



BCTS

BC Timber Sales

Advisory Bulletin No. 06/28/04 – Key Legislative, Regulatory and Forest Policy Changes Affecting BCTS – revised 12/08/04

The purpose of this bulletin which replaces *Advisory Bulletin No. 11/04/03 (Revised 04/01/04)* and *Advisory Bulletin No. 06/28/04*, is to update program registrants on key legislative, regulatory, forest policy and organizational changes affecting BC Timber Sales (BCTS). The changes are an integral part of the program's transformation process as well as government's Forestry Revitalization Plan.

BC Timber Sales Regulation

- The *Small Business Forest Enterprise Regulation* has been renamed the *BC Timber Sales Regulation*.
- *Small Business Forest Enterprises* have been renamed *BC Timber Sales Enterprises*.
- Category 2 and 3 registrant pools have been frozen as of June 20, 2003. Existing Category 2 and 3 *BC Timber Sales Enterprises* can renew their registrations; however, there is no opportunity for new entry and if a Category 2 or 3 registration expired before June 20, 2003, it cannot be renewed. Existing Category 3 registrants that become owners or lessees of a timber processing facility (and otherwise continue to qualify for registration in Category 2) will be switched to Category 2 after notifying the timber sales manager of their change in processing status.
- Timber sales managers have sole authority to administer the regulation.
- Previous restrictions barring owners or lessees of timber processing facilities and holders of pulpwood agreements or one or more major licences with an aggregate allowable annual cut of > 10 000 m³ from registering in Category 1 have been repealed.
- Category 1 registration qualifications have been further amended to now require that applicants have one year of logging experience or own a timber processing facility.

Advertising, Deposits, Disposition and Extensions Regulation

- Timber sales managers are now solely responsible for administration of the regulation with respect to *BC Timber Sales Agreements*.
 - Bid deposits for newly advertised TSLs will be not less than the greater of \$3,000 or 2% of the total estimated upset stumpage value.
 - Final deposits on newly advertised TSLs will be not less than the sum of 10% of the first \$100,000 of total estimated stumpage value plus 5% of the remaining estimated total stumpage value with no upper cap.
 - Deposit levels associated with TSLs advertised or entered into prior to November 4, 2003, will not need to be adjusted to reflect the new deposit rate structure which took effect on this date.
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- Additional information regarding the new post-award deposit management procedures, in particular, those related to deposit forfeiture and release, is contained in Schedules A and B appended to this bulletin. Note that this information is presented for general informational purposes only. As such, licence-specific deposit management questions should be directed to local timber sales office staff.

Licence Term

- The maximum term of all TSLs, inclusive of any extensions, is now 4 years.
- TSLs advertised before November 4, 2003 with a term greater than 4 years are exempted from the 4 year maximum but will not be extended beyond their current term.
- Licensees that hold TSLs that were entered into on or after November 4, 2003 can only obtain an extension to the term of their licence subject to the following conditions:
 - The TSL provides for extensions.
 - Licensees must submit an extension application to the timber sales manager.
 - The extension period requested cannot exceed 1 year in duration or result in an overall term of > 4 years.
 - Extension applications must be accompanied by a fee equal to:

$$5\% \times [(upset + bonus\ stumps) \times (the\ volume\ of\ timber\ that\ was\ advertised\ in\ the\ invitation\ for\ applications\ for\ the\ licence)].$$
 - The extension fee cannot be credited towards outstanding stumpage.
 - The extension fee may be waived by the minister under exceptional circumstances provided the basis for the waiver is beyond the licensee's control and is not related to the licensee's financial situation.
 - Requests for a waiver, if any, must be: a) made within 30 days after an extension application has been submitted to a TSM; b) signed by, or on behalf of the licensee; c) specify the reasons for the request; and, d) mailed to the following address:

*Request for: TSL Extension Fee Waiver
c/o Business Director, BC Timber Sales
PO Box 9510, Stn Prov Govt, Victoria, British Columbia, V8W 9C2.*
- TSLs that were entered into prior to November 4, 2003, are exempt from the new extension fee requirements.

Licence Surrender

- Licensees are now able to surrender TSLs subject to the following requirements being met:
 - **For TSLs advertised on or after November 4, 2003** - no harvesting has taken place and subject to 100% deposit forfeiture.
 - **For TSLs advertised prior to November 4, 2003** - no harvesting has taken place.
 - As is the case with TSL extension fees, the requirement to realize the TSL deposit may be waived by the minister under exceptional circumstances provided the basis for
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the waiver is beyond the licensee's control and is not related to the licensee's financial situation.

- Requests for relief, if any, must be: a) made within 30 days after a surrender application has been submitted; b) signed by, or on behalf of the licensee; c) specify the reasons for the request; and, d) mailed to the following address:

*Request for: TSL Deposit Forfeiture Relief
c/o Business Director, BC Timber Sales
PO Box 9510, Stn Prov Govt, Victoria, British Columbia, V8W 9C2*

- Licensees that surrender a TSL will not be subject to disqualification as *BC Timber Sales Enterprise*.

Direct Award/Tenure Changes

- All timber awarded through BCTS must now be in the form of competitively auctioned TSLs issued pursuant to Section 20 of the *Forest Act*. The only exceptions are for Forestry Licences-to-Cut issued in conjunction with a BCTS – funded contract (e.g., road construction contract).

Fixed vs. Variable Stumpage Rates

- Effective November 1, 2003, all newly advertised Section 20 TSLs will have fixed stumpage rates for the duration of the licence term.

Roles and Responsibilities

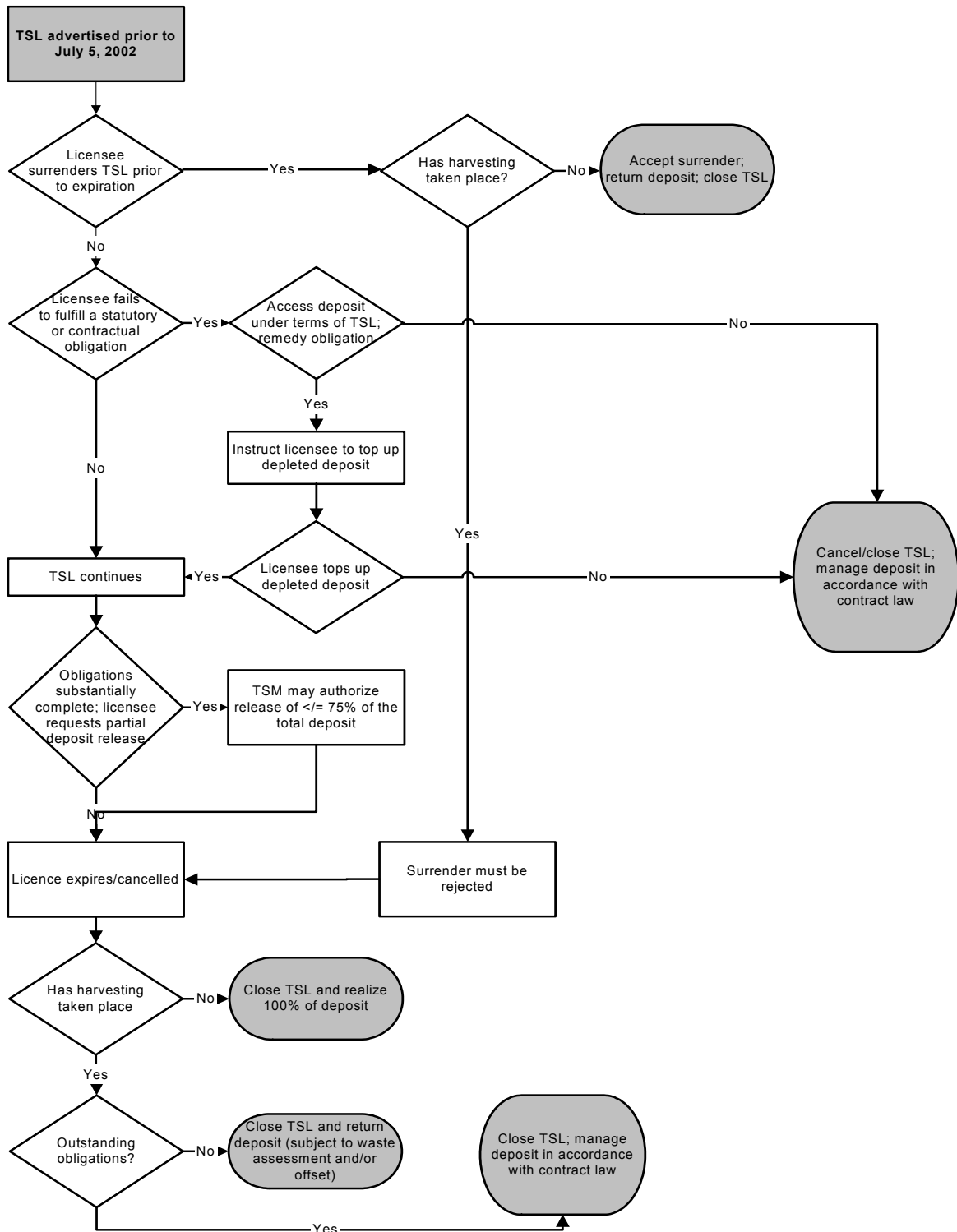
- Generally speaking, BCTS staff is responsible for all auction and administrative activities associated with *BC Timber Sales Agreements* (e.g., BCTS timber sale licences (TSLs) and some non-replaceable forest licences) as well as licensee conformance with contractual obligations. Field Services staff is responsible for compliance and enforcement activities associated with legislative obligations.
- All correspondence and communication related to *BC Timber Sales Agreements* that is not related to a statutory compliance and enforcement matter should now be directed to local timber sales office staff.

The above is a summary of key significant legislative, regulatory, forest policy and organizational changes affecting BCTS and is provided for reference only. It is strongly recommended that existing licence holders and intending applicants for *BC Timber Sales Agreements* carefully review the current legislation and regulations to determine how the recent changes may affect tenders and subsequent licence operations. Legislation takes precedence over this summary.

Contacts

Further details regarding these changes are available at your local timber sales office.

Schedule A - General post-award deposit management procedures for TSLs advertised prior to July 5, 2002



Schedule B - General post-award deposit management procedures for TSLs advertised on or after July 5, 2002

