



BCTS

BC Timber Sales

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Advisory Bulletin No. 07/11/07 Timber Sale Licence Extension Fee Calculation (for registrant communication)

Introduction

The purpose of this bulletin is to inform you of the recent changes to section 58.1 of the *Forest Act* affecting the calculation of the extension fee for a Timber Sale License (TSL).

The change to the extension fee has taken place as a result of the passage of Bill 18 - *Forest and Range Status Amendment Act, 2007*.

Extension Fee Discount:

The extension fee scheme has been amended such that where, on or after May 31, 2007, a TSL holder applies for an extension of a TSL extendable under section 58.1 of the *Forest Act*, the base extension fee will now be discounted by a percentage based on the volume of timber that has been harvested on or before the date the application for the extension is submitted to a timber sale manager. The maximum discount possible is 90% irrespective of the amount of timber that has been harvested.

In other words as a TSL holder you will pay an extension fee (minimum of 10% of the of the base extension fee) that approximates the remaining unharvested timber on the TSL. However, rather than the percentage of the timber remaining being used to calculate the discounted fee, the percentage of timber harvested (i.e., removed from licence area and normally transported to a designated scaling site), will be used.

You are encouraged when making an extension request to include an estimate of the percentage of timber harvested from the TSL on or before the date of the application being received in the timber sale office. BCTS staff will then confirm your estimate or make their own assessment in the absence of information from you.

Note that the revised extension fee scheme applies to both existing and new TSLs extendable under section 58.1, but TSL extension fee transactions that have taken place prior to coming into force of the new fee structure are not eligible for a retroactive discount (refund).

Base Extension Fee:

The base extension fee, which will continue to be charged where no harvesting has occurred, will remain at 5% of the total stumpage value (upset plus bonus multiplied by the aggregate estimated volume at the time of auction).

Example Calculation:

TSL particulars

Multi-block TSL with a total rate of \$34.27/m³ and an aggregate estimated advertised volume of 57 689 m³, 37 568 m³ of which has been cut and removed from the site.

Step 1 – Base fee calculation

$$\text{\$34.27/m}^3 \times 57\,689 \text{ m}^3 \times 0.05 = \text{\$98,850.10}$$

Step 2 – Discounted rate

$$37\,568 \text{ m}^3 \div 57\,689 \text{ m}^3 \times 100 = 65\%$$

Step 3 – Amount of discount

$$65\% \text{ of } \text{\$98,850.10} = \text{\$64,372.77}$$

Step 4 – Extension fee

$$\text{\$98,850.10} - \text{\$64,372.77} = \text{\$34,477.33}$$

Or, in a simplified manner:

Step 1 - Volume remaining to be harvested

$$57\,689 \text{ m}^3 - 37\,568 \text{ m}^3 = 20\,121 \text{ m}^3$$

Step 2 – Extension fee

$$20\,121 \text{ m}^3 \times [\text{\$34.27/m}^3 \times 5\%] = \text{\$34\,477.33}$$

CONTACTS

Further details and direction regarding this matter are available from Shawn Hedges - Policy Forester, BC Timber Sales Headquarters @ 250-387-8944 or Shawn.Hedges@gov.bc.ca
