



Ref: 20740-01/GEN

January 17, 2013

NOTICE TO ALL LOG EXPORTING AND INTERESTED PARTIES

Fee in Lieu Of Manufacturing Rates, as of March 1, 2013

Under Part 10 of the *Forest Act*, Section 129 (a) provides for fees to be paid to the government for timber exported under an exemption from the requirement to manufacture timber in British Columbia. Fee rates vary by species, grade and location.

Until further notice, the fee in lieu of manufacture rates below apply to harvested timber for which applications for a provincial export permit are received on or after March 1, 2013, except for applications under Orders in Council.

1. For timber from tenures located in the Interior (all areas in the Province outside the Coast) the fee in lieu of manufacture is unchanged at \$1.00/m³.
2. For timber from tenures located in the Coast (see attached map) the fee in lieu of manufacture is calculated for each log, based on species and grade, using the following new procedure. The domestic log value used in the calculation is derived from the log price data collected for use in the Market Pricing System.

(a) For coniferous timber a Base Rate shall be calculated by applying the relevant percentage to the domestic log value (for the species and grade of the log, the volume-weighted average of the old growth and second growth recorded domestic selling prices of coastal logs in the most recent available three month period) on the date the provincial export permit application is received:

- 15% of the domestic log value for Douglas fir, all grades;

- 10% of the domestic log value for all other coniferous species and grades except grades U and lower; or

- 5% of the domestic log value for grades U, X, Y and Z for all coniferous species except Douglas fir;

(b) If the Base Rate calculated in (a) is less than \$1.00/m³, a minimum Base Rate of \$1.00/m³ applies.

(c) For deciduous timber the Base Rate is \$1.00/m³.

(d) The Base Rate established in (a), (b) or (c) is multiplied by a factor which is determined and published quarterly by the Director of Competitiveness and Innovation Branch. The factor is based on the difference between export log values (the volume-weighted average of all export logs reported by Statistics Canada for the most recent available three month period) and domestic log values (the volume-weighted average of all old growth and second growth recorded domestic selling prices of coastal logs in the same period). The table below establishes the range of multiplication factors that result from the difference between varying export and domestic values:

Difference Between Export and Domestic Values (per m³)	Multiplication Factor
\$0 to \$10.00	1.0
\$10.01 to \$20.00	1.1
\$20.01 to \$30.00	1.2
\$30.01 to \$40.00	1.3
\$40.01 to \$50.00	1.4
>\$50.00	1.5

Sincerely,



Paul Knowles
Director

Attachment

ATTACHMENT

Map of the Coast

The Coast refers to the former Coast Forest Region, inclusive of the former North Coast Forest District, as shown below.

