



**BC Forestry Revitalization Trust**

**2004 Annual Report**

**Trustee  
Eric van Soeren**

# **BC Forestry Revitalization Trust**

## **Report of the Trustee**

In March 2003 the province of British Columbia established the BC Forestry Revitalization Trust (BCFRT) and funded it with \$75,000,000. The mandate of the BCFRT is to provide mitigation to forest workers and replaceable contractors that are negatively impacted by timber reallocations resulting from the Forestry Revitalization Act.

In April 2004 the province appointed Eric van Soeren as Trustee. Shortly after that he appointed a seven member Advisory Board, as required by the Trust Deed. Advisory Board membership as of year-end was as follows:

Peter Affleck, Board Member representing the Council of Forest Industries  
Jim Girvan, Board Member representing the Truck Loggers Association  
Monty Mearnes, Board Member representing the United Steelworkers of  
America – IWA Council  
Tim Menning, Board Member representing the Interior Logging  
Association, the Central Interior Loggers Association and the North  
West Logging Association  
Julian Paine, Board Member representing the Ministry of Forests  
Darrel Wong, Board Member representing the United Steelworkers of  
America – IWA Council  
Berni Zimmerman, Board Member representing the Coast Forest and  
Lumber Association

The Advisory Board has developed draft forest worker and contractor mitigation guidelines. In order to develop an estimate of the cost of those guidelines, the Trustee polled all the major licensees that were to lose some of their allowable annual cut. They were asked to provide their best estimate of the effect of the timber reallocation on their workers, their contractors, and their contractors' workers. The Trustee received a 100% response rate from Coastal licensees, and a 90% response rate in the Interior. The main reason for the lower response in the Interior was the lack of a response from New Skeena, which is involved in bankruptcy proceedings.

Utilizing the best estimates of industry, seniority estimates obtained from the IWA pension plan, seniority estimates obtained from contractor industry associations, and the proposed guidelines, the Trustee arrived at an estimated cost of delivering the proposed guidelines. Based on that estimate, the Trustee estimates that the BCFRT requires approximately \$50,000,000 more than what was available in the BCFRT accounts as of December 31, 2004, plus what the BCFRT is likely earn in interest while holding mitigation funds in trust.

The Trustee and the Advisory Board approached the province to attempt to get sufficient extra funds to allow the draft mitigation guidelines to be finalized. As of December 31, 2004, the province was considering the request for additional funds. If the funds were not available, it would not be possible to deliver on the draft guidelines. Given the strongly held

views of the majority of the Advisory Board that anything less than the draft guidelines would not be equitable to displaced forest workers and replaceable contractors, this would be a serious blow to the BCFRT.

On the other hand, were the province to support the request for additional funds, the draft guidelines could immediately be finalized, and the BCFRT would be ready to start providing mitigation payments, based on those guidelines.

On January 21, 2005 the Premier made a public commitment to ask the BC Legislature to approve the required extra \$50,000,000. On February 22, 2005 the legislature approved the request. Therefore, the draft guidelines have been finalized, and the Trustee believes there are sufficient funds in the BCFRT to begin making Mitigation payments based on the Contractor and Worker Mitigation Guidelines.

### **Administration Account**

When the BCFRT was created, \$5,000,000 was allocated to administration. To date, administration expenses of the BCFRT have been close to the interest earned by the Administration Account, so the initial principal is almost intact. While expenses will increase as the BCFRT becomes more active, it appears likely that a portion of the Administration Account will be able to be transferred to one of the Mitigation Accounts at a later date, and on an as needed basis.

### **Contractor Mitigation Account**

The principle being used for contractor mitigation is that contractors who lose their replaceable contracts as a result of Forestry Revitalization Act (FRA) timber reallocation will receive mitigation that approximates what the contract might reasonably have been worth at the time it was reduced or eliminated. Generally, this will be based on a per cubic metre value, but contracts that were calculated based on some other measure will be treated accordingly. A detailed description of the calculation to be used is in the Contractor Mitigation Guidelines, which can be found by following the links to Contractor Mitigation Guidelines on the BCFRT website at [www.bcfirt.com](http://www.bcfirt.com).

As of December 31, 2004, no contractor mitigation amounts had been paid. This is partially because the Contractor Mitigation Guidelines were still in draft form, as discussed above, and partially because no Forestry Revitalization Plans have been finalized to date.

### **Forest Worker Mitigation Account**

The principle being used for forest worker mitigation is that workers who are severed because of FRA timber reallocation will receive severance paid to them by their employer, but funded by the BCFRT. The Advisory Board felt it was fair that all workers who lose their jobs as a result of FRA timber reallocation be treated the same. Because the Steelworkers (previously IWA) contract mandates what employees that are affected by a permanent logging camp closure receive severance of 10 regular days pay per year of

service, plus 10/12<sup>ths</sup> of a regular day's pay per completed month of service, that standard was used. The detailed calculation and discussion appears in the Forest Worker Mitigation Guidelines, which can be found by following the links to Forest Worker Mitigation Guidelines on the BCFRT website at [www.bcfirt.com](http://www.bcfirt.com).

As of December 31, 2004, no forest worker mitigation amounts had been paid. This is partially because the Forest Worker Mitigation Guidelines were still in draft form, as discussed above, and partially because no Forestry Revitalization Plans have been finalized to date.

### **Looking Ahead**

Subsequent to year-end, the Ministry of Forests issued the required Section 3 timber reallocation orders under the Forestry Revitalization Act (FRA) to the major licensees affected by the FRA. These identify the amount of volume to be lost by tenure, and the timing of that loss. Also subsequent to year-end, as discussed above, the provincial government agreed to provide the BCFRT with the required extra \$50,000,000. Therefore, Forestry Revitalization Plans are likely to be completed early in 2005, and worker and contractor Mitigation payments will commence, possibly as early as March 2005.

**THE BC FORESTRY REVITALIZATION TRUST**  
**FINANCIAL STATEMENTS**  
**AS AT DECEMBER 31, 2004**

## **THE BC FORESTRY REVITALIZATION TRUST**

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Exhibit A

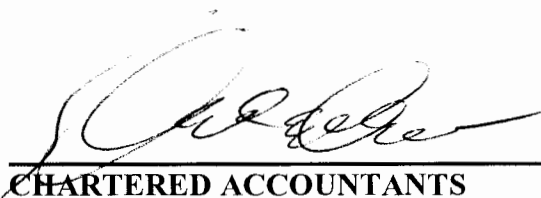
To the Trustee  
**The BC Forestry Revitalization Trust**

**AUDITORS' REPORT**

We have audited the statement of financial position of The BC Forestry Revitalization Trust as at December 31, 2004, and the statements of receipts and expenditures and net assets for the year then ended. These financial statements are the responsibility of the Trustee. Our responsibility is to express an opinion on these financial statements.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Trustee, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Trust as at December 31, 2004 and its receipts and expenditures for the year then ended in accordance with Canadian generally accepted accounting principles.

  
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CHARTERED ACCOUNTANTS

Vancouver, B.C.  
February 14, 2005

**THE BC FORESTRY REVITALIZATION TRUST**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2004**

	<u>ASSETS</u>	<u>2004</u>	<u>2003</u>
<b>CURRENT ASSETS</b>			
Cash - note 6		\$ 15,665	\$ 3,845
Marketable securities - at cost - Schedule 1		63,714,874	76,406,286
Interest receivable		<u>611,848</u>	<u>253,929</u>
		64,342,387	76,664,060
<b>INVESTMENTS, at cost - Schedule 2</b>		<u>13,840,567</u>	<u>-</u>
<b>TOTAL ASSETS</b>		<u>\$ 78,182,954</u>	<u>\$ 76,664,060</u>
 <b><u>LIABILITIES</u></b>			
<b>CURRENT LIABILITY</b>			
Accounts payable and accrued liabilities		<u>\$ 34,765</u>	<u>\$ 6,718</u>
<b>TOTAL LIABILITIES</b>		<u>34,765</u>	<u>6,718</u>
 <b><u>FUND BALANCES</u></b>			
<b>NET ASSETS</b>			
Administration Fund - Schedule 3		4,945,448	5,000,000
Contractor Mitigation Fund - Schedule 3		24,026,423	48,112,786
Forest Worker Mitigation Fund - Schedule 3		<u>49,176,318</u>	<u>23,544,556</u>
<b>TOTAL NET ASSETS</b>		<u>78,148,189</u>	<u>76,657,342</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>		<u>\$ 78,182,954</u>	<u>\$ 76,664,060</u>

**APPROVED BY THE TRUSTEE**

  
 \_\_\_\_\_ Trustee

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.



**THE BC FORESTRY REVITALIZATION TRUST**  
**STATEMENT OF NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>2004</u>	<u>2003</u>
<b>EXCESS OF RECEIPTS OVER EXPENDITURES</b>	<b><u>\$ 1,490,847</u></b>	<b><u>\$ 1,657,342</u></b>
<b>NON-OPERATING TRANSACTIONS</b>		
Settlement of Trust	-	75,000,000
Disbursements to beneficiaries	<u>-</u>	<u>-</u>
	<u>-</u>	<u>75,000,000</u>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b><u>76,657,342</u></b>	<b><u>-</u></b>
<b>NET ASSETS AT END OF YEAR</b>	<b><u>\$ 78,148,189</u></b>	<b><u>\$ 76,657,342</u></b>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

**THE BC FORESTRY REVITALIZATION TRUST**  
**STATEMENT OF RECEIPTS AND EXPENDITURES**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Administration Fund</u>	<u>Contractor Mitigation Fund</u>	<u>Forest Worker Mitigation Fund</u>	<b><u>2004 Total</u></b>	<b><u>2003 Total</u></b>
<b>INTEREST RECEIPTS - note 4(b)</b>	\$ 163,798	\$ 481,867	\$ 1,063,532	<b>\$ 1,709,197</b>	<b>\$ 1,700,386</b>
<b>EXPENDITURES - note 4(c)</b>					
Investment advisor fees	15,776	-	-	<b>15,776</b>	33,948
Administration fees	25,633	-	-	<b>25,633</b>	-
Advisory board meeting costs	3,676	-	-	<b>3,676</b>	-
Audit fees	7,800	-	-	<b>7,800</b>	6,280
Bank charges and interest	600	-	-	<b>600</b>	-
Consulting	4,911	-	-	<b>4,911</b>	-
GST expense	13,862	-	-	<b>13,862</b>	2,816
Legal fees	20,356	-	-	<b>20,356</b>	-
Office	536	-	-	<b>536</b>	-
Travel and entertainment	1,640	-	-	<b>1,640</b>	-
Trustee fees	123,560	-	-	<b>123,560</b>	-
	<u>218,350</u>	<u>-</u>	<u>-</u>	<b><u>218,350</u></b>	<u>43,044</u>
<b>EXCESS OF RECEIPTS OVER EXPENDITURES</b>	<b><u>\$ (54,552)</u></b>	<b><u>\$ 481,867</u></b>	<b><u>\$ 1,063,532</u></b>	<b><u>\$ 1,490,847</u></b>	<b><u>\$ 1,657,342</u></b>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

**THE BC FORESTRY REVITALIZATION TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

**1. PURPOSE OF THE TRUST**

The BC Forestry Revitalization Trust (the "Trust") was established by Deed of Trust dated March 17, 2003 (the "Trust Deed"). Pursuant to Bill 28-2003, the *Forestry Revitalization Act*, the Ministry of Forests of the Province of British Columbia made a payment of \$75,000,000 to settle the Trust (the "First Payment"). On February 22, 2005, the Government of the Province of British Columbia passed legislation to make an additional contribution of \$50,000,000 to the Trust (the "Second Payment"), to increase the funds available for distribution to \$125,000,000. The funds are to be used to mitigate adverse financial impacts suffered by certain workers and replaceable contractors as a result of restructuring of the forestry sector and harvesting operations within British Columbia, arising out of reductions under the *Forestry Revitalization Act* of harvesting rights available to licensees under the *Forest Act*.

**2. BENEFICIARIES OF THE TRUST**

The beneficiaries of the Trust are:

- (a) certain workers (unemployed forestry workers and retraining forestry workers as defined in subparagraph 2.02(2)(a) and (b) of the Trust Deed); and
- (b) certain contractors (as defined in subparagraph 2.02(2)(c) of the Trust Deed) who hold a replaceable contract or a replaceable subcontract within the meaning of the *Timber Harvesting Contract and Subcontract Regulation* of the *Forest Act*.

**3. DURATION OF THE TRUST**

Subject to a possible extension of up to two years the Trust will terminate on the earlier of:

- (a) March 31, 2008; and
- (b) any date on which there is no remaining Trust property.

**4. SIGNIFICANT ACCOUNTING POLICIES**

(a) Fund Accounting

The BC Forestry Revitalization Trust employs fund accounting, using the accrual method of accounting for transactions. The Trust's assets are subject to the restrictions contained in the Trust Deed and are to be used only for the specified purposes. The Trust comprises the following funds:

(i) Administration Fund

In accordance with the Trust Deed, \$5 million of the First Payment was allocated to the Administration Fund to meet administration expenses for the duration of the Trust.

Pursuant to recommendations by the Advisory Board, the Trustee may transfer funds from time to time from the Administration Fund to the other two funds to the extent that the transferred amounts are in excess of anticipated administrative expenses of the Trust. Any such transfers cannot be reversed.

**THE BC FORESTRY REVITALIZATION TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

4. **SIGNIFICANT ACCOUNTING POLICIES, *cont'd***

(ii) Contractor Mitigation Fund

In accordance with the Trust Deed, \$23 million of the First Payment was allocated to the Contractor Mitigation Fund.

This fund is to be used to provide mitigation to certain replaceable contractors for reductions in their contract volumes resulting from the reduction in the harvesting rights of certain licensees under the *Forestry Revitalization Act*;

Pursuant to recommendations by the Advisory Board, the Trustee may transfer funds from time to time between the Contractor Mitigation Fund and the Forest Worker Mitigation Fund.

(iii) Forest Worker Mitigation Fund

In accordance with the Trust Deed, \$47 million of the First Payment was allocated to the Forest Worker Mitigation Fund.

This fund is to be used to provide mitigation to certain forestry workers who ceased to be employed by certain licensees or contractors as a result of reductions in the harvesting rights of certain licensees under the *Forestry Revitalization Act*.

Pursuant to recommendations by the Advisory Board, the Trustee may transfer funds from time to time between the Contractor Mitigation Fund and the Forest Worker Mitigation Fund.

(b) Revenue Recognition and Allocation

Investment income will be recorded as received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

All income earned in respect of funds held in a mitigation fund shall be income of that mitigation fund and form part of the capital of that fund.

All income earned in any fiscal year in respect of funds held in the Administration Fund (net of any applicable taxes) will first be used to pay administrative expenses for the fiscal year. The remainder, if any, shall be added to the other two funds on a pro-rata basis as defined in the Trust Deed.

(c) Expenditures Allocation

In accordance with the Trust Deed, all expenditures are to be paid out of the Administration Fund.

(d) Use of Assumptions and Estimates

The preparation of financial statements, in conformity with Canadian generally accepted accounting principles, requires the Trustee to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying disclosures. Although these estimates are based on the Trustee's knowledge of current events and actions the Trust may undertake in the future, actual results may differ from the estimates.

**THE BC FORESTRY REVITALIZATION TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

**5. STATEMENT OF CASH FLOWS**

These financial statements do not include a statement of cash flows as the information is readily available from the financial statements, and would not provide additional useful information.

**6. CASH**

	<u>Administration Fund</u>	<u>Contractor Mitigation Fund</u>	<u>Forest Worker Mitigation Fund</u>	<b>2004 <u>Total</u></b>	<b>2003 <u>Total</u></b>
Cash	\$ <u>3,986</u>	\$ <u>11,339</u>	\$ <u>340</u>	\$ <u>15,665</u>	\$ <u>3,845</u>

**7. INCOME TAXES**

On the basis of verbal discussions with officials of the Canada Revenue Agency (the "CRA"), the Trustee is of the opinion that the Trust is either a non-profit organization for income tax purposes or a public body performing a function of government. Under either definition, the Trust's income would not be subject to income taxes.

**8. GOODS AND SERVICES TAXES**

The Trustee has received advice from the CRA that the Trust will not be able to recover any Input Tax Credits.

**9. FAIR VALUE AND CREDIT RISK**

The carrying value of investments and liabilities reflected in the balance sheet approximate their respective fair values. The Trust does not have a significant concentration of credit risk.

**10. COMMITMENTS**

In accordance with the Trust deed, all funds must be disbursed to beneficiaries by March 31, 2008 in accordance with the purpose of the Trust and the guidelines prepared by the Trustee and approved by the Advisory Board. Any amounts remaining at that time are to be transferred to a person, organization or association whose objectives are compatible with the distribution objectives of the Trust. However, no amounts may be transferred to the Government of the Province of British Columbia.

**11. SUBSEQUENT EVENT**

On February 22, 2005, the Government of the Province of British Columbia passed legislation to make an additional contribution of \$50,000,000 to the Trust (the "Second Payment") to increase funds available for distribution to \$125,000,000. The Second Payment was approved pursuant to a request by the Trustee and the Advisory Board.

**THE BC FORESTRY REVITALIZATION TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

11. **SUBSEQUENT EVENT**, *cont'd*

During the prior year, the Trustee and Advisory Board developed draft Forest Worker Mitigation Guidelines and draft Contractor Mitigation Guidelines. Based on those draft guidelines the Trustee made preliminary calculations of the expected amounts required to make mitigation payments to eligible workers and replaceable contractors in accordance with the purpose of the Trust. These calculations were based on certain assumptions and on information and estimates provided by affected licensees and contractors.

There is a significant degree of uncertainty as to the number of potential beneficiaries of the Trust, and the total amount of mitigation for which they will be eligible based on the draft guidelines. In both the best and worst case scenarios, the estimates of amounts required to provide mitigation exceeded the funds available in the Trust prior to the Second Payment. The Trustee and the Advisory Board informed the Government of the Province of British Columbia of the requirement for additional funds to make the expected distributions to beneficiaries in accordance with the draft mitigation guidelines.

The Trustee and the Advisory Board are satisfied that the funds of \$125,000,000 available subsequent to the receipt of the Second Payment will permit the Trust to fulfill its expected obligations under the draft mitigation guidelines.

**THE BC FORESTRY REVITALIZATION TRUST**  
**SCHEDULE OF MARKETABLE SECURITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Administration Fund</u>	<u>Contractor Mitigation Fund</u>	<u>Forest Worker Mitigation Fund</u>	<b><u>2004 Total</u></b>	<b><u>2003 Total</u></b>
Government of Canada Treasury Bill Face Value \$8,160,000 Due January 15, 2004	\$ -	\$ -	\$ -	\$ -	\$ 8,089,824
Government of Canada Treasury Bill Face Value \$10,097,000 Due February 12, 2004	-	-	-	-	10,000,170
Anglo American PLC Face Value \$7,500,000 Discount Note - Due February 2, 2004	-	-	-	-	7,441,800
Government of Canada Treasury Bill Face Value \$12,868,000 Due February 26, 2004	-	-	-	-	12,777,667
Province of Ontario Treasury Bill Face Value \$10,175,000 Due February 19, 2004	-	-	-	-	10,107,437
GE Funding Co. Face Value \$7,633,000 Discount Note - Due March 12, 2004	-	-	-	-	7,632,108
Bank of Nova Scotia Face Value \$10,235,000 Bankers Acceptance - Due March 23, 2004	-	-	-	-	10,168,063

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

**THE BC FORESTRY REVITALIZATION TRUST**  
**SCHEDULE OF MARKETABLE SECURITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Administration Fund</u>	<u>Contractor Mitigation Fund</u>	<u>Forest Worker Mitigation Fund</u>	<b>2004 Total</b>	<b>2003 Total</b>
<i>carried forward</i>	-	-	-	-	66,217,069
Government of Canada Treasury Bill Face Value \$10,250,000 Due March 25, 2004	-	-	-	-	10,189,217
Franchise Trust 2004-1 Discount Note Face Value \$65,000 Due January 5, 2005	64,691	-	-	<b>64,691</b>	-
CIBC BA Face Value \$270,000 Due March 1, 2005	268,311	-	-	<b>268,311</b>	-
RES Government of Canada Face Value \$2,000,000 Due June 1, 2005	1,951,316	-	-	<b>1,951,316</b>	-
Government of Canada Treasury Bill Face Value \$5,000,000 Due February 24, 2005	-	4,916,860	-	<b>4,916,860</b>	-
Government of Canada Treasury Bill Face Value \$3,057,000 Due March 10, 2005	-	3,022,575	-	<b>3,022,575</b>	-

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.



**THE BC FORESTRY REVITALIZATION TRUST**  
**SCHEDULE OF MARKETABLE SECURITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Administration Fund</u>	<u>Contractor Mitigation Fund</u>	<u>Forest Worker Mitigation Fund</u>	<b><u>2004 Total</u></b>	<b><u>2003 Total</u></b>
<i>carried forward</i>	2,284,318	7,939,435	-	<b>10,223,753</b>	76,406,286
Government of Canada Treasury Bill Face Value \$5,102,000 Due April 21, 2005	-	5,044,654	-	<b>5,044,654</b>	-
Government of Canada Treasury Bill Face Value \$641,000 Due July 14, 2005	-	631,868	-	<b>631,868</b>	-
Bons du Tresor du Quebec Treasury Bill Face Value \$1,000,000 Due January 21, 2005	-	991,294	-	<b>991,294</b>	-
CIBC BA Face Value \$5,000,000 Due May 18, 2005	-	4,881,360	-	<b>4,881,360</b>	-
Farm Credit Corporation Medium Term Note Face Value \$764,000 Due June 15, 2005	-	779,788	-	<b>779,788</b>	-
Citigroup Finance CDA Inc. MTN Face Value \$454,000 Due June 20, 2005	-	460,899	-	<b>460,899</b>	-

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**THE BC FORESTRY REVITALIZATION TRUST**  
**SCHEDULE OF MARKETABLE SECURITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Administration Fund</u>	<u>Contractor Mitigation Fund</u>	<u>Forest Worker Mitigation Fund</u>	<b><u>2004 Total</u></b>	<b><u>2003 Total</u></b>
<i>carried forward</i>	2,284,318	20,729,298	-	<b>23,013,616</b>	76,406,286
CIBC Deposit Note Face Value \$2,014,000 Due August 22, 2005	-	2,140,115	-	<b>2,140,115</b>	-
Government of Canada Treasury Bills Face Value \$3,500,000 Due February 24, 2005	-	-	3,444,493	<b>3,444,493</b>	-
Government of Canada Treasury Bills Face Value \$3,313,000 Due March 24, 2005	-	-	3,252,273	<b>3,252,273</b>	-
Government of Canada Treasury Bills Face Value \$2,589,000 Due April 21, 2005	-	-	2,559,232	<b>2,559,232</b>	-
Government of Canada Treasury Bills Face Value \$3,000,000 Due July 14, 2005	-	-	2,924,358	<b>2,924,358</b>	-
Government of Canada Treasury Bill Face Value \$1,810,000 Due September 8, 2005	-	-	1,761,934	<b>1,761,934</b>	-

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

**THE BC FORESTRY REVITALIZATION TRUST**  
**SCHEDULE OF MARKETABLE SECURITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Administration Fund</u>	<u>Contractor Mitigation Fund</u>	<u>Forest Worker Mitigation Fund</u>	<b><u>2004 Total</u></b>	<b><u>2003 Total</u></b>
<i>carried forward</i>	2,284,318	22,869,413	13,942,290	<b>39,096,021</b>	76,406,286
Government of Canada Treasury Bills Face Value \$3,528,000 Due February 10, 2005	-	-	3,499,077	<b>3,499,077</b>	-
Government of Canada Treasury Bills Face Value \$1,722,000 Due October 6, 2005	-	-	1,678,223	<b>1,678,223</b>	-
Citigroup Finance CDA Inc. MTN Face Value \$1,770,000 Due January 11, 2005	-	-	1,788,912	<b>1,788,912</b>	-
CitGroup Funding Company Discount Note Face Value \$1,971,000 Due January 18, 2005	-	-	1,966,486	<b>1,966,486</b>	-
Alcan Inc. Discount Note Face Value \$1,303,000 Due January 31, 2005	-	-	1,300,055	<b>1,300,055</b>	-
CPN Government of Canada Face Value \$1,784,386 Due March 15, 2005	-	-	1,762,640	<b>1,762,640</b>	-

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

**THE BC FORESTRY REVITALIZATION TRUST**  
**SCHEDULE OF MARKETABLE SECURITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Administration Fund</u>	<u>Contractor Mitigation Fund</u>	<u>Forest Worker Mitigation Fund</u>	<b><u>2004 Total</u></b>	<b><u>2003 Total</u></b>
<i>carried forward</i>	2,284,318	22,869,413	25,937,683	<b>51,091,414</b>	76,406,286
Farm Credit Corp Canada Mid Term Note Face Value \$1,100,000 Due May 15, 2005	-	-	1,104,914	<b>1,104,914</b>	-
RES Government of Canada Face Value \$2,100,000 Due June 1, 2005	-	-	2,048,955	<b>2,048,955</b>	-
CIBC Bankers Acceptance Face Value \$2,562,000 Due June 2, 2005	-	-	2,499,088	<b>2,499,088</b>	-
Farm Credit Canada Face Value \$1,395,000 Due August 15, 2005	-	-	1,418,130	<b>1,418,130</b>	-
RES Government of Canada Face Value \$1,605,000 Due September 1, 2005	-	-	1,557,834	<b>1,557,834</b>	-
RES Ontario Hydro Face Value \$1,728,000 Due November 3, 2005	-	-	1,679,861	<b>1,679,861</b>	-

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

**THE BC FORESTRY REVITALIZATION TRUST**  
**SCHEDULE OF MARKETABLE SECURITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Administration Fund</u>	<u>Contractor Mitigation Fund</u>	<u>Forest Worker Mitigation Fund</u>	<b><u>2004 Total</u></b>	<b><u>2003 Total</u></b>
<i>carried forward</i>	2,284,318	22,869,413	36,246,465	<b>61,400,196</b>	76,406,286
Province of British Columbia Mid Term Note Euro Face Value \$2,275,000 Due December 1, 2005	-	-	2,314,678	<b>2,314,678</b>	-
Reallocation	<u>(26,604)</u>	<u>55,073</u>	<u>(28,469)</u>	<u>-</u>	<u>-</u>
<b>MARKETABLE SECURITIES</b>	<b><u>\$ 2,257,714</u></b>	<b><u>\$ 22,924,486</u></b>	<b><u>\$ 38,532,674</u></b>	<b><u>\$ 63,714,874</u></b>	<b><u>\$ 76,406,286</u></b>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

**THE BC FORESTRY REVITALIZATION TRUST**  
**SCHEDULE OF INVESTMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Administration Fund</u>	<u>Contractor Mitigation Fund</u>	<u>Forest Worker Mitigation Fund</u>	<b><u>2004 Total</u></b>	<b><u>2003 Total</u></b>
CPN Province of Ontario Face Value \$2,800,000 Due June 2, 2006	\$ 2,637,323	\$ -	\$ -	\$ 2,637,323	\$ -
TD Bank MTN Fixed/FLTG Call 2005 Face Value \$953,000 Due April 14, 2010	-	974,584	-	974,584	-
CPN Province of Ontario Face Value \$5,437,000 Due June 2, 2006	-	-	5,114,455	5,114,455	-
RES Government of Canada Face Value \$5,546,000 Due December 1, 2006	-	-	5,114,205	5,114,205	-
<b>INVESTMENTS</b>	<u>\$ 2,637,323</u>	<u>\$ 974,584</u>	<u>\$ 10,228,660</u>	<u>\$ 13,840,567</u>	<u>\$ -</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

**THE BC FORESTRY REVITALIZATION TRUST**  
**SCHEDULE OF FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Administration Fund</u>	<u>Contractor Mitigation Fund</u>	<u>Forest Worker Mitigation Fund</u>	<b>2004 Total</b>	2003 <u>Total</u>
Balance, beginning of year	\$ 5,000,000	\$ 23,544,556	\$ 48,112,786	<b>\$ 76,657,342</b>	\$ -
Settlement of trust	-	-	-	-	75,000,000
Excess of receipts over expenditures	<u>(54,552)</u>	<u>481,867</u>	<u>1,063,532</u>	<u><b>1,490,847</b></u>	<u>1,657,342</u>
Balance, end of year	<u><b>\$ 4,945,448</b></u>	<u><b>\$ 24,026,423</b></u>	<u><b>\$ 49,176,318</b></u>	<u><b>\$ 78,148,189</b></u>	<u><b>\$ 76,657,342</b></u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.