



FREQUENTLY ASKED QUESTIONS

January 5, 2022

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

Coast Wide Implementation of Variable Fee-in-Lieu

BCTS TIMBER SALE LICENSES (TSLs):

Q1: What has changed for BCTS variable fee-in-lieu (VFIL) policy?

Calculation of VFIL is changed to EWB-40 for TSLs advertised on or after December 15, 2020. TSLs advertised between July 1, 2019 and December 14, 2020 will continue to utilize VFIL=EWB-20. Decked timber sales advertised on or after December 15, 2020 will have a VFIL of 17%.

Q2: Which TSLs does the variable fee-in-lieu (VFIL) apply to?

The VFIL applies to all TSLs that are advertised on or after July 1, 2019.

Q3: Does the variable fee-in-lieu apply to TSLs advertised in the Interior?

No. The VFIL only applies to TSLs advertised on the Coast.

Q4: What are the rates that apply to Coastal TSLs?

The variable 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 and Grade Z: 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 variable 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, 2019 the variable fee-in-lieu percent ranges from 10 percent up to a maximum of 35 percent.
- VFIL = EWB - 20 for TSLs advertised July 1, 2019 and December 14, 2020 inclusive. For TSLs advertised on or after December 15, 2020 the VFIL % is based on a minimum of 10% VFIL starting at EWB=40 and maximum of 35% (EWB=65).
- TSLs with no EWB (decked sales) will have a fee-in-lieu of 17%

Q5: If I apply for an export permit and only a portion of the timber comes from a TSL that is subject to the variable fee-in-lieu, will all the timber be assessed at the TSL rates?

No. The fee-in-lieu percent will be calculated independently for each timber mark within the export permit application.



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Q6: Is there a formula for determining the variable fee-in-lieu in advance of bidding a BCTS TSL advertised on or after July 1, 2019?

Each TSL tender package will contain the variable fee-in-lieu percentage within the Safety and Highlights Report and found through the “search by licence” feature on the BC Bid website <https://www.bcbid.gov.bc.ca/open.dll/welcome?language=En> . The VFIL percent will remain fixed for any timber that is exported under the TSL mark.

Q7: Is there still a multiplication factor that will apply to the variable fee-in-lieu?

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

Q8: If I have a TSL that was issued on or after July 1, 2019, but advertised before July 1, 2019, would I pay the variable fee-in-lieu if I apply for an export permit?

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

Q9: 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 fee-in-lieu policy as of March 1, 2013 applies (15%-10%-5%) and a multiplication factor (fixed at 1.0) 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.



FREQUENTLY ASKED QUESTIONS

COASTAL CUTTING AUTHORITIES (non-BCTS)

Q1: When does the variable fee-in-lieu (VFIL) policy come into effect?

The VFIL policy comes into effect for timber on which applications for a provincial export permit are received on the Coast on or after December 15, 2020.

Q2: Which cutting authorities (non-BCTS) does the variable fee in lieu (VFIL) apply to?

VFIL applies to all new and existing cutting authorities in the Coast Area that are subject to Part 10 of the Forest Act.

Q3: What are the rates that apply to Coastal cutting authorities (non-BCTS)?

The variable fee-in-lieu (VFIL) percentage applied is dependent on the initial Estimated Winning Bid (EWB) at the time of appraisal and will not change for the term of the cutting authority unless a Post Harvest Appraisal is confirmed prior to the end of the cutting authority term. For the volume that is being applied for export under the surplus test, the following fee-in-lieu percentages 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 and Grade Z: 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.
 - i. For export permit applications received prior to April 1, 2021:
 - TMs that were in effect December 15, 2020 will use the December 15, 2020 EWB.
 - TMs issued between December 16, 2020 and March 31, 2021 inclusive will use the initial EWB at the time of appraisal.
 - TMs with an expired stumpage rate prior to December 15, 2020 will use the last available EWB.
 - The Post Harvest Appraisal EWB will be used once the Post Harvest Appraisal is confirmed (first EWB of the PH appraisal).
 - Table 1 VFIL % based on EWB can be found [here](#) .
 - ii. For export permit applications received on or after April 1, 2021:
 - TMs that were in effect December 15, 2020 will use the December 15, 2020 EWB adjusted for the Fibre Recovery Zone (FRZ) variable if applicable.
 - TMs issued after December 15, 2020 and before April 1, 2021 will use their initial EWB adjusted for the FRZ variable if applicable.
 - TMs with an expired stumpage rate prior to December 15, 2020 will use the last available EWB
 - TMs issued after April 1, 2021 will use the initial EWB
 - The Post Harvest Appraisal EWB will be used once the Post Harvest Appraisal is confirmed (first EWB of the PH appraisal).
 - Table 2 VFIL % based on EWB can be found [here](#) .
 - iii. Cutting authorities with no EWB (non-appraised): will have a fee in lieu of 17%.



FREQUENTLY ASKED QUESTIONS

Q4: Where can I find the Estimated Winning Bid (EWB) that applies to my non-BCTS fully appraised cutting authority?

Licensees can look up EWB in ECAS for their specific timber marks as follows:

- Go to Electronic Commerce Appraisal System (ECAS) Home Page and select SUBMISSIONS tab
- Select GAS REPORTS
- Select STUMPAGE REPORTS AND NOTICES
- Select RATE AND WORKSHEET DETAILS
- Enter your Timber Mark
- Select the appropriate Effective Date
 - Hit <enter>
- Select 'Appraised' hyper-link (if it says 'non-appraised', there is no EWB and FIL % = 17)
- 'STUMPAGE RATE DETAILS' PDF report will open
 - Estimated Winning Bid (EWB) can be viewed under the RATE SUMMARY section below GENERAL INFORMATION

You must be an authorized representative of the Timber Mark Holder in order to look up EWB information. Agents selling logs on behalf of a licensee will need to contact that licensee to supply the EWB.

Q5: What effect will Post-Harvest Appraisal Reconciliation Model (PHARM) have on the VFIL% for a cutting authority?

Once a Post Harvest Appraisal is confirmed, any export permits applied for after that date will use the Post Harvest EWB for VFIL calculation. This EWB will not be retroactively applied to previously applied for export permits.