

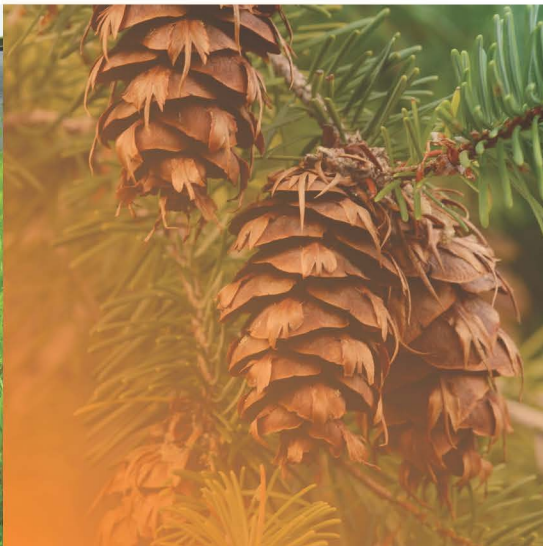


# BCTS

BC Timber Sales

# BUSINESS PLAN

## 2021/22 – 2023/24





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# WHO ARE WE?

BC Timber Sales (BCTS) is a self-financing program within the Ministry of Forests, Lands, Natural Resource Operations and Rural Development (the Ministry). BCTS sustainably manages the harvesting and reforestation of approximately 20 percent of the timber available for harvest from British Columbia's timber harvesting land base. "Timber harvesting land base" is public land where environmentally sound timber harvesting is allowed and economically feasible.

BCTS achieves its vision and mission by planning, developing and selling through auction a substantial and representative portion of the Province's annual available timber volume as well as reforesting 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 province. 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.

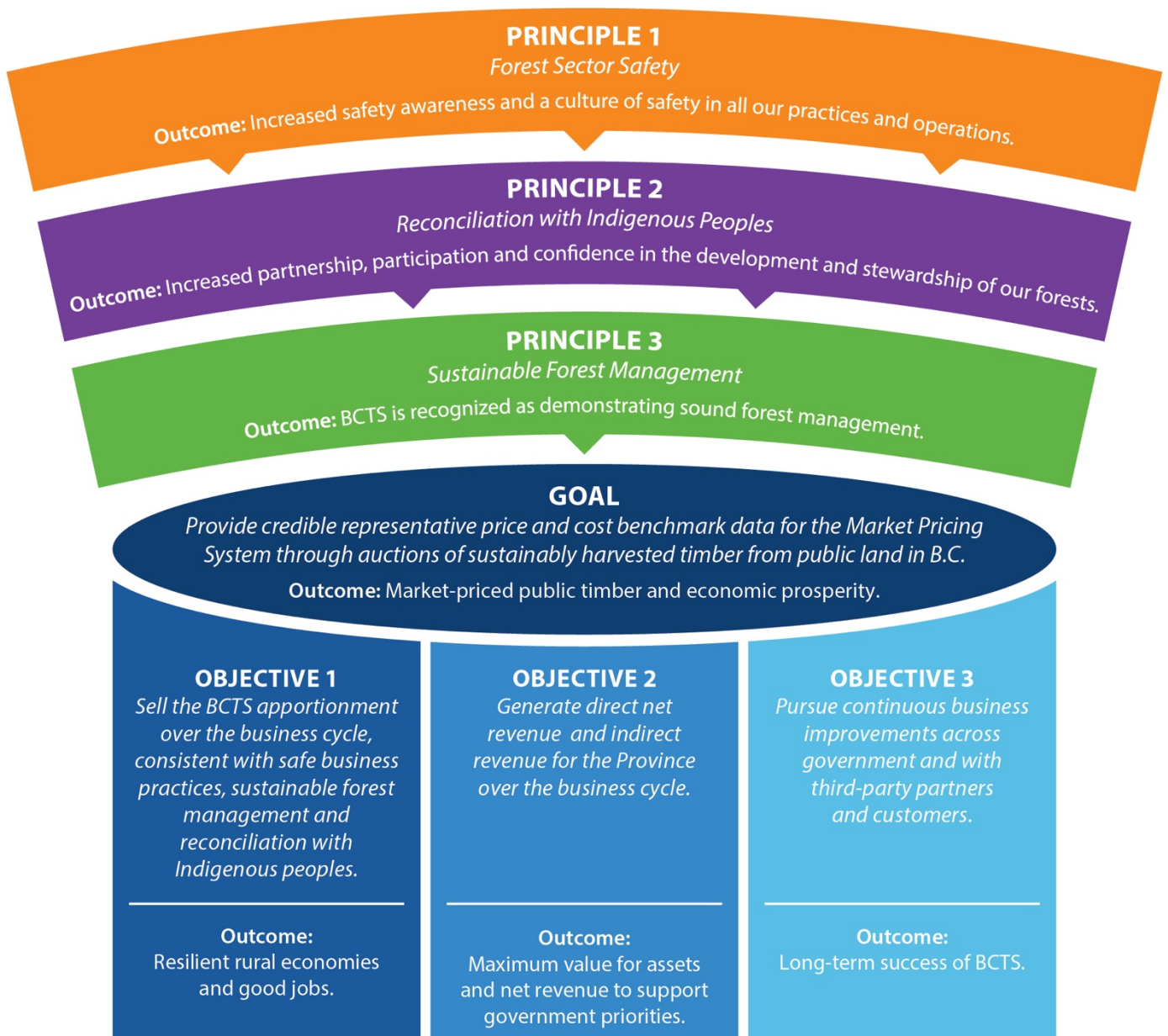
## Our Mission

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 Crown timber, and by playing a pivotal role in the ministry's reforestation strategies.

BCTS maintains mutually productive and beneficial relations with the Ministry, while retaining the operational and financial independence needed to support the MPS. In 2019, BCTS business areas integrated with the Ministry's Regional Operations to strengthen the delivery of our program's vision and mission.

# WHAT DRIVES US?

Set within three overarching principles BCTS has one goal and three objectives. Their achievement supports the core outcomes of **Economic Prosperity**, **Sustainability**, **Business Excellence**, **Safety** and **Reconciliation**.



# HOW WE SUPPORT GOVERNMENT COMMITMENTS AND MINISTRY GOALS

## Government Commitments

1. Reconciliation
2. Clean growth
3. Strong, sustainable economy

BCTS supports the government of British Columbia's commitments through our contributions to reconciliation with Indigenous peoples, the forest sector economy, the economies of rural communities and the well-paying jobs our activities create and support. By determining the market value for public timber through competitive auctions, we ensure the people of B.C. receive fair value for their resource. BCTS timber auctions are a service the forest sector relies on. They help ensure fair and competitive access to timber resources for all.

## Ministry's Goals

1. Economic benefits for all British Columbians with thriving and resilient rural communities
2. Partnerships that support reconciliation with Indigenous peoples
3. Sustainable natural resource management

BCTS directly supports the Ministry's three goals and is an integral part of the Ministry's Coast and Interior Revitalization initiatives.

**On average, BCTS activities directly support over 7,500 well-paying jobs and another 10,000 indirect jobs within B.C.**



# PRINCIPLE 1

## *Forest Sector Safety*

### Safety Policy

- **The health and safety of all workers is paramount.**
- **Engagement, participation and dialogue between all concerned parties is key to preventing worker injury.**
- **Management is responsible to ensure systems and practices are in place to prevent injury.**
- **Supervisors are responsible to ensure systems and practices are used.**
- **Staff are responsible to follow systems and practices.**
- **Staff at all levels are accountable for ensuring the following practices are integrated into our business:**
  - Proactive open participation, dialogue and communication among staff, clients, customers and others to identify and resolve safety concerns.
  - Model our values and beliefs.
  - Continual improvement by establishing goals and monitoring performance and results.
  - Proactive planning and business practices to prevent injury and occupational illness.
  - Assigning appropriate resources and effort to ensure progressive achievement of this policy.
  - Considering and integrating legal requirements and commitments of the organization into our business practices.

## SAFETY

Safety excellence is key to the long-term success of the forest industry, and BCTS is committed to improving safety in the forest sector. BCTS is SAFE Company certified and supports the Ministry in maintaining its SAFE Company certification. Further, BCTS promotes safe worksites by requiring our contractors and licensees to be SAFE Company certified. SAFE certification remains a functional way of monitoring the “basics done well” and provides insight into the workplace culture.

### Key Strategies Supporting Principle 1

#### Maintain SAFE certification to support safe BCTS practices

##### Corporate Performance Measure:

SAFE Certification	
Target	Maintained

Measure Description: Maintaining our safety certification is a measure of BCTS' success in supporting the BCTS Safety Policy.

#### Require all parties working on Timber Sale Licenses (TSLs) or bidding on BCTS contracts that involve on-the-ground fieldwork to be SAFE Certified to support safe worksites

##### Corporate Performance Measure:

Percent of parties working on BCTS TSLs or contracts that involve on-the-ground fieldwork that are SAFE Certified	
Target	100%

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

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

As part of the greater Regional Operations team, BCTS will work together with the rest of Regional Operations to integrate safety activities to support a strong and effective safety culture.

##### Corporate Performance Indicator:

Ministry SAFE Certification	
Target	Maintained

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

**Mission Zero Strategy (NEW)**

To advance the safety culture BCTS has also committed to “Mission Zero”. BCTS believes all forestry injuries and fatalities are preventable. Our target with Mission Zero is zero workplace incidents that require medical attention. To achieve Mission Zero, BCTS will focus on the proactive identification, reporting and management of safety concerns in the workplace to eliminate workplace injuries.

**Corporate Performance Measure:**

Zero incidents requiring medical attention	
Target	Zero

Measure Description: *The number of incidents requiring medical attention.*





A close-up photograph of two hands shaking, symbolizing agreement or partnership. The hands are positioned centrally at the top of the page, with a purple gradient background behind them.

## PRINCIPLE 2

### *Reconciliation with Indigenous Peoples*

Reconciliation with Indigenous peoples is integral to BCTS' long-term success. The program supports government's commitment to true, lasting reconciliation with Indigenous peoples in British Columbia; this includes the implementation of the *Declaration on the Rights of Indigenous Peoples Act (Declaration Act)* and the Calls to Action of the Truth and Reconciliation Commission (CTA).

In supporting government's reconciliation efforts, BCTS is also committed to the Ministry's objective to "Strengthen partnerships and increase engagement with Indigenous peoples in the management of B.C.'s natural resources". We will do this by:

- Exploring opportunities to promote partnerships with Indigenous peoples in the work of the Ministry.
- Increasing participation from Indigenous peoples in the natural resource economy.
- Increasing the confidence of Indigenous peoples in BCTS' stewardship of natural resources including continued work on the incorporation of Indigenous knowledge.



## Key Strategies Supporting Principle 2

**Align our culture, policies and business practices to support reconciliation with Indigenous peoples.**

**Improve staff's cultural awareness and understanding of Indigenous peoples' history, culture and legal framework including the implementation of the five actions of the Learning for Reconciliation Strategy.**

**Continue to engage with Indigenous peoples to build effective and durable relationships and learn more about how BCTS can strategically align with the Declaration Act and the CTA.**

**Support Indigenous peoples' participation in the forest sector by providing economic, employment and educational opportunities.**

Corporate Performance Measure:

**Summarize and report out on the four key strategies annually**

Measure Description: *Format and content of the report to be determined.*





# PRINCIPLE 3

## *Sustainable Forest Management*

High-quality forest and environmental management practices are integral to the BCTS mission. Sustainable forest management is important to both how BCTS conducts business and to protecting the interests of the people of British Columbia.

Through the application of this principle, BCTS supports the achievement of a key Ministry objective to build and maintain the public’s confidence and trust in the stewardship of British Columbia’s natural resources.

### Key Strategies Supporting Principle 3

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

For BCTS, sustainable forest management is the management of our operating areas to access a sufficient and representative supply of public timber to meet our goal and objectives, while maintaining the forest and the related environmental, economic and social values and benefits over the long term.

#### Corporate Performance Measure:

Percent of timber volume certified under an SFM system	
Target	100%

Measure Description: *Percent 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 having sound forest management practices.*

**Since 2003, BC Timber Sales has planted over 749 million seedlings to reforest areas harvested by its licensees.**

## Deliver on stewardship obligations

BCTS is committed to deliver on its stewardship obligations. In addition to its ongoing stewardship operations, BCTS is obligated to reforest the areas it harvests and to rehabilitate its industrial roads.

### Corporate Performance Measure:

Major stewardship obligations				
	2020-21	2021-22	2022-23	2023-24
	Projected	Targets		
Number of SFM external audit major non-conformances	0*	Zero		
Number of trees planted	50.9 M	53.1 M	45.3 M	51.2 M
Km of road deactivated	308 km	564 km	532 km	505 km

\*BCTS had one major non-conformance in 2019/20 that was not reported in the 2019/20 Annual Report.

## Manage environmental and safety risks associated with BCTS Forest Service Roads.

BCTS is committed to ensuring all the environmental and safety risks associated with our forest service roads are appropriately managed. A recent audit by the Office of the Auditor General (OAG) made two recommendations related to BCTS roads.

1. Develop and implement policy, procedures and practices that enable BCTS business areas to accurately and consistently track inspections and maintenance on their forest service roads.
2. Assess whether BCTS is inspecting and maintaining its forest service roads as required by policy, and take action to reconcile any gaps.

A key requirement to addressing this objective and the OAG recommendations is complete, accurate, reliable and verifiable road data. To ensure the achievement of this requirement, BCTS will be implementing a new Roads Corporate Data Set. For the set of monitored roads data, the current quality level will be assessed and compared to the expected performance standard of 98% conformance. Actions will then be taken to address any quality gaps to achieve the standard.

### Corporate Performance Measure:

Environmental and safety roads management system				
	2020-21	2021-22	2022-23	2023-24
	Projected			
Roads Corporate Data Set performance	N/A	Assess base line	90%	98%
Roads management system	N/A	Develop	Implement	Maintain

Measure Description: TBD.

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

Corporate Performance Measure:

BCTS contributions to Forests for Tomorrow (FFT)				
	2020-21	2021-22	2022-23	2023-24
	Projected	Target	Target	Target
Ministry NSR* area planted by BCTS	8,620 ha	6,700 ha	4,314 ha	6,685ha
Number of FFT/FCI trees planted	15.6 M	12.3 M	8.1 M	11.3 M
Seedlings grown for FFT/FCI	60.0 M	50.0 M	50.0 M	50.0 M

\*NSR = Not Satisfactorily Restocked.

**BCTS’ Seedling Services group has now grown over 1.1 Billion seedlings.**

**These seedlings are planted by BCTS, the Forests for Tomorrow Program and the Forest Carbon Initiative to ensure future productive forests.**



**Improve wildlife management and support the recovery of species at risk**

Consistent with the Ministry’s commitment to implement the Together for Wildlife Strategy, BCTS has three staff positions dedicated to wildlife management and species at risk recovery initiatives. Our wildlife resource specialists and operational staff work closely with Ministry wildlife managers, the forest sector, Indigenous peoples and other groups. Together they develop and implement local and regional plans as well as beneficial management practices for a variety of wildlife species including species at risk.

**Explore opportunities to expand use of non clear-cut harvesting systems**

Alternative harvesting approaches can provide BCTS managers with additional options to extract timber while maintaining or enhancing other important forest values like cultural features, recreation and visual resources, water quality, wildlife habitat, old growth, and sensitive ecosystems. Partial harvesting techniques can also play an important role in mitigating wildfire risk and increasing forest resiliency to climate change. Working with Ministry and industry specialists, BCTS has created an internal team that is tasked with sharing knowledge and experience and supporting our operations to implement alternative harvesting.

**Implement our Climate Change Action Plan**

The purpose of BCTS’ Climate Change Action Plan is to

- foster the adoption of climate change mitigation and adaptation actions within BCTS business processes; while,
- ensuring consistency and alignment with the Ministry’s Service Plan and associated climate change strategies and action plans.

The goal of our Climate Change Action Plan is to

- build our knowledge and capacity to respond to a changing climate;
- establish resilient forests;
- protect and enhance future harvest opportunities;
- protect infrastructure – function and investment; and,
- capitalize on any climate change related opportunities.

Corporate Performance Measure:

Implementation of climate change actions	
Target	Annual Progress Report

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

# GOAL

*Provide credible representative price and cost benchmark data for the Market Pricing System through auctions of sustainably harvested timber from public land in B.C.*

Having 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 that is used to directly support 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), to accurately support the MPS. The optimum amount (as determined by world-leading experts in auction theory) is between 20 to 30 percent of the overall amount of public timber harvested each year. This range of activity provides enough data to adequately support the MPS, but not so much to influence the market.

BCTS measures 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 an optimum volume of timber, which is necessary to establish credible representative benchmark cost and pricing data within an environment of changing market conditions and demands.

## Key Performance Indicator:

BCTS timber volume auctioned as a percent of the projected provincial harvest volume				
	2020-21	2021-22	2022-23	2023-24
	Projected	Target	Target	Target
Minimum percent	22.5%	20%	20%	20%

Indicator Description: *BCTS 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 2021.*

## Regional Performance Indicators:

BCTS timber volume auctioned as a percent of the projected provincial harvest volume				
	2020-21	2021-22	2022-23	2023-24
	Projected	Target	Target	Target
Coast	24%	20%	20%	20%
Interior	22%	20%	20%	20%

## Key Strategies Supporting Our Goal

**Implement a Data Quality Management System to ensure BCTS' data is complete, accurate, reliable and verifiable**

BCTS has developed and is implementing a data quality management system (DQMS) that will conform to the International Standards Organization (ISO) 9001: 2015 quality standard. The DQMS is being implemented throughout BCTS. A target date for achieving conformance has been set for the end of fiscal 2021/22.

BCTS also monitors the quality of its key data sets to ensure it is complete, accurate, reliable, and verifiable. These data sets are used to produce key BCTS performance measure and financial information.

## Corporate Performance Measures:

Completeness, accuracy, reliability and verifiability of data				
	2020-21	2021-22	2022-23	2023-24
	Projected	Target	Target	Target
Performance standard	98%	99%	100%	100%
Data Quality Management System (DQMS)	Implementation of DQMS ongoing	Implementation of DQMS	Conformance of ISO standard	Conformance of ISO standard

Measure Description: For each set of monitored data, the current quality level is assessed and compared to the expected performance standard of conformance. Data sets to which this standard applies are: Timber volume sold, silviculture liability, deactivation liability, ready to sell timber inventory, development in process timber inventory, referrals complete development ready (RCDR) timber inventory, annual developed timber volume and annual RCDR volume.



Monitor BCTS timber volume sold by major Market Pricing System (MPS) attributes such as species and grade, compared to the harvest patterns of the major licensees, to ensure representative benchmark data and adjust as required

Corporate Performance Measure:

Representativeness of BCTS volume sold and harvested	
The percent of BCTS volume harvested is within five percentage points of the percent of volume harvested by major licensees for each major species and grade MPS attribute 80% of the time.	2021/22 – 2023/24
	80%

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 plus/minus five percentage points of the major licensees 80 percent of the time.*





## OBJECTIVE 1

*Sell the BCTS apportionment over the business cycle, consistent with safe business practices, sustainable forest management and reconciliation with Indigenous peoples.*

Providing a reliable, competitive supply of fibre (timber) to the market supports a forest sector that builds on the strengths of the primary manufacturing sector and encourages thriving rural communities—Indigenous and non-Indigenous.

BCTS' apportionment is the volume of Crown (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 supporting reconciliation with Indigenous peoples. In addition to adhering to these overarching principles, there may be circumstances where BCTS is unable to or should not attempt to sell its full apportionment. Specifically, in circumstances where

- there is an established lack of market demand for certain forest types or partitions (e.g. mountain pine beetle uplifts or deciduous volumes in certain timber supply areas);
- the Ministry's chief forester has reduced the Allowable Annual Cut (AAC) in a management unit, but this reduction has not yet been apportioned by the minister; and,
- there are land base exclusions due to circumstances beyond BCTS' control (e.g. First Nations treaty, species at risk decisions or established log arounds) adversely affecting operations.

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.

**Over its last five-year business cycle (ending March 31, 2021)  
BCTS sold 97% of its rationalized apportionment.**

**Since 2003, BCTS has sold over 203 million cubic metres of  
timber, contributing over \$11.5 billion to the provincial gross  
domestic product (GDP).**

**Through these competitive auctions the program has also  
supported strong, sustainable, and resilient rural economies.**

Key Performance Indicator:

<b>Cumulative percent of BCTS rationalized apportioned timber volume sold over the business cycle</b>					
	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
	Achieved	Projected	Target	Target	Target
Percent	19%	39%	60%	80%	100%

Indicator Description: *The business cycle is defined as five years starting April 1, 2019, and ending March 31, 2024. The indicator is the cumulative volume sold/total BCTS rationalized apportionment for five years.*

<b>BCTS apportionments over the business cycle</b>					
	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
Apportionment	14.0 Mm <sup>3</sup>	13.7 Mm <sup>3</sup>	13.7 Mm <sup>3</sup>	13.0 Mm <sup>3</sup>	13.0 Mm <sup>3</sup>
Rationalized apportionments	11.8 Mm <sup>3</sup>	11.4 Mm <sup>3</sup>	10.0 Mm <sup>3</sup>	9.9 Mm <sup>3</sup>	9.5 Mm <sup>3</sup>
Cumulative total rationalized apportionment	11.8 Mm <sup>3</sup>	23.2 Mm <sup>3</sup>	33.2 Mm <sup>3</sup>	43.1 Mm <sup>3</sup>	52.6 Mm <sup>3</sup>

Indicator Description: *Rationalized apportionment excludes volume where BCTS is unable to, or should not attempt to, sell its full apportionment as set out in policy.*

BCTS is projecting its apportionment in the Interior will decrease over the next few years as new timber supply reviews are completed by the Ministry’s chief forester, and the new annual allowable cuts are apportioned out by the minister to BCTS and non-BCTS forest tenure types. This is due to a projected decrease in the mid-term timber supply as a result of the impacts of the mountain pine beetle. Indigenous peoples’ objectives and desires are also expected to continue to pressure the timber supply.

## Corporate Performance Measure:

Timber volume sold over the current five-year business cycle					
	2019-20	2020-21	2021-22	2022-23	2023-24
	Actual	Projected	Target	Target	Target
Timber volume sold	10.1 Mm <sup>3</sup>	10.3 Mm <sup>3</sup>	10.9 Mm <sup>3</sup>	10.8 Mm <sup>3</sup>	10.8 Mm <sup>3</sup>
Percent of annual rationalized apportionment	85%	90%	109%	107%	116%
Cumulative total timber volume sold	10.1 Mm <sup>3</sup>	20.4 Mm <sup>3</sup>	31.3 Mm <sup>3</sup>	42.1 Mm <sup>3</sup>	52.9 Mm <sup>3</sup>

## Regional Performance/Targets:

Timber volume sold over the current five-year business cycle					
	2019-20	2020-21	2021-22	2022-23	2023-24
Coast	1.7 Mm <sup>3</sup>	2.3 Mm <sup>3</sup>	2.3 Mm <sup>3</sup>	2.4 Mm <sup>3</sup>	2.5 Mm <sup>3</sup>
North Interior	4.7 Mm <sup>3</sup>	4.0 Mm <sup>3</sup>	4.9 Mm <sup>3</sup>	4.7 Mm <sup>3</sup>	4.8 Mm <sup>3</sup>
South Interior	3.7 Mm <sup>3</sup>	4.0 Mm <sup>3</sup>	3.7 Mm <sup>3</sup>	3.7 Mm <sup>3</sup>	3.5 Mm <sup>3</sup>

## Key Strategies Supporting Objective 1

**Through competitive auctions, sell the appropriate amount of timber to support the Market Pricing System and achieve our objective**

## Corporate Performance Measure:

Annual timber volume sold				
	2020-21	2021-22	2022-23	2023-24
	Projected	Target	Target	Target
Volume sold	10.3 Mm <sup>3</sup>	10.9 Mm <sup>3</sup>	10.8 Mm <sup>3</sup>	10.8 Mm <sup>3</sup>

Measure Description: *Timber volume sold is a measure 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 Targets:

Timber volume sold				
	2020-21	2021-22	2022-23	2023-24
Coast	2.3 Mm <sup>3</sup>	2.3 Mm <sup>3</sup>	2.4 Mm <sup>3</sup>	2.5 Mm <sup>3</sup>
North Interior	4.0 Mm <sup>3</sup>	4.9 Mm <sup>3</sup>	4.7 Mm <sup>3</sup>	4.8 Mm <sup>3</sup>
South Interior	4.0 Mm <sup>3</sup>	3.7 Mm <sup>3</sup>	3.7 Mm <sup>3</sup>	3.5 Mm <sup>3</sup>

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

To achieve our goal to support the MPS, BCTS will at times offer Timber Sale Licences (TSLs) in marginal economic areas or profiles. Not all these TSLs offered to the market will sell. As well, customer demand can shift resulting in no bids being received for TSL auctions. Therefore, business areas must anticipate these possible results and plan to offer sufficient timber volume to achieve their annual timber volume sold targets.

**Corporate Performance Measure:**

Annual timber volume offered				
	2020-21	2021-22	2022-23	2023-24
	Projected	Target	Target	Target
Volume offered (advertised)	12.9 Mm <sup>3</sup>	11.5 Mm <sup>3</sup>	11.1 Mm <sup>3</sup>	11.4 Mm <sup>3</sup>

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

**Regional Performance Targets:**

Timber volume offered				
	2020-21	2021-22	2022-23	2023-24
Coast	2.9 Mm <sup>3</sup>	2.5 Mm <sup>3</sup>	2.4 Mm <sup>3</sup>	2.5 Mm <sup>3</sup>
North Interior	5.4 Mm <sup>3</sup>	5.3 Mm <sup>3</sup>	5.1 Mm <sup>3</sup>	5.4 Mm <sup>3</sup>
South Interior	4.6 Mm <sup>3</sup>	3.7 Mm <sup>3</sup>	3.6 Mm <sup>3</sup>	3.5 Mm <sup>3</sup>



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

Selling timber volume incremental to our base apportionment increases the amount of timber in the market that is available to all through competitive auctions. BCTS disposition agreements are voluntary agreements where at the request of the non-BCTS tenure holder BCTS develops and auctions their timber volume on their behalf. The sale, harvest and processing of this additional timber volume directly supports rural economies, communities, local jobs and families. These agreements are an effective way to enhance business relationships with non-BCTS licence holders such as First Nations and to partner with them in realizing the benefits from their tenures. This additional volume also helps BCTS in the achievement of our business goal and objectives by providing additional data and revenue.

#### Corporate Performance Measure:

Timber volume sold under a business-to-business agreement – Incremental to BCTS apportionment				
	2020-21	2021-22	2022-23	2023-24
	Projected	Target	Target	Target
Timber volume sold (m <sup>3</sup> )	545,000	250,000	150,000	150,000

Measure Description: Timber volume sold under a B2B disposition agreement is a measure of BCTS' success in building relationships and supplying incremental timber volume to the market.

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

BCTS strives to have between one and two years of planned timber sales volume ready for sale as developed timber volume in its “ready to sell” inventory at the start of each year. This provides business areas with a sufficient supply to react to any operational issues and achieve annual targets. To achieve this inventory level, BCTS sets annual targets for the development of timber that is deemed ready to sell.

#### Corporate Performance Measure:

Annual timber volume developed				
	2020-21	2021-22	2022-23	2023-24
	Projected	Target	Target	Target
ADV (BCTS base apportionment volume)	9.0 Mm <sup>3</sup>	12.0 Mm <sup>3</sup>	11.7 Mm <sup>3</sup>	11.3 Mm <sup>3</sup>

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

#### Regional Performance Targets:

Annual timber volume developed				
	2020-21	2021-22	2022-23	2023-24
Coast	2.3 Mm <sup>3</sup>	2.3 Mm <sup>3</sup>	2.3 Mm <sup>3</sup>	2.2 Mm <sup>3</sup>
North Interior	5.8 Mm <sup>3</sup>	4.9 Mm <sup>3</sup>	5.2 Mm <sup>3</sup>	5.0 Mm <sup>3</sup>
South Interior	4.7 Mm <sup>3</sup>	4.8 Mm <sup>3</sup>	4.2 Mm <sup>3</sup>	4.0 Mm <sup>3</sup>

### Plan out sufficient ready to develop volume to support the achievement of the next one to two year's annual developed timber volume targets

To ensure a reliable and sufficient supply of timber for development and future sale, BCTS needs to first identify available timber volume and then undertake planning and consultation activities. Once completed, the timber volume is ready to develop. It is a corporate priority of the program to have at least five years of timber identified and field checked to supply its planning and development needs.

#### Corporate Performance Measure:

Annual ready to develop timber volume				
	2020-21	2021-22	2022-23	2023-24
	Projected	Target	Target	Target
Volume ready for development	14.4 Mm <sup>3</sup>	12.5 Mm <sup>3</sup>	12.4 Mm <sup>3</sup>	11.9 Mm <sup>3</sup>

Measure Description: *The annual volume ready for development is the amount of timber volume planned out where referrals are complete, and they are development ready (RCDR).*

#### Regional Performance Targets:

Annual ready to develop volume (RCDR)				
	2020-21	2021-22	2022-23	2023-24
Coast	2.0 Mm <sup>3</sup>	2.1 Mm <sup>3</sup>	2.1 Mm <sup>3</sup>	2.1 Mm <sup>3</sup>
North Interior	7.1 Mm <sup>3</sup>	5.7 Mm <sup>3</sup>	5.6 Mm <sup>3</sup>	5.2 Mm <sup>3</sup>
South Interior	5.3 Mm <sup>3</sup>	4.7 Mm <sup>3</sup>	4.7 Mm <sup>3</sup>	4.6 Mm <sup>3</sup>

### Auction a reliable supply of timber

Predictability of timber supply for our customers is also important to BCTS. BCTS demonstrates reliability in supply by endeavouring to advertise and auction timber consistent with its annual sales plans.

#### Performance Measure:

Percent of timber volume advertised in quarter planned	
	2020/21 - 2023/24
Target	90% to 110%

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

**Optimize the timing of our delivery of timber volume to the market by responding to customer demand and appropriately managing the risks to the achievement of our annual timber volume sold targets**

Customer demand for timber is not equal throughout the year, nor is it consistent throughout the province. BCTS recognizes that in some areas customers prefer an even flow of timber volume into the market, while in other areas they may prefer greater volumes in quarters two or three, before the snow falls. In addition, there is inherently greater risk that unforeseen circumstances in the last quarter can prevent the achievement of our annual timber volume sold targets. To address this, BCTS attempts to optimize its delivery throughout the year.

Performance Measure:

Percent of timber volume sold by quarter				
Fiscal Year	Q1	Q2	Q3	Q4
<b>2019-20 Achievement</b>	14.6%	27.2%	29.1%	29.1%
<b>2021-22 Targets</b>	20%	29%	25%	25%

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. BCTS’ revenues help to make life more affordable for British Columbians and to build a strong, sustainable and innovative economy that works for everyone. BCTS operates under a self-financing special account and must generate sufficient revenue to finance its cash flow requirements (i.e. earn a profit) over the long term.

**Since 2003, BCTS has earned \$1.8 billion dollars in net revenue and generated over \$490 million of indirect revenue for the Province.**

Direct net revenue is the result of the timber volume harvested and the price paid for that timber. The volume of timber harvested each year is projected to trend down in line with expected decreases in timber supply. Prices are at all time highs, and the prices paid are expected to also decline. Overall, these factors are expected to result in lower net revenues over the next three years.

### Corporate Performance Measure:

	Net revenue			
	2020-21	2021-22	2022-23	2023-24
	Projected	Plan	Plan	Plan
Net revenue	\$192.6 M	\$110.3 M	\$117.3 M	\$106.7 M

Measure 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.*

Indirect revenue is a result of the economic activity generated by the volume of timber harvested. Therefore, as the harvest decreases so too does the indirect revenue generated.

Key Performance Indicator:

Indirect revenue generated				
	2020-21	2021-22	2022-23	2023-24
	Projected	Plan	Plan	Plan
Indirect revenue	\$49.0 M	\$52.6 M	\$52.2 M	\$51.4 M

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

## Key Strategies Supporting Objective 2

### Actively manage the costs of developing timber for auction

BCTS is no longer operating on relatively flat ground, chasing the bark beetle in the Interior. As timber development in the Interior moves into green wood in more difficult terrain and often more remote areas, the development costs are expected to increase. In addition, managing for safety, sustainability, reconciliation, and other values such as wildlife requires more resources and are projected to result in cost increases over time.

Corporate Performance Measure:

Cost of developed timber per m3				
	2020-21	2021-22	2022-23	2023-24
	Projected*	Plan	Plan	Plan
Timber development costs	\$6.40/ m <sup>3</sup>	\$5.65/ m <sup>3</sup>	\$6.35/ m <sup>3</sup>	\$7.00/ m <sup>3</sup>

Measure Description: The cost of developed timber is the future cost of goods sold and represents the cost of BCTS inventory. The cost is net of any costs related to the purchase of harvest rights through BCTS disposition agreements or reduced volume condition licences. \* As of March 31, 2020, BCTS implemented a new inventory – Development in progress timber inventory.

### Actively manage the costs of access to the timber

Like development, as Interior operations move out of the beetle areas to more difficult terrain, the costs of access to timber are also expected to increase.

Corporate Performance Measure:

Access cost per m3 of timber volume sold				
	2020-21	2021-22	2022-23	2023-24
	Projected	Plan	Plan	Plan
Access costs	\$4.77/ m <sup>3</sup>	\$4.75/ m <sup>3</sup>	\$4.90/ m <sup>3</sup>	\$5.10/ m <sup>3</sup>

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 10 percent of BCTS’ rationalized apportionment as Category 2 TSLs**

Eligibility to bid on Category 2 TSLs is limited to registrants with timber processing facilities. BCTS’ objectives for offering such TSLs are to

- provide open access to public timber for non-tenured or insufficiently tenured timber processing facilities;
- promote local employment; and,
- support the value-added sector of British Columbia.

**Corporate Performance Measure:**

Category 2 timber volume offered				
	2020-21	2021-22	2022-23	2023-24
	Projected	Target	Target	Target
Volume offered	1.1 Mm <sup>3</sup>	1.0 Mm <sup>3</sup>	1.0 Mm <sup>3</sup>	1.0 Mm <sup>3</sup>

Measure Description: *Cat 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

*Pursue continuous business improvements across government and with third-party partners and customers*

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

*Only those with excellent people, operations, practices and processes, 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.

### OBJECTIVE 3.1: EXCELLENCE IN PEOPLE

People are key to any successful implementation of a Lean philosophy. The people doing the work take responsibility for doing it better and take ownership of their work to improve processes and develop products. Most Lean activities are not sustained because they fail to build the capacity for Lean within the organization. In BCTS, we are not implementing “Lean solutions”, we are 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 continues to take significant steps to ensure all employees are developing the strong foundation in Lean practices required to fully implement a Lean philosophy within the organization. Ultimately, all BCTS people will have a firm foundation in the Lean philosophy derived from course work and their participation in Lean projects.

In addition, research has shown engaged employees are more productive, less likely to resign and provide better service. Investments aimed at achieving a more engaged workforce 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) helps provide information on work environment challenges impacting engagement, starts conversations on what can be done differently and is used to guide actions and initiatives to improve engagement. The survey is conducted every second year.

Based on previous WES results, BCTS, through its People Practices Working Group, continues to focus on improving priority WES drivers such as Tools and Workspace, and Supervisory Level Management.

### Key Strategies Supporting Objective 3.1

**Use the government’s biennial Work Environment Survey (WES) to guide our people priorities to improve the work environment for staff**

Corporate Performance Measure:

Work Environment Survey overall engagement				
	2020	2021	2022	2023
	Achieved	Target	Target	Target
Staff engagement score	+1	N/A	Increase	N/A

Measure Description: *The WES staff engagement score is an indicator of BCTS’ success in improving the workplace for staff and increasing staff engagement. There is no survey planned for 2021 or 2023.*

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

Corporate Performance Measure:

Percent of staff with foundational Lean training				
	2020-21	2021-22	2022-23	2023-24
	Projected	Target	Target	Target
Staff percent	80%	100%	100%	%

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

**Ensure all staff have a learning goal in their annual MyPerformance workplans**

Corporate Performance Measure:

Percent of staff with learning goal in MyPerformance				
	2020-21	2021-22	2022-23	2023-24
	Projected	Target	Target	Target
Staff percent	100%	100%	100%	100%

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

**OBJECTIVE 3.2: EXCELLENCE IN OPERATIONS, PRACTICES AND PROCESSES**

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

**Key Strategies Supporting Objective 3.2**

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

“Standardized work” means that a process is operating as the standard specifies. Having common standards for all processes and having those processes operate in line with those standards is a key foundational objective of BCTS’ Lean philosophy. It is through the implementation of this standardized work that BCTS will be able to truly coordinate and collaborate to achieve increased operational effectiveness and efficiencies.

With the integration of BCTS business areas within the Ministry’s Regional Operations there will be many areas to gain efficiency, while still maintaining consistency and standardization. Over the next year, BCTS, together with the rest of Regional Operations, will continue to explore areas where operations can be strengthened and made more effective for both groups through further integration of processes and practices.

Key Performance Indicator:

Number of Lean projects undertaken				
	2020-21	2021-22	2022-23	2023-24
	Projected	Target	Target	Target
Number of Lean projects	25	40	40	40

Indicator Description: *Number of continuous improvement/Lean projects undertaken.*

**Maintain a Contract Quality Management System (CQMS) that conforms to the ISO 9001:2015 standards**

Each year, BCTS contracts an average \$150-170 million in goods and services. Effective contracting is the procurement goal for the program. The achievement of this goal is supported by the following four objectives:

1. BCTS employees have appropriate levels of contracting knowledge and competency.
2. Efficient and competitive contracting practices providing value for money.
3. Fair, transparent and consistent contracting practices across BCTS.
4. Continuously improve BCTS’ contracting practices.

BC Timber Sales has maintained conformance to ISO9001:2015 standards since 2018. Conformance to the standard demonstrates our commitment to consistently

- manage our contracting to meet customer and applicable statutory and regulatory requirements; and,
- enhance customer satisfaction through the effective application of the system and the continuous improvement of the system.

**BCTS CQMS Policy**

- Comply with all relevant contract laws, acts, legislation, associated regulations and government Core policies.
- Strive for excellence in contract management by continually improving the performance of contract management activities and practices.
- Maintain a framework that establishes the quality objectives associated with BCTS contract activities.
- Monitor and evaluate key BCTS contract operations.

**Corporate Performance Measure:**

Conformance to ISO9001:2015 standards				
	2020-21	2021-22	2022-23	2023-24
	Projected	Target	Target	Target
Self-Certification of CQMS	Maintain	Maintain	Maintain	Maintain

Measure Description: *Self-certification of BCTS Contracting Quality Management System to ISO 9001 international standards is an indicator of BCTS’ success in excellence in its procurement practices.*

## OBJECTIVE 3.3: EFFECTIVE RELATIONSHIPS

Effective relationships are vital to the success of BCTS. These relationships can be with the Ministry, across government or with third parties such as First Nations, local communities, customers or suppliers. Building and maintaining effective relationships supports the long-term success of BCTS.

### Key Strategies Supporting Objective 3.3

#### **Continue to implement and improve our Rural Communities Communications and Engagement Strategy**

The goal of the strategy is for our communications and engagement with rural communities to

- result in effective relationships with our stakeholders;
- support us in effectively selling our apportioned timber volume;
- strengthen our role within the forest sector and rural economies; and,
- provide us with the continuity of social licence to deliver superior and enduring performance.

#### **Continue to implement and improve our Business Relations Strategy**

The goal of the Business Relations Strategy is for our business relationships to

- support us in effectively selling our apportioned timber volume;
- strengthen our role within the forest sector and rural economies; and,
- provide us with the continuity of social licence to deliver superior and enduring performance.

#### **Continue to actively engage and collaborate with key customer and supplier stakeholder groups**

Two important BCTS customer and supplier stakeholder groups

1. Timber Sales Advisory Council (TSAC), representing our customers
2. BCTS Contractor Advisory Committee (BCAC), representing our suppliers

BCTS plans to maintain both of these stakeholder groups as valuable ways to engage and continue to improve.



# APPENDIX 1

Appendix 1 Resource Summary 2020/21 - 2023/24				
	2020/21 Projected	2021/22 Plan	2022/23 Plan	2023/2024 Plan
Gross Revenue (Millions)	\$461.147	\$344.050	\$321.169	\$306.528
Less: Expenses (Capitalized)	(268.527)	(233.816)	(203.871)	(199.835)
<b>Net Revenue (Loss)</b>	<b>\$192.620</b>	<b>\$110.324</b>	<b>\$117.298</b>	<b>\$106.693</b>
Transferred to CRF	(\$140.0)	(\$100.0)	(\$100.0)	(\$100.0)
Indirect Revenue	\$49.0	\$52.6	\$52.2	\$51.4
Jobs Created/ Maintained	7,400	7,540	7,500	7,400
<b>Financing Transactions (\$millions)</b>				
Cost of Developed Timber Inventory	\$57.549	\$70.149	\$75.198	\$80.265
Cost of Disp. Agreement Inventory	17.251	5.534	1.892	2.205
Cost of Timber in Development	21.919	27.520	20.089	13.422
Fish Habitat Inventory	0.026	0.075	0.275	0.275
Seed Inventory	1.491	2.538	2.500	2.500
<b>Total Financing Transactions</b>	<b>\$98.236</b>	<b>\$105.816</b>	<b>\$99.706</b>	<b>\$98.667</b>
<b>Capital Expenditures (\$millions)</b>				
Capital – Roads	\$45.626	\$48.851	\$48.026	\$45.686
Capital – Non-roads	0.630	1.00	1.00	1.00
<b>Total Capital Budget</b>	<b>\$46.256</b>	<b>\$49.851</b>	<b>\$49.026</b>	<b>\$46.686</b>
<b>Cash Expenditures (\$millions)</b>				
Administration	\$12.7	\$18.0	\$18.2	\$18.2
Salaries	58.6	61.8	62.6	62.8
Planning	7.1	10.0	8.0	7.6
Sales	40.0	49.0	48.0	46.8
Disposition Agreements Development Costs	17.3	5.5	1.9	2.2
Access	49.4	55.7	53.9	49.9
Silviculture	62.6	69.4	65.0	67.6
Land Base Investment (FFT) – Expenditures	31.4	23.4	25.9	27.4
Land Base Investment (FFT) – Recoveries	(34.3)	(25.2)	(27.8)	(29.4)
Sect. 108 Recoveries	(5.9)			
<b>Total Cash Expenditures</b>	<b>\$238.9</b>	<b>\$267.6</b>	<b>\$255.7</b>	<b>\$253.1</b>
<b>*COVID-19 COSTS</b>	4.4			
<b>Adjusted Cash Expenditures</b>	<b>\$243.3</b>	<b>\$267.6</b>	<b>\$255.7</b>	<b>\$253.1</b>
<b>Non-Cash Budgets (\$millions)</b>				
Amortization – Roads	\$34.792	\$37.745	\$40.681	\$42.776
Amortization – Non-Roads	0.267	0.267	0.267	0.267
Silviculture Liability Expense	86.873	49.00	49.00	49.00
Cost of Timber Inventory Harvested	85.168	71.198	58.142	58.326
Cost of Timber Inventory Harvested – D.A.	18.432	28.286	4.512	2.237
Development in Progress WO	2.411	0.785	1.173	1.366
<b>Timer Volume Outputs (Mm<sup>3</sup>)</b>				
Volume Advertised (Offered)	12.9	11.5	11.3	11.2
Volume Sold	10.3	10.9	10.8	10.8
Volume Developed	8.9	12.0	11.7	11.3
Volume Scaled (Harvested)	10.3	10.0	9.8	9.5
Full Apportionment Volume	13.8	13.2	13.2	13.2
Apportionment Volume (Rationalized)	11.4	10.0	10.0	9.6

**ECONOMIC  
PROSPERITY**



**SUSTAINABILITY**



**BCTS**  
**BC Timber Sales**



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



**SAFETY**



**BUSINESS  
EXCELLENCE**



**RECONCILIATION**