



BCTS

BC Timber Sales

ANNUAL PERFORMANCE REPORT

APRIL 1, 2020 – MARCH 31, 2021



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





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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(public) timber and by playing a pivotal role in the ministry’s reforestation strategies.

BCTS maintains mutually productive, integrated, 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.

HIGHLIGHTS OF THE YEAR

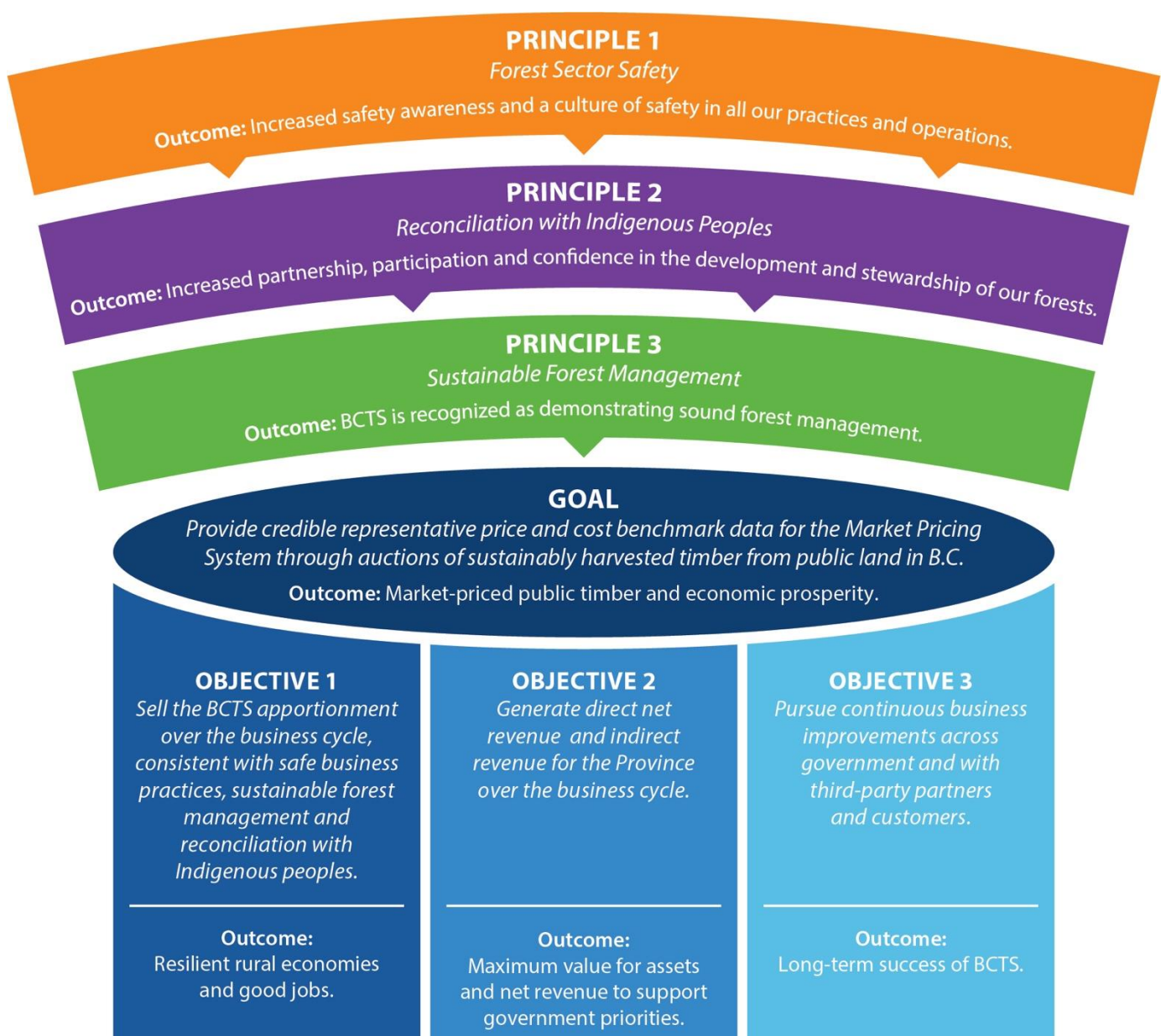


In 2020/21 BCTS:

- Maintained our SAFE Company certification, supporting forest sector safety.
- Supported participation from Indigenous peoples in the natural resource economy through \$9 million in contracts.
- Maintained 100 percent of our operational area certified under a Sustainable Forest Management system, demonstrating sound forest management.
- Delivered on our stewardship obligations by growing 48 million seedlings and planting 51 million trees, replenishing those areas harvested by our licensees.
- Sold 10.3 million cubic metres of timber supporting the Market Pricing System, rural economies, jobs and families.
- Earned \$195 million in net revenue, supporting the government's fiscal plan and priorities.
- Supported productive future forests by providing 64 million seedlings and planting 16 million trees for the Forests for Tomorrow (FFT) and Forest Carbon Initiative (FCI) programs.
- Continued implementing our Business Relations Strategy and Rural Communities Communications and Engagement Strategy to support effective, collaborative relations with the public, stakeholders, industry and Indigenous communities.

WHAT DRIVES US?

BCTS has one goal and three objectives set within three overarching principles. Their achievement supports our 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 is an integral part of the Ministry's Coast and Interior Revitalization initiatives and directly supports the Ministry's three goals, in particular, Goal 1: Economic Benefits for all British Columbians with thriving and resilient rural communities.

BCTS operations generate approximately \$800 million in annual GDP for the Province.

REPORT ON PERFORMANCE

Since 2003, BC Timber Sales has sold 205 million cubic metres of timber through competitive auctions, supporting rural economies. The development, auction, harvesting and processing of this timber has helped create and sustain over 7,500 direct and 10,000 indirect jobs. These jobs have supported families and rural communities over the last 18 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 Indicators	Results
1. BCTS auction volume as a per cent of projected Provincial harvest volume	Achieved
2. Percent of total apportioned timber volume sold over the five-year business cycle (Current cycle: April 1, 2019 to March 31, 2024)	On Track
3. Indirect revenue earned	Under Achieved
Corporate Performance Measures	Results
1. Annual timber volume sold	Substantially Achieved
2. Net revenue earned	Overachieved

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

In the fiscal year 2020/21, 34 measures supported the achievement of our goal, objectives and principles. The table below provides a synopsis of our performance for the year.

Goal/Objectives	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.			
Implement a Data Quality Management System (DQMS)		Accuracy and completeness of performance metric, cost survey and silviculture liability data	A
Ensure the accuracy and completeness of key data sets		Quality and completeness is assessed and compared to the expected performance standard of conformance	A
Monitor the representativeness of BCTS timber volume sold and harvested by major MPS attributes		Percent 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	O
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
Increase the amount of timber in the market that is available through competitive auctions through voluntary agreements where at request of a non-BCTS tenure holder BCTS develops and auctions their volume on their behalf		Timber volume sold under business-to-business disposition agreements	O
Auction a reliable supply of timber		Percent 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		Percent of timber volume sold by quarter (cumulative)	U

Objectives/Principles	Key Strategies	Performance Measures	Results
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 (m ³)	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 ten percent of rationalized apportionment as Category 2 timber sales		Category 2 timber volume offered	A
Objective 3: Continuous business improvement – within BCTS, across government and with third parties.			
Pursue excellence in people		Work Environment Survey overall engagement	A
		Percent of staff with foundational Lean training	U
Pursue excellence in operations, practices and processes		Projects undertaken	U
		Maintain Contract Quality Management System that conforms to ISO 9001:2015 Standards	A
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		Percent 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			
Enhanced our training program for staff focused on improving cultural awareness and understanding of Indigenous people’s history, culture and legal framework by continuing to implement the Learning for Reconciliation strategy		Percent of staff having completed the Learning for Reconciliation Five Actions	U

Principles	Key Strategies	Performance Measures	Results
Principle 3: Sustainable Forest Management			
Maintain an Environmental Management System (EMS) and Sustainable Forest Management Certification (SFM)		Percent of timber volume certified under an SFM system	A
Deliver on our 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 (NSR) area planted by BCTS	O
		Number of FFT/FCI trees planted	O
		Seedlings grown for FFT/FCI	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 participate to ensure a safe and healthy workplace as 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 to their fellow workers.



Key Strategies Supporting Principle 1

Ensure safe BCTS practices by maintaining SAFE Certification

Corporate Performance Measure:

Safe BCTS practices			
	2020/21 Target	2020/21 Performance	
SAFE Company certification	Maintained	Maintained	Achieved

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

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

Corporate Performance Measure:

Promote Safe Worksites			
	2020/21 Target	2020/21 Performance	
Percent of parties working on BCTS TSLs or contractors that involve on the ground fieldwork that are SAFE Company certified	100%	100%	Achieved

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 Regional Operations to integrate safety activities to support a strong and effective safety culture.

Corporate Performance Indicator:

Support Ministry's Safety Management System			
	2020/21 Target	2020/21 Performance	
Ministry SAFE Certification	Maintained	Maintained	Achieved

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

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 First Nations 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 committed to supporting the Ministry's objective to strengthen partnerships and increase engagement with Indigenous peoples in the management of B.C.'s natural resources. We will achieve this by committing to:

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

BCTS supported these commitments during the year by:

- Awarding \$8.8 million in contracts directly to Indigenous peoples and companies.
- Continuing to support the Outland Youth Employment Program.
- Employing nine Indigenous student interns.
- Signing one new collaborative management agreement with First Nations; and,
- Partnering with two First Nations communities in two new disposition agreements to sell their timber through competitive auctions.

Key Strategies Supporting Principle 2

In meeting the above commitments, BCTS will pursue the following key strategies:

1. Align our culture, policies and business practices to support reconciliation with Indigenous peoples.
2. Enhance BCTS’ existing training program for staff focused on improving cultural awareness and understanding of Indigenous people’s history, culture and legal framework.
3. Pursue opportunities to build effective and durable relationships with Indigenous peoples.
4. Continue to engage with Indigenous peoples to learn more on how BCTS can strategically align with the Truth and Reconciliation Commission of Canada (TRC) Calls to Action, the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP), the Provincial 10 Draft Principles and the *Declaration Act*.
5. Implement the Learning for Reconciliation strategy, including the following five actions:
 - 1) All staff to read and familiarize themselves with the Truth and Reconciliation Commission of Canada (TRC) Calls to Action, the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP), the Provincial 10 Draft Principles and the *Declaration Act*.
 - 2) All staff to seek additional Indigenous-focused learning opportunities within the BC Public service.
 - 3) All staff to participate in the group presentation and discussion on UNDRIP, CTA, the 10 Draft Principles and the Declaration Act.
 - 4) All staff to participate in experiential in-person training, hosted by an Indigenous training provider.
 - 5) All managers and team leads to work with their teams to identify actions that will be undertaken to support the CTA, implementation of the Declaration Act and the Provincial 10 Draft Principles.

Corporate Performance Measure:

Percent of staff who completed the Learning for Reconciliation strategy’s five actions			
	2020-21 Target	2020-21 Performance	
Staff percent	100%	88%	Underachieved

Measure Description: *Average completion percentages of all five actions.*

Though our goal is to have 100% staff complete the five Learning for Reconciliation actions (L4R), several actions were on hold and activities and resources were limited through 2020-21 because of the COVID-19 pandemic. New staff and others were unable to complete in-person training previously available. As a result, the percentage of staff completing the L4R five actions activities declined from 90% to 88%, and we were unable to achieve our 2020-21 target.

PRINCIPLE 3

Sustainable Forest Management



High-quality forest and environmental management practices are integral to the BCTS mandate. Sustainable forest management is important both to 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 the 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			
	2020/21 Target	2020/21 Performance	
Percent of timber volume certified under an SFM system	100%	100%	Achieved

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.*

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. Through our Seedling Services program, we ensure a secure supply of seed for future BCTS' needs and to meet our current commitments. During the year, BCTS' Seedling Services program grew 47.7 million seedlings and collected 334 kg of seed for our obligations.

Corporate Performance Measures:

Major stewardship obligations			
	2020-21 Target	2020/21 Performance	
Number of EMS/SFM external audit major non-conformances	Zero	Zero	Achieved
Number of trees planted	50.2 M	51.0 M	Achieved
Km of road deactivated	500 km	334 km	Underachieved

Due to silviculture access requirements, severe winter weather, numerous erosion events and stakeholder input, the target for road deactivation was not achieved. In total 334 km of industrial road was either deactivated or transferred to the Ministry's regional districts to manage for non-industrial purposes.

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 Measures:

Environmental and Safety Roads Management System			
	2020-21 Target	2020-21 Performance	
Ministry NSR* area planted by BCTS	7,793 ha	8,819 ha	Overachieved
Number of FFT/FCI trees planted	12.6 M	15.6 M	Overachieved
Seedlings grown for FFT/ FCI	50.0 M	63.8 M	Overachieved

*NSR = Not Satisfactorily Restocked.

To date, the BCTS' Seedling Services team has 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.



Support wildlife management and the recovery of species at risk

Consistent with the Ministry's commitment to improving wildlife management and habitat conservation, 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 caribou, goshawk, fisher and marbled murrelet.

Implement our Climate Change Action Plan

The Ministry's objective is to expand and strengthen climate change mitigation and adaptation activities. The purpose of BCTS' Climate Change Action Plan is to:

- foster the adoption of climate change mitigation and adaptation actions within BCTS business processes.
- ensure consistency and alignment with the Ministry's Service Plan and associated climate change strategies and action plans.

Four principles guide our actions on climate change:

1. We acknowledge 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.
2. We stay up to date on emerging climate change information and incorporate this information in our roles and job functions.
3. We place reliance on the professionals we hire to ensure they are current on best practices to address climate change risk and opportunity.
4. We actively participate on Ministry and forest industry groups to identify climate change solutions.

Our Climate Change Action Plan's goals are to:

- build our adaptive capacity,
- 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			
	2020-21 Target	2020-21 Performance	
Implementation of climate change actions	Annual progress report	Report Issued	Achieved

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

Since 2003, BC Timber Sales has planted over 750 million seedlings to reforest areas harvested by its licensees.



GOAL

Provide credible representative price and cost benchmark data for the Market Pricing System through auctions of sustainably harvested timber 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 to directly support the Ministry's Market Pricing System (MPS). Through the MPS, the Ministry ensures that 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 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 that the market is unduly influenced.

BCTS 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 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 demand.

Key Performance Indicator:

BCTS timber volume auctioned as a percent of the projected provincial harvest volume			
	2020-21 Target	2020-21 Performance	
BCTS auction volume as a percent of projected Provincial harvest volume	20%	23%	Achieved

Measure 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 2020.*

Regional Performance Indicators:

BCTS timber volume auctioned as a percent of the projected provincial harvest volume			
Regional Performance	2020-21 Target	2020-21 Performance	
Coast	20%	24%	Achieved
Interior	20%	22%	Achieved

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. BCTS will continue with the current performance measure until the program has achieved conformance with the ISO standard. A target date for achieving conformance with the ISO standard of our data quality management system has been set for the end of fiscal 2021/22.

Corporate Performance Measure:

Accuracy and completeness of key data sets			
	2020-21 Target	2020-21 Performance	
Accuracy and completeness of performance standard	98%	98%	Achieved
Data quality management system (DQMS)	Implementation of DQMS	Implementation of ISO standard	Achieved

Measure Description: *For each set of monitored data, the current quality level will be 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.*

Key Performance Data Sets	Quality Performance Rating at March 31 st , 2021
Annual Referrals Complete, Development Ready Annual Volume	98.6%
Annual Developed Timber Volume	97.8%
Ready to Develop Timber Inventory	95.2%
Development in Progress Timber Inventory	95.5%
Ready to Sell Timber Inventory	99.0%
Road Deactivation Liability	99.5%
Silviculture Obligations Liability	99.4%
Timber Volume Sold	97.3%

During 2020/21, the overall average performance rating was 98% for the year ending March 31, 2021. The rating was calculated as an average of the key performance data sets (identified in the table above).

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 make adjustments as required.

Corporate Performance Measure:

Representativeness of BCTS Volume Sold and Harvested				
		2020-21 Target	2020-21 Performance	Overachieved
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.	Coast	80%	94%	
	Interior	80%	88%	

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 market supports a forest sector that builds on the strengths of the manufacturing sector and 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 reconciliation with Indigenous peoples. In addition to adhering to these overarching safety, sustainability and reconciliation principles, there may be circumstances where BCTS is unable to or should not attempt to sell its full apportionment. More 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, old growth or wildlife deferrals, or established log rounds) that adversely affect 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.

Key Performance Indicators:

Cumulative percent of BCTS rationalized apportioned timber volume sold over the business cycle			
	2020-21 Target	2020-21 Performance	
Cumulative percent of BCTS rationalized apportioned timber volume sold over the business cycle	37%	39%	Achieved
Percent of annual rationalized apportionment sold	92%	91%	Substantially Achieved

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.*

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 Target	2020-21 Performance	
Timber volume sold	10.5 Mm ³	10.3 Mm ³	Substantially Achieved

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 Measures Indicator:

Annual Timber Volume Sold			
Regional Performance	2020-21 Target	2020-21 Performance	
Coast	2.2 Mm ³	2.3 Mm ³	Achieved
North Interior	4.3 Mm ³	4.0 Mm ³	Under Achieved
South Interior	4.0 Mm ³	4.0 Mm ³	Achieved

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 try to 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 Target	2020-21 Performance	
Timber volume offered (Advertised)	10.9 Mm ³	11.7 Mm ³	Overachieved

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

Regional Performance Targets:

Annual Timber Volume Offered			
Regional Performance	2020-21 Target	2020-21 Performance	
Coast	2.3 Mm ³	2.6 Mm ³	Overachieved
North Interior	4.6 Mm ³	5.0 Mm ³	Overachieved
South Interior	4.0 Mm ³	4.1 Mm ³	Achieved

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 through competitive auctions. BCTS disposition agreements are voluntary agreements where at the request of a non-BCTS tenure holder, BCTS develops and auctions their 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 also an effective means to enhance business relationships with non-BCTS licence holders such as First Nations and partner with them in realizing the benefits of their tenures. This additional volume also helps BCTS in the achievement of our business goal and objectives.

Corporate Performance Measure:

Timber Volume sold under a business-to-business agreement			
	2020-21 Target	2020-21 Performance	
Timber volume sold	325,000 m3	478,520 m3	Overachieved

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 BCTS 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 ready to sell.

Corporate Performance Measure:

Annual Development Volume (ADV)			
	2020-21 Target	2020-21 Performance	
ADV (BCTS base apportionment volume)	12.8 Mm ³	8.9 Mm ³	Under Achieved
ADV (disposition agreement volume)	0.3 Mm ³	0.4 Mm ³	Overachieved

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

Regional Performance Targets:

Annual Development Volume			
Regional Performance	2020-21 Target	2020-21 Performance	
Coast	2.3 Mm ³	2.3 Mm ³	Achieved
North Interior	5.8 Mm ³	3.3 Mm ³	Under Achieved
South Interior	4.7 Mm ³	3.3 Mm ³	Under Achieved

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

In order to ensure a reliable and sufficient supply of time 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 Volume Ready for Development (RCDR)			
	2020-21 Target	2020-21 Performance	
Volume ready for development	14.4 Mm ³	10.7 Mm ³	Under Achieved

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

Various wildlife management issues such as caribou as well as activities supporting reconciliation with Indigenous peoples and the impacts of the COVID-19 pandemic had significant impacts to BCTS' ability to declare blocks ready for development.

Regional Performance Targets:

Annual Volume Ready for Development (RCDR)			
Regional Performance	2020-21 Target	2020-21 Performance	
Coast	2.0 Mm ³	2.0 Mm ³	Achieved
North Interior	7.1 Mm ³	5.4 Mm ³	Under Achieved
South Interior	5.3 Mm ³	3.3 Mm ³	Under Achieved

Auction a reliable supply of timber

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

Corporate Performance Measure:

Percent of timber volume advertised in quarter planned	
	2020-21
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 our annual business areas' sales plans is a measure of consistency and reliability.*

Quarter	Provincial performance	Number of Business Areas that:	
		Achieved target 90% to 110%	Did not achieve target <90% or >110%
1 April – June	78%	4	8
2 July - Sept.	82%	2	10
3 Oct. - Dec.	108%	1	11
4 Jan. – March	172%	2	10

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

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 other areas 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.

Corporate Performance Measure:

Percent of timber volume sold by quarter (cumulative)				
Fiscal Year	Q1	Q2	Q3	Q4
2020-21 (targets)	22%	24%	31%	23%
2020-21 (achievement)	15%	27%	29%	29%

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 contribute to make life more affordable for British Columbians and building 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 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.

Corporate Performance Measure:

Net Revenue			
	2020-21 Target	2020-21 Performance	
Net Revenue	\$142.9 M	\$194.9 M	Overachieved

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. The volume of timber harvested during the year was less than expected leading to an under achievement in indirect revenue earned.

Key Performance Indicator:

Indirect revenue generated			
	2020-21 Target	2020-21 Performance	
Indirect revenue	\$52.6 M	\$49.0 M	Under Achieved

Measure 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

Operating on relatively flat ground, chasing the bark beetle in the Interior of B.C. has resulted in lower average costs for developing timber over the last number of years. As timber development in the Interior moves out of these areas and into green wood in more difficult terrain, 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 m ³			
	2020-21 Target	2020-21 Performance	
Timber development costs*	\$5.12/ m ³	\$7.67/ m ³	Under Achieved

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, 2021, BCTS implemented a new inventory – Development in progress timber inventory. The creation of this inventory impacts the cost of developed timber in 19/20 and onwards.*

During the year a number of factors such as the COVID-19 pandemic and reconciliation efforts prevented BCTS from achieving its timber volume developed targets. At the same time, the resulting costs savings were not proportional. The result was higher than expected costs per cubic metre of development.

Actively manage the costs of access to the timber

Similar to timber development, as Interior operations move out of the beetle areas to more difficult terrain, the costs of access are also expected to increase. During the year construction costs were higher than planned as well road maintenance costs increased due to floods.

Corporate Performance Measure:

Access costs per m3 of timber sold			
	2020-21 Target	2020-21 Performance	
Access costs	\$4.49/ m ³	4.75/ m ³	Under 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.

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.
- Support the value-added sector of British Columbia.

Corporate Performance Measure:

Category 2 timber volume offered			
	2020-21 Target	2020-21 Performance	
Annual volume offered	1.1 Mm ³	1.1 Mm ³	Achieved

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

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



BCTS needs to be building and maintaining strong relationships and continuously improving 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 that:

Only those with Excellent People, Excellent 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. The key to implementing a Lean philosophy within BCTS is developing our own expertise.

During the year BCTS continued to take steps toward ensuring all employees were developing the strong foundation in Lean practices required to fully implement a Lean philosophy within the organization.

In addition, research has shown that engaged employees are more productive, less likely to resign and provide better service. 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 employee engagement. The survey is conducted every second year.

The BCTS Supervisors Community of Practice (CoP) was organized to provide support for supervisors across BCTS. During the pandemic many BCTS staff have worked from home and the Supervisor CoP has focused on providing support for virtual teams and ensuring teams remain effective while operating in a virtual environment.



Key Strategies supporting Objective 3.1

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

Corporate Performance Measure:

Work Environment Survey overall engagement			
	2018 Achievement	2020 Target	2020 Achievement
Staff engagement score	69	Increase	70

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

Provide all staff with foundational training in Lean practices

At the end of 2019/20, 91 percent of staff had a firm foundation in the Lean philosophy from course work and projects. The target for foundational Lean training remains 100%, however, due to the pandemic our in-person Lean training has been postponed, and there is a backlog of required Lean training for our newly hired staff.

Corporate Performance Measure:

Percent of Staff with Foundational Lean training		
	2020-21 Target	2020-21 Performance
Staff percent	100%	75%

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

OBJECTIVE 3.1: 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 expected results. Non-value-added activities are considered waste. They are not necessary from either the organizations or 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.

Key Performance Indicator:

Lean Projects to apply Lean practices to all our operations, practices and processes			
	2020-21 Target	2020-21 Performance	
Number of projects	40	4	Under Achieved

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

The creative and collaborative processes required to conduct Lean business improvement workshops are most effective when conducted in person. Consequently, during the pandemic opportunities to conduct workshops have been limited, and the projects that were completed were high priority projects completed virtually over an extended period.

Maintain a contract quality management system (CQMS) that conforms to the ISO 9001:2015 standards

Each year, BCTS contracts an average \$140-170 million in goods and services. Effective contracting is the procurement goal for the program. The achievement of this goal is supported by 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.
- Enhance customer satisfaction through the effective application and continuous improvement of the system.

Corporate Performance Measure:

ISO 9001:2015 Standard			
	2020-21 Target	2020-21 Performance	
Conformance to ISO 9001:2015 standard	Maintained	Maintained	Achieved

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, communities, customers and 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:

1. Continue to implement and improve our Business Relations Strategy

The goal of the strategy is that our business relationships:

- 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.

2. Continue to actively engage and collaborate with key customer and supplier stakeholder groups

Two key groups for BCTS are the:

- Timber Sales Advisory Council (TSAC) representing our customers; and,
- BCTS Contractor Advisory Committee (BCAC) representing our suppliers.

Appendix 1: Financial Results – 2020-21



INCOME STATEMENT		2019-20 (millions)		2020-21 (millions)
GROSS REVENUE		\$395.0		\$467.2
CAPTIALIZED EXPENSES				
Cost of Timber Inventory Harvested				
Administration/ Salaries	(\$29.6)		(\$35.8)	
Planning and Sales	(\$52.1)		(\$72.0)	
Sub-total Cost of Timber Inventory				(\$107.8)
Development-In-Progress (DIP) Write-offs	(\$0.0)		(\$2.4)	
Access – Amortization	<u>(\$32.2)</u>		<u>(\$34.8)</u>	
Sub-total Cost of Timber inventory Harvested, DIP write-offs & Amortizations		(\$113.9)		(\$145.0)
Period Costs				
Silviculture Liability Expenses	(\$63.7)		(\$86.5)	
Road and Bridge Maintenance	(\$12.1)		(\$14.2)	
Harvest Conformance	(\$0.4)		(\$0.3)	
Administrative Overhead	(\$31.6)		(\$30.1)	
Non – BCTS Road Costs	(\$0.4)		(\$0.5)	
Seed Inventory Adjustments	(\$0.0)		(\$0.0)	
Recoveries	<u>\$2.8</u>		<u>\$2.8</u>	
S.108	\$5.9		<u>\$5.9</u>	
Sub-total Period Costs		<u>(\$105.4)</u>		<u>(\$123.0)</u>
Net Revenue before Non-Operating Loss		<u>\$175.7</u>		<u>\$199.2</u>
Non-operating Losses				
COVID-19 Cost	(\$0.0)		(\$4.3)	
Sub-total non operating loss				
NET REVENUE		<u>\$175.7</u>		<u>\$194.9</u>
Note 1: results are unaudited				

APPENDIX 1

BALANCE SHEET ITEMS		2019-20 (millions)		2020-21 (millions)
Silviculture Liability		(\$157.1)		(\$180.9)
Inventory Value of Developed Timber				
Total Timber Inventory – Opening Balance	\$202.9		\$162.8	
Transfer to Development-in-Progress (note 1)	(\$15.8)		(\$0.0)	
Timber Developed	<u>\$57.4</u>		<u>\$86.1</u>	
Timber Available for Sale	\$244.5		\$248.9	
Cost of Timber Inventory Harvested		\$162.8		(\$107.8)
Developed Timber Inventory – Closing Balance		\$162.8		\$141.1
Development-in-Progress – Closing Balance (note 1)		\$51.3		\$61.5
Total Timber Inventory – Closing Balances		<u>\$214.1</u>		<u>\$202.6</u>
Roads				
Book Value	\$871.1		\$917.3	
Accumulated Amortization	(\$593.0)		(\$627.8)	
Roads Net Book Value		\$278.1		\$289.5
Deactivation Liability		(\$10.4)		(\$15.2)
Seed Inventory		<u>\$18.4</u>		<u>\$18.2</u>

*Note 1: During Fiscal 2019/2020, timber inventory was separated into two major categories; Development-In-Progress and Developed Timber. (unaudited)

Appendix 1 Resource Summary 2020/21			
	2020/21 Projected	2020/21 Actual	2020/21 Variance
Gross Revenue (millions)	\$361.2	\$467.2	\$106.0
Less: Expenses (capitalized)	(218.3)	(272.3)	(54.0)
Net Revenue (Loss)	\$142.9	\$194.9	\$52.0
Financing Transactions (\$millions)			
Cost of Developed Timber Inventory	\$65.5	86.3	20.8
Cost of Disp. Agreement Inventory	7.0	21.5	14.5
Cost of Timber in Development	84.7	81.8	2.9
Fish Habitat Inventory	0.3	0.03	0.28
Seed Inventory	2.5	1.5	1.0
Total Financing Transactions	\$160.0	\$191.1	\$39.5
Capital Expenditures (\$millions)			
Capital – Roads	\$48.7	\$46.1	\$2.6
Capital – Non-Roads	1.00	0.6	0.4
Total Capital Budget	\$49.7	\$46.7	\$3.0
Cash Expenditures (\$millions)			
Administration	\$18.2	\$12.7	\$5.5
Salaries	58.3	58.6	(0.3)
Planning	7.8	7.0	0.8
Sales	48.5	39.7	8.8
Disposition Agreements Development Costs	9.1	17.3	(8.2)
Access	55.7	49.5	6.2
Silviculture	70.5	62.6	7.9
Land Base Investment (FFT) – Expenditures	29.9	31.3	(1.4)
Land Base Investment (FFT) – Recoveries	(32.2)	(40.1)	7.9
Section 108 – Recoveries	(5.9)	(5.9)	0
Total Cash Expenditures	\$265.8	\$232.7	\$27.2
*COVID-19 Costs	3.6	4.3	(0.7)
Adjusted Cash Expenditures	\$269.4	\$237.0	\$26.5
Non-Cash Expenditures (\$millions)			
Amortization – Roads	\$32.9	\$38.2	(\$5.3)
Amortization – Non-Roads	0.4	0.5	(0.1)
Silviculture Liability Expense	49.0	86.5	(37.5)
Cost of Timber Inventory Harvested – Base	85.4	86.3	(0.9)
Cost of Timber Inventory Harvested – D.A	9.5	21.5	(12)

APPENDIX 1

	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
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
Less: Expenses (capitalized)	(84.7)	(115.9)	(148.9)	(152.7)	(194.8)	(168.8)	(172.4)	(149.1)	(135.3)	(150.6)
Net Revenue (prior to EOI)	\$101.0	\$150.2	\$124.8	121.0	\$49.0	(\$22.9)	(\$55.4)	(\$15.5)	\$1.3	\$24.5
Less Extraordinary Item (note 1)	0	0	0	0	(115.6)	0	0	0	0	\$0.3
Net Revenue (loss)	\$101.0	\$150.2	\$124.8	\$121.0	(\$66.6)	(\$22.9)	(\$55.4)	(\$15.5)	\$1.3	\$24.8
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
Salaries	33.6	39.3	44.5	46.1	45.1	45.6	46.3	42.7	41.1	40.9
Planning	0	13.7	8.1	7.3	6.7	5.7	3.3	2.6	3.0	3.3
Sales	23.6	30.4	33.6	27.7	30.3	30.9	22.4	15.9	17.9	22.3
Access	27.9	40.0	53.1	46.3	44.1	45.4	27.3	18.0	20.4	21.4
Silviculture	35.8	39.1	41.9	51.1	60.1	59.8	42.2	30.9	30.8	31.9
Forest Investment Account – LBIP	0	0	0	\$2.3	3.0	5.5	1.8	(0.2)	(0.4)	(1.2)
Total Cash	\$136.1	\$182.2	\$201.1	\$203.5	\$221.2	\$224.4	\$168.7	\$121.3	\$125.5	\$147.5
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
Capital Road Construction	\$29.3	\$39.7	\$51.8	\$45.4	\$49.2	\$44.5	\$22.5	\$16.9	\$29.5	\$29.7
Total Capital	\$30.0	\$39.3	\$52.0	\$45.8	\$49.6	\$44.9	\$22.9	\$17.0	\$29.8	\$30.0
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	13.4	12.5
Volume Sold (Mm ³)	9.6	9.9	12.6	13.5	11.7	11.4	10.6	11.3	11.1	10.5
Volume Developed (Mm ³)	12.6	15.4	17.7	16.3	14.9	14.2	11.6	8.9	8.8	10.9
Volume Scaled (Mm ³)	7.9	10.0	12.9	13.45	13.2	10.0	11.4	10.8	9.4	10.0
Apportionment Volume (rationalized)	0	0	0	0	0	0	0	0	0	0

APPENDIX 1

	2013/14 Actual	2014/15 Actual	2015/16 Actual	2016/17 Actual	2017/18 Actual	2018/19 Actual	2019/20 Actual	2020/21 Actual
Operating Revenues and Expenses (\$millions)								
Gross Revenue	\$233.9	\$253.8	\$304.6	\$336.3	\$359.1	\$434.3	\$395.0	\$467.2
Less: Expenses (capitalized)	(151.2)	(\$162.9)	(\$170.7)	(\$178.1)	(\$179.5)	(\$189.5)	(\$219.3)	(\$272.3)
Net Revenue (prior to EOI)	\$82.7	\$90.9	\$133.9	\$158.2	\$179.6	\$244.8	\$175.7	\$194.9
Less Extraordinary Item (note 1)	0	0	0	0	(9.50)	(23.8)	0	0
Net Revenue (loss)	\$82.7	\$90.9	\$133.9	\$158.2	\$170.1	\$221.0	\$175.7	\$194.9
Annual Cash Working Capital Expenditures by Activity (\$millions)								
Administration & Overhead	\$12.2	\$13.9	\$13.8	\$14.9	\$15.7	\$14.9	\$16.1	\$12.7
Salaries	41.3	41.5	45.1	48.6	50.1	51.4	55.2	58.6
Planning	3.8	4.7	7.4	7.5	6.6	7.7	6.7	7.0
Sales *including DA / RVC costs	32.0	34.1	38.9	51.7	36.4	65.8	52.4	57.3
Access	27.3	30.1	36.8	38.9	35.6	44.1	46.0	49.6
Silviculture	32.4	35.0	39.2	38.4	45.3	46.6	51.0	62.6
Covid Costs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.3
Forest Investment Account – (LBIP/Sec 108)	(1.5)	(1.7)	(1.5)	(1.3)	(1.3)	(1.8)	(2.8)	(9.0)
Total Cash	\$147.5	\$157.6	\$179.7	\$198.7	\$188.4	\$228.7	\$224.5	\$243.1
Capital IM/IT and Equipment	\$0.2	\$0.4	\$0.1	\$0.1	\$0.4	\$0.5	\$0.4	\$0.6
Capital Road Construction	\$29.0	\$29.2	\$33.7	\$33.7	\$32.2	\$36.7	\$38.5	\$46.1
Total Capital	\$29.2	\$29.6	\$33.8	\$33.8	\$32.6	\$37.2	\$38.9	\$46.7
TIMBER VOLUME OUTPUTS (millions of cubic metres)								
Volume Advertised (Mm ³)	13.0	14.1	14.5	14.0	11.8	10.07	13.1	12.8
Volume Sold (Mm ³)	11.4	13.1	13.0	12.7	10.8	11.4	10.1	10.3
Volume Developed (Mm ³)	12.1	11.3	12.6	13.1	10.6	10.6	9.7	9.0
Volume Scaled (Mm ³)	11.0	10.4	11.8	10.7	9.6	10.3	8.8	10.4
Apportionment Volume (rationalized)	0	0	12.8	12.60	12.7	11.0	11.9	11.4

Glossary: 2020-21

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.

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

