



Program investments by the Ministry of Forests' Land Base Investment Program are expected to improve the forest asset base and support sustainable forest management practices.*

Outsourcing of Public Sector Forestry Programs

By Kevin Bromley

Many governments are experiencing increasing pressure to find less-expensive program delivery models without compromising service quality. In Canada, the Government of British Columbia's Ministry of Forests is delivering two innovative programs. The Ministry's Land Base Investment Program and the Forest Science Program have both outsourced their administration and audit functions to PricewaterhouseCoopers.

IMPROVING SUSTAINABLE FOREST PRACTICES

In 2004, the Land Base Investment Program (LBIP) is expected to invest approximately Cdn \$30 million in land base activities planned and delivered by forest companies—all in accordance with government standards.

Program investments are expected to improve the forest asset base and support sustainable forest management practices through:

- Higher level strategic decision-making and planning;
- Increased timber volume and value;
- Increased site productivity;
- Restored terrestrial, aquatic and riparian environments;

- Better decision-making information and tools; and
- Infrastructure that protects public safety and mitigates environmental hazards.

Similarly, investments made through the Forest Science Program (FSP) are expected to provide a positive contribution to the provincial government's goal of having a leading edge forest industry that is globally recognised for its productivity, environmental stewardship and sustainable forest management practices. In 2004, the FSP is expected to invest approximately Cdn \$10 million in these activities.

OUTSOURCED ACTIVITIES

The British Columbia Ministry of Forests (MoF) selected PricewaterhouseCoopers (PwC) to administer both the

LBIP and FSP eligible participants. As administrator, PwC:

- Enters into contracts with eligible participants;
- Screens investment proposals submitted by participants;
- Manages and performs accounting for advances, final payments and recoveries;
- Monitors investment progress;
- Manages a program of financial and performance audits and reviews;
- Provides monthly reports to the MoF; and
- Participates with the Province's contract manager in the management of program issues including implementing continuous improvement.

A secure, proprietary computer-based system allows participants to communicate project progress through the Internet. The MoF enjoys enhanced participant response time and a considerable reduction in program administration costs using this outsourcing model. For example, the size of the current outsourced administration team is less than half of that previously required.

There are a number of critical ingredients which are essential for a seamless transition and successful delivery of program objectives. These include:

- A partnership approach;
- An innovative approach to risk assessment;
- Monitoring and audit strategy;
- A comprehensive transition process;
- Effective stakeholder communications; and
- An ability to respond to issues in a timely manner.

PARTNERSHIP APPROACH

One of the most important considerations in a successful outsourcing project is an open relationship with the client. The traditional transaction-based exchange between client and contractor is simply not enough to meet the needs of government.

Innovative approach to risk assessment, monitoring and audit strategy

One of the principal roles of the administrator is to identify and manage the myriad of risks associated with achieving a program's objectives. Given the complexity associated with government programs, the need to have an innovative and systematic approach to risk assessment and audit is critical.

Comprehensive transition process

A good first impression with the end-user of a public sector program is important to future success. A comprehensive transition process delivered by a team with the appropriate mix of auditing, risk management and technical industry expertise, backed by a strong track record of success, ensures a smooth transition for both government and program participants and establishes immediate credibility. The ability of the administrator to marshal human and other resources to support the transition strategy is critical.

Effective stakeholder communications

A good strategic communications plan is fundamental to the delivery of an effective and accountable outsourced program. The communications plan must ensure the administrator delivers timely, clear and consistent communications to its stakeholder audiences.

Timely response

Experience has shown that in order to be effective, the government and the outsourced program's end-user expect a timely response to queries and issues. Even when the resolution of an issue may ultimately rest with government, the administrator must be perceived to be working with the government on a timely resolution.

We expect the trend of public sector outsourcing to continue as pressure on budgets and resources dictate the adoption of effective alternative service delivery models.

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