



File: 10765-01/2016 policy changes  
Cliff: 220783

**MAR 23 2016**

## **All BC Timber Sales Registrants**

Dear BC Timber Sales Registrant:

This letter provides BC Timber Sales (BCTS) registrants with important information respecting the use of bid deposits in respect of Timber Sales Licence (TSL) auctions.

BCTS has a long-standing business practice that requires a bid deposit to be submitted with an application and tender for a TSL. In the past, the bid deposit was the primary policy tool available to motivate the submission of bona fide bids and to dampen excessive speculative bidding. However, given the effectiveness of the performance based deposit rules introduced in 2012 and the 6-month minimum mandatory disqualification for failure to enter into a TSL, BCTS has concluded that the use of bid deposits may no longer be necessary.

To test the above view, Timber Sales Managers will not require the submission of bid deposits in respect of applications and tenders for TSL auctions on an 18 month trial basis commencing May 1, 2016 and ending October 31, 2017. An assessment of the effectiveness of the pilot will be conducted after 12 months and if the pilot is meeting expectations BCTS will take steps to make the change permanent. Conversely, in the event the pilot is resulting in a noticeable and unacceptable increase in speculative bidding behaviour or refusal to enter into TSLs BCTS will cancel the pilot and revert to using bid deposits as standard business practice.

Note that BCTS registrants with standing bid deposits may request the return of those deposits during this pilot period subject to the following:

- The standing deposit is not currently being held as a deposit against an advertised or awarded TSL;
- The standing deposit has been in place for more than one (1) year;
- The registrant does not owe money to government; and
- The registrant applies in writing to the Timber Sales Manager for the return of the standing deposit.

Page 1 of 2

Should you have further questions regarding the issues discussed here, please contact your local timber sales office in one of the 12 locations around the province.

Yours truly,

A handwritten signature in black ink, appearing to read 'T. Sheldon', with a long horizontal stroke extending to the right.

Tim Sheldon  
Deputy Minister

pc: Dennis Forbes, Executive Director, Receivables Management Office, Ministry of Finance  
Elizabeth Fontes, Manager, Receivables Management Office, Ministry of Finance  
Carl Jensen, Supervisor, Receivables Management Office, Ministry of Finance  
Timber Pricing Branch Leadership Team  
Timber Sales Leadership Team  
Timber Sales Advisory Council