

## Question & Answers

### Cruise-based/Lump Sum TSLs

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**Question #1: What is a cruise-based timber sale licence (CBTSL)?**

Answer #1: A CBTSL is a Timber Sale Licence (TSL) containing timber on which stumpage will be paid on the volume of timber determined by a cruise of the timber as opposed to a scale of the timber. CBTSLs must be approved by the Director, Operations BC Timber Sales (the Director) in his capacity as a deputy Regional Manager pursuant to section 106 of the *Forest Act*.

**Question #2: What is a lump sum TSL?**

Answer #2: In a BC Timber Sales (BCTS) context, a lump sum TSL is a CBTSL for which the successful bidder has tendered a bonus offer (i.e., a lump sum amount) in order to acquire the right to harvest timber under the CBTSL. Note that a bonus offer is not the same as a bonus bid (i.e., a unit amount offered on a per cubic metre basis) that is most commonly used in conjunction with scale-based TSLs.

**Question #3: Is the bonus offer considered to be part of stumpage?**

Answer #3: No. In a lump sum TSL context, stumpage is the upset value for which the lump sum TSL was auctioned and which is payable under Part 7 of the *Forest Act*. The bonus offer on the other hand is an additional amount of money that the successful bidder has tendered in order to acquire the right to harvest timber under the lump sum TSL. Both stumpage and the bonus offer must be paid in accordance with the terms of the lump sum TSL. At present, stumpage and the bonus offer are blended for easy of billing and must be paid monthly in proportion to the area on which timber is felled.

**Question #4: Can a lump sum TSL be extended or surrendered like other TSLs?**

Answer #4: Yes. Lump sum TSLs are subject to the same extension and surrender rules as other TSLs. Please refer to section 58.1 and 58.3 of the *Forest Act* or contact your local timber sales office for further information in this regard.

**Question #5: Is stumpage or the bonus offer payable in the event of the surrender or expiration of a lump sum TSL?**

Answer #5: Stumpage is not payable in the event of the surrender or expiration of a lump sum TSL; however, given the legislated rules pertaining to bonus offers, the bonus offer must be paid in full in addition to the standard forfeiture of the TSL security deposit.

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**Question #6: Are there different types of lump sum TSLs, and if so, what are the minimum applicable cruise standards for the typical array of such TSLs that BCTS will be auctioning?**

Answer #6:

	Criteria	Lump Sum TSL Type	Minimum Cruise Standard
1	The TSM is satisfied, based on a preliminary estimate, that less than 35% of the net merchantable volume of timber in each cutblock (all species) in a lump sum TSL is in a red or gray attacked state.	<b><i>Lump sum TSL.</i></b>	Must be cruised in accordance with the Ministry of Forests and Range Cruising Manual (i.e., to an 8% sampling error).
2	The timber sales manager (TSM) is satisfied, based on a preliminary estimate, that 35% - 70% of the net merchantable volume timber in each cutblock (all species) in a lump sum TSL is in a red or gray attacked state.	<b><i>MPB lump sum TSL.</i></b>	Must be cruised in accordance with the Ministry of Forests and Range Cruising Manual (i.e., to a 12% sampling error or 1 plot per hectare).
3	The TSM is satisfied, based on a preliminary estimate, that 70% or more of the net merchantable volume of timber in each cutblock (all species) in a lump sum TSL is in a red or gray attacked state.	If compiled with normal merchantability specifications, then <b><i>MPB lump sum TSL.</i></b>	Variable Cruise estimate approved by a timber sales manager and signed/sealed by a Registered Forest Professional that relies on a methodology not less than the Vegetative Resource Inventory (VRI) and field verification.
4	The purpose of the TSL is to support one or more innovative BCTS business and marketing objectives.	<b><i>Innovative lump sum TSL (iTSL).</i></b>	Same as #2 (i.e., Variable Cruise relying on VRI floor).
5	The timber is deemed unsafe to cruise.		Refer to section 2.6.2 of the Cruising Manual.

**Question #7: What happens in the event that partial harvesting has taken place on a lump sum TSL and either the holder declares harvesting complete or the TSL expires?**

Answer #7: Generally speaking, in either case, full payment of the remaining unpaid stumpage and bonus offer is due. A final invoice will be issued for the unbilled portion of the stumpage and bonus offer. Provided that the invoice is paid and there aren't any outstanding contractual or forest legislative obligations under or in respect of the lump sum TSL or a non-current stumpage account, the security deposit would typically be released.