New Fee-in-Lieu for BC Timber Sales (BCTS) Timber Sale Licences (TSLs)

Q: Which TSLs does the new fee-in-lieu apply to?
The new fee-in-lieu applies to all TSLs that are advertised on or after July 1, 2019.

Q: Does the new fee-in-lieu apply to TSLs advertised in the Interior?
No. The new fee-in-lieu only applies to TSLs advertised on the Coast.

Q: What are the rates that apply to Coastal TSLs?
The new fee-in-lieu percentage applied is dependent on the Estimated Winning Bid at the time of appraisal of the TSL and will not change for the term of the TSL. For the volume that is being applied for export under the surplus test, the following fee-in-lieu percentage will apply:

- Douglas fir: fee-in-lieu will remain at 15 percent of the domestic log value derived from the log price data collected for use in the Market Pricing System (MPS).

- Deciduous species: fee-in-lieu will be $1/m³.

- While western redcedar and cypress are not exportable, any incidental volume of these species will be assessed with a fee-in-lieu of 15 percent of the domestic log value derived from the log price data collected for use in the MPS.

- Any conifer species volume other than Douglas fir, western redcedar and cypress, will be charged a fee-in-lieu that is a percentage of the domestic log value derived from the log price data collected for use in the MPS. The new fee-in-lieu percent ranges from 10 percent up to a maximum of 50 percent for TSLs advertised between July 1 and December 14, 2019 inclusive. For TSLs advertised on or after December 15, the new fee-in-lieu percent ranges from 10 percent up to a maximum of 35 percent.

Q: If I apply for an export permit and only a portion of the timber comes from a TSL that is subject to the new fee-in-lieu, will all the timber be assessed at the new rates?
No. The new fee-in-lieu percent will be calculated independently for each timber mark within the export permit application.
Q: Is there a formula for determining the new fee-in-lieu in advance of bidding a BCTS TSL advertised on or after July 1, 2019?

Each TSL tender package will contain the new fee-in-lieu percentage within the Safety and Highlights Report. The new fee-in-lieu percent will remain fixed for any timber that is exported under the TSL mark.

Q: Is there still a multiplication factor that will apply to the new fee-in-lieu?

No. There is no multiplication factor associated with the new fee-in-lieu.

Q: If I have a TSL that was issued on or after July 1, 2019, but advertised before July 1, 2019, would I pay the new fee-in-lieu if I apply for an export permit?

No. The new fee-in-lieu is applicable to TSLs that are advertised on or after July 1, 2019.

Q: If I have a TSL issued before July 1, 2019, within a blanket OIC exemption area, would I pay the old fee-in-lieu if I apply for an export permit or can I pay the fee outlined in the OIC?

In this situation, where a TSL is advertised before July 1, 2019, any volume that is exempted under the OIC will pay the fee-in-lieu specified within the current OIC.

Any volume within an OIC exemption area that is advertised on the surplus test would be subject to the current fee-in-lieu rates. In this case the fee-in-lieu policy as of March 1, 2013 applies (15%-10%-5%) and a multiplication factor as per the policy posted here: https://www2.gov.bc.ca/assets/gov/farming-natural-resources-and-industry/forestry/log-exports/fee_in_lieu_as_of_mar_1_2013.pdf

Log Export Orders in Council

Q: Is there a transition period for the fee-in-lieu, specifically for calculating the volume of timber that may be exempted?

Yes. For the purpose of this calculation any surplus test exempted volume was reset to zero on August 6, 2019 for all licenses including TSLs.

Any volume advertised and permitted under the surplus test after August 6, 2019 will be counted.

All previous OIC volume permitted within the 545 day reference period must be deducted.

Q: If I want to export volume from my tenure within a blanket OIC exemption area, do I have to use up the blanket OIC exemption volume first before advertising on the surplus test?

No. There is no requirement to apply for an exemption under the blanket OIC first.

Once the recorded volume reaches the OIC specified percentage, all further export applications must go through the surplus test until additional harvest volume is added.
Example A: An exporter in the Cassiar blanket OIC Exemption area has a Forest Licence. On August 23, 2019 they consider applying to export 6,000 m$^3$ of timber from that licence.

- During the preceding 545 days they harvested 8,000 m$^3$ of timber. Of this volume, 1,000 m$^3$ is western redcedar and cypress. Therefore, the base harvest volume (8,000 m$^3$ – 1,000 m$^3$) = 7,000 m$^3$.
- They have not exported any volume (under the OIC or under the surplus test) in the preceding 545 days.
- The exporter may apply to export (80% x 7,000 m$^3$) = 5,600 m$^3$ of timber on August 23, 2019, with a fee-in-lieu of $1/m$^3$.
- The remaining volume for application to export (6,000 m$^3$ – 5,600 m$^3$) = 400 m$^3$ may be applied for exemption under the surplus test on that date.

Example B: An exporter in the Cassiar blanket OIC Exemption area has a Forest Licence. On August 23, 2019, they decide to apply to export 6,000 m$^3$ of timber from that licence.

- During the preceding 545 days they note in Harvest Billing System (HBS) that to date, they harvested 8,000 m$^3$ of timber. Of this, they harvested 1,000 m$^3$ of western redcedar and cypress. Therefore, the base harvest volume is (8,000 m$^3$ – 1,000 m$^3$) = 7,000 m$^3$.
- Under the Cassiar OIC, the exporter may apply to export (80% x 7,000 m$^3$) = 5,600 m$^3$ of timber on August 23, 2019.
  - On May 2019, the exporter advertised 500 m$^3$ on the surplus test and received an exemption for the 500 m$^3$.
  - In April 2019, the exporter applied for an exemption of 200 m$^3$ under the previous OIC and received an exemption for the 200 m$^3$.
  - On August 7, 2019, the exporter advertised 300 m$^3$ under the surplus test and received an exemption for the 300 m$^3$ upon completion of review period process.
- On August 23, 2019, if they decide to export 6,000 m$^3$, only 5,100 m$^3$ can be exported under the OIC due to the previous OIC exemption volume and surplus test exemption volume post August 6, 2019 (5,600 m$^3$ – (200 m$^3$ + 300 m$^3$)) = 5,100 m$^3$. The remaining volume (6,000 m$^3$ – 5,100 m$^3$) = 900 m$^3$ must be advertised on the surplus test.

Q: The “reference period” of the blanket OIC exemption area is described as the 545 days immediately prior to the date of application for an export permit. Does this mean it applies to timber scaled prior to July 11, 2019, or only to timber scaled from that day forward?

The reference period is the 545 days immediately prior to the date of the application for a permit. It would include harvest going back to 2018. For the purposes of calculating the recorded volume, it similarly would capture any exempted volume under the blanket OIC exemption area. As noted above, only exempted volumes under the surplus test post August 6, 2019 will be considered in this calculation.