



File: 10765-01/2019
Cliff: 249812

July 8, 2019

All BC Timber Sales Registrants

Dear BC Timber Sales Registrant:

A new variable fee-in-lieu of manufacturing will be applied to all timber sale licences (TSL) on the Coast that are advertised on or after July 8, 2019.

Part 10 of the *Forest Act* requires that all timber harvested from Crown Land within British Columbia must be manufactured within British Columbia. However, the *Forest Act* also states that an exemption may be granted from manufacturing within British Columbia.

If timber is exported from a TSL on the Coast, in addition to stumpage payable, a fee-in-lieu of manufacturing will be charged:

- a. If the licence is within a Blanket Export Order in Council (OIC) Exemption Area, the volume percentage and amount that will be charged for fee-in-lieu of manufacturing will be established by the OIC for that exemption area.
- b. If the licence is not within a Blanket Export OIC Exemption Area or timber for export is being exported under the “surplus test”, the fee-in-lieu of manufacturing that will be charged is as follows:
 - i. Douglas fir: fee-in-lieu will be 15 percent of Vancouver Log Market.
 - ii. Other conifer species: fee-in-lieu will be dependent on the Estimated Winning Bid at the time of the appraisal of the TSL.
 - iii. Deciduous species: fee-in-lieu will be \$1/m³.
 - iv. While Western Red Cedar and Cypress are not exportable, any incidental volume of these species will be assessed with a fee-in-lieu that will be 15 percent of Vancouver Log Market.

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Any conifer species volume other than Douglas fir, Western Red Cedar and Cypress, under a given timber mark, that is for export under the “surplus test” will be charged a fee-in-lieu that is a percentage of the Vancouver Log Market. The percentage applied will be dependent on the Estimated Winning Bid at the time of appraisal of the TSL and will be identified in the Safety and Highlights Report for each TSL.

Should you have questions regarding this information, please contact your local Timber Sales Office in one of the 12 locations around the province.

Sincerely,

A handwritten signature in black ink, appearing to read 'AP', with a long horizontal flourish extending to the right.

Allan Powelson R.P.F.
A/Director, Sustainability and Forestry
BC Timber Sales Headquarters

pc: Ray Luchkow, A/Executive Director, BCTS
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Timber Sales Leadership Team