

BC Timber Sales

ANNUAL PERFORMANCE REPORT

April 1, 2015 – March 31, 2016

ECONOMIC PROSPERITY - SUSTAINABLE RESOURCES - EXCELLENCE



Ministry of
Forests, Lands and
Natural Resource Operations



BCTS

BC Timber Sales

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ORGANIZATIONAL OVERVIEW

BC Timber Sales is a semi-autonomous program within the Ministry of Forests, Lands and Natural Resource Operations with financial and operational independence. BC Timber Sales has an integral role in supporting the Forest Sector Strategy in the BC Jobs Plan. BC Timber Sales' operations support the Ministry's goals and objectives including; the four key pillars, the goal of a "productive, thriving natural resource sector and resilient communities", and the objective of optimizing the "economic benefits of natural resource development.

BC Timber Sales provides these benefits by planning, developing, and selling through auction, a substantial and representative portion of the province's annual available timber volume. The bid prices received from auctioned timber drive the Market Pricing System (MPS) for setting stumpage in both the coastal and interior operating areas of the Province. BC Timber Sales costs of developing timber and regenerating sites also provide data for the Tenure Obligation Adjustment, which contributes another integral part of the MPS.

Despite its operational and financial independence, BC Timber Sales maintains mutually productive and beneficial relations with the Ministry of Forests, Lands and Natural Resource Operations.

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 Crown 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 from public land in British Columbia

Our Objectives

- 1) **Sell the full BCTS apportionment over the business cycle, consistent with safe practices and sustainable forest management.**
- 2) **Generate direct net revenue and indirect Provincial Government revenue over the business cycle.**
- 3) **Continuous business improvement within BCTS, across government, and with third party partners and customers.**

HIGHLIGHTS OF THE YEAR

BC Timber Sales achieved its goal and objectives for the year.

In 2015/16 BC Timber Sales:

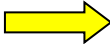
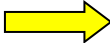
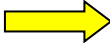
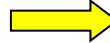
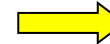
- **Sold 13.0 million cubic metres of timber supporting the Market Pricing System, rural economies, jobs and families.**
- **Earned \$134 million in Net Revenue supporting the government's fiscal plan and priorities.**
- **Maintained 100% of our operational area certified under a Sustainable Forest Management system demonstrating sound forest management.**
- **Supported Productive Future Forests by provided 18.1 million seedlings and planting 9.4 million trees for the Forests for Tomorrow program.**
- **Delivered on our stewardship obligations by growing 42.7 million seedlings and planting 37.7 million trees.**
- **Maintained our SAFE Company certification supporting forest sector safety.**
- **Developed and began implementing a corporate First Nations Relationship Strategy, a Business Relations Strategy and, a Rural Communities Communications Strategy to support effective relations.**

REPORT ON PERFORMANCE

Since 2003 BC Timber Sales has sold 150 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 11,000 indirect jobs. These jobs have supported families and rural communities over the last 13 years and continue to do so.

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

Table 1 – BC Timber Sales Key Success Indicators

Key Outcome Indicator		Results
BCTS auction volume as a percent of projected provincial harvest volume		A
Percent of total apportioned timber volume sold over the 5 year business cycle.		A
Direct Net Revenue earned		O
Corporate Performance Measure		
Annual Timber Volume Sold		S
Net Revenue earned		O

A = Achieved target
O = Over achieved target
S = Substantially achieved target
U = Under achieved target
N/A = Not Applicable

REPORT ON PERFORMANCE

In fiscal year 2015/16, BC Timber Sales had 18 strategies and 22 measures that supported the achievement of its goal, objectives, and principles. The table below provides a synopsis of our performance for the year.

Goal/Objectives/Principles	Key Strategies	Performance Measures	Result
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	Annual Timber Volume Sold		S
Implement a Data Quality Management System (DQMS)	Accuracy and completeness of performance metric ,cost survey, and silviculture liability data		S
Monitor BCTS timber volume sold by major MPS attributes....	Percent of BCTS auction volume harvested compared to that of Major Licensees (for each significant species and grade)		O

Objective 1: Sell the full BC Timber Sales apportionment over the business cycle, consistent with safe practices & sustainable forest management.			
Develop sufficient timber to maximise timber volume offered and sold	Annual timber volume developed (ADV)		S
Plan sufficient volume Ready to Develop volume....	Annual Ready to Develop volume		O
Auction a Reliable supply of timber...	Percent of timber volume advertised in quarter planned		U
Plan to sell more volume in the second and third quarters...	Percent of total volume sold that was sold in each quarter		U

Objective 2: Generate direct net revenue and indirect revenue for the Province over the business cycle			
Manage costs of developed timber	Cost of developed timber per cubic metre		U
Manage costs of access	Cost of access per cubic metre sold		S
Manage revenues by maximising volume sold	Annual Timber volume Sold		S

REPORT ON PERFORMANCE

Objective 3: Continuous business improvement				
Pursue excellence in people		Percent of staff with foundational Lean training		O
		Number of Lean continuous improvement projects undertaken		O
Pursue excellence in operations, practices and processes		Number of (waste) activities eliminated		U
Pursue effective relationships		Incremental timber volume sold, managed under a business to business agreement		U

Principle 1: Sustainable Forest Management				
Maintain ISO 14001 EMS, and SFM certifications		Percent of timber volume certified under a SFM system		A
Deliver on stewardship obligations		Audit major non-conformances		A
		Number of trees planted		O
		Km of road deactivated		U
Use our economies of scale...in support of productive future forests		Ministry NSR planted for FFT		U
		Seedlings grown for FFT		O
		Fish passages remediated for LBIP		O

Principle 2: Forest Sector Safety				
BCTS safe practices supported by maintaining SAFE Company Certification		Maintain SAFE Company Certification		A
Promote safe work sites....		Percent of parties working ...that are SAFE Certified		A

A = Achieved target
O = Over achieved target
S = substantially achieved target
U = under achieved target
N/A = Not Applicable

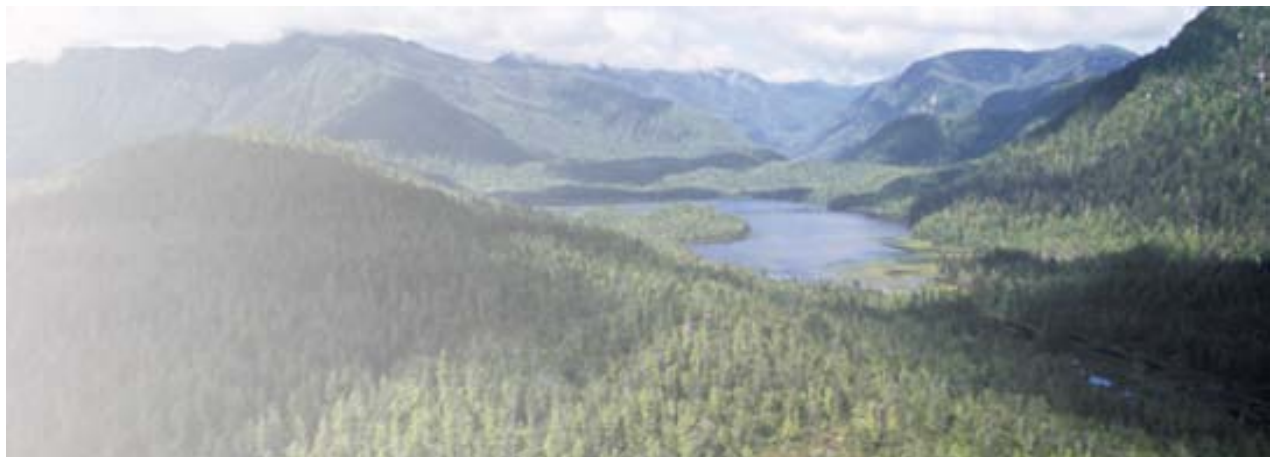
Goal

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 aspect of the Forest Sector Strategy in the BC Jobs Plan. BC Timber Sales (BCTS) provides credible data for pricing and costs of timber harvested from public land in British Columbia which directly supports the market-based pricing system. BC Timber Sales also contributes to the Ministry's Objective 3.2: "Economic benefits of natural resource development are optimized". Through sustainable forest development and the sale of Crown timber, BCTS supports forestry jobs, local economies and a globally competitive operating environment.

The Cabinet approved recommendations from the 2013 Role & Effectiveness Review strengthened the role of BC Timber Sales. Supporting the Ministry's Market Pricing System is now the only goal of BC Timber Sales. All other activities are secondary to this goal.

For BC Timber Sales data to be credible and representative, it is important for the volume of BC Timber Sales market transactions to be at a level sufficient to support the Market Pricing System (MPS). It is also important that the volume of market transactions not be so large in relation to the total market to adversely influence the MPS. BC Timber Sales tracks the timber volume it auctions and sells as a percent of the total timber volume projected to be harvested each year. This is a good indicator of its success in developing and auctioning a sufficient and appropriate volume of timber, which is necessary to establish credible representative benchmark cost and pricing data within an environment of changing market conditions and demand.



ECONOMIC PROSPERITY – Market Pricing

Results

Key Outcome Indicator	2015/16 Target	2015/16 Performance	
BCTS Auction volume as a percent of projected provincial harvest volume	22.9%	23.0%	Achieved

Measure Description: BC Timber Sales timber volume auctioned (Section 20 Timber Sales Licences) in the year as a percent of the total projected provincial harvest volume for the year as of January 2015.

Regional Performance Indicators:	2015/16 Target	2015/16 Performance	
Coast	18.4%	16.3%	Under Achieved
Interior	24.1%	24.9%	Achieved

- Through competitive auctions sell sufficient timber to support the Market Pricing System.

Corporate Performance Measure:	2015/16 Target	2015/16 Achievement	
Timber Volume Sold	13.3* Mm3	13.0 Mm3	Substantially Achieved

Measure Description: Timber volume sold is an indicator of BC Timber Sales' success in providing sufficient timber volume to the market in support of the Market Pricing System.

* The Deputy Minister reduced the target volume sold for the Cariboo-Chilcotin Business Area by 150,000m3 as a result of a letter of intent between the Province and the Tsilhqot' First Nation to complete a joint review of the South Chilcotin Stewardship Plan.



ECONOMIC PROSPERITY – Market Pricing

Results continued...

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

Corporate Performance Measure:	2015/16 Target	2015/16 Achievement	
Accuracy and completeness of Performance metric cost survey, and silviculture liability data	95%	92%	Substantially Achieved

Measure Description: For each set of monitored data, the current quality level will be assessed and compared to the expected performance standard of 95% conformance. The DQMS is applied through quarterly monitoring of the published Performance Metric data sets and quality assurance reviews of all Cost Survey and Silviculture Liability data

- Monitor BCTS timber volume sold by major MPS attributes such as species and grade compare to the harvest patterns of the Major Licensees to ensure representative benchmark data and make adjustments as required.

Corporate Performance Measure:	2015/16 Target	2015/16 Performance	
The percent of BCTS volume harvested is within 5 percentage points of the percent of harvest volume by major licensees for each major species and grade MPS attribute 80% of the time	80% 80%	Coast 94% Interior 89%	Over Achieved

Measure Description: BCTS volume harvested by major species and grade attribute as a percent of total BCTS volume harvested compared to the volume harvested by the Major Licensees by the same attribute as a percent of their total harvest volume. BCTS volume percentage is within +/-5 percentage points of the Major Licensees 80% of the time.

Objective 1:

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

Providing a reliable, competitive supply of fibre to the market is a significant objective of the Forest Sector Strategy. This supports the creation of a globally competitive, market-based operating climate and supports prosperous rural forest economies. Achievement of this objective also directly contributes to the Ministry goal of a "productive, thriving natural resource sector and resilient communities."

Results

Key Performance Indicator:	2015/16 Target	2015/16 Performance	
Percent of total apportioned timber volume sold over the Business Cycle	43%	42%	Substantially Achieved

Indicator Description: The business cycle is defined as 5 years starting April 1, 2014 and ending March 31, 2019. The indicator is the cumulative timber volume sold/total BCTS rationalised apportionment for 5 years. By March 31, 2019 BCTS plans to have sold 100% of its rationalised apportionment.

Corporate Performance Measure:	2015/16 Target	2015/16 Performance	
Annual Timber Volume Sold	13.3*Mm3	13.0Mm3	Substantially Achieved

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

* The Deputy Minister reduced the target volume sold for the Cariboo- Chilcotin Business Area by 150,000m3 as a result of a letter of intent between the Province and the Tsilhqot'in First Nation to complete a joint review of the South Chilcotin Stewardship Plan.

Regional Performance:	2015/16 Target	2015/16 Performance	
Coast	2.6Mm3	2.3Mm3	Under Achieved
North Interior	5.8Mm3	5.8Mm3	Achieved
South Interior	4.9Mm3	4.9Mm3	Achieved

Results continued...

- Develop sufficient timber to maximise timber volume offered and sold.

Corporate Performance Measure	2015/16 Target	2015/16 Performance	
Annual Timber Volume Developed	14.2Mm3	12.6Mm3	Under Achieved

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

Regional Performance:	2015/16 Target	2015/16 Performance	
Coast	2.5Mm3	2.4Mm3	Achieved
Northern Interior	6.3Mm3	4.7Mm3	Under Achieved
Southern Interior	5.4Mm3	5.5Mm3	Achieved

- Plan sufficient Ready to Develop Volume to support the achievement of the next year's annual timber volume developed targets.

Corporate Performance Measure	2015/16 Target	2015/16 Performance	
Ready to Develop Volume (RCDR)	15.2Mm3	16.6Mm3	Over Achieved

Measure Description: Ready to develop volume is the amount of timber volume planned where referrals are complete and they are development ready.

Regional Performance:	2015/16 Target	2015/16 Performance	
Coast	3.4Mm3	2.9Mm3	Under Achieved
Northern Interior	6.6Mm3	6.6Mm3	Achieved
Southern Interior	5.2Mm3	7.1Mm3	Over Achieved

Results continued...

- Auction a reliable supply of timber to the market.

Corporate Performance Measure:	Quarterly Target	
Percent of timber volume advertised in quarter planned	90% to 110%	Under Achieved

Measure Description: The percent of total timber volume advertised in the quarter planned as set out in annual Business Area sales plans.

Quarter	Provincial Performance	Number of Business Areas That:		
		Achieved Target 90 to 110		Did not achieve Target <90 or >110
1 - April.- June	65%	2		10
2 – July – Sept.	90%	2		10
3 – Oct – Dec	111%	3		9
4 – Jan - March	151%	3		9

Measure Description: The percent of total timber volume advertised in the quarter planned as set out in annual Business Area sales plans.

- Plan to sell more volume in the second and third quarters to reduce the risks of not selling target volume (due to unforeseen circumstances in the fourth quarter).

Corporate Performance Measure:	2015/16 Target	2015/16 Performance	
Q1	19%	9%	Under Achieved
Q2	44%	35%	Under Achieved
Q3	76%	67%	Under Achieved

Measure Description: The timber volume sold in the quarter as a percent of the total timber volume sold for the year.

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 to, "generate revenue from B.C.'s natural resources." BC Timber Sales operates under a self financing Special Account and must over the long term, generate sufficient revenue to finance its cash requirements (i.e. earn a profit) over the long term.

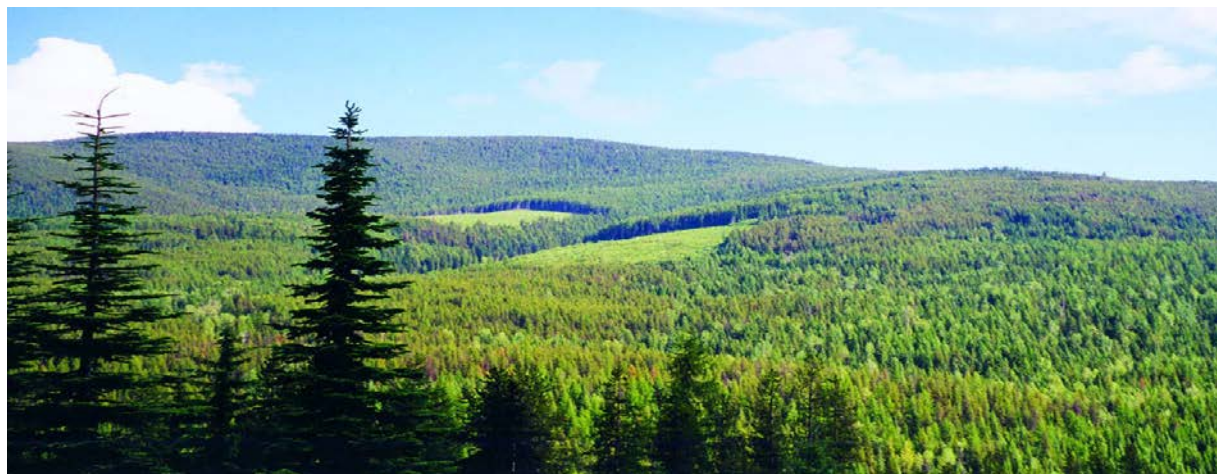
Results

Key Performance Indicator	2015/16 Target	2015/16 Performance	
Indirect Revenue Generated	26.6M	29.2M	Over Achieved

Measure Description: Indirect Revenue Generated is a key indicator of the success of BC Timber Sales in generating a return on the sale of Crown assets for the province. Indirect revenue is the non-stumpage revenue generated for the province from the harvest of crown timber.

Corporate Performance Measure	2015/16 Target	2015/16 Performance	
Net Revenue (Millions)	\$83.8M	\$134 M	Over Achieved

Measure Description: Net revenue is a key indicator of the success of BC Timber Sales in generating value and revenue return for the province and being self-sustaining. The measure is calculated as gross revenue less capitalized expenses.



ECONOMIC PROSPERITY - Generating Revenue

Results continued...

- Actively manage the costs of developed timber for auction

Corporate Performance Measure	2015/16 Target	2015/16 Performance	
Cost of Developed Timber per m3	\$5.29/m3	\$5.85/m3	Under Achieved

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

- Actively manage the costs of access to the timber

Corporate Performance Measure	2015/16 Target	2015/16 Performance	
Cost of Access per m3 Sold	\$2.84/m3	\$2.91/m3	Substantially Achieved

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.

- Actively manage revenues by maximising timber volume sold consistent with safe practices and sustainable forest management

Corporate Performance Measure:	2015/16 Target	2015/16 Performance	
Annual Timber Volume Sold	13.3*Mm3	13.0Mm3	Substantially Achieved

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

* The Deputy Minister reduced the target volume sold for the Cariboo- Chilcotin Business Area by 150,000m3 as a result of a letter of intent between the Province and the Tsilhqot'in First Nation to complete a joint review of the South Chilcotin Stewardship Plan.

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

BC Timber Sales needs to be continuously improving in order to effectively realize its vision, achieve its mission and goal, deliver superior performance, and make a distinct and lasting impact.

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

To achieve this objective BC Timber Sales and its people are committed to continuously learn, innovate, and lead themselves through change in the pursuit of excellence. BC Timber Sales has embraced a **Lean** culture shift to support continuous improvement. BC Timber Sales has three key strategies supporting this objective:

- 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

• Pursue excellence in people

Developing our own internal expertise is an initial step to implementing a Lean Philosophy. Our target is to have 100% of our people with a strong foundation in Lean from course work and projects by the March 31, 2019.

Corporate Performance Measure	2015/16 Target	2015/16 Performance	
Percent of staff with foundational Lean training	25%	34%	Over Achieved

Measure Description: Foundational Lean training in Lean 101, 201, and 301

Corporate Performance Measure	2015/16 Target	2015/16 Performance	
Number of Lean Projects Undertaken	30	36	Over Achieved

Measure Description: Number of continuous improvement - Lean projects undertaken

EXCELLENCE - Continuous Improvement

Results continued...

- Pursue excellence in operations, practices and processes.**

A Lean philosophy focuses on eliminating, simplifying, reducing or integrating processes to reduce or eliminate such waste. The total waste tasks eliminated during the year were less than projected as emphasis was shifted to focus on standardizing work between Business Areas.

Corporate Performance Measure	2015/16 Target	2015/16 Performance	
Number of (Waste) Activities Eliminated	300	126	Under Achieved

Measure Description: Number of waste processes eliminated is a key indicator of the success of BC Timber Sales in continuously improving its operations and increasing value. Waste processes are those identified through Lean activities at any level as not adding value.

- Pursue effective relationships**

Effective relationships are vital to the success of BC Timber Sales. During the year BC Timber Sales developed and implement a First Nations Relationship Strategy and a Business Relations Strategy. During the year a number of Business to Business Agreements were entered into but as of March 31, 2016 no timber volume had yet been sold under these agreements.

Corporate Performance Measure	2015/16 Target	2015/16 Performance	
Timber volume sold under a business to business agreement	150,000 m3	0 m3	Under Achieved

Measure Description: Incremental timber volume sold managed under a business to business agreement is a measure of the success of BC Timber Sales in increasing business to business partnerships and agreements. Incremental volume means volume that was not already part of BCTS apportionment.

SUSTAINABLE FOREST MANAGEMENT

Principle 1: Sustainable Forest Management.

High-quality forest and environmental management practices are integral to the BC Timber Sales mandate. Sustainable forest management affects the way we conduct business and allows BC Timber Sales to provide sustainable forest benefits to British Columbians.

Results

- **Maintain ISO 14001 Environmental Management System, Sustainable Forest Management (SFM) standard, (CSA, FSC, SFI certifications).**

Corporate Performance Measure	2015/16 Target	2015/16 Performance	
Percent of timber volume certified under a SFM system	100%	100%	Achieved

Measure Description: *Percent of BC Timber Sales 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 BC Timber Sales' success in demonstrating and being recognized for having sound forest management practices.*

- **Deliver on stewardship obligations**

During the year BC Timber Sales continued to regularly conduct internal audits of our operations. BC Timber Sales experienced less than two minor non-conformances per Business Area during the year. We also ensured all our silviculture obligations and industrial road deactivation obligations were recognised and effectively discharged. Through our Seedling Services program we ensured a secure supply of seeds for future BC Timber Sales' needs as well as an effective and reliable supply of quality seedlings to meet our obligations. Seedling Services provided 42.8 million seedlings for our obligations in fiscal 2015/16.

Corporate Performance Measure	2015/16 Target	2015/16 Performance	
Number of EMS/SFM external audit major non-conformances	Zero	Zero	Achieved
Number of Trees Planted	37.3 M	37.7 M	Over Achieved
Km of Road Deactivated	305 km	196 km	Under Achieved

SUSTAINABLE FOREST MANAGEMENT

Results continued...

- **Use our economies of scale and expertise to deliver cost effective silviculture services and provide quality seedlings for the Forests for Tomorrow program and the Ministry**

BC Timber Sales continued to collaborate with Forests for Tomorrow (FFT) to use BC Timber Sales skills, infrastructure, and economies of scale to reduce costs and increase the outputs FFT can achieve from available funding. Nursery seedling failures reduced the number of trees that could be planted during the year.

Corporate Performance Measure	2015/16 Business Plan	2015/16 Performance	
Hectares of Ministry NSR planted by BCTS	7,800 ha	5,396 ha	Under Achieved
Number of Trees Planted	14.2 M	9.4 M	Under Achieved
Seedlings Grown (FFT 18.1 M, Districts 1.3 M)	18.8 M	19.4 M	Over Achieved
Fish Passage – Crossings Remediated	5	7	Over Achieved

BC Timber Sales also delivered:

- 19,725 hectares of surveys, 1,272 hectares of site preparation, and 328 hectares of brushing for FFT; and,
- 30 watershed assessments for fish passage for the Land Base Investment Program.



Principle 2: Forest Sector Safety.

BC Timber Sales Safety Policy:

BC Timber Sales Safety Policy:

- BCTS is committed to maintaining an organisational culture where all staff proactively participate to ensure a safe and healthy workplace as a fundamental component of everyday business.
- BCTS supervisory personnel 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 to their fellow workers.



Results

- Ensure safe BC Timber Sales practices by maintaining SAFE Companies Certification

Corporate Performance Measure	2015/16 Target	2015/16 Performance	
Maintain SAFE certification	100%	100%	Achieved

Measure Description: Maintaining SAFE Companies Certification

Results continued...

- Promote safe worksites by requiring all parties working on Timber Sales Licences or bidding on BCTS contracts that involve on the ground field work to be SAFE Certified.

Corporate Performance Measure	2015/16 Target	2015/16 Performance	
Percent that are SAFE Certified.	100%	100%	Achieved

Measure Description: Requiring all parties working on TSLs or contracts that involve on the ground field work to be SAFE Certified is a measure of BCTS success in supporting and promoting safe worksites.

BC Timber Sales continued to maintain its SAFE Company Certification and collaborate with industry through the BC Forest Safety Council to promote the achievement of safe and healthy workplaces within the forest sector.



APPENDIX 1 Financial Results– 2015/16 Income Statement

		2014/15 (millions)	2015/16 (millions)
GROSS REVENUE		\$253.8	\$304.6
CAPITALIZED EXPENSES			
Cost of Timber Inventory Harvested			
Administration/Salaries	\$29.1		\$26.2
Planning and Sales	\$29.1		\$36.5
Access - Amortization	\$27.6		\$28.2
Sub – total Cost of Timber Inventory Harvested		(\$85.8)	(\$90.9)
Period Costs			
Silviculture Liability Expense	\$44.0		\$44.8
Road and Bridge Maintenance	\$9.3		\$9.7
Road Deactivation	\$0.0		\$0.1
Harvest Conformance	\$0.4		\$0.3
Administrative Overhead	\$25.0		\$26.4
Recoveries	(\$1.6)		(\$1.5)
Sub- total Period Costs		(\$77.1)	(\$79.8)
Prior period expenses over-accrual		\$0.1	\$0.0
NET REVENUE		\$91.0	\$133.9

APPENDIX 1 Financial Results– Selected Balance Sheet Items

		2014/15 (millions)	2015/16 (millions)
Silviculture Liability		(\$109.1)	(\$113.7)
Inventory Value of Developed Timber			
Timber Inventory – Opening Balance	\$124.9		\$131.2
Timber Developed	\$64.5		\$73.6
Timber Available for Sale	\$189.4		\$204.8
Cost of Timber Inventory Harvested	(\$58.2)		(\$62.8)
Timber Inventory – Closing Balance		\$131.2	\$142.0
Roads			
Book Value	\$744.7		\$770.9
Accumulated Amortization	(\$494.0)		(\$514.8)
Net Book Value		\$250.7	\$256.1
Deactivation Liability		\$7.0	\$8.8
Seed Inventory		\$21.8	\$20.9

APPENDIX 2 Resource Summary Results– 2015/16

	2015/16 Plan	2015/16 Actual	Variance
Gross Revenue	\$248.4	\$304.6	(\$56.2)
Less: Expenses (Capitalised)	(164.6)	(170.7)	6.1
Net Revenue (Loss)	\$83.8	\$133.9	(\$50.1)
Financing Transactions (\$millions)			
Cost of Developed Timber Inventory	\$78.5	\$73.6	\$4.9
Fish Habitat Inventory	0.3	0.3	0
Seed Inventory	1.5	0.3	1.2
Total Financing Transactions	\$80.3	\$74.2	\$6.1
Capital Expenditures (\$millions)			
Capital - Roads	\$33.7	\$33.7	(\$0)
Capital – Non- Roads	0.5	0.1	0.4
Total Capital Budget	\$34.2	\$33.8	\$0.4
Cash Expenditures (\$millions)			
Administration	\$13.6	\$13.8	(\$0.2)
Salaries	49.0	45.1	3.9
Planning	6.2	7.3	(1.1)
Sales	43.4	39.0	4.4
Access	37.6	36.8	0.8
Silviculture	42.9	39.2	3.7
Land Base Investment - Expenditures	14.6	10.8	3.8
Land Base Investment - Recoveries	(16.6)	(12.3)	(4.3)
Total Cash Expenditures	\$190.7	\$179.7	\$11.0
Non-Cash Budgets (\$millions)			
Amortization – Roads	\$27.9	\$28.2	(\$0.3)
Amortization – Non roads	0.5	0.4	0.1
Silviculture Liability Expense	36.0	44.9	(8.9)
Cost of timber inventory harvested	67.4	62.7	4.7
Timber Volume Outputs (Mm3)			
Volume Advertised (Offered)	14.4	14.5	0.1
Volume Sold	13.3	13.0	(0.3)
Volume Developed	14.2	12.6	(1.6)
Volume Scaled (Harvested)	11.4	11.8	0.4

APPENDIX 3 – HISTORICAL RESOURCE AND 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	2011/12 Actual	2012/13 Actual	2013/14 Actual	2014/15 Actual	2015/16 Actual
Operating Revenues and Expenses (\$millions)													
Gross Revenue	\$185.7	\$266.1	\$273.7	\$273.7	\$243.8	\$145.9	\$117.0	\$133.6	\$136.6	\$175.1	\$233.9	\$253.8	\$304.6
Less: Expenses (Capitalized)	(84.7)	(115.9)	(148.9)	(178.0)	(197.8)	(168.8)	(172.4)	(149.1)	(135.3)	(150.6)	(151.2)	(\$162.9)	(\$170.7)
Net Revenue (prior to EOI)	\$101.0	\$150.2	\$124.8	122.4	\$46.0	(\$22.9)	(\$55.4)	(\$15.5)	\$1.3	\$24.5	\$77.3	\$90.9	\$133.9
Less Extraordinary Item (note 1)					(115.6)					\$0.3			
Net Revenue (Loss)	\$101.0	\$150.2	\$124.8	\$122.4	(\$66.6)	(\$22.9)	(\$55.4)	(\$15.5)	\$1.3	\$24.8	\$77.3	\$90.9	\$133.9
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	\$12.7	\$28.9	\$12.2	\$13.9	\$13.8
Salaries	33.6	39.3	44.5	46.1	45.1	45.6	46.3	42.7	41.1	40.9	41.3	41.5	45.1
Planning	-	13.7	8.1	7.3	6.7	5.7	3.3	2.6	3.0	3.3	3.8	4.7	7.4
Sales	23.6	30.4	33.6	27.7	30.3	30.9	22.4	15.9	17.9	22.3	32.0	34.1	38.9
Access	27.9	40.0	53.1	46.3	44.1	45.4	27.3	18.0	20.4	21.4	27.3	30.1	36.8
Silviculture	35.8	39.1	41.9	51.1	60.1	59.8	42.2	30.9	30.8	31.9	32.4	35.0	39.2
Forest Investment Account – LBIP	-	-	-	\$2.3	3.0	5.5	1.8	(0.2)	(0.4)	(1.2)	(1.5)	(1.7)	(1.5)
Total Working Capital Expenditures	\$136.1	\$182.2	\$201.1	\$203.5	\$221.2	\$224.4	\$168.7	\$121.3	\$125.5	\$129.8	\$147.6	\$157.6	\$179.7
Capital IM/IT and Equipment	\$0.7	(\$0.4)	\$0.2	\$0.4	\$0.4	\$0.4	\$0.4	\$0.1	\$0.3	\$0.3	\$0.2	\$0.4	\$0.1
Capital Road Construction	\$29.3	\$39.7	\$51.8	\$45.4	\$49.2	\$44.5	\$22.5	\$16.9	\$29.5	\$29.7	\$29.0	\$29.2	\$33.7
Total Capital Expenditures	\$30.0	\$39.3	\$52.0	\$45.8	\$49.6	\$44.9	\$22.9	\$17.0	\$29.8	\$30.0	\$29.2	\$29.6	\$33.8
TIMBER VOLUME OUTPUTS (millions of cubic metres)													
Volume Advertised (Mm³)	11.7	11.4	14.6	15.2	14.6	16.3	14.7	13.9	13.4	12.5	13.0	14.1	14.5
Volume Sold (Mm³)	9.6	9.9	12.6	13.5	11.7	11.4	10.6	11.3	11.1	10.5	11.4	13.1	13.0
Volume Developed (Mm³)	12.6	15.4	17.7	16.3	14.9	14.2	11.6	8.9	8.8	10.9	12.1	11.3	12.6
Volume Scaled (Mm³)	7.9	10.0	12.9	13.45	13.2	10.0	11.4	10.8	9.4	10.0	11.0	10.4	11.8

*Note 1: 2007/08 Capitalized Expenses includes extraordinary item of \$115.6 Million for prior period accounting adjustment

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 BC Timber Sales' 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 BC Timber Sales wants to achieve in fulfilling its mandate and mission. Goals are long-range outcomes that guide an organization's efforts in moving towards a desired future state.

Gross Revenue – The sum of all BC Timber Sales 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 BC Timber Sales 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 Crown timber for major forest tenures, based on market value and cost data from BC Timber Sales.

Mission – Describes the reason for BC Timber Sales' existence. It defines what BC Timber Sales 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.

APPENDIX 4 – GLOSSARY

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 BC Timber Sales 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 BC Timber Sales' 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 BC Timber Sales.

Volume Developed – The volume of timber developed as inventory for sale by BC Timber Sales.

Volume Managed – The total volume of timber being managed by BC Timber Sales. 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 BC Timber Sales (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 BC Timber Sales licensees.

Volume Sold – The volume of timber sold to BC Timber Sales' customers.