



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



File: 19400-00

2019-06-26 Advisory Bulletin – Q&As Information to Submit Regarding Origin of Security Deposits (April 1, 2019)

1) What information am I being asked to submit?

Effective April 1, 2019, the successful applicants for all newly advertised Timber Sale Licences (TSL) are to submit information in relation to their TSL security deposit at the time of deposit submission or at notification of reliance on a standing deposit.

The information provided identifies the source of the successful applicant's security deposit and specifically whether it originates from:

- Another BCTS registrant,
- A person other than the successful applicant, who owns or leases a timber processing facility, or
- The holder of, or a person with specified linkages¹ to, a pulpwood agreement or one or more major licences that together have an aggregate allowable annual cut of greater than 10,000 m³.

2) What if I refuse to submit this information with my security deposit?

Submission of this information with your security deposit is voluntary. However, if you refuse to submit the information, after issuance of your TSL the Timber Sales Manager may make a formal request for submission of the information under section 136.2 of the *Forest Act*, upon which, submission of the information will become mandatory.

3) What is the reason for requesting this information?

The Ministry is committed to upholding competitive principles in support of the Market Pricing System. Information provided by successful applicants will support the Ministry's due diligence with respect to the administration of TSL auctions and carrying out its responsibilities under the *Forest Act*.

¹ specified linkages as described under point 3 in *Information to include with security deposit*

4) How will this information be used?

This new information requirement does not imply that legitimate free market funding arrangements between BCTS enterprises, log buyers, or other third parties are prohibited. The information submitted will not be used in determining eligibility for this TSL.

However, the information may assist the Ministry in understanding broader trends or funding relationships and it may be used in the course of an investigation regarding compliance with sections 164 and 165.1 of the *Forest Act*.

5) Does the passing of Bill 22 (2019) have any implications for the *Information to Submit Regarding Origin of Security Deposits*?

With the passing of Bill 22 (2019), the *Forest Act* now contains a provision stating that a person who holds an agreement under the *Forest Act* (e.g. TSL) must provide information in relation to any security interests in the agreement, upon request of the minister.

This means that if the successful bidder does not voluntarily submit the *Information to Submit Regarding Origin of Security Deposits* form prior to the TSL being issued, the TSM now has the authority to request this information after the TSL has been issued. Failure to provide this information may result in the TSM taking action under section 78 of the *Forest Act*.

6) Will the information I provide be made public?

For the purposes of the *Freedom of Information and Protection of Privacy Act* (FOIPA), financial information submitted in accordance with this security deposit information request is considered to be supplied in confidence. It may only be disclosed in accordance with the FOIPA.

The controls on the release of information pertaining to financial harm are under FOIPA sections 21 and 22.

http://www.bclaws.ca/EPLibraries/bclaws_new/document/ID/freeside/96165_02#section21

Further information on FOIPA can be found at:

<https://www2.gov.bc.ca/gov/content/governments/about-the-bc-government/open-government/open-information/freedom-of-information/learn-more-about-foi>

7) Does this information submission in any way limit a major licensee in its ability to access timber through establishing business to business relationships with TSL holders?

Business to business agreements, amongst major licensees and TSL holders, to secure access to timber are legitimate so long as they do not involve anti-competitive business practices that prevent or limit competition in the market or are otherwise not in compliance with sections 164 and 165.1 of the *Forest Act*.

Contacts

For further information regarding this bulletin please contact BCTS Headquarters or your local BCTS office.