



BCTS
BC Timber Sales

BUSINESS PLAN

2023/24 - 2025/26

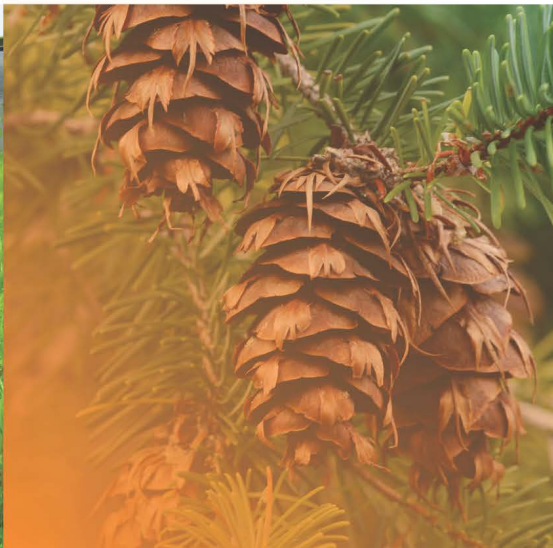




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WHO ARE WE?

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.

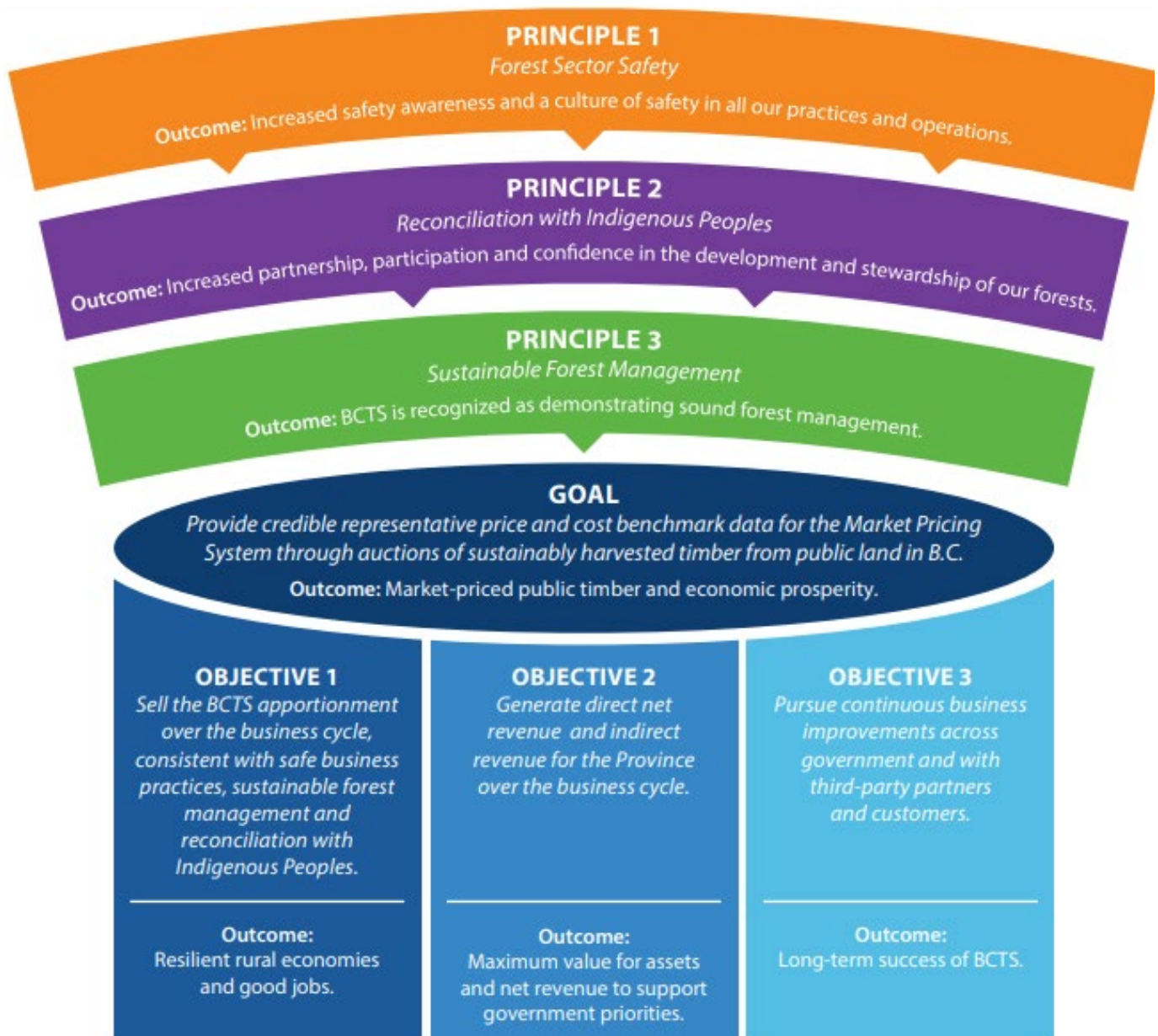
Our Mission

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 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.

WHAT DRIVES US?

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



HOW WE SUPPORT GOVERNMENT COMMITMENTS AND MINISTRY GOALS

Government Commitments

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

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

NEW Value-Added Manufacturing Program

On January 24, 2023, the Government announced the new *BCTS Value-Added Manufacturing Program*. The new program will expand manufacturing and create jobs, and BCTS plans to grow the program over time. The program will replace Category 2 and it will be open to facilities that produce high-value products and have minimal or no forestry tenure. The new program's potential impacts are not fully encompassed in this business plan.

Ministry's Goals

1. Economic benefits and resilience for all British Columbians
2. Partnerships that support reconciliation with Indigenous Peoples
3. Sustainable natural resource management

BCTS directly supports the Ministry's three goals and is an integral part of the Ministry's Coast and Interior Forest Sector Revitalization and Renewal Initiatives.

On average, over the next three years, BCTS activities will directly support over 4,600 well-paying jobs and another 6,100 indirect jobs in B.C.



PRINCIPLE 1

Forest Sector Safety

Safety Policy

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

SAFETY

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

Key Strategies Supporting Principle 1

Maintain SAFE certification to support safe BCTS practices.

Performance Measure(s):

SAFE Certification	
Target	Maintain

Measure Description: *Maintaining our Safety Accord Forestry Enterprise (SAFE) certification is a measure of BCTS' success in supporting the BCTS Safety Policy.*

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

Performance Measure(s):

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

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

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

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

Performance Measure(s):

Ministry SAFE Certification	
Target	Maintain

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

Mission Zero Strategy

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

Performance Measure(s):

Zero incidents requiring medical attention	
Target	Zero

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



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

PRINCIPLE 2

Reconciliation with Indigenous Peoples

Reconciliation with Indigenous Peoples is integral to BCTS' long-term success. BCTS supports Government's commitment to true, lasting reconciliation with Indigenous Peoples in British Columbia; this includes the implementation of the 2022-2027 *Declaration on the Rights of Indigenous Peoples Act (Declaration Act)* Action Plan and the Calls to Action of the Truth and Reconciliation Commission (CTA).

In supporting Government's reconciliation efforts, BCTS is also committed to the Ministry's objective to "strengthen partnerships and increase engagement with Indigenous Peoples in the management of B.C.'s natural resources".

This will be achieved by:

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



Key Strategies Supporting Principle 2

1. **Align our culture, policies, and business practices to support reconciliation with Indigenous Peoples.**
2. **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.**
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.**

BCTS will support Indigenous Peoples’ participation in the forest sector by providing economic, employment and educational opportunities. In keeping with Government’s commitment to engaging and continuing discussions with Indigenous Peoples on the protection of Old Growth Forests in British Columbia, BCTS continues to work with the Ministry in implementing the Old Growth Strategy (released November 2021).

Performance Measure(s):

Summarize and report out on the four key strategies annually

Measure Description: *Format and content of the report to be determined. BCTS is currently using a survey format to solicit progress from BCTS leadership teams.*





PRINCIPLE 3

Sustainable Forest Management

High-quality forest and environmental management practices are integral to the BCTS mission. Sustainable forest management is important to both how BCTS conducts business and to protecting the interests of the people of British Columbia. Through collaboration with our Ministry colleagues, Indigenous Peoples and key stakeholders on the Old Growth Strategy and other key initiatives, BCTS will help redefine and adapt to a new forest management paradigm.

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

Key Strategies Supporting Principle 3

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

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

Performance Measure(s):

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

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

Since 2003, BC Timber Sales has planted over 844.9 million seedlings to reforest areas harvested by its licensees.

Deliver on stewardship obligations

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

Performance Measure(s):

Major stewardship obligations				
	2022/23	2023/24	2024/25	2025/26
	Actual	Target	Target	Target
Number of SFM external audit major non-conformances	Zero	Zero	Zero	Zero
Number of trees planted	47.9M	53.0M	39.5M	42.1M
Km of road deactivated or transferred out	406 km	700 km	563 km	955 km

Implementation of the Old Growth Forest Strategy

The province has committed to implementing the recommendations of an independent panel’s strategic review of old growth management. BCTS is collaborating with the Ministry and Indigenous Peoples to establish guidelines for temporary deferral of harvesting activities in old growth forests that face an extremely 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 time. The province has indicated that deferrals, once approved, will remain in place for at least two years.

BCTS is actively adjusting its timber planning and development activities consistent with emerging Ministry direction. The establishment of old growth deferrals will have short-term, adverse impacts on the amount of timber volume BCTS is able to develop, auction and harvest. The effects of the strategy on BCTS rationalized apportionment, timber volume offered, timber volume sold, and timber volume harvested, as well as on annual timber volume developed, have been forecasted.

“Our government’s new vision for forestry is one where we better care for our most ancient and rarest forests, First Nations are full partners in forest management, and communities and workers benefit from secure, innovative jobs for generations to come,”
 Katrine Conroy, Minister of Forests, 2020 - 2022

Manage environmental and safety risks associated with BCTS Forest Service Roads

BCTS is dedicated to effectively managing all the environmental and safety risks related to our forest service roads. 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.

Performance Measure(s):

Environmental and safety roads management system				
	2022/23	2023/24	2024/25	2025/26
	Actual	Target	Target	Target
Roads Corporate Data Set performance	Developed	Implement	100%	100%
Roads management system	Developed	Implement	Maintain	Maintain

Measure Description: *BCTS Forest Service Road Inventory, Inspection, and Maintenance.*

Use our economies of scale and expertise to deliver cost-effective silviculture services and provide quality seedlings for the Forests for Tomorrow (FFT) program, the Forest Carbon Initiative (FCI) and the Ministry

Performance Measure(s):

BCTS contributions to Forests for Tomorrow (FFT)				
	2022/23	2023/24	2024/25	2025/26
	Actual	Target	Target	Target
Ministry NSR* area planted by BCTS	4,376 ha	7,588 ha	10,859 ha	4,836 ha
Number of FFT/FCI trees planted	7.4M	12.1M	20.3M	9.2M
Seedlings grown for FFT/FCI	48.8M	45.0M	45.0M	45.0M

*NSR = Not Satisfactorily Restocked.

“With more than 6,000 people actively employed in tree planting and tree-seedling nurseries, the industry not only provides meaningful jobs for thousands of people throughout the province, but it also shows our commitments to sustainable forests and sustainable forests jobs for the future are well aligned. We’re making decisions that support both B.C.’s jobs and our environment.”

- Roly Russell, Parliamentary Secretary for Rural Development -



Improve wildlife management and support the recovery of species at risk

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

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

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

Implement our Climate Change Action Plan

The purpose of BCTS’ Climate Change Action Plan is to:

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

The goal of our Climate Change Action Plan is to:

- Build our knowledge and capacity to respond to a changing climate,
- Establish resilient forests,
- Protect and enhance future harvest opportunities,
- Protect infrastructure (function and investment); and,
- Capitalize on any climate change related opportunities.

Performance Measure(s):

Implementation of climate change actions	
Target	Annual Progress Report

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



GOAL

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

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

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

BCTS measures the timber volume it auctions and sells as a percent of the total timber volume projected to be harvested each year. This is a good indicator of its success in developing and auctioning an optimum volume of timber, which is necessary to establish credible representative benchmark cost and pricing data within an environment of changing market conditions and demands.

Key Performance Indicator(s):

BCTS timber volume auctioned as a percent of the projected provincial harvest volume				
	2022/23	2023/24	2024/25	2025/26
	Actual	Target	Target	Target
Minimum percentage	12.2%	20.0%	20.0%	20.0%

Indicator Description: *BCTS timber volume auctioned (Section 20 timber sales licences) in the year as a percent of the total projected provincial harvest volume for the year as of January 2022.*

Regional Key Performance Indicator(s):

BCTS timber volume auctioned as a percent of the projected provincial harvest volume				
	2022/23	2023/24	2024/25	2025/26
	Actual	Target	Target	Target
Interior	11.3%	20.0%	20.0%	20.0%
Coast	15.2%	20.0%	20.0%	20.0%

Key Strategies Supporting Our Goal

Maintain 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. Data sets are used to produce key performance measures & reports.

Performance Measure(s):

Completeness, accuracy, reliability and verifiability of data				
	2022/23	2023/24	2024/25	2025/26
	Actual	Target	Target	Target
Performance standard	99%	100%	100%	100%
Data Quality Management System (DQMS)	Conformance to ISO standard	Conformance to ISO standard	Conformance to ISO standard	Conformance to ISO standard

Measure Description: For each set of monitored data, the current quality level is assessed and compared to the expected performance standard of conformance. Applied data sets are Referrals Compete & Development Ready Volume, Annual Developed Timber Volume, Ready to Develop Timber Volume, Development in Progress Inventory, Ready to Sell Inventory, Road Deactivation Liability, Silviculture Obligations Liability, Timber Volume Sold, Corporate Mandatory Licence Activities.

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

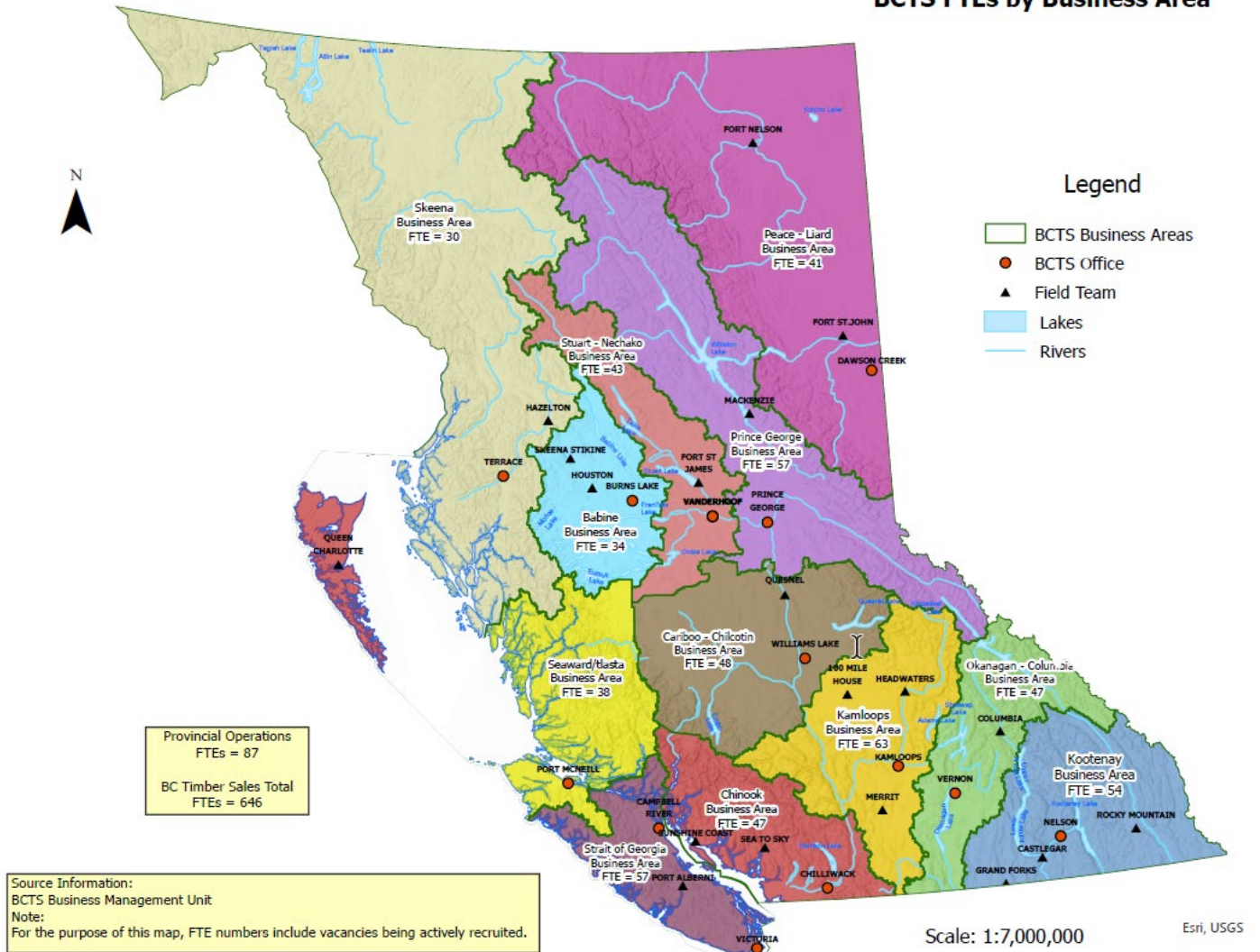
Performance Measure(s):

Representativeness of BCTS volume sold and harvested	
The percent of BCTS volume harvested is within five percentage points of the percent of volume harvested by major licensees for each major species and grade MPS attribute 80% of the time	2023/24 - 2025/26 Target
	80%

Measure Description: BCTS’ volume harvested by major species and grade attribute as a percent of total BCTS volume harvested, compared to the volume harvested by the major licensees by the same attribute as a percent of their total harvest volume. BCTS volume percentage is within plus/minus five percentage points of the major licensee’s 80 percent of the time.

ECONOMIC PROSPERITY

BCTS FTEs by Business Area





OBJECTIVE 1

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

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

BCTS' apportionment is the volume of public timber specified by the Minister, pursuant to the *Forest Act*, that the program has available to sell. It is the objective of the program to sell its full apportionment over the five-year business cycle consistent with safe practices, sustainable forest management and supporting reconciliation with Indigenous Peoples. In addition to adhering to these overarching principles, there may be circumstances where BCTS is unable to, or should not attempt to, sell its full apportionment. Specifically, in circumstances where:

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

This netted down apportionment is called the "rationalized apportionment". The rationalized apportionment is the apportionment against which program performance related to selling the full apportionment is measured.

The five-year business cycle ends March 31, 2024. At the end of year four (Mar 31, 2023) BCTS sold 72% of its rationalized apportionment.

Since 2003, BCTS has sold over 215 million cubic metres of timber, contributing over \$12.1 billion to the provincial gross domestic product (GDP).

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

Key Performance Indicator(s):

Cumulative percent of BCTS rationalized apportioned timber volume sold over the business cycle					
	2019/20	2020/21	2021/22	2022/23	2023/24
	Actual	Actual	Actual	Actual	Target
Cumulative percentage	24%	48%	62%	72%	88%

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.*

Impact of the Old Growth Strategy

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>	<i>11.8M m³</i>	<i>11.4M m³</i>	<i>10.0M m³</i>	<i>9.9M m³</i>	<i>9.5M m³</i>
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.*

BCTS is projecting its apportionment in the Interior will decrease over the next few years as new timber supply reviews are completed by the Ministry's Chief Forester, and the new annual allowable cuts are apportioned out by the Minister to BCTS and non-BCTS forest tenure types. This is due to a projected decrease in the mid-term timber supply because of the impacts of the mountain pine beetle, working with Indigenous Peoples to achieve their objectives, and the implementation of the Old Growth Strategy.

Performance Measure(s):

Timber volume sold over the current five-year business cycle					
	2019/20	2020/21	2021/22	2022/23	2023/24
	Actual	Actual	Actual	Actual	Target
Timber volume sold	10.1M m ³	10.3M m ³	5.6M m ³	4.4M m ³	7.1M m ³
Percent of annual rationalized apportionment	86%	90%	89%	85%	88%
Cumulative total timber volume sold	10.1M m ³	20.4M m ³	26.0M m ³	30.4M m ³	37.5M m ³

Regional Performance Measure(s):

Timber volume sold over the current five-year business cycle					
	2019/20	2020/21	2021/22	2022/23	2023/24
	Actual	Actual	Actual	Actual	*Target
North Interior	4.7M m ³	4.0M m ³	2.1M m ³	0.9M m ³	3.0M m ³
South Interior	3.7M m ³	4.0M m ³	2.2M m ³	2.4M m ³	2.6M m ³
Coast	1.7M m ³	2.3M m ³	1.3M m ³	1.1M m ³	1.5M m ³

*Amended due to rounding errors

Key Strategies Supporting Objective 1

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

Performance Measure(s):

Annual timber volume sold				
	2022/23	2023/24	2024/25	2025/26
	Actual	Target	Target	Target
Timber volume sold	4.4M m ³	7.1M m ³	7.4M m ³	8.5M m ³

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

Regional Performance Measure(s):

Annual timber volume sold				
	2022/23	2023/24	2024/25	2025/26
	Actual	Target	Target	Target
*North Interior	.9M m ³	3.0M m ³	3.0M m ³	4.2M m ³
South Interior	2.4M m ³	2.6M m ³	2.8M m ³	2.8M m ³
*Coast	1.1M m ³	1.5M m ³	1.6M m ³	1.5M m ³

*Volume Sold for 2022/23 amended due to rounding errors.

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, BCTS’ twelve business areas must anticipate these possible results and plan to offer sufficient timber volume to achieve their annual timber volume sold targets.

Performance Measure(s):

Annual timber volume auctioned				
	2022/23	2023/24	2024/25	2025/26
	Actual	Target	Target	Target
Volume advertised (offered)	5.4M m ³	7.3M m ³	7.6M m ³	8.7M m ³

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

Regional Performance Measure(s):

Annual timber volume auctioned				
	2022/23	2023/24	2024/25	2025/26
	Actual	Target	Target	Target
North Interior	1.1M m ³	3.1M m ³	3.2M m ³	4.4M m ³
South Interior	2.7M m ³	2.6M m ³	2.8M m ³	2.8M m ³
Coast	1.6M m ³	1.6M m ³	1.6M m ³	1.5M m ³



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.

Performance Measure(s):

Timber volume sold under a business-to-business (B2B) agreement – Incremental to BCTS apportionment				
	2022/23	2023/24	2024/25	2025/26
	Actual	Target	Target	Target
Timber volume sold	393,829 m ³	189,269 m ³	62,180 m ³	28,000 m ³

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

Develop sufficient timber volume to maximize timber volume offered and sold

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

The production of developed volume in 2022/23 was severely impacted by the implementation of the Government’s Old Growth Strategy. It is expected that the impacts of the strategy will continue over the next few years.

Performance Measure(s):

Annual timber volume developed (ADV)				
	2022/23	2023/24	2024/25	2025/26
	Actual	Target	Target	Target
ADV (Section 20 Volume)	3.3M m ³	7.4M m ³	7.9M m ³	9.3M m ³

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

Regional Performance Measure(s):

Annual timber volume developed				
	2022/23	2023/24	2024/25	2025/26
	Actual	Target	Target	Target
North Interior	0.8M m ³	2.8M m ³	3.2M m ³	4.6M m ³
South Interior	1.7M m ³	3.1M m ³	3.2M m ³	3.1M m ³
Coast	0.8M m ³	1.5M m ³	1.5M m ³	1.6M m ³

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

To ensure a reliable and sufficient supply of timber for development and future sale, BCTS needs to identify available timber volume and then undertake planning and consultation activities. Once that has been 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.

Performance Measure(s):

Annual ready to develop timber volume				
	2022/23	2023/24	2024/25	2025/26
	Actual	Target	Target	Target
Volume ready for development	6.0M m ³	8.4M m ³	9.0M m ³	10.1M m ³

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 Measure(s):

Annual ready to develop timber volume				
	2022/23	2023/24	2024/25	2025/26
	Actual	Target	Target	Target
North Interior	2.2M m ³	3.8M m ³	4.1M m ³	4.8M m ³
South Interior	2.8M m ³	3.4M m ³	3.6M m ³	3.9M m ³
Coast	1.0M m ³	1.2M m ³	1.3M m ³	1.4Mm ³



BC TIMBER SALES BUSINESS PLAN 2023/24 – 2025/26

Auction a reliable supply of timber

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

Performance Measure(s):

Percent of timber volume advertised in quarter planned	
	2022/23 - 2025/26
Target	90% to 110%

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

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

Customer demand for timber is not equal throughout the year, nor is it consistent throughout the province. BCTS recognizes in some area’s 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(s):

Percent of timber volume sold by quarter				
Fiscal Year	Q1	Q2	Q3	Q4
2023/24 Target	24%	56%	84%	100%
2022/23 Actual	6%	14%	32%	66%

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





OBJECTIVE 2

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

This objective supports the provincial government and the Ministry as major contributors to the current and future economic health of the province. BCTS’ revenues help to make life more affordable for British Columbians and to build a strong, sustainable, and innovative economy that works for everyone. BCTS operates under a self-financing special account and must generate sufficient revenue to finance its cash flow requirements (i.e., earn a profit) over the long term.

Since 2003, BCTS has earned \$2.0 billion dollars in net revenue and has generated over \$562 million of indirect revenue for the Province.

Net revenue is impacted by the volume of timber harvested during the year and prices paid for that timber. It is projected that the level of harvested timber each year will be significantly lower than in previous years. This is mainly due to the impacts of the Old Growth Strategy on BCTS’s timber supply. In addition, prices paid for harvested timber are expected to decline.

Key Performance Indicator(s):

	Net revenue			
	2022/23	2023/24	2024/25	2025/26
	Actual	Budget	Plan	Plan
Net revenue	\$92.7M	\$37.5M	\$39.3M	\$79.1M

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

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

Key Performance Indicator(s):

Indirect revenue generated				
	2022/23	2023/24	2024/25	2025/26
	Actual	Budget	Plan	Plan
Indirect revenue	\$32.3M	\$29.4M	\$31.2M	\$35.7M

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

Key Strategies Supporting Objective 2

Actively manage the costs of developing timber for auction

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

The implementation of the Old Growth Strategy in 2022/23 resulted in \$17.7 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.

Higher timber development costs and lower developed volume will result in higher unit costs over the three years of the business plan, as compared to previous plans.

Performance Measure(s):

Cost of developed timber per m3				
	2022/23	2023/24	2024/25	2025/26
	Actual	Budget	Plan	Plan
Timber development costs	\$12.30/m ³	\$10.96/m ³	\$10.56/m ³	\$10.64/m ³

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.*

Actively manage the costs of access to the timber

Like development costs, as Interior operations move out of the beetle areas into more difficult terrain, the costs of access to timber are expected to increase. The access unit cost in 2022/23 was impacted by the implementation of the Old Growth Strategy as volume sold was significantly lower than expected. The unit cost for the three-year period of the plan is higher than previous plans but it is expected to improve as volume sold increases.

Performance Measure(s):

Access cost per m3 of timber volume sold				
	2022/23	2023/24	2024/25	2025/26
	Actual	Budget	Plan	Plan
Access cost	\$11.29/m ³	\$7.65/m ³	\$7.46/m ³	\$6.48/m ³

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 Timber Sale Licences (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 public timber for non-tenured or insufficiently tenured timber processing facilities,
- promote local employment; and,
- support the value-added sector of British Columbia.

Performance Measure(s):

Category 2 timber volume offered				
	2022/23	2023/24	2024/25	2025/26
	Actual	Target	Target	Target
Volume offered	0.57M m ³	0.76M m ³	0.87M m ³	0.91M m ³

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





OBJECTIVE 3

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

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

Only those with excellent people, operations, practices, processes and effective relationships will truly excel.

BCTS and its people are committed to:

- continuously learning, innovating, and leading through change in the pursuit of **excellence**,
- embracing a **Lean philosophy** as the next step in continuous improvement; and
- building **effective relationships** and collaborations.

OBJECTIVE 3.1: EXCELLENCE IN PEOPLE

People are key to any successful implementation of a Lean philosophy. The people doing the work take responsibility for doing it better and take ownership of their work to improve processes and develop products. Most Lean activities are not sustained because they fail to build the capacity for Lean within the organization. In BCTS, we are not implementing “Lean solutions”, we are developing people to achieve challenging goals through a clearly defined improvement process. The key to implementing a Lean philosophy within BCTS is developing our own expertise.

BCTS continues to take significant steps to ensure all employees are developing the strong foundation in Lean practices required to fully implement a Lean philosophy within the organization. Ultimately, all BCTS people will have a firm foundation in the Lean philosophy derived from course work and their participation in Lean projects.

In addition, research has shown engaged employees with a foundation in Lean philosophy are more productive, less likely to resign and provide better service. Investments aimed at achieving a more engaged workforce benefit all. The BC Public Service and BCTS have been committed to understanding and improving employee engagement for over a decade. The BC Public Service Work Environment Survey (WES) helps provide information on work environment challenges impacting engagement, starts conversations on what can be done differently, and is used to guide actions and initiatives to improve engagement. The survey is conducted every second year. The last WES survey was conducted in January 2022.

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

Key Strategies Supporting Objective 3.1

Provide all staff with foundational training in Lean practices

Performance Measure(s):

Percent of staff with foundational Lean training				
	2022/23	2023/24	2024/25	2025/26
	Actual	Target	Target	Target
Staff percent	*N/A	100%	100%	100%

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.*

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

Performance Measure(s):

Work Environment Survey overall engagement				
	2022	2023	2024	2025
	Baseline	Actual	Target	Target
Staff engagement score	66%	N/A	Increase	N/A

Measure Description: *The WES staff engagement score is an indicator of BCTS’ success in improving the workplace for staff and increasing staff engagement. The survey is done every second year, there is no survey planned for years 2023 and 2025.*

Ensure all staff have a learning goal in Performance Development Platform (NEW)

Performance Measure(s):

Percent of staff with a learning goal in Performance Development Platform				
	2022/23	2023/24	2024/25	2025/26
	Actual	Target	Target	Target
Staff percent	*N/A	100%	100%	100%

Measure Description: All staff to have a learning goal as part of the annual performance workplan starting 2023/24. *The actual staff percent with a learning goal in My Performance for 2022–23 is currently not available.

OBJECTIVE 3.2: EXCELLENCE IN OPERATIONS, PRACTICES AND PROCESSES

All processes contain value-added activities and non-value-added activities. Value-added activities are critical to the organization and to expected results. Non-value-added activities are considered waste. They are not necessary from either the 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.

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

Key Performance Indicator(s):

Number of Lean projects undertaken				
	2022/23	2023/24	2024/25	2025/26
	Actual	Target	Target	Target
Number of Lean projects	51	40	40	40

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

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

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

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

BC Timber Sales has maintained conformance to ISO9001:2015 standards since 2018.

Conformance to the standard demonstrates our commitment to consistently:

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

BCTS CQMS Policy

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

Performance Measure(s):

Conformance to ISO9001:2015 standards				
	2022/23	2023/24	2024/25	2025/26
	Actual	Target	Target	Target
Self-Certification of CQMS	Maintained	Maintain	Maintain	Maintain

Measure Description: Self-certification of BCTS Contracting Quality Management System to ISO9001:2015 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, inter-government programs, Indigenous Peoples, local communities, customers or suppliers. Building and maintaining effective relationships supports the long-term success of BCTS.

Key Strategies Supporting Objective 3.3

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

The goal of the strategy is for our communications and engagement to:

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

Continue to implement and improve our business relationships

The objective to improve our business relationships will:

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

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

There are two important BCTS customer and supplier stakeholder groups:

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

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

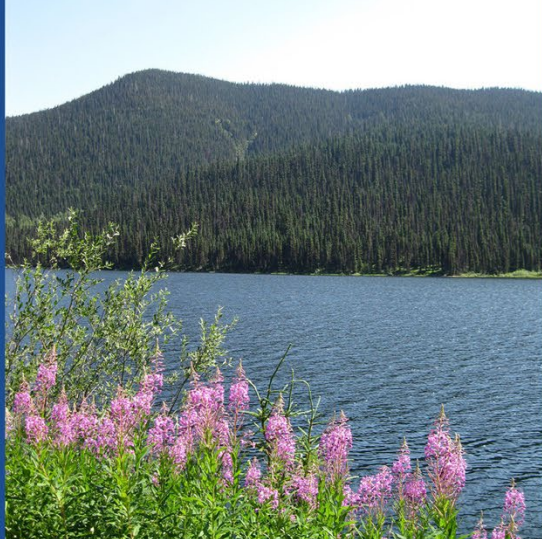
APPENDIX

Appendix 1: Resource Summary 2022/23 to 2025/26

(\$ millions)	2022/23	2023/24	2024/2025	2025/2026
	Actual (Unaudited)	Budget Estimate	Plan	Plan
Gross Revenue	308.097	274.430	268.431	316.334
*Less: Expenses (Capitalized)	(215.396)	(236.929)	(229.073)	(237.229)
Net Revenue (Loss)	92.700	37.501	39.357	79.105
Transferred to CRF	(0.000)	(200.000)	(0.000)	(50.000)
Indirect Revenue	32.3	29.4	31.2	35.7
Inventory Financing Transactions				
Cost of Timber Inventory	88.369	81.126	83.414	99.000
Cost of Disposition Agreement Inventory	11.452	5.880	1.450	0.538
Fish Habitat Inventory	0.015	0.125	0.100	0.125
Seed Inventory	2.110	2.000	2.000	2.000
Total Financing Transactions	101.946	89.131	86.964	101.663
Capital Expenditures				
Capital – Roads	28.243	40.107	40.452	40.415
Capital – Non-roads	0.297	1.000	1.000	1.000
Total Capital Budget	28.539	41.107	41.452	41.415
Cash Expenditures				
Administration	13.5	18.2	17.9	18.2
Salaries	56.5	67.5	69.3	69.8
Planning	7.4	10.6	10.2	9.8
Sales	22.9	36.9	39.5	44.5
Disposition Agreement Development Costs	11.4	5.9	1.5	0.5
Access	32.4	51.9	49.1	47.1
Silviculture	62.4	72.9	65.6	64.4
Land Base Investment (FFT) – Expenditures	22.9	30.6	33.9	26.6
Land Base Investment (FFT) – Recoveries	(25.4)	(32.9)	(36.4)	(30.1)
Sect. 108 & Extreme Weather (Flood) Recoveries	(4.6)	(0.0)	(0.0)	(0.0)
Total Cash Expenditures	199.4	261.6	250.6	250.8
Other Non-Operating Loss (2021 Fall Floods)	0.0	2.2	0.3	0.0
Adjusted Cash Expenditures	199.4	263.8	251.2	250.8
Non-Cash Budgets				
Amortization – Roads	37.932	39.635	41.132	41.194
Amortization – Non-Roads	0.297	0.300	0.350	0.400
Silviculture Liability Expense	67.968	55.000	60.000	60.000
Cost of Timber Inventory Harvested	57.052	69.178	73.247	85.763
Cost of Timber Inventory Harvested – D.A.	16.055	15.736	5.732	2.561
Development in Progress WO	0.564	0.492	0.537	0.592
Timber Volume Outputs (M m³)				
Volume Advertised (Offered)	5.4	7.3	7.6	8.7
Volume Sold	4.4	7.1	7.4	8.5
Volume Developed	3.3	7.4	7.9	9.3
Volume Scaled (Harvested)	4.9	6.1	6.4	7.4
Full Apportionment Volume	12.3	12.1	10.6	10.6
Rationalized Apportionment Volume	6.3	6.7	7.4	9.0
Average Billed Rate (\$/m ³)	\$60.85	\$42.71	\$41.06	\$41.81
Jobs directly Created/Maintained (count)	5,200	4,200	4,500	5,100

*Includes \$17.7M for costs relating to the implementation of the Old Growth Strategy.

**ECONOMIC
PROSPERITY**



SUSTAINABILITY



BCTS
BC Timber Sales



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



SAFETY



**BUSINESS
EXCELLENCE**



RECONCILIATION