ltd.

¹ Product trials are currently being undertaken in India and Vietnam through FII's subsidiary operations in both markets.

Discussion

This performance measure directly reflects the interest of the wood in manufacturing industry in India and Vietnam to try B.C. species, which is a key objective in early market development efforts.

FII's Try Canadian Wood program provides qualified Indian and Vietnamese manufacturers with small test volumes of B.C. wood, as well as technical support for trying B.C. wood in new or existing product lines. Product trials completed to date have resulted in a range of furniture

⁵ FII's Service Plan has had a China-related measure under Goal 2 since 2017/18.

and interior finishing products being produced on a test basis, with a number of trials leading to longer-term commercial orders for products made with B.C. species.

Performance Measure 2a has been changed from previous FII Service Plans to reflect the addition of FII Vietnam subsidiary operations as part of FII’s focus on expanding opportunities for B.C. wood species in emerging markets. India product trial targets in FII’s 2023/24 Service Plan are set at 20; FII anticipates exceeding this target. The combined Vietnam/India product trial measure from 2024/25 allows FII to track and reflect its overall effort to introduce B.C. wood species to manufacturers in the Indo-Pacific region. Individual FII office measures will also be tracked internally by FII to ensure accountability by office against program targets.

Performance Measure	2023/24 Forecast	2024/25 Target	2025/26 Target	2026/27 Target
2b Total sales (USD, millions) of wood attributable to directly influenced and converted projects—U.S. non-residential and multi-storey/multi-family residential construction markets ¹	\$321	\$274	\$294	\$314

Data source: US WoodWorks

¹The target is based on the incremental increase in the value of wood sales that are generated in the year through projects converted and/or influenced by US WoodWorks program activities, funded by FII and its funding partners.

Discussion

This measure tracks success in increasing wood usage in the U.S. in the commercial, institutional and multi-family residential/mid-rise segments. The ability to achieve Performance Measure 2b is contingent upon the performance of FII’s funding recipient, US WoodWorks, in its delivery of Market Initiatives programming and on other external factors impacting construction activity in the U.S., such as the level of real estate investment and the process for approving and implementing building code changes. US WoodWorks tracks its engagement with projects as the project moves from identification to design and construction. As soon as the project goes to construction, the value of that project is captured in the performance measure. The program expects to meet its \$321 million target for 2023/24. Forward-looking targets have been adjusted downward to reflect a projected slowdown in construction starts in the short-to-medium term as a result of rising costs for labour, land and materials as well as higher interest rates on project loans..

Goal 3: B.C. is a leader in using innovative forest products and building systems

This goal supports Government’s strategic direction to expand innovation in the wood products sector. The goal focuses on addressing research, education and supply chain barriers hampering the growth of mass timber and next-generation engineered wood products and

building systems in B.C., and on guiding FII's efforts to work with partners inside and outside of government to ensure public projects prioritize the use of wood.

Objective 3.1: Wood is a preferred building material in B.C.

Driven by emerging trends and issues in materials science, structural engineering, and the rapidly changing technology and building environments, FII is supporting innovation in wood manufacturing, building design and construction. Enabling early adoption of new and advanced wood technologies and buildings systems, including taller buildings and larger structures using mass timber, will help shape more resilient, climate-smart communities. Responding to the opportunities and challenges represented by these dynamics, FII is positioning wood as a preferred building material.

Key Strategies

- Advance the competitiveness of B.C.'s value-added wood sector by encouraging supply chain optimization and the development of next-generation wood products and building solutions.
- Accelerate education, training and technical support to encourage wood use, including mass timber and other engineered wood products and systems.
- Collaborate with all levels of government to drive better understanding of wood's role in addressing energy efficiency, low-carbon innovation and other environmental policies related to the building sector.

Discussion

Objective 3.1 recognizes that the growing demand for new and innovative wood-based building solutions is driving a need to improve the capacity and effectiveness of all components of the supply chain. This includes increasing the knowledge and experience related to designing and building with wood, including products and building systems.

Strategies under this objective are delivered primarily through FII's Wood First program, which works to position B.C. as a leader in using innovative forest products and building systems by delivering promotional, research, educational and capacity building initiatives throughout the province. An independent Wood First Advisory Committee, made up of senior manufacturing, design, engineering and construction representatives, provides strategic guidance on program implementation priorities. To effectively deliver its Wood First mandate, FII relies on existing research and service delivery organizations, promoting integrated planning and coordinated delivery of program activities and initiatives. Progress is tracked via performance targets established by FII and its funding recipients with interim reporting across the year.

Objective 3.2: Next-generation B.C. wood technologies and building solutions showcase wood innovation

Long-term sustainability of the forest economy requires the active maintenance, creation and diversification of demand for B.C. forest products. Through FII's Wood First Program, FII is focused on expanding and advancing opportunities across the product value chain, from

lumber suppliers and engineered wood manufacturers to skilled labour, engineers, designers and architects. This will position B.C. as a leader in wood innovation and B.C.'s forest products can be more effectively marketed for construction, interior design and daily living at home and abroad.

Key Strategies

- Facilitate research and development for next-generation wood products and building systems, and drive the dissemination of knowledge and results to appropriate audiences.
- Leverage B.C.'s advancements in wood use by mobilizing provincial research, expertise and technologies that embrace and showcase wood, including community and Indigenous projects across B.C.
- Support education, training and capacity building initiatives through a range of building applications and sectors in B.C.

Discussion

Momentum continues to grow around interest in building with wood across jurisdictions with an increasing number of stakeholders and early innovators who are leading the way. Building expert networks, sharing learnings and showcasing B.C.'s wood products, design and construction expertise are key to accelerating that momentum.

Strategies under Objective 3.2 are delivered primarily through FII's Wood First program in consultation with the Wood First Advisory Committee and in partnership/coordination with existing research and service delivery organizations. Progress is tracked via performance targets established by FII and its funding recipients with interim reporting across the year.

Performance Measures

Performance Measure	2023/24 Forecast	2024/25 Target	2025/26 Target	2026/27 Target
3a Total sales (CAD, millions) of wood attributable to directly influenced and converted projects—B.C.'s non-residential and multi-storey/multi-family residential construction markets ¹	\$74	\$66	\$69	\$74

Data source: WoodWorks BC

¹The target is based on the incremental increase in the value of wood sales that are generated in the year through projects converted and/or influenced by WoodWorks BC program activities, funded by FII and its funding partners.

Discussion

This measure tracks success in increasing wood usage in B.C. in the commercial, institutional and multi-family residential/mid-rise segment. To this end, FII cost-shares the WoodWorks BC program to deliver education and technical advisory activities that assist architects, builders

and developers to incorporate more wood into projects, as well as convert their projects from other materials to wood. Efforts focus on a range of building types (i.e., multi-storey/multi-family, non-residential and taller buildings). This diversification strategy will help expand the influence of the program across the construction sector while protecting suppliers against market fluctuations in any one particular segment of the building sector.

The ability to achieve Performance Measure 3a is contingent upon the performance of FII's funding recipients in their delivery of Wood First programming and on other external factors impacting construction activity in B.C., such as the level of real estate investment and the process for approving and implementing building code changes. WoodWorks BC tracks its engagement with projects as the project moves from identification to design and construction. As soon as the project goes to construction, the value of that project is captured in the performance measure.

The program expects to meet its \$74 million target for 2023/24. Forward-looking targets have been adjusted downward to reflect a projected slowdown in construction starts in the short-to-medium term as a result of rising costs for labour, land and materials as well as higher interest rates on project loans.

Financial Plan

Financial Summary

\$000s	2023/24 Forecast	2024/25 Budget	2025/26 Plan	2026/27 Plan
Revenues				
Contribution from the Province of B.C. ^{1,2}	20,076	20,187	20,187	20,187
Contribution from the Federal Government	30	-	-	-
Other Revenue ³	400	428	428	428
Total Revenue	20,506	20,615	20,615	20,615
Expenses				
Funding Recipient Initiatives	7,480	7,850	7,850	7,850
Market Outreach and Initiatives				
Government Initiatives and Outreach	5,200	5,515	5,515	5,515
China Market Development ⁴	2,294	1,900	1,900	1,900
India Market Development ⁵	1,955	1,600	1,600	1,600
Vietnam Market Development ⁶	1,765	1,900	1,900	1,900
Corporate Services	1,812	1,850	1,850	1,850
Total Expenses	20,506	20,615	20,615	20,615
Excess of Revenue over Expenses	-	-	-	-
Retained Earnings, End of Year	6,070	6,070	6,070	6,070
Accumulated Surplus (Deficit)	6,070	6,070	6,070	6,070
Capital Expenditures	100	150	150	150

Note: The above financial information was prepared based on current Public Sector Accounting Standards.

¹ Additional funding for 2023/24 and the 3 future years have been made available from the Province of BC as part of the Shared Recovery Mandate.

² The forecast for 2023/24 includes \$0.100 from the Province which is deferred for depreciation on capital asset purchases.

³ Other Revenue is primarily Interest Income earned on bank account balances held in India and Canada representative of accumulated retained earnings.

⁴ FII Vietnam's budget for 2024/25 is increased as FII ramps up operations in that location.

⁵ FII India's budget is reduced for 2024/25 as a result of rent savings moving out of Naman Midtown and as the program is reprofiled.

⁶ FII China's budget is reduced for 2024/25 as a result of rent savings moving out of DHC in Shanghai and finding less expensive office space in Beijing.

Key Forecast Assumptions, Risks and Sensitivities

The majority of FII's investments, programming and activities are funded by the Ministry of Jobs, Economic Development and Innovation. FII assumes that industry trade associations, research institutes and universities will continue to propose eligible and acceptable activities for FII funding, within FII's approved cost-share rules.

FII funds extensive market development programming in offshore markets, particularly in Asia. As a result, FII is subject to foreign exchange risk through its program payables and advances, and a portion of FII's program costs, which are denominated in Chinese Renminbi, Indian Rupee, Vietnamese Dong, U.S. dollars and other foreign currencies. While FII manages exposure to currency risk by monitoring assets and liabilities denominated in foreign currencies and by purchasing foreign denominated currency when market conditions are favourable, volatility in the value of the Canadian dollar against foreign currencies has increased exchange rate risk.

Management's Perspective on Financial Outlook

For 2024/25, FII anticipates receiving \$20.187 million in funding from the Province, and \$0.428 million is anticipated to be received from other sources.

About half of the available funding from the Province will be used to share the cost of activities proposed and delivered by not-for-profit organizations that responded to FII's most recent market development and Wood First calls for proposals. The budget allocation for such funding recipients will be \$7.85 million. Other budget allocations will be:

- FII China: \$1.9 million—slightly less than the forecasted spending for 2023/24
- FII India: \$1.6 million—below the forecasted spending in 2023/24 as a result of the strategic review
- FII Vietnam: \$1.90 million—above the forecasted spending in 2023/24 as the program ramps up
- FII Vancouver's Government Initiatives and Outreach: \$5.515 million

Appendix A: Subsidiaries

Active Subsidiaries

FII Consulting (Shanghai) Co. Ltd.

Wholly owned by Forestry Innovation Investment Ltd.

Primary business: Supporting the B.C. forest industry by directing market research and leading government relations and business development, particularly with state-owned enterprises.

Objective: To grow the market for B.C. wood products in China, primarily by creating new demand for structural lumber and related building products.

Strategic Direction and Operating Environment: The business activities and priorities of FII Consulting (Shanghai) Co. Ltd. are fully consistent with the mandate, strategic priorities and fiscal plan of FII Ltd.

Risk Management: FII funds its market development programming in China from Canada and, as a result, FII is subject to foreign exchange risk through its program advances to its subsidiary companies. Program costs for this subsidiary are denominated in Chinese Renminbi. FII manages its exposure to currency risk by monitoring assets and liabilities denominated in these foreign currencies and by purchasing foreign denominated currency when market conditions are favourable. The lower value of the Canadian dollar against the U.S. dollar has increased FII's exchange rate risk as the value of the Chinese Renminbi is roughly pegged against the U.S. dollar. Consequently, increases or decreases in the value of the U.S. dollar relative to other currencies can affect the value of the Renminbi against the Canadian dollar.

Financial Summary

\$000s	2023/24 Forecast	2024/25 Budget	2025/26 Plan	2026/27 Plan
Total Revenue	2,294	1,900	1,900	1,900
Total Expenses	(2,294)	(1,900)	(1,900)	(1,900)
Annual Surplus (Deficit)	-	-	-	-

FII Consulting India Private Limited

(Jointly owned by Forestry Innovation Investment Ltd. and 0939031 B.C. Ltd.)

Primary business: Supporting the development of the Indian market for B.C. forest products through market research, promoting B.C. wood products and related technologies, undertaking product trials and demonstration work, and leading communication and education outreach efforts to enhance awareness of B.C. and Canadian softwood species in India.

Objective: To establish a new market for B.C. wood products in India by creating demand for lumber suitable for the manufacturing of furniture, doors and windows, interior millwork and other products.

Strategic Direction and Operating Environment: The business activities and priorities of FII Consulting India Private Limited are fully consistent with the mandate, strategic priorities and fiscal plan of FII Ltd.

Risk Management: FII funds its market development programming in India from Canada and, as a result, FII is subject to foreign exchange risk through its program advances to its subsidiary companies. Program costs for this subsidiary are denominated in Indian Rupees. FII manages its exposure to currency risk by monitoring assets and liabilities denominated in these foreign currencies and by purchasing foreign denominated currency when market conditions are favourable.

Financial Summary

\$000s	2023/24 Forecast	2024/25 Budget	2025/26 Plan	2026/27 Plan
Total Revenue ¹	1,955	1,600	1,600	1,600
Total Expenses	(1,955)	(1,600)	(1,600)	(1,600)
Annual Surplus (Deficit)	-	-	-	-

¹In 2022-23, a strategic review of FII India operations was undertaken, resulting in an updated strategy focused on the areas of greatest commercial potential. Forward-looking budgets have been adjusted downward to reflect improved efficiencies over the course of FII's operations in India and the decision to pause on FII-led demonstration projects, given the uptake of industry-led commercial projects.

Forestry Innovation Consulting (Vietnam) Ltd.

(Wholly owned by Forestry Innovation Investment Ltd.)

Primary business: Supporting the development of the Vietnam market for B.C. forest products through market research, promoting B.C. wood products, undertaking product trials, and leading communication and education outreach efforts to enhance awareness of B.C. and Canadian softwood species in Vietnam.

Objective: To establish a new market for B.C. wood products in Vietnam by creating demand for lumber suitable for the manufacturing of furniture, doors and windows, interior millwork and other non-structural products.

Strategic Direction and Operating Environment: The business activities and priorities of Forestry Innovation Consulting (Vietnam) Ltd. are fully consistent with the mandate, strategic priorities and fiscal plan of FII Ltd.

Risk Management: FII funds its market development programming in Vietnam from Canada and, as a result, FII is subject to foreign exchange risk through its program advances to its subsidiary companies. Program costs for this subsidiary are denominated in Vietnamese Dong. FII manages its exposure to currency risk by monitoring assets and liabilities denominated in

this foreign currency and by purchasing foreign denominated currency when market conditions are favourable.

Financial Summary

\$000s	2023/24 Forecast	2024/25 Budget	2025/26 Plan	2026/27 Plan
Total Revenue	1,765	1,900	1,900	1,900
Total Expenses	(1,765)	(1,900)	(1,900)	(1,900)
Annual Surplus (Deficit)	-	-	-	-

Inactive Subsidiaries

- FII maintains a non-operating subsidiary company, 0939031 B.C. Ltd. (wholly owned by Forestry Innovation Investment Ltd.) whose sole purpose is to function as the second shareholder of FII Consulting India Private Limited (reflecting India legislation that requires foreign-owned companies to have at least two shareholders).

Appendix B: Mandate Letter from the Minister Responsible



June 2, 2023

Rick Manwaring
Chair, Board of Directors
Forestry Innovation Investment, Ltd.
Suite 1200, 1130 West Pender Street
Vancouver, BC V6E 4A4

Dear Rick Manwaring:

On behalf of Premier Eby and the Executive Council, I would like to extend my thanks to you, your board members, and your organization's leadership for your dedication, expertise, and service to the people of British Columbia.

Public sector organizations—including Crowns, Health Authorities, and Post Secondary Institution Boards—support British Columbians by delivering vital public services and are accountable to the public through their responsible Minister. Your leadership in advancing and protecting the public interest strengthens trust in public institutions.

You are serving British Columbians at a time when people in our province continue to recover from and respond to the upheaval caused by the COVID-19 pandemic, an ongoing toxic drug crisis, and climate-related natural disasters, and while global inflation is driving up costs. Now more than ever, we need to focus on building a prosperous, low-carbon, sustainable economy, and a province where everyone can find a good home—in rural areas, in cities, and in Indigenous communities.

This mandate letter, which I am sending in my capacity as Minister responsible for Forestry Innovation Investment, sets out overarching principles relevant to the entire public sector and specific direction on priorities and expectations for your organization for the remainder of Government's term.

Government and public sector organizations must continue to advance results that people can see and feel in these key areas: strengthened health care, safer communities, attainable and secure housing, and a clean and fair economy that delivers affordability and prosperity.

In doing so, you will continue working towards lasting and meaningful Reconciliation by supporting opportunities for Indigenous Peoples to be full partners in the province we are building together, and delivering on specific commitments as outlined in the *Declaration on the Rights of Indigenous Peoples Act* action plan.

.../2

As required by the *Climate Change Accountability Act*, please ensure your organization implements targets and strategies for minimizing greenhouse gas emissions and managing climate risk, including achieving carbon neutrality each year and aligning with the CleanBC target of a 50 percent reduction in public sector building emissions and a 40 percent reduction in public sector fleet emissions by 2030. Your organization is expected to work with Government to report out on these plans and activities as required by legislation.

Our province's history, identity, and strength are rooted in its diverse population, yet racialized and marginalized people face historic and present-day barriers that limit their full participation in their communities, workplaces, government, and their lives. The public sector has a moral and ethical responsibility to tackle systemic discrimination in all its forms—and every public sector organization has a role in this work. As part of this work, your organization is expected to adopt the Gender-Based Analysis Plus (GBA+) lens to ensure gender equity is reflected in your operations and programs.

British Columbians expect that public sector organizations operate in a responsible manner to deliver quality services equitably in all regions of the province. This requires strategic stewardship of planning, operations, and policies in the areas of financial, risk, and human resource management including information security and privacy protection.

The protection of government data and networks is a priority, especially where it concerns personal information of British Columbians. Public sector organizations must maintain up to date systems and effective cybersecurity practices, including maintaining current information management and cybersecurity policies, guidelines, and standards; evaluating your organization against industry standards; and maintaining appropriate security and privacy practices. The Office of the Chief Information Officer within the Ministry of Citizens Services is available to support and offer guidance to your organization in any of these areas.

Public sector organizations must also implement and maintain an effective fraud risk management strategy. The Office of the Comptroller General and the Risk Management Branch in the Ministry of Finance are available for consultation.

The Crown Agencies Secretariat (CAS) in the Ministry of Finance supports public sector organizations to operate effectively, in the public interest, and aligned with Government's strategic direction and priorities. Within CAS, the Crown Agencies and Board Resourcing Office (CABRO) will continue to support you and your board on recruitment, appointments, and professional development, as well as ensuring Board composition and governance reflects the diversity of our province. CAS can support you in public sector governance best practices, policy, and planning.

In addition to continuing to make progress on your [2021 mandate letter](#), I expect you to ensure the important priorities and areas of focus listed in this letter are incorporated into the practices of your organization.

Each board member is asked to sign this letter to acknowledge this direction from Government to your organization. The signed letter is to be posted publicly on your website by summer 2023.

I look forward to continuing to work with you and your Board colleagues to meet the high standards set for us by all British Columbians.

Sincerely,



Brenda Bailey

Minister

Date: June 2, 2023

cc: Honourable David Eby, KC
Premier

Shannon Salter
Deputy Minister to the Premier, Cabinet Secretary
and Head of the BC Public Service

Heather Wood
Deputy Minister and Secretary to Treasury Board
Ministry of Finance

Mary Sue Maloughney
Associate Deputy Minister, Crown Agencies Secretariat
Ministry of Finance

Fazil Mihlar
Deputy Minister
Ministry of Jobs, Economic Development and Innovation

cc: Bobbi Plecas
Director
Forestry Innovation Investment

Neilane Mayhew
Director
Forestry Innovation Investment

Michael Loseth
Chief Executive Officer/President
Forestry Innovation Investment

Rick Manwaring

Rick Manwaring (Jun 12, 2023 11:47 PDT)

Rick Manwaring
Chair, Forestry Innovation Investment
Date: Jun 12, 2023

Fazil Mihlar

Fazil Mihlar
Vice Chair, Forestry Innovation Investment
Date: Jun 8, 2023

Bobbi Plecas

Bobbi Plecas (Jun 8, 2023 15:23 PDT)

Bobbi Plecas
Director, Forestry Innovation Investment
Date: Jun 8, 2023

Neilane Mayhew

Neilane Mayhew (Jun 10, 2023 14:27 PDT)

Neilane Mayhew
Director, Forestry Innovation Investment
Date: Jun 10, 2023