

CELEBRATING 20 YEARS



BCTS
BC Timber Sales

2003 - 2023

ANNUAL PERFORMANCE REPORT

APRIL 1, 2022 – MARCH 31, 2023

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 (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 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 2022/23 BCTS:

- Maintained our SAFE Company certification, supporting forest sector safety.
- Supported participation of Indigenous peoples in the natural resource economy through various agreements, partnerships, and contracting opportunities.
- 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 54.8 million seedlings and planting 47.9 million trees replenishing those harvested by our Licensees.
- Earned \$92.7 million in net revenue, supporting the Government's fiscal plan and priorities.
- Supported productive future forests by providing 48.8 million seedlings and planting 7.4 million trees for the Forest Investment Program (previously known as Forests for Tomorrow (FFT) and Forest Carbon Initiative (FCI) programs).
- Continued implementation of our Business Relations Strategy and Rural Communities Communications and Engagement Strategy to support effective relations.
- Continued to implement the Old Growth Strategy, in keeping with Government's commitment to improve management of old growth forests in British Columbia.

WHAT DRIVES US?

BCTS has one goal and three objectives set within three overarching principles. 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 with Indigenous Peoples
2. Economic growth with cleaner energy
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 Crown timber through competitive auctions, we ensure the people of B.C. receive fair value for their timber resources. 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. Natural resource management that supports a strong economy
2. World-renowned stewardship
3. People and organizational excellence
4. Proactive and collaborative natural hazard management

BCTS is an integral part of the Ministry's initiatives to modernize the forest sector to meet with today's current challenges and opportunities and directly supports the Ministry's four goals, in particular Goal 1: **Natural resource management that supports a strong economy.**

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

REPORT ON PERFORMANCE

Since 2003, BC Timber Sales has sold over 215 million cubic metres of timber through competitive auctions, supporting rural and urban economies. The development, auction, harvesting and processing of this timber has helped create and sustain direct and indirect jobs in BC. These jobs have supported families and communities over the last 20 years and continue to do so.

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

Key Outcome Indicator	Results
1. BCTS auction volume as a per cent of projected Provincial harvest volume	Underachieved
2. Per cent of total apportioned timber volume sold over the five-year business cycle (Current cycle: April 1, 2019 to March 31, 2024)	Projecting to Underachieve
3. Indirect revenue earned	Substantially Achieved
Corporate Performance Measure	Results
1. Annual timber volume sold	Underachieved
2. Net revenue earned	Overachieved

Results Legend

A = Achieved target

O = Overachieved target

S = Substantially Achieved target

U = Underachieved target

N/A = Results Not Available

REPORT ON PERFORMANCE

In fiscal year 2022/23, 31 measures supported the achievement of our goal, objectives, and principles. The table below provides a synopsis of our performance for the year.

Goal/Objectives/Principles	Key Strategies	Performance Measures	Results
Goal: Provide credible representative price and cost benchmark data for the Market Pricing System through auctions of timber harvested from public land in British Columbia.			
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 are 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	U
Develop sufficient timber volume to maximize timber volume offered and sold		Annual timber volume developed (ADV)	U
Plan out sufficient ready to develop volume to support the achievement of the next one to two years annual developed timber volume targets		Annual ready to develop volume (RCDR)	U
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	A
Auction a reliable supply of timber		Per cent of timber volume advertised in quarter planned	U
Optimize the timing of our delivery of timber volume to the market by responding to customer demands and appropriately managing the risks to the achievement of our annual timber volume sold targets		Per cent of timber volume sold by quarter (cumulative)	U
Objective 2: Generate direct net revenue and indirect revenue for the province over the business cycle.			
Actively manage the costs of developing timber for auction		Cost of developed timber per cubic metre (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 10 per cent of rationalized apportionment as Category 2 timber sales		Category 2 timber volume offered	U

Goal/Objectives/Principles	Key Strategies	Performance Measures	Results
Objective 3: Continuous business improvement – within BCTS, across government and with third parties			
Pursue excellence in people		Work Environment Survey overall engagement	N/A
		Per cent of staff with foundational Lean training	N/A
		Percent of staff with a learning goal in their annual My Performance workplans	N/A
Pursue excellence in operations, practices, and processes		Projects undertaken	A
		ISO 9001:2015 Standards - Procurement	A
Principle 1: Forest Sector Safety			
Ensure safe BCTS practices by maintaining SAFE Certification		SAFE Company certification	A
Advance safety culture 'Mission Zero Strategy'		Zero incidents requiring medical attention	U
Promote safe worksites by requiring all parties working on Timber Sales Licenses (TSLs) or bidding on BCTS contracts to be SAFE Company certified		Per cent of parties working that are SAFE Company certified	A
Actively support the Ministry in maintaining its SAFE Company certification by implementing a strategy to align with BCTS		Ministry SAFE Company certification	A
Principle 2: Reconciliation with Indigenous Peoples			
<p>Align culture, policies and business practices to support reconciliation with Indigenous peoples.</p> <p>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.</p> <p>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.</p> <p>Support Indigenous peoples' participation in the forest sector by providing economic, employment and educational opportunities</p>		Annual Progress Report	A

Goal/Objectives/Principles	Key Strategies	Performance Measures	Results
Principle 3: Sustainable Forest Management			
Maintain an Environmental Management System (EMS) and Sustainable Forest Management Certification (SFM)		Per cent of timber volume certified under an SFM system	A
Deliver on stewardship obligations		Number of EMS/SFM external audit major non-conformances	A
		Number of trees planted	O
		Km of road deactivated	U
Develop and implement an Environmental and Safety Roads management system		Roads Corporate Data Set Performance	A
		Roads Management System	A
Use our economies of scale and expertise to deliver cost effective silviculture services and provide quality seedlings for the Forests Investment Program (FIP) and the Ministry		Ministry Not Satisfactorily Restocked (NRS) area planted by BCTS	U
		Number of FIP trees planted	U
		Seedlings grown for FIP	S
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 daily.
- 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:

BCTS Practices	2022/23 Target	2022/23 Performance	Results
Safe Company certification	Maintain	Maintained	A

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

Advance safety culture through proactive identification, reporting, and management of safety concerns to eliminate workplace injuries

Corporate Performance Measure:

Mission Zero Strategy	2022/23 Target	2022/23 Performance	Results
Zero incidents requiring medical attention	Zero	20	U

Measure Description: The number of incidents requiring medical attention.

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 Certified

Corporate Performance Measure:

Promote Safe Worksites	2022/23 Target	2022/23 Performance	Results
Per cent of parties working on BCTS TSLs or contractors that involve on the ground fieldwork that are SAFE Company certified	100%	100%	A

Measure Description: Requiring all parties working on TSLs or contracts that involve on-the-ground fieldwork to be SAFE 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	2022/23 Target	2022/23 Performance	Results
Ministry SAFE Certification	Maintain	Maintained	A

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:

- Directly awarding 7.9 million in contracts to Indigenous Peoples and companies. These contracts included such work as archeology and cultural heritage assessments, silviculture, and road and other development.
- Supporting the Outland Youth Employment Program financially and by providing an overview of forestry job experience.
- BCTS staff continuing to increase their cultural awareness and understanding of Indigenous Peoples' history, culture, and legal framework.
- Continuing to support Indigenous Peoples' participation in the forest sector by providing economic, employment and educational opportunities.
- Employing ten (10) Indigenous students through the BC First Nations Forestry Council's Indigenous Forestry Scholarship Program.

- Working with the BC First Nations Forestry Council, to help determine how BCTS can work with First Nations and become their “partner of choice” in the forest industry.
- Working with Ministry of Forests’ Regional and District staff on engagement with First Nations as part of the Old Growth Strategic Review.
- Signing one new collaborative management agreement with an Indigenous forestry company to work together on mutual interests.
- Partnering with two Indigenous forestry companies in two new Disposition Agreements to sell a portion of 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. Improve staff’s cultural awareness and understanding of Indigenous People’s history, culture and legal framework including the implementation of the five actions of the Learning for Reconciliation Strategy.**
- 3. 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.**
- 4. Support Indigenous People’s participation in the forest sector by providing economic, employment and educational opportunities.**
- 5. Continue to engage in discussions with Indigenous Peoples regarding the protection of at-risk Old Growth in British Columbia.**

Corporate Performance Measure:

Percent of staff who completed the Learning for Reconciliation strategy’s five actions	2022-23 Target	2022-23 Performance	Results
Staff percent	100%	81%	U

Measure Description: Average of all five actions completion percentages.

Although 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 2022-23. As a result, the percentage of staff completing the Learning for Reconciliation five action activities declined from 86% in the previous year to 81% and we were unable to achieve our 2022-23 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.

Implementation of Government's Old Growth Strategy

The Province has committed to implementing the recommendations of an independent panel's strategic review of old growth management. BCTS has been working with the Ministry and Indigenous Peoples to define and temporary defer harvest within old forests considered to be at very high risk of irreversible biodiversity loss.

Old growth deferrals are intended to maintain identified key areas of forest while approaches to manage biodiversity and other old growth values are developed. These approaches will be developed in collaboration with Indigenous Peoples and stakeholders and will take some time. The Province has indicated that deferrals, once approved, will remain in place for at least two years.

BCTS is adjusting its timber development activities consistent with emerging Ministry direction. The establishment of old growth deferrals will have significant short-term, adverse impacts on the amount of timber volume BCTS is able to develop, auction and harvest.

The impact of the strategy on BCTS's rationalized apportionment, timber volume offered, timber volume sold, as well as on annual timber volume developed, was significant for 2022-23. As a result, a number of important performance indicators for the year were not achieved.

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			
	2022-23 Target	2022-23 Performance	Results
Per cent of timber volume certified under an SFM system	100%	100%	A

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's Seedling Services program grew 54.8 million seedlings and collected 406 kg of seed for our obligations.

Corporate Performance Measures:

Major stewardship obligations			
	2022-23 Target	2022-23 Performance	Results
Number of EMS/SFM external audit major non-conformances	Zero	Zero	A
Number of trees planted	45.6 M	47.9	A
Km of road deactivated	634 km	406 km	U

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 forest service roads:

1. Develop and implement policy, procedures and practices that enable BCTS business areas to track inspections and maintenance accurately and consistently 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 100% conformance. Actions will then be taken to address any quality gaps to achieve the standard.

Develop and implement an Environmental and Safety Roads Management System

Corporate Performance Measure:

Environmental and Safety Roads Management System			
	2022-23 Target	2022-23 Performance	Results
Roads Corporate Data Set performance	Develop	Completed	A
Roads management system	Develop	Completed	A

Measure Description: BCTS Forest Services Road inventory will be the first corporate data set included.

Use our economies of scale and expertise to deliver cost effective silviculture services and provide quality seedlings for the Forests Investment Program (FIP) program and the Ministry

Corporate Performance Measures:

BCTS contributions to Forests Investment Program (FIP)			
	2022-23 Target	2022-23 Performance	Results
Ministry NSR* area planted by BCTS	5,696 ha	4,376 ha	U
Number of FIP trees planted	10.7 M	7.4 M	U
Seedlings grown for FIP	50.0 M	48.8 M	S

*NSR = Not Satisfactorily Restocked.

To date, the BCTS Seedling Services team has grown over 1.2 billion seedlings. These seedlings are planted by BCTS, to ensure future productive forests for the Forest Investment Program (FIP), previously know as the Forests for Tomorrow Program and the Forest Carbon Initiative.

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 two 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 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.

The goals of our Climate Change Action Plan are to:

- Build our adaptive capacity.
- Establish resilient forests.
- Protect and enhance future harvest opportunities.
- Protect infrastructure – function and investment; and,
- Capitalise on any climate change related opportunities.

Corporate Performance Measure:

Implementation of Climate Change Actions			
	2022-23 Target	2022-23 Performance	Results
Implementation of climate change actions	Annual Progress Report	Completed	A

Measure Description: An Annual Progress Report on our progress in implementing the Climate Change Action Plan.

Since 2003, BC Timber Sales has planted over 844.9 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 B.C



Creating a globally competitive, market-based operating climate is a key component of a strong, sustainable, and innovative forest sector economy that works for everyone. The goal of BCTS is to provide credible data directly supporting the Ministry's Market Pricing System (MPS).

Through the MPS the Ministry ensures 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 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 Crown 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			
	2022-23 Target	2022-23 Performance	Results
BCTS auction volume as a percent of projected Provincial harvest volume	20%	12.2%	U

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.

Regional Performance Indicators:

BCTS timber volume auctioned as a percent of the projected provincial harvest volume			
Regional Performance Indicators	2022-23 Target	2022-23 Performance	Results
Interior	20%	11.3%	U
Coast	20%	15.2%	U

As a result of the Old Growth Strategy, BCTS did not achieve its targets for auction volume as a percent of the projected provincial harvest volume. A significant amount of timber volume that was being developed and scheduled for sale during the year was deferred pending decisions on old growth.

The previous measure is prospective, highlighting possible future issues. The following table is a retrospective one showing what has occurred. It reflects the total BCTS actual harvest volume as a percentage of the total actual harvest volume achieved at a provincial level.

Measure			
	Target	Performance	Results
Actual BCTS harvest volume as a percent of the actual Provincial harvest volume	20%	13.2%	U

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 implemented a data quality management system (DQMS) that conforms to the International Standards Organization (ISO) 9001:2015 quality standards. The DQMS has been implemented throughout BCTS.

BCTS monitors the quality of its key data sets to ensure they are complete, accurate, reliable, and verifiable. A new data set of corporate licence mandatory data fields has been added for 22/23. Data sets are used to produce key performance measures and reports.

Corporate Performance Measure:

Accuracy and completeness of key data sets			
	2022-23 Target	2022-23 Performance	Target
Accuracy and completeness of performance metric cost survey and silviculture liability data	100%	99%	S
Data Quality Management System (DQMS)	Conformance to ISO Standard	Conformance of ISO Standard	A

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 on March 31, 2023
Annual Referrals Complete, Development Ready Volume	99.1%
Annual Developed Timber Volume	99.7%
Ready to Develop Timber Inventory	99.7%
Development in Progress Timber Inventory	100.0%
Ready to Sell Timber Inventory	99.6%
Road Deactivation Liability	99.6%
Silviculture Obligations Liability	99.4%
Timber Volume Sold	95.5%
Corporate Mandatory Licence Activities (NEW)	97.9%

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				
Corporate Performance Measure		2022-23 Target	2022-23 Performance	Results
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.	Interior	80%	85%	A
	Coast	80%	97%	

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 primary manufacturing sector and thriving rural and urban communities – indigenous and non-indigenous– that enable residents to achieve their desired objectives for themselves and future generations.

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 arounds) that 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.

Impact of the Old Growth Strategy on Annual Performance for 2022-23

As a result of the implementation of the Old Growth Strategy, volume that was previously planned for sale was paused pending discussions with First Nations. The identified old growth volumes could not be developed or sold and were included in an amended rationalized apportionment starting in 2021–22.

The following table reflects the new amended rationalized apportionments for the current five-year business cycle, April 1, 2019 to March 31, 2024.

BCTS apportionments over the business cycle					
	2019-20	2020-21	2021-22	2022-23	2023-24
	Actual	Actual	Actual	Actual	Target
Apportionment	14.2M m ³	13.8M m ³	12.3M m ³	12.3M m ³	12.1M m ³
<i>Previous Rationalized Apportionments before Old Growth Strategy (for information only)</i>	11.8M m ³	11.4M m ³	10.0M m ³	9.9M m ³	9.5M m ³
Rationalized apportionments	11.8M m ³	11.4M m ³	6.2M m ³	6.3M m ³	6.7M m ³
Cumulative total rationalized apportionment	11.8M m ³	23.2M m ³	29.4M m ³	35.7M m ³	42.4M m ³

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.

Key Performance Indicator:

Cumulative percent of BCTS rationalized apportioned timber volume sold over the business cycle			
Key Performance Indicators	2022-23 Target	2022-23 Performance	Results
Cumulative per cent of BCTS rationalized apportioned timber volume sold over the business cycle	77%	72%	U
Percent of annual rationalized apportionment sold	100%	85%	U

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.

The performance indicators in the table above are based on the amended rationalized apportionments that took effect following the implementation of the Old Growth Strategy.

Impact of the Old Growth Strategy on Volume Sold, Volume Advertised, and Timber Development

The implementation of the Old Growth Strategy on November 2, 2021, had a significant impact on several performance indicators for the year, including timber volume sold, volume offered, and annual timber volume developed. The impacts on performance for 2022-23 are reflected in the following corporate and regional performance tables.

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

Corporate Performance Measure	2022-23 Target	2022-23 Performance	Results
Timber Volume Sold	6.3M m ³	4.4M m ³	U

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

Annual Timber Volume Sold			
Regional Performance	2022-23 Target	2022-23 Performance	Results
North Interior	2.4M m ³	.9M m ³	U
South Interior	2.4M m ³	2.4M m ³	A
Coast	1.5M m ³	1.1M m ³	U



Key Strategies Supporting Objective 1

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:

Corporate Performance Measure	2022-23 Target	2022-23 Performance	Results
Timber Volume offered (Advertised)	6.5M m ³	5.4M m ³	U

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	2022-23 Target	2022-23 Performance	Results
North Interior	2.6M m ³	1.1M m ³	U
South Interior	2.5M m ³	2.7M m ³	A
Coast	1.4M m ³	1.6M m ³	A

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 the non-BCTS tenure holder's 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:

Corporate Performance Measure	2022-23 Target	2022-23 Performance	Results
Timber volume sold under a business-to-business agreement, incremental to BCTS apportionment	250,000 m ³	326,038 m ³	O

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.

Annual Development Volume			
Corporate Performance Measure	2022-23 Target	2022-23 Performance	Results
ADV (BCTS Base apportionment Volume)	8.5M m ³	3.3M m ³	U

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

Annual Development Volume			
Regional Performance (ADV)	2022-23 Target	2022-23 Performance	Results
North Interior	3.4M m ³	0.8M m ³	U
South Interior	3.4M m ³	1.7M m ³	U
Coast	1.7M m ³	0.8M m ³	U

The production of developed timber volume during 2022-23 was severely impacted by the implementation of the Old Growth Strategy, as volume previously planned for development was placed on hold. The impacts of the strategy on development of future timber supply will continue into 2023-24.

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

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 then 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	2022-23 Target	2022-23 Performance	Results
Volume ready for development	10.6M m ³	6.0M m ³	U

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)			
	2022-23 Target	2022-23 Performance	Results
North Interior	4.8M m ³	2.2M m ³	U
South Interior	4.1M m ³	2.8M m ³	U
Coast	1.7M m ³	1.0M m ³	U



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.

Performance Measure:

Percent of timber volume advertised in quarter planned	
	2022-23
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.

Fiscal Quarter	Provincial Performance	Number of Business Areas that:	
		Achieved target 90% to 110%	Did not achieve target <90% or >110%
Q1	26%	1	11
Q2	23%	0	12
Q3	67%	1	11
Q4	179%	1	11

Measure Description: The percent of total timber volume advertised in the quarter planned as set out in annual BCTS business areas 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 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 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 (cumulative)				
Fiscal Year	Q1	Q2	Q3	Q4
2022-23 (Achievement)	6%	14%	32%	66%
2023-24 (Targets)	24%	56%	84%	100%

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 over \$2.0 billion dollars in net revenue and generated over \$562 million of indirect revenue for the province.

Corporate Performance Measure:

Corporate Performance Measure	2022-23 Target	2022-23 Performance	Results
Net Revenue	\$53.7M	\$92.7M	0

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.

The overachievement of net revenue for the year was mainly attributable to the higher-than-expected stumpage rates paid for harvested timber.

The implementation of the Old Growth Strategy in 2022/23 resulted in \$17.8 million being assigned as period operating costs for that year. This amount includes salaries and administrative expenses that would normally have been categorized as capitalized inventory development expenses. However, due to the lack of realization of the planned inventory development levels, these costs were recorded as operating expenses instead. See Appendix 1, Resource Summary, Impact of Old Growth Strategy on Cost of Goods Sold (COGS).

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. As a result, the indirect revenue was lower than the target for the year.

Key Performance Indicator:

Indirect Revenue Generated	2022-23 Target	2022-23 Performance	Results
Indirect revenue	\$34.0M	\$32.3M	S

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

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 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 into green wood in more difficult terrain and often more remote areas, development costs are expected to increase. In addition, managing for safety, sustainability, reconciliation with Indigenous Peoples and other values such as wildlife requires more resources and is projected to result in cost increases over time.

In addition to the above factors, the implementation of the Old Growth Strategy had a significant impact to the annual cost of developed timber for the year. Due to the lack of realization of the planned inventory developments levels, \$17.8 million was assigned as period operating costs for the year. This amount includes salaries and administrative expenses that would normally have been categorized as capitalized inventory development expenses. The actual cost of developed timber was \$12.30 per m³ for the year, following the assignment of \$17.8 million in costs from inventory development to period costs.

Corporate Performance Measure:

Corporate Performance Measure	2022-23 Target	2022-23 Performance	Results
Cost of developed timber per m3*	\$9.34/m ³	12.30/m ³	U

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 2019-20 and onwards.

Actively manage the costs of access to the timber

Similar to timber development, the implementation of the Old Growth Strategy had an impact on the calculation of the performance measure for the year. The reduction in volume sold for the year caused a higher-than-expected unit cost of access per cubic metre sold.

Corporate Performance Measure:

Corporate Performance Measure	2022-23 Target	2022-23 Performance	Results
Cost of access per m ³ sold	\$9.03/m ³	11.29/m ³	U

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

Offer 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 Category 2 TSLs are to:

- Provide open access to Crown timber for non-tenured or insufficiently tenured timber processing facilities.
- Promote local employment.
- Support the value-added sector of British Columbia.

Corporate Performance Measure:

Corporate Performance Measure	2022-23 Target	2022-23 Performance	Results
Category 2 timber volume offered	0.65M m ³	0.57M m ³	U

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 be building and maintaining strong relationships and continuously improving in order to effectively realize its vision, achieve its mission and goal, deliver superior performance, and make a distinct and lasting impact. To this end, BCTS believes 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 conversation 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 worked from home and the Supervisor CoP has been focusing on providing support for virtual teams and ensuring teams remain effective while operating in a virtual environment.

Key Strategies Supporting Objective 3.1

Provide all staff with foundational training in Lean practices.

Corporate Performance Measure:

Percent of staff with foundational Lean training		
	2022-23	2022-23
	Target	Performance
Staff percent	100%	*N/A

Measure Description: Foundational Lean training is Lean 101, 201 and 301. *The actual staff percent with foundational lean training for 2022-23 is currently not available.

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 Achievement	2022 Target	2022 Achievement	Results
Staff engagement score	70%	Increase	66%	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. The survey is done every second year, there is no survey planned for 2023 and 2025.

Ensure all staff have a learning goal in their annual My Performance workplans (NEW).

Corporate Performance Measure:

Percent of staff with learning goal in My Performance			
	2022-23 Target	2022-23 Performance	Results
Staff percent	100%	*N/A	N/A

Measure Description: All staff to have a learning goal as part of the annual performance workplan starting 2022-23

As of 2021-22, the required information is no longer available through the Ministry’s data base. BCTS will be working towards the development of a new indicator to monitor the long-term learning and growth of its employees.

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

Corporate Performance Measure	2022-23 Target	2022-23 Performance	Results
Number of projects	40	51	0

Measure 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 about \$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.

Corporate Performance Measure:

ISO 9001:2015 Standard			
	2022-23 Target	2022-23 Performance	Results
Conformance to ISO 90001:2025 standard	Maintain	Maintained	A

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 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 license 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:

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

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

APPENDIX 1: FINANCIAL RESULTS – 2022-23

INCOME STATEMENT		2021-22 (millions)		2022-23 (millions)
GROSS REVENUE		\$421.8		\$308.1
Capitalized Expenses				
Cost of Timber Inventory Harvested				
Administration/Salaries	(\$38.9)		(\$28.6)	
Planning and Sales	(\$38.2)		(\$26.7)	
Cost of Timber Inventory		(\$77.1)		(\$55.3)
Development-in-Progress (DIP) Write-offs		(\$1.8)		(\$1.7)
Access – Amortization		(\$37.0)		(\$37.9)
Sub-total Cost of Timber Inventory Harvested, Write-offs, & Amortization		(\$115.9)		(\$94.9)
Period Costs				
Silviculture Liability Expense	(\$74.2)		(\$68.0)	
Road and Bridge Maintenance	(\$12.0)		(\$11.6)	
Harvest Conformance	(\$0.2)		(\$0.4)	
Administrative Overhead	(\$30.1)		(\$28.6)	
Non – BCTS Road Costs	(\$1.1)		(\$1.0)	
Old Growth			(\$0.3)	
Recoveries (FIP, Section 108, and Extreme Weather)	<u>\$3.1</u>		<u>\$7.2</u>	
Sub-total Period Costs		(\$114.5)		(\$102.7)
Net Revenue before Non-Operating Loss		<u>\$191.4</u>		<u>\$110.5</u>
Non-operating Losses				
COVID-19 Cost	(\$3.1)			
Flood Cost & Old Growth	(\$0.2)			
Sub-total Non-operating Losses		(\$3.3)		
Reassignment of inventory development costs to period costs (due to implementation of the Old Growth Strategy)				(\$17.8)
NET REVENUE		<u>\$188.1</u>		<u>\$92.7</u>

BALANCE SHEET ITEMS (Abridged version)		2021-22 (millions)		2022-23 (millions)
Silviculture Liability		(\$193.8)		(\$199.8)
Inventory Value of Developed Timber				
Inventory – Opening Balance	\$141.1		\$133.3	
Timber Developed	\$69.3		\$62.8	
Cost of Timber Inventory Harvested	<u>(\$77.1)</u>		<u>(\$55.3)</u>	
Developed Timber Inventory - Closing Balance		\$133.3		\$140.8
Work-in-Progress Inventory - Closing Balance		\$70.6		\$65.0
Roads				
Book Value	\$949.0		\$969.9	
Accumulated Amortization	<u>(\$654.0)</u>		<u>(\$682.0)</u>	
Roads Net Book Value		\$295.0		\$287.9
Deactivation Liability		(\$18.7)		(\$23.7)
Seed Inventory		\$18.2		\$18.7

APPENDIX 1 - Continued

	2022-23 Budget	2022-23 Actual	2022-23 Variance
Gross Revenue	\$260.4	\$308.0	\$47.6
Less: Expenses (Capitalized)	(206.7)	(197.6)	9.1
Impact of Old Growth Strategy on COGS	(0.0)	(17.7)	(17.7)
Net Revenue (Loss)	\$53.7	\$92.7	\$38.9
Financing Transactions			
Cost of Ready to Sell Inventory	\$79.9	\$41.4	\$38.5
Cost of Development in Progress Inventory	8.9	47.4	(38.5)
Cost of Disposition Agreement Inventory	5.1	11.4	(6.3)
Fish Habitat Inventory	0.3	0.1	0.2
Seed Inventory	2.0	2.1	(0.1)
Total Financing Transactions	\$96.2	\$102.4	(\$6.2)
Capital Expenditures			
Capital – Roads	\$39.6	\$28.2	\$11.4
Capital – Non-Roads	1.0	0.2	0.8
Total Capital Expenditures	\$40.6	\$28.4	\$12.2
Cash Expenditures			
Administration	\$18.2	\$13.6	\$4.6
Salaries	62.6	56.5	6.1
Planning	8.5	7.4	1.1
Sales	41.2	22.9	18.3
Disposition Agreements Development Costs	5.1	11.4	(6.3)
Access	50.5	32.4	18.1
Silviculture	65.5	62.4	3.1
Land Base Investment (FIP – Expenditures)	27.3	22.9	4.4
Land Base Investment (FIP) – Recoveries	(29.3)	(25.4)	(3.9)
Section 108 & Extreme Weather Recoveries	(0.0)	(4.6)	4.6
Total Cash Expenditures	\$249.6	\$199.5	\$50.1
Other – 2021 Fall Floods	3.0	0.0	3.0
Adjusted Cash Expenditures	\$252.6	\$199.5	\$53.1
Non-Cash Budgets			
Amortization – Roads	\$39.3	\$37.9	\$1.4
Amortization – Non-Roads	0.3	0.2	0.1
Silviculture Liability Expense	55.0	67.9	(\$12.9)
Cost of Timber Inventory Harvested - Base	55.0	57.0	(\$2.0)

APPENDIX 1 - Continued

	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	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 (M m ³)	11.7	11.4	14.6	15.2	14.6	16.3	14.7	13.9	13.4	12.5
Volume Sold (M m ³)	9.6	9.9	12.6	13.5	11.7	11.4	10.6	11.3	11.1	10.5
Volume Developed (M m ³)	12.6	15.4	17.7	16.3	14.9	14.2	11.6	8.9	8.8	10.9
Volume Scaled (M m 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 - Continued

	2013/14 Actual	2014/15 Actual	2015/16 Actual	2016/17 Actual	2017/18 Actual	2018/19 Actual	2019/20 Actual	2020/21 Actual	2021/22 Actual	2022/23 Actual
Operating Revenues and Expenses (\$millions)										
Gross Revenue	\$233.9	\$253.8	\$304.6	\$336.3	\$359.1	\$434.3	\$395.0	\$467.2	\$421.8	\$308.1
Less: Expenses (capitalized) *Note 1	(151.2)	(162.9)	(170.7)	(178.1)	(179.5)	(189.5)	(219.3)	(272.3)	(230.4)	(215.4)
Net Revenue (prior to EOI)	\$82.7	\$90.9	\$133.9	\$158.2	\$179.6	\$244.8	\$175.7	\$194.9	\$191.4	\$92.7
Less Extraordinary Item)	0	0	0	0	(9.50)	(23.8)	0	0	(\$3.3)	0
Net Revenue (loss)	\$82.7	\$90.9	\$133.9	\$158.2	\$170.1	\$221.0	\$175.7	\$194.9	\$188.1	\$92.7
Annual Cash Working Capital Expenditures by Activity (\$millions)										
Administration & Overhead	\$12.2	\$13.9	\$13.8	\$14.9	\$15.7	\$14.9	\$16.1	\$12.9	\$14.1	\$13.6
Salaries	41.3	41.5	45.1	48.6	50.1	51.4	55.2	58.6	58.7	56.5
Planning	3.8	4.7	7.4	7.5	6.6	7.7	6.7	7.0	7.4	7.4
Sales *including DA / RVC costs	32.0	34.1	38.9	51.7	36.4	65.8	52.4	57.3*	36.9	34.3
Access	27.3	30.1	36.8	38.9	35.6	44.1	46.0	50.0	45.8	32.4
Silviculture	32.4	35.0	39.2	38.4	45.3	46.6	51.0	66.1	61.3	62.4
Forest Investment Account – LBIP	(1.5)	(1.7)	(1.5)	(1.3)	(1.3)	(1.8)	(2.8)	(9.0)	(3.1)	(2.5)
*Covid-19 *Flood 2022 *Section 108 (including recoveries)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.4	3.2	(4.6)
Total Cash	\$147.5	\$157.6	\$179.7	\$198.7	\$188.4	\$228.7	\$224.5	\$243.3	\$224.3	\$199.5
Capital IM/IT and Equipment	\$0.2	\$0.4	\$0.1	\$0.1	\$0.4	\$0.5	\$0.4	\$0.6	\$0.3	\$0.3
Capital Road Construction	\$29.0	\$29.2	\$33.7	\$33.7	\$32.2	\$36.7	\$38.5	\$46.1	\$42.5	\$28.2
Total Capital	\$29.2	\$29.6	\$33.8	\$33.8	\$32.6	\$37.2	\$38.9	\$46.7	\$42.8	\$28.5
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	6.8	5.4
Volume Sold (Mm ³)	11.4	13.1	13.0	12.7	10.8	11.4	10.1	10.3	5.6	4.4
Volume Developed (Mm ³)	12.1	11.3	12.6	13.1	10.6	10.6	9.7	9.0	7.2	3.3
Volume Scaled (Mm ³)	11.0	10.4	11.8	10.7	9.6	10.3	8.8	10.4	8.1	4.9
Apportionment Volume (rationalized)	0	0	12.8	12.60	12.7	11.0	11.9	11.4	6.2	6.3
Average Billed Rate (\$/m ³) New	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	\$60.85
*Note 1: Capitalized Expenses for 2022/23 includes \$17.8M in inventory development expenses (reassigned from inventory to period costs due to old growth)										

GLOSSARY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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.

CELEBRATING 20 YEARS



BCTS
BC Timber Sales

2003 - 2023

