

B.C. TIMBER SALES

ANNUAL PERFORMANCE

REPORT

April 1, 2018 to March 31, 2019

Safety • Reconciliation • Sustainable Resources • Economic Prosperity • Business Excellence



BCTS
BC Timber Sales



Ministry of
Forests, Lands, Natural
Resource Operations
and Rural Development



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ORGANIZATIONAL OVERVIEW

BC Timber Sales (BCTS) is a self-financing program within the Ministry of Forest, Lands, Natural Resources Operations and Rural Development (the Ministry). BCTS supports the Ministry's vision of *"Stewardship of the Province's Crown (public) land and resources that reflects the diverse values and interests of all British Columbians"*. BCTS also supports the Ministry's six goals: Excellence in Delivery of our Business; Sustainable Natural Resource Management; Reconciliation with Indigenous Peoples; Resilience to Natural Hazards in a Changing Climate; Revitalizing Forests and the Forest Sector; and Rural Development and Resilience.

BCTS provides these benefits by planning, developing and selling through auction a substantial and representative portion of the Province's annual available timber volume and as reforestation harvested areas. The bid prices received from auctioned timber support the Market Pricing System (MPS) in setting stumpage rates for most non-BCTS cutting authorities throughout the British Columbia. The costs incurred by BCTS also provide data for the tenure obligation adjustments, contributing to another integral part of the MPS.

Our Vision: To be an effective timber marketer generating wealth through sustainable resource management.

Our Mission: Committed to pursuing **excellence** in all aspects of our business, maintaining **effective relations** and focusing on **results**, BC Timber Sales generates **economic prosperity** for all British Columbians through the **safe, sustainable** and **reliable** development and auction of public timber, and by playing a pivotal role in the Ministry's reforestation strategies.

Our Goal: To provide credible representative price and cost benchmark data for the Market Pricing System through auctions of timber harvested for public land in British Columbia.

BCTS maintains mutually productive and beneficial relations with all parts of the Ministry while retaining the operational and financial independence needed to support the MPS and the achievement of our vision, mission and goal.

HIGHLIGHTS OF THE YEAR

BCTS has one goal and three business objectives and operates within three overarching principles.

In 2018/19, BCTS:

- Maintained our SAFE Company certification, supporting forest sector safety.
- Continued implementing our First Nations Relationship Strategy and working in support of reconciliation with Indigenous peoples.
- Maintained 100 per cent of our operational area certified under a Sustainable Forest Management system demonstrating sound forest management.
- Delivered on our stewardship obligations by growing 41.5 million seedlings and planting 45.2 million trees replenishing those harvested by our licensees.
- Sold 11.4 million cubic metres of timber supporting the Market Pricing System, rural economies, jobs and families.
- Earned \$221.0 million in net revenue, supporting the government's fiscal plan and priorities.
- Supported productive future forests by providing 41.8 million seedlings and planting 15.3 million trees for the Forests for Tomorrow (FFT) Program.
- Continued implementing our Business Relations Strategy and a Rural Communities Communications and Engagement Strategy to support effective relations.

REPORT ON PERFORMANCE

Since 2003, BC Timber Sales has sold 185 million cubic metres of timber through competitive auctions, supporting rural forest economies. The development, auction, harvesting and processing of this timber has helped create and sustain over 8,000 direct and 10,000 indirect jobs. These jobs have supported families and rural communities over the last 16 years and continue to do so.

We measure our success in achieving our goal through three key outcome indicators and two corporate performance measures:

Key Outcome Indicator	Results
1. BCTS auction volume as a per cent of projected Provincial harvest volume	A
2. Per cent of total apportioned timber volume sold over the five year business cycle	S
3. Direct net revenue earned	O
Corporate Performance Measure	Results
1. Annual timber volume sold	U
2. Net revenue earned	O

A = Achieved target
O = Overachieved target
S = Substantially achieved target
U = Underachieved target
N/A = Not applicable

REPORT ON PERFORMANCE

In fiscal year 2018/19, 31 measures supported the achievement of our goal, objectives and principles. The table below provides a synopsis of our performance for the year.

Goal/Objectives/Principles	Key Strategies	Performance Measures	Results
Goal: Provide credible representative price and cost benchmark data for the Market Pricing System through auctions of timber harvested from public land in British Columbia.			
Through competitive auctions sell sufficient timber to support the Market Pricing System (MPS)		Net timber volume sold	S
Implement a Data Quality Management System (DQMS)		Accuracy and completeness of performance metric, cost survey and silviculture liability data	U
Monitor BCTS timber volume sold by major MPS attributes		Per cent of BCTS auction volume harvested compared to that of major licensees (for each significant species and grade)	A

Objective 1: Sell the full BC Timber Sales apportionment over the business cycle. Consistent with Safe Company practices and sustainable forest management.			
Offer to the market, through competitive auctions, sufficient timber volume to achieve annual timber volume sold targets		Annual timber volume offered	U
Develop sufficient timber volume to maximize timber volume offered and sold		Annual timber volume developed (ADV)	U
Plan out sufficient ready to develop volume to support the achievement of the next one to two years annual developed timber volume targets		Annual ready to develop volume (RCDR)	U
Auction a reliable supply of timber		Per cent of timber volume advertised in quarter planned	U
Optimize the timing of our delivery of timber volume to the market by responding to customer demands and appropriately managing the risks to the achievement of our annual timber volume sold targets		Per cent of timber volume sold by quarter (cumulative)	U

Objective 2: Generate direct net revenue and indirect revenue for the Province over the business cycle.			
Actively manage the costs of developing timber for auction		Cost of developed timber per cubic metre (m3)	U
Actively manage the costs of access to the timber		Access costs per cubic metre of timber volume sold	U
Offer a timber volume equivalent to 10 per cent of rationalized apportionment as Category 2 timber sales		Category 2 timber volume offered	A

REPORT ON PERFORMANCE

Objective 3: Continuous business improvement – within BCTS, across government and with third parties.

Pursue excellence in people	Work Environment Survey overall engagement	A
	Per cent of staff with foundational Lean training	A
Pursue excellence in operations, practices and processes	Projects undertaken and waste activities eliminated	A
	ISO 9001:2015 Standards - Procurement	A
Pursue effective relationships	Timber volume sold under business-to-business agreements, incremental to BCTS apportionment	O

Principle 1: Forest Sector Safety

Ensure safe BCTS practices by maintaining SAFE Certification	SAFE Company certification	A
Promote safe worksites by requiring all parties working on Timber Sales Licenses (TSLs) or bidding on BCTS contracts to be SAFE Company certified	Per cent of parties working that are SAFE Company certified	A
Actively support the Ministry in maintaining its SAFE Company certification by implementing a strategy to align with BCTS	Ministry SAFE Company certification	A

Principle 2: Reconciliation with Indigenous Peoples

<p>In supporting government's reconciliation efforts, BCTS is committed to supporting the achievement of the Ministry's objectives, including:</p> <ul style="list-style-type: none"> Increasing partnerships with Indigenous peoples in the work of the Ministry Increasing Indigenous peoples participation in the natural resource economy Increasing the engagement of Indigenous peoples in the stewardship of natural resources 	Work to align our culture, policies and business practices	On-going
	Develop and deploy a training programs for staff focused on improving cultural awareness and understanding	On-going
	Pursue opportunities to build effective and durable relationships	On-going
	Connect with Indigenous people to develop and deploy approaches to engagement that align with UNDRIP and the CTA	On-going

Principle 3: Sustainable Forest Management

Maintain an Environmental Management System (EMS) and Sustainable Forest Management Certification (SFM)	Per cent of timber volume certified under an SFM system	A
Deliver on stewardship obligations	Number of EMS/SFM external audit major non-conformances	A
	Number of trees planted	A
	Km of road deactivated	U
Use our economies of scale and expertise to deliver cost effective silviculture services and provide quality seedlings for the Forests for Tomorrow (FFT) program and the Ministry	Ministry Not Satisfactorily Restocked (NRS) area planted by BCTS	O
	Number of FFT trees planted	O
	Seedlings grown for FFT	O
Implement our Climate Change Action Plan	Annual progress report	A

Principle 1: Forest Sector Safety

BCTS' Safety Policy

- BCTS is committed to maintaining an organizational culture where all staff proactively participates to ensure a safe and healthy workplace is a fundamental component of everyday business.
- BCTS supervisory staff will be accountable for ensuring employees are properly trained for their jobs, making employees aware of safety hazards, ensuring unsafe action or conduct is not tolerated in the workplace, and endorsing sound health and safety work practices on a daily basis.
- BCTS workers will be accountable for conducting their work activities in accordance with sound health and safety practices and will endorse these practices with their fellow workers.

- **Ensure safe BCTS practices by maintaining SAFE Company certification**

Corporate Performance Measure (BCTS)	2018/19 Target	2018/19 Performance	
SAFE Company certification	Maintained	Maintained	A

Measure Description: Per cent of BCTS business areas with SFM certification such as Canadian Standards Association (CSA), Sustainable Forestry Initiative (SFI) or Forest Stewardship Council (FSC). This measure is an indicator of BCTS' success in demonstrating and being recognized for having sound forest management practices.

SAFETY

- Promote safe worksites by requiring all parties working on Timber Sales Licences (TSLs) or bidding on BCTS contracts that involve on-the-ground fieldwork to be SAFE Company certified

Corporate Performance Measure	2018/19 Target	2018/19 Performance	
Per cent of parties working on BCTS TSLs or contractors that involve on the ground fieldwork that are SAFE Company certified	100%	100%	A

Measure Description: Requiring all parties working on TSLs or contracts that involve on-the-ground fieldwork to be SAFE Company certified is a measure of BCTS' success in supporting and promoting safe worksites.

- Actively support the Ministry in maintaining its SAFE Company certification by implementing a strategy to better align the BCTS safety program with the Ministry's Safety Management System



Corporate Performance Measure (Ministry)	2018/19 Target	2018/19 Performance	
Ministry SAFE Certification	Maintained	Maintained	A

Measure Description: The Ministry's maintenance of its safety certification is an indicator of BCTS' success in supporting the Ministry's program.

RECONCILIATION

Principle 2:

Reconciliation with Indigenous Peoples

BCTS' Business Principle 2 supports the achievement of the Ministry's Action Plan and its commitments to true, lasting reconciliation with Indigenous peoples in B.C. and of the government's move toward fully adopting and implementing the United Nations Declaration of the Rights of Indigenous Peoples (UNDRIP) and the Calls to Action of the Truth and Reconciliation Commission.

BCTS continues to work on initiatives that further the Ministry's priority of "Supporting First Nations Reconciliation." BCTS is developing and using new tools to support partnerships with Indigenous peoples and rural communities while ensuring access to a sufficient and representative supply of public timber for BCTS.

BCTS is a key participant in the Study and Work Forestry Scholarship – Indigenous Forestry Training Program, a joint training program with the First Nations Relations Branch and the B.C. First Nations Forestry Council. The program is actively seeking expansion for next year and beyond. During the 2018 wildfire season, students from the training program participated in forest fire management efforts during temporary assignments with the Ministry's Wildfire Services Branch.

Throughout the year, BCTS staff engaged in discussions and planning with the view of looking at increasing the ways to collaborate and develop partnerships with Indigenous peoples and communities. Some of these agreements included collaborative management partnerships and an increased opportunity for training and employment in rural communities. In addition, BCTS business areas were active in the negotiation of several business-to-business and disposition partnership agreements.

RECONCILIATION

Highlights

In 2018/19, BCTS:

- Provided summer term employment and mentorship for 11 Indigenous forestry students enrolled in the Forest Nation Forestry Council (FNFC) Indigenous Forestry Training Program;
- Supported the Outland Youth Employment Program (OYEP), which provides entry-level natural resource training to Indigenous high school students. Through the OYEP, youth build confidence, establish networks, learn how to work independently and as a group and develop a keen understanding of workplace expectations. The program prepares youth for a successful transition to employment and post-secondary education. OYEP collaborates with local Indigenous communities and consults with Elders to ensure youth feel culturally and spiritually supported in the workplace;
- Ensured the majority of BCTS employees (85%) completed the Ministry's Learning for Reconciliation five training strategies by March 31, 2019, improving cultural awareness and understanding of Indigenous peoples history;
- In partnership with 13 First Nations, BCTS supported seven strategic forestry agreements valued at \$950,000 to support strategic forestry accommodation initiatives; and,
- In partnership with eight First Nations, entered into eight disposition agreements for the public sale of non-BCTS volume with mutual benefits achieved for each party.



SUSTAINABLE RESOURCES

Principle 3: Sustainable Forest Management

High-quality forest and environmental management practices are integral to the BCTS mandate. Sustainable forest management is important to how BCTS conducts its business and to protecting the interests of the people of British Columbia. Through the application of this principle, BCTS supports the achievement of the Ministry objective for the public's confidence and trust in the stewardship of British Columbia's natural resources.

- **Maintain an Environmental Management System (EMS) and Sustainable Forest Management Certifications(SFM)**

Corporate Performance Measure	2018/19 Target	2018/19 Performance	
Per cent of timber volume certified under an SFM system	100%	100%	A

Measure Description: Per cent of BCTS apportioned volume certified to sustainable forest management standards such as Canadian Standards Association (CSA), Sustainable Forestry Initiative (SFI) or Forest Stewardship Council (FSC). This measure is an indicator of BCTS' success in demonstrating and being recognized for its sound forest management practices.

- **Deliver on stewardship obligations**

Throughout the year, BCTS continued to regularly conduct internal audits of our operations. BCTS had no non-conformances in any of its business areas during the year. We also ensured all our silviculture obligations and industrial road deactivations obligations were recognized and effectively discharged.

SUSTAINABLE RESOURCES

Through our Seedling Services program we ensured a secure supply of seeds for future BCTS' needs and to meet our current obligations. Seedling Services grew 45.5 million seedlings and collected 597 kg of seed for our obligations. In fiscal 2018/19, Seedling Services grew 45.5 million seedlings and collected 597 kg of seed.

Corporate Performance Measure Major Stewardship Obligations	2018/19 Target	2018/19 Performance	
Number of EMS/SFM external audit major non-conformances	Zero	Zero	A
Number of trees planted*	45.3M	45.2M	A
Km of road deactivated	572km	219km	U

*Note: including section 108

A significant amount of industrial road was not deactivated as planned. Many deactivations were deferred to assist future BCTS operations such as silviculture activities. The remainder of the deactivations was deferred to future years as a result of weather or contract management issues at the local level.

- **Use BCTS economies of scale and expertise to deliver cost effective silviculture services and provide quality seedlings for the Forests for Tomorrow (FFT) Program and the Ministry**

BCTS continued to collaborate with the Forests for Tomorrow (FFT) Program and use BCTS skills, infrastructure and economies of scale to reduce costs and increase the outputs FFT can achieve from available funding.

Corporate Performance Measure BCTS Contributions to Forests for Tomorrow Program (FFT)	2018/19 Target	2018/19 Performance	
Ministry NSR* area planted by BCTS	8,290 ha	8,289 ha	A
Number of FFT trees planted	15.2M	15.3M	A
Seedlings grown for FFT	39.8M	41.8M	A

*NSR = Not Satisfactorily Restocked.

SUSTAINABLE RESOURCES

- **Implement our Climate Change Action Plan**

Climate Change/Carbon

Sustainable forest management includes taking action to contribute to the sustainability of the timber supply and health of forest ecosystems. We know changes in climate have a high potential of impacting our operations and the achievement of our obligations; therefore, we accept that as a forest manager in B.C., we must take proactive action on climate change. Our current focus is:

- Implementing our BCTS Climate Change Action Strategy. This consists of a Climate Change Action Plan, which identifies the actions BCTS will take in the short, mid and long-term to address climate change. The plan addresses all phases of our business including planning, road construction, harvesting and reforestation.
- Promoting climate change training to our staff to support their awareness of current climate change information that affects our business operations.

Examples of how we are actively engaged in advancing climate change action include:

- Partnering with researchers at a local academic institute to examine the potential carbon sequestration benefits of our marine habitat banks;
- Conducting a number of projects to improve fish passage and ecosystem restoration using structures that are designed to withstand the impacts of increased stream flows due to climate change;
- Using the Climate Based Seed Transfer tool to select species for planting that will be better adapted to the influences of a changing climate; and,
- Actively participating in the delivery of Forest Carbon Initiative projects.

Corporate Performance Measure	2018/19 Target	2018/19 Performance	
Implementation of climate change actions	Annual progress report	On-going	A

Measure Description: A report will be prepared annually on our progress implementing the Climate Change Action Plan.

ECONOMIC PROSPERITY – MARKET PRICING

Goal:

Provide credible representative price and cost benchmark data for the Market Pricing System through auctions of timber harvested from public land in British Columbia.

Creating a globally competitive, market-based operating climate is a key component of a strong, sustainable and innovative forest sector economy that works for everyone. The goal of BCTS is to provide credible data directly supporting the Ministry's Market Pricing System (MPS). Through the MPS, the Ministry ensures the people of B.C. receive market value for their timber assets. BCTS obtains the data needed by developing public timber, selling it through competitive auctions and reforesting harvested areas.

For the data to be credible and representative it needs to cover a similar range of timber types and operating conditions to what non-BCTS forest tenure holders' experience. It is equally important that the amount of timber BCTS auctions be sufficient, in a statistically significant sense, in order to accurately support the MPS. The optimum amount that needs to go to auction, as determined by world-leading experts in auction theory, is between 20 to 30 per cent of the overall amount of public timber harvested each year. This provides a sufficient amount of data to adequately support the MPS but not so much that the market is influenced.

BCTS tracks the timber volume it auctions and sells a per cent of the total timber volume projected to be harvested each year. This is a good indicator of its success in developing and auctioning an optimum volume of timber, which is necessary to establish credible representative benchmark costs and pricing data within an environment of ever changing market conditions and demand.



Results

The 2018 Fire Season

In 2018, BCTS experienced a second consecutive severe wildfire season. The majority of the 2017 provincial wildfires were located in the Caribou-Chilcotin and Kamloops BCTS business areas. In 2018, the wildfires were primarily concentrated in the Babine and Stuart-Nechako business areas.

The consecutive wildfire seasons resulted in forest shut downs and a reassignment of staffing resources throughout the province. As a result, a number of performance targets were not achieved for the year, including timber volume sold.

Key Outcome Indicator	2018/19 Target	2018/19 Performance	
BCTS auction volume as a per cent of projected Provincial harvest volume	20%	21%	A

Measure Description: BCTS' timber volume auctioned (Section 20 Timber Sales Licenses) in the year as a per cent of the total projected Provincial harvest volume for the year, as of January 2017.

Regional Performance Indicators	2018/19 Target	2018/19 Performance	
Coast	20%	17%	S
Interior	20%	22%	A

• Through competitive auctions, sell sufficient timber to support the Market Pricing System

Corporate Performance Measure	2018/19 Target	2018/19 Performance	
Net timber volume sold	10.7 Mm3	10.6 Mm3	S

Measure Description: Net timber volume sold is an indicator of BCTS' success in providing sufficient timber volume to the market in support of the MPS. Net timber volume sold is the total volume sold less Category 2 volume sold and other committed volume sold.

ECONOMIC PROSPERITY – MARKET PRICING

- **Implement a Data Quality Management System to ensure BC Timber Sales data is complete, accurate, reliable and verifiable**

Corporate Performance Measure	2018/19 Target	2018/19 Performance	
Accuracy and completeness of performance metric cost survey and silviculture liability data	95%	86.8%	U

Measure Description: For each set of monitored data, the current quality level will be assessed and compared to the expected performance standard of 95 per cent conformance.

During the past year, BCTS implemented a data quality management system that is consistent with the International Standards Organization (ISO) 9001: 2015 standard. The quality system is currently being applied through quarterly monitoring of key published performance metric data sets and quality assurance reviews of selected key performance. Key selected performance targets for the year include the following:

Data	Performance rating at March 31, 2019 (%)
Annual Referrals Complete, Development Ready Volume (RCDR)	89.5
Annual Developed Volume (ADV)	97.2
Ready to Develop Inventory	74.9
Work in Progress Inventory	55.0
Ready to Sell Inventory	94.6
Deactivation Liability	99.0
Silviculture Liability	97.3

During 2018/19, new indicators were established under the Data Quality Management System (DQMS). The overall average performance rating was 86.8 per cent for the year ending March 31, 2019, which was under the required 95 per cent target. The average performance rating is calculated as an average of key selected performance data (identified in the table above). Our deactivation and silviculture liability quality targets were achieved for the year.

BCTS will be implementing continuous improvements to increase data quality in those areas under the required 95 per cent rating.

ECONOMIC PROSPERITY – MARKET PRICING

- Monitor BCTS timber volume sold by major MPS attributes, such as species and grade, compared to the harvest patterns of the major licensees to ensure representative benchmark data and make adjustments as required

Corporate Performance Measure	2018/19 Target	2018/19 Performance	
The per cent of BCTS volume harvested is within five percentage points of the per cent of harvest volume by major licensees for each major species and grade MPS attribute 80% of the time	80% 80%	Coast 94% Interior 83%	A

Measure Description: BCTS volume harvested by major species and grade attribute as a per cent of total BCTS volume harvested, compared to the volume harvested by the major licensees by the same attribute as a per cent of their total harvest volume. BCTS' volume percentage is within +/-5 percentage points of the major licensees 80 per cent of the time.

In the Coast, the harvest patterns of BCTS licensees were similar to the major licensees for species and grade with some exceptions. BCTS licensees on the coast harvested more balsam and a lesser amount of grade “J” than the major licensees. In the Interior, the differences in harvest volumes by species and grades were greater than the Coast. BCTS licensees harvested more lodge pine and less spruce than the major licensees in the Interior and less grades 1, 2 and 4, and more grades 7 and 8.



Objective 1:

Sell the full BC Timber Sales' apportionment over the business cycle, consistent with safe practices, sustainable forest management and reconciliation with Indigenous peoples.

Providing a reliable, competitive fibre supply (timber) to market supports a forest sector that builds on the strengths of the manufacturing sector and thriving rural communities—Indigenous and non-Indigenous—and enable residents to achieve desired outcomes for themselves and future generations.

BCTS' apportionment is the volume of public timber specified by the Minister, pursuant to the *Forest Act*, that the program has available to sell. It is the objective of the program to sell its full apportionment over the five year business cycle, consistent with safe practices, sustainable forest management and reconciliation with Indigenous peoples. In some cases, adhering to these overarching principles of safety, sustainability and reconciliation, can cause unique circumstances where BCTS is unable to or should not attempt to sell its full apportionment. This netted down apportionment is called the “rationalized apportionment”. The rationalized apportionment is the apportionment against which program performance related to selling the full apportionment is measured.



ECONOMIC PROSPERITY – Selling the Apportionment

Results

2018/2019 was the last year (year 5) of BCTS' five year business cycle. Despite the two consecutive severe wildfire seasons in 2017 and 2018, BCTS substantially achieved its cumulative volume sold target for the five-year period ending March 31, 2019. In total, 61.0 Mm3 was sold and 97.4% of the five-year cumulative rationalized apportionment was achieved.

Corporate Performance Measure	2018/19 Target	2018/19 Performance	
*Per cent of cumulative rationalized apportionment	100%	97.4%	S
Per cent of annual rationalized apportionment	109%	103%	U
Cumulative total timber volume sold	61.7 Mm3	61.0 Mm3	S

**Measure Description: The business cycle is defined as five years starting April 1, 2014 and ending March 31, 2019. The indicator is the cumulative timber volume sold/total BCTS rationalized apportionment for five years. The indicator is the cumulative timber volume sold/total BCTS rationalized apportionment for five years.*

During 2018/19, 11.4Mm3 of timber was sold. The volume sold was 94.3% of the target.

Corporate Performance Measure	2018/19 Target	2018/19 Performance	
Volume sold	12.1 Mm3	11.4 Mm3	U

Measure Description: Timber volume sold is an indicator of BCTS' success in analyzing market conditions and providing a reliable supply of timber to the market that our customers see as economically viable.

Regional Performance (Annual Timber Volume Sold)	2018/19 Target	2018/19 Performance	
Coast	2.6 Mm3	2.0 Mm3	U
North Interior	4.8 Mm3	5.1 Mm3	A
South Interior	4.7 Mm3	4.3 Mm3	U

ECONOMIC PROSPERITY – Selling the Apportionment



- Offer to the market, through competitive auctions, sufficient timber volume to achieve annual timber volume sold targets

The severe wildfire seasons in 2017 and 2018 had an adverse impact on BCTS' operations, and as a result a number of the annual performance targets for the year ending March 31, 2019 were not achieved. Key performance targets that were not achieved included volume sold, offerings of timber, and timber inventory production. Another major factor that impacted performance during the year was land management operational delays.

Corporate Performance Measure	2018/19 Target	2018/19 Performance	
Volume offered (Advertised)	12.5 Mm3	10.8 Mm3	U

Measure Description: The annual timber volume offered is a measure of BCTS' success in advertising sufficient volume to achieve its timber volume sold targets.

Timber Volume Offered	2018/19 Target	2018/19 Performance	
Coast	2.6 Mm3	2.0 Mm3	U
Northern Interior	5.0 Mm3	4.7 Mm3	U
Southern Interior	4.8 Mm3	4.1 Mm3	U

- Through business-to-business disposition agreements, sell timber volume incremental to our base apportionment

Corporate Performance Measure	2018/19 Target	2018/19 Performance	
Timber volume sold under a business-to-business agreement, incremental to BCTS apportionment	250,000 m3	563,915 m3	O

ECONOMIC PROSPERITY – Selling the Apportionment

- Develop sufficient timber volume to maximize timber volume offered and sold

Corporate Performance Measure	2018/19 Target	2018/19 Performance	
Annual developed volume (ADV)	13.7 Mm3	10.6 Mm3	U

Measure Description: Timber volume developed is the annual amount of timber developed (ADV) and ready for advertising and auction.

Regional Performance (ADV)	2018/19 Target	2018/19 Performance	
Coast	3.0 Mm3	2.1 Mm3	U
Northern Interior	5.5 Mm3	4.3 Mm3	U
Southern Interior	5.2 Mm3	4.2 Mm3	U

- Plan out sufficient ready-to-develop volume to support the achievement of the next one to two years annual developed timber volume targets

Corporate Performance Measure	2018/19 Target	2018/19 Performance	
Volume ready for development	14.7 Mm3	11.7 Mm3	U

Measure Description: The annual volume ready for development is the amount of timber volume planned out where Referrals are Complete and cut blocks are Development Ready (RCDR).

Regional Volume Ready for Development (RCDR)	2018/19 Target	2018/19 Performance	
Coast	2.6 Mm3	2.1 Mm3	U
Northern Interior	5.9 Mm3	5.9 Mm3	A
Southern Interior	6.2 Mm3	3.7 Mm3	U

ECONOMIC PROSPERITY – Selling the Apportionment

- Auction a reliable supply of timber

Performance Measure – Per Cent of Timber Volume Advertised in the Quarter Planned	
	2018-19 to 2020-21
Target	90% to 110%

Measure Description: Timber volume advertised in the quarter as a per cent of the planned timber volume set out in annual business area sales plans is a measure of consistency and reliability.

		Number of Business Areas That:	
Quarter	Provincial performance	Achieved target 90 to 110	Did not achieve target <90 or >110
1. April – June	79%	6	6
2. July - Sept.	71%	5	7
3. Oct. - Dec.	74%	1	11
4. Jan. – March	193%	2	10

Measure Description: The per cent of total timber volume advertised in the quarter planned as set out in annual BCTS business areas sales plans.

BCTS business areas continue to work toward providing a predictable, reliable supply of timber to the market. A number of operational issues during the year resulted in an underachievement. Addressing any underachievement from prior quarters by the end of the fiscal year almost always results in significantly more timber volume advertised in the fourth quarter than is originally planned.



Objective 2:

Generate direct net revenue and indirect revenue for the Province over the business cycle.

This objective supports the Provincial government and the Ministry as major contributors to the current and future economic health of the Province. It also directly contributes to the Ministry's objective that the economic benefits of natural resource development are optimized. BCTS operates under a self-financing, special account and must generate sufficient revenue to finance its cash requirements (i.e. earn a profit) over the long term.

Since 2003, BC Timber Sales has generated over \$347 million of indirect revenue and has earned \$1.2 billion in net revenue for the Province.

Results

Despite a number of operating challenges throughout the fiscal year, BCTS continued to receive higher than expected billed rates for harvested timber, which had a favorable impact on gross and net revenue.

Key Performance Indicator	2018/19 Target	2018/19 Performance	
Net revenue	\$149.2M	\$221.0M	O

Indicator Description: Net revenue is a key indicator of the success of BCTS in generating value and revenue return for the Province and being self-sustaining. The measure is calculated as gross revenue less capitalized expenses.

The price paid for timber continued to increase well beyond expectations, and the resulting net revenue for the Province was in excess of the target. This revenue will help support key government objectives and priorities.

This net revenue also included non-operational losses during the year relating to the severe 2018 wildfires. The losses include \$3.8M in destroyed developed timber inventory and \$20.0M for plantation damage. These losses are classified as non-operating losses for the year ending March 31, 2019 (see Appendix 1, Statement of Income).

ECONOMIC PROSPERITY – Generating Revenue

Corporate Performance Measure	2017/18 Target	2017/18 Performance	
Indirect revenue	\$25M	\$41M	O

Measure Description: Indirect revenue generated is a key indicator BCTS' success in generating a return on the sale of public assets for the Province. Indirect revenue is the non-stumpage revenue generated for the Province from the harvest of public timber.

Indirect revenue earned is a direct result of the amount of timber harvested. In 2018/19, the amount of timber harvested was greater than expected for the year, which increased the indirect taxation revenue for the Province.

- **Actively manage the costs of developed timber for auction**

The cost of developed timber per cubic meter during the year was higher than target. The primary reason for the under achievement was the result of operational issues that prevented the declaration of annual developed volume (ADV) by the end of the fiscal year. These timing differences caused the costs to be higher than planned for the year.

Corporate Performance Measure	2018/19 Target	2018/19 Performance*	
Cost of developed timber per m3	\$6.26/m3	\$7.47/m3	U

Measure Description: The cost of developed timber is the future cost of goods sold and represents the cost of BCTS inventory.

*The cost of developed timber for the year excludes the costs related to the purchase of incremental timber volume through Disposition Agreements.

- **Actively manage the costs of access to the timber**

The cost of access per cubic meter during the year was higher than target because the volume sold was lower than planned.

Corporate Performance Measure	2018/19 Target	2018/19 Performance	
Cost of access per m3 sold	\$3.22/m3	\$3.66 /m3	U

Measure Description: Access costs are road and bridge amortization plus annual maintenance divided by the volume of timber sold. This represents the cost of access infrastructure.

- **Offer a timber volume equivalent of 10 per cent of rationalized apportionment as Category 2 timber sales**

Corporate Performance Measure	2018/19 Target	2018/19 Performance	
Category 2 timber volume offered	1.1Mm3	1.3Mm3	O

Measure Description: Category 2 timber volume offered is an indicator of the success of BCTS in providing opportunities for non-tenured or insufficiently tenured timber processing facilities to access timber.

Objective 3: Continuous Business Improvement – within BCTS, across government and with third parties.

BCTS needs to build and maintain strong relationships and to continuously improve in order to effectively realize its vision, achieve its mission and goal, deliver superior performance and make a distinct and lasting impact. To this end, BCTS believes:

“Only those with Excellent Processes, Excellent People and Effective Relationships will truly excel.”

BCTS and its people are committed to:

- ✓ Continuously learning, innovating and leading through change in the pursuit of **Excellence**,
- ✓ Embracing a **Lean Philosophy** as the next step in continuous improvement; and
- ✓ Building **Effective Relationships** and collaborations.

Results

Objective 3.1: Excellence in people

People are the key to any successful implementation of a Lean philosophy. At BCTS, people doing the work take responsibility and ownership for improving processes and developing products. We are not implementing “Lean solutions”; we are building capacity and developing people to achieve challenging goals through a clearly defined improvement process. The key to implementing a Lean philosophy within BCTS is developing our own expertise. BCTS has made significant progress toward ensuring all employees have developed a strong foundation in Lean practices required to fully implement a Lean philosophy within the organization. Ultimately, all BCTS staff will have completed training and participated in Lean improvement projects.

Research shows engaged employees are more productive, less likely to resign and provide better service. Investments in achieving a more engaged workforce are investments that benefit all. The BC Public Service and BCTS have been committed to understanding and improving employee engagement for over a decade. The BC Public Service Work Environment Survey (WES) results provide information on work environment challenges impacting engagement, help to start conversations on what can be done differently and are used to guide actions and initiatives to improve employee engagement and retention. The survey is conducted every second year. Based on

BUSINESS EXCELLENCE – Continuous Improvement

previous WES results BCTS, through its People Practices Working Group, has been working to improve the following priority WES drivers: Staffing Practices, Pay and Benefits, Recognition, Tools and Workspace and Supervisory Level Management.

Currently 98 per cent of staff have a firm foundation in the Lean philosophy from course work and projects. Over the last year, BCTS has undertaken more than 40 improvement projects using the Lean philosophy and has reduced duplication and unnecessary steps from our hiring, invoice and contracting processes. These improvements save time for BCTS staff and our contractors.

- **Use the biennial Work Environment Survey to guide our people priorities to improve the workplace for staff**

The WES surveys are conducted every two years (see table below). The last survey was done in 2018. The next survey is scheduled for 2020.

Work Environment Survey Overall Engagement - Increase			
	2013 Achievement	2015 Achievement	2018 Achievement
Staff engagement score	63	69	69

Measure Description: The WES staff engagement score is an indicator of BCTS' success improving the workplace for staff and increasing staff engagement. There is no WES in 2018; results were reported out in fiscal 2018.

- **Provide all staff with foundational training in Lean practices**

Percent of Staff with Foundational Lean training		
	2018-19 Target	2018-19 Performance
Staff percent	97%	98%

Measure Description: Foundational Lean training is Lean 101, 201 and 301.

All processes contain value added activities and non-value activities. Value added activities are critical to the organization and expected results; non-value added activities are considered waste; they are not necessary from either the organization's or customer's perspective. A Lean philosophy focuses on eliminating, simplifying or integrating processes to reduce or eliminate waste.

Objective 3.2: Excellence in operations, practices and processes

- Apply Lean practices to all our operations, practices and processes

Corporate Performance Measure	2018/19 Target	2018/19 Performance	
Number of projects	40	43	A
Number of activities eliminated or standardized	*1,500	**163	A

Measure Description: Number of continuous improvement/Lean projects undertaken and the number of waste processes eliminated are key indicators of the success of BCTS in continuously improving its operations and increasing value. Waste processes are those identified through Lean activities at any level as not adding value.

*Reflects the number of tasks multiplied by the annual number of times that the task is performed in the year.

**Projects eliminated a total of 8,318 steps when accounting for annual process repetitions.

During 2018/19, BCTS implemented a new Land Management Resource (LRM) program to improve data and information. The new LRM system offers advanced capabilities and technology to help users across the province in their land management responsibilities.

- Maintain a Contract Quality Management System (CQMS) that conforms to the ISO 9001 International standards

ISO 9001:2015 Standard			
Corporate Performance Measure	2018/19 Target	2018/19 Performance	
Conformance to ISO 9001:2015 standard	Conformance	Conformed to standard	A

Measure Description: Conformance of BCTS Contract Quality Management System to the ISO 9001:2015 Standard is an indicator of BCTS' success in excellence in its procurement practices. .

BCTS' Contract Quality Management System (CQMS) maintained its target for the year ending March 31, 2019, and is compliant with the International Standards Organization (ISO) Quality Management Standard 9001:2015. BCTS continues to implement procurement tools and seek streamlined processes to better support the overall goal of effective contracting. Continuous improvement and a risk based approach are key focuses to advance the success of the CQMS.

BCTS is recognized as a leader within the B.C. Government's procurement community. BCTS continues to partner with the Public Service Agency and the Procurement Council to develop new updated procurement training.

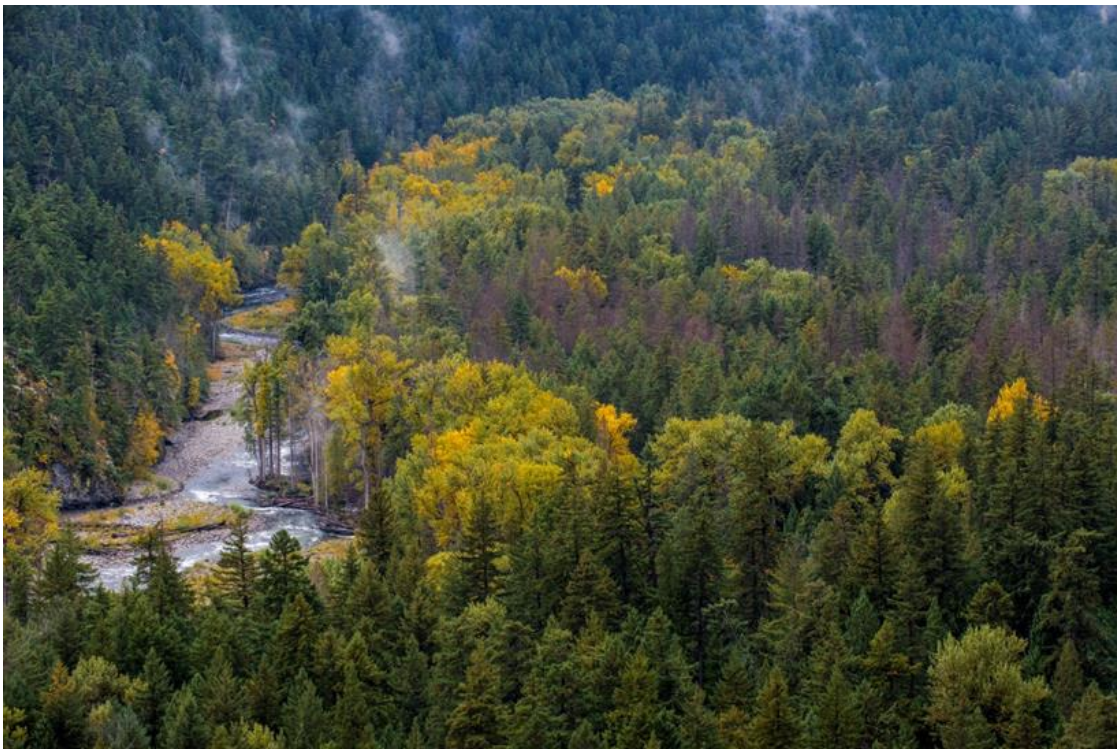
BCTS commits to engaging with its suppliers through the BCTS Contractor Advisory Committee to find solutions that bring consistent contract practices across BCTS.

Objective 3.3: Effective Relationships

Effective relationships are vital to the success of BCTS. These relationships can be with the Ministry and across government as well as with Indigenous peoples, communities, customers and suppliers. Building and maintaining effective relationships supports the Ministry objective that “natural resource decisions and dispositions support community needs and provincial priorities” and the Ministry’s key strategy to “engage with communities, industry and First Nations to manage the impacts to upcoming fibre supply as a result of the mountain pine beetle epidemic.”

BCTS is actively developing and implementing a Rural Communities Communications and Engagement Strategy and an enhanced communications program across all 12 of its business areas. Since the fall of 2017, our participation in forestry sector industry, educational and community events and face-to-face meetings with stakeholders and Indigenous peoples has steadily increased.

During the year, BCTS engaged and collaborated with a number of key stakeholder groups throughout the province. These groups include government, industry customers and suppliers, First Nations and rural communities. BCTS continues to seek new opportunities for meaningful engagement and to build and maintain mutually beneficial relationships.



APPENDIX 1: Financial Results – 2018/19 Income Statement

	2017/18 (millions)	2018/19 (millions)
GROSS REVENUE	\$359.1	\$434.3

CAPITALIZED EXPENSES

Cost of Timber Inventory Harvested		
Administration/ Salaries	(\$24.6)	(\$27.1)
Planning and Sales	(\$39.3)	(\$50.2)
Access – Amortization	<u>(\$27.1)</u>	<u>(\$30.7)</u>
Sub-total Cost of Timber Inventory Harvested	(\$91.0)	(\$108.0)

Period Costs		
Silviculture Liability Expenses	(\$42.1)	(\$41.6)
Silviculture Adjustment	(\$8.5)	(\$0.0)
Road and Bridge Maintenance	(\$9.6)	(\$12.2)
Road Deactivation	(\$0.0)	(\$0.0)
Harvest Conformance	(\$0.4)	(\$0.2)
Administrative Overhead	(\$29.1)	(\$29.1)
Non-BCTS Roads	(\$0.2)	(\$0.2)
Seed Inventory Adjustments	(\$0.0)	(\$0.0)
Recoveries	<u>\$1.4</u>	<u>\$1.8</u>
Sub-total Period Costs	(\$88.5)	(\$81.5)
Net Revenue before Non-Operating Loss	<u>\$179.6</u>	<u>\$244.8</u>

Non-operating Loss Due to Fires		
Write off of timber inventory	(\$5.0)	(\$3.8)
Plantation damage (note 1)	<u>(\$4.5)</u>	<u>(\$20.0)</u>
Sub-total non-operating loss	(\$9.5)	(\$23.8)
NET REVENUE	\$ 170.1	\$221.0
<i>Note 1: plantation damage (due to wildfires)</i>		

APPENDIX 1: Financial Results – Selected Balance Sheet Items

	2017/18 (millions)	2018/19 (millions)
Silviculture Liability	(\$128.7)	(\$145.5)

Inventory Value of Developed Timber			
Timber Inventory – Opening Balance	\$165.4	\$178.7	
Timber Developed	<u>\$82.2</u>	<u>\$105.3</u>	
Timber Available for Sale	\$247.6	\$284.0	
Cost of Timber Inventory Harvested	(\$68.9)	(\$81.1)	
Timber Inventory – Closing Balance	\$178.7	\$202.9	

Roads			
Book Value	\$817.6	\$847.2	
Accumulated Amortization	<u>(\$552.4)</u>	<u>(\$575.4)</u>	
Sub-total Period Costs	\$265.2	\$271.8	

Deactivation Liability	(\$10.1)	(\$10.8)
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Seed Inventory	\$18.6	\$19.8
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APPENDIX 2: Resource Summary – 2018/19

	2018/19 Plan	2018/19 Actual	2018/19 Variance
Gross Revenue	\$345.9	\$434.3	\$88.4
Less: Expenses (Capitalized)	<u>(\$196.7)</u>	<u>(\$213.3)</u>	<u>(\$16.6)</u>
Net Revenue (Loss)	\$149.2	\$ 221.0	\$71.8
Financing Transactions (\$millions)			
Cost of Developed Timber Inventory	\$94.3	\$105.3	(\$11.0)
Fish Habitat Inventory	\$0.2	\$0.0	\$0.2
Seed Inventory	<u>\$ 2.5</u>	<u>\$19.8</u>	<u>(\$17.3)</u>
Total Financing Transactions	\$97.0	\$125.1	(\$28.1)
Capital Expenditures (\$millions)			
Capital – Roads	\$44.8	\$36.7	(\$8.1)
Capital – Non-BCTS Roads	<u>\$ 0.5</u>	<u>\$ 0.5</u>	<u>(\$0.0)</u>
Total Capital Budget	\$45.3	\$37.2	(\$8.1)
Cash Expenditures (\$millions)			
Administration	\$16.6	\$14.9	\$1.7
Salaries	\$54.8	\$51.4	\$3.4
Planning	\$ 7.6	\$7.7	(\$0.1)
Sales	\$43.3	\$65.8	(\$22.5)
Disposition Agreement Development Cost	\$ 3.5	\$25.7	(\$22.2)
Access	\$48.4	\$44.1	\$4.3
Silviculture	\$46.9	\$46.6	\$0.3
Land Base Investment – Expenditures	\$19.8	\$19.9	(\$0.1)
Land Base Investment - Recoveries	<u>(\$21.4)</u>	<u>(\$21.7)</u>	<u>\$0.3</u>
Total Cash Expenditures	\$219.5	\$254.4	(\$34.9)
Non-Cash Budgets (\$millions)			
Amortization – Roads	\$30.8	\$30.6	\$0.2
Amortization – Non-BCTS Roads	\$0.3	\$0.2	\$0.1
Silviculture Liability Expense	\$40.0	\$61.6	(\$21.6)
Cost of timber inventory harvested	\$83.4	\$81.1	\$2.3

APPENDIX 3: 2003 to 2010 Resource/Performance Summary

	2003/04 Actual	2004/05 Actual	2005/06 Actual	2006/07 Actual	2007/08 Actual	2008/09 Actual	2009/10 Actual	2010/11 Actual
Operating Revenues and Expenses (\$millions)								
Gross Revenue	\$185.7	\$266.1	\$273.7	\$273.7	\$243.8	\$145.9	\$117.0	\$133.6
Less: Expenses (capitalized)	(84.7)	(115.9)	(148.9)	(152.7)	(194.8)	(168.8)	(172.4)	(149.1)
Net Revenue (prior to EOI)	\$101.0	\$150.2	\$124.8	121.0	\$49.0	(\$22.9)	(\$55.4)	(\$15.5)
Less Extraordinary Item (note 1)	0	0	0	0	(115.6)	0	0	0
Net Revenue (loss)	\$101.0	\$150.2	\$124.8	\$121.0	(\$66.6)	(\$22.9)	(\$55.4)	(\$15.5)
Annual Cash Working Capital Expenditures by Activity (\$millions)								
Administration & Overhead	\$15.2	\$19.7	\$19.9	\$22.7	\$31.9	\$31.5	\$25.4	\$11.4
Salaries	33.6	39.3	44.5	46.1	45.1	45.6	46.3	42.7
Planning	0	13.7	8.1	7.3	6.7	5.7	3.3	2.6
Sales	23.6	30.4	33.6	27.7	30.3	30.9	22.4	15.9
Access	27.9	40.0	53.1	46.3	44.1	45.4	27.3	18.0
Silviculture	35.8	39.1	41.9	51.1	60.1	59.8	42.2	30.9
Forest Investment Account – LBIP	0	0	0	\$2.3	3.0	5.5	1.8	(0.2)
Total Cash	\$136.1	\$182.2	\$201.1	\$203.5	\$221.2	\$224.4	\$168.7	\$121.3
Capital IM/IT and Equipment	\$0.7	(\$0.4)	\$0.2	\$0.4	\$0.4	\$0.4	\$0.4	\$0.1
Capital Road Construction	\$29.3	\$39.7	\$51.8	\$45.4	\$49.2	\$44.5	\$22.5	\$16.9
Total Capital	\$30.0	\$39.3	\$52.0	\$45.8	\$49.6	\$44.9	\$22.9	\$17.0
TIMBER VOLUME OUTPUTS (millions of cubic metres)								
Volume Advertised (Mm ³)	11.7	11.4	14.6	15.2	14.6	16.3	14.7	13.9
Volume Sold (Mm ³)	9.6	9.9	12.6	13.5	11.7	11.4	10.6	11.3
Volume Developed (Mm ³)	12.6	15.4	17.7	16.3	14.9	14.2	11.6	8.9
Volume Scaled (Mm ³)	7.9	10.0	12.9	13.45	13.2	10.0	11.4	10.8
Apportionment Volume (rationalized)	0	0	0	0	0	0	0	0

APPENDIX 3: 2011 to 2018 Resource/Performance Summary

	2011/12 Actual	2012/13 Actual	2013/14 Actual	2014/15 Actual	2015/16 Actual	2016/17 Actual	2017/18 Actual	2018/19 Actual
Operating Revenues and Expenses (\$millions)								
Gross Revenue	\$136.6	\$175.1	\$233.9	\$253.8	\$304.6	\$336.3	\$359.1	\$434.3
Less: Expenses (capitalized)	(135.3)	(150.6)	(151.2)	(\$162.9)	(\$170.7)	(\$178.1)	(\$179.5)	(\$189.5)
Net Revenue (prior to EOI)	\$1.3	\$24.5	\$82.7	\$90.9	\$133.9	\$158.2	\$179.6	\$244.8
Less Extraordinary Item (note 1)	0	\$0.3	0	0	0	0	(9.50)	(23.8)
Net Revenue (loss)	\$1.3	\$24.8	\$82.7	\$90.9	\$133.9	\$158.2	\$170.1	\$221.0
Annual Cash Working Capital Expenditures by Activity (\$millions)								
Administration & Overhead	\$12.7	\$28.9	\$12.2	\$13.9	\$13.8	\$14.9	\$15.7	\$14.9
Salaries	41.1	40.9	41.3	41.5	45.1	48.6	50.1	51.4
Planning	3.0	3.3	3.8	4.7	7.4	7.5	6.6	7.7
Sales	17.9	22.3	32.0	34.1	38.9	51.7	36.4	65.8
Access	20.4	21.4	27.3	30.1	36.8	38.9	35.6	44.1
Silviculture	30.8	31.9	32.4	35.0	39.2	38.4	45.3	46.6
Forest Investment Account – LBIP	(0.4)	(1.2)	(1.5)	(1.7)	(1.5)	(1.3)	(1.3)	(1.8)
Total Cash	\$125.5	\$147.5	\$147.5	\$157.6	\$179.7	\$198.7	\$188.4	\$228.7
Capital IM/IT and Equipment	\$0.3	\$0.3	\$0.2	\$0.4	\$0.1	\$0.1	\$0.4	\$0.5
Capital Road Construction	\$29.5	\$29.7	\$29.0	\$29.2	\$33.7	\$33.7	\$32.2	\$36.7
Total Capital	\$29.8	\$30.0	\$29.2	\$29.6	\$33.8	\$33.8	\$32.6	\$37.2
TIMBER VOLUME OUTPUTS (millions of cubic metres)								
Volume Advertised (Mm ³)	13.4	12.5	13.0	14.1	14.5	14.0	11.8	10.07
Volume Sold (Mm ³)	11.1	10.5	11.4	13.1	13.0	12.7	10.8	11.4
Volume Developed (Mm ³)	8.8	10.9	12.1	11.3	12.6	13.1	10.6	10.6
Volume Scaled (Mm ³)	9.4	10.0	11.0	10.4	11.8	10.7	9.6	10.3
Apportionment Volume (rationalized)	0	0	0	0	12.8	12.60	12.7	11.0

APPENDIX 4: Glossary

Bid Price – The price per cubic metre of timber bid by customers during auctions of Section 20 Timber Sale Licences.

Billed Rate – The average revenue obtained per cubic metre of timber harvested and scaled.

Capitalized Expenses – The total costs associated with developing and selling the timber harvested in the year, post-sale activities such as harvest conformance; post-harvest activities such as silviculture; and period costs such as administrative overhead and road maintenance.

Cash Expenditures – The costs of developing and selling timber inventory for future harvest plus, post-harvest activities such as silviculture, and period costs such as administrative overhead and road maintenance.

Certification – Forest certification is a voluntary tool available to forestry organizations who want to demonstrate corporate responsibility by having their forest management planning and practices independently certified against a sustainable forest management standard that goes beyond regulatory requirements and takes environmental, economic and social values into consideration.

Cruise Based Timber Sale - A competitively auctioned timber sale where the price is a single total price based on the cruise data for the timber sale rather than a price per cubic metre of timber scaled.

Customers – Individuals and/or companies that are registered in the program and others that are not registrants, but rely on BCTS' timber as an input to production.

Full-time Equivalent (FTE) – The equivalent of one person working 1,827 hours in one year.

Goals – Goals are the ends that BCTS wants to achieve in fulfilling its mandate and mission. Goals are long-range outcomes that guide an organization's efforts in moving toward a desired future state.

Gross Revenue – The sum of all BCTS revenue collected from stumpage and annual fees and billings (annual rent, trespass charges, scaling fees and registration fees) incidental to the operation of the program and sale of logs.

Inputs – The resources used by the organization to produce its outputs. The key inputs of BCTS are its employees, public forests, and the organization's financial, contracted and partnership resources.

Key Outcome Indicators – Key outcome indicators represent key results related to an organization's goals, which often are not directly attributable to its business activities.

Lump Sum Timber Sale Licence – A competitively auctioned timber sale where the price is a single total price rather than a price per cubic metre of timber scaled.

Market Pricing System – The system used in British Columbia to determine the price of public timber for major forest tenures, based on market value and cost data from BCTS.

APPENDIX 4: Glossary

Mission – Describes the reason for BCTS' existence. It defines what BCTS does, why it does it and for whom.

Net Revenue – The remainder of Gross Revenues less Capitalized Expenses – the equivalent of profit to a private sector company.

Objective – A broad time-phased accomplishment required to realize the successful completion of a strategic goal. Objectives are specific statements about desired business results.

Outcomes – Long-term results of the activities and outputs of the organization. Logic models are used to link outcomes to business activities.

Outputs – The deliverables or products produced by the organization. The key outputs of BCTS are the volumes developed, offered, sold and harvested (scaled).

Performance Measures – Measurable factors of significant importance to the organization in achieving the strategic goals and objectives. A performance measure is a quantified, time specific measure used to indicate the degree of success the Ministry has in achieving its goals, objectives and strategies.

Strategies – The activities that, by their implementation, will lead to the achievement of an objective.

Targets – Performance targets express pre-set quantifiable performance levels to be attained at a future date.

Upset Price – The starting price for auction bidding on timber sales.

Values – An expression of BCTS' core principles and fundamental beliefs that inform the organization's management style, organizational principles and rules of personal and organizational behaviour.

Vision – A clear, concise and compelling picture of the organization's preferred future.

Volume Advertised – The timber volume advertised for auction by BCTS.

Volume Developed – The volume of timber developed as inventory for sale by BCTS.

Volume Managed – The total volume of timber being managed by BCTS. In addition to Section 20 Auction Timber Sale Licences, this includes volumes associated with legacy tenure types awarded by the Small Business Forest Enterprise Program that are still being managed by BCTS (e.g. Section 21 Bid Proposal Sales and Non-replaceable Forest Licences).

Volume Offered – The timber volume offered for sale to customers.

Volume Scaled – The volume of timber harvested by BCTS licensees.

Volume Sold – The volume of timber sold to BCTS' customers.



BCTS
BC Timber Sales



Ministry of
Forests, Lands, Natural
Resource Operations
and Rural Development