

File: 280-20/120656  
195-30/CAPP

JUN 29 2009

To: Jim Gowriluk  
Regional Manager  
Coast Forest Region

From: The Honourable Pat Bell, Minister of Forests and Range and Minister Responsible for  
the Integrated Land Management Bureau

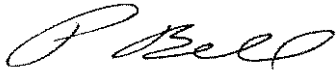
Re: **Amendment No. 4 to the Coast Appraisal Manual**

I hereby approve Amendment No. 4 to the *Coast Appraisal Manual* and attach a copy for your use. The following section has been amended:



Section 6.1.1 Revised criteria for bonus offers on cruise based timber sales.

This amendment will come into force on July 1, 2009. Further amendments or revisions to this manual require my approval.

A handwritten signature in cursive script, appearing to read "Pat Bell".

Pat Bell  
Minister

Attachment

pc: Murray Stech, Director, Revenue Branch





Ministry of  
Forests  
and Range



## MANUAL REVISION TRANSMITTAL

<p>FOR FURTHER INFORMATION OR IF YOU HAVE A CHANGE OF ADDRESS, PLEASE CONTACT:</p> <p>George Silvestrini Senior Timber Pricing Forester (Coast) Revenue Branch Ministry of Forests 1<sup>st</sup> Floor, 1520 Blanshard Street Victoria, BC V8W 3K1 Phone: 250 - 387-8377 PROFS userid: George.Silvestrini@gov.bc.ca FAX: 250 - 387-5670</p>	<b>MANUAL TITLE</b>	
	Coast Appraisal Manual	
	<b>AMENDMENT</b>	<b>ISSUE DATE</b>
	Amendment No. 4	July 1, 2009
<b>MANUAL CO-ORDINATOR</b>		
Judy Laton Publications/Administrative Co-ordinator		
<b>AUTHORIZATION (Name, Title)</b>		
Murray Stech Director, Revenue Branch		

Please make the following changes to your copy of the above Ministry manual.

ACTION	(VOL.) CHAPTER-SECTION-SUBJECT	PAGE(S)	COMMENTS
(Remove/Insert)	TABLE OF CONTENTS		
Remove	Chapter 6	1 - 4	After Chapter 6 Tab
Insert		1 - 4	
INSERT	Letter from Minister and Transmittal Sheet		After Amendments Tab



# **Stumpage Rate Determination**

---

**6**

## 6.1 Stumpage Rate Calculation for a Cutting Authority Entered into Under Section 20 of the Act

Sections 6.1.1 through 6.1.5 are the policies and procedures for determining a stumpage rate for a cutting authority that is entered into under section 20 of the *Act*.

### 6.1.1 Indicated Upset Stumpage Rate (IUSR)

1. Notwithstanding 6.1.1(2) and 6.1.1(3) the IUSR for a timber sale licence containing twenty percent or less old growth coniferous timber shall be equal to the upset stumpage rate determined by the person who determines the stumpage rate and shall be the greater of:
  - a. Seventy percent of the final estimated winning bid (FEWB) for that timber sale licence calculated according to section 4.5, or
  - b. The variable cost to prepare the timber for sale.
2. Where applications for a timber sale licence with an upset stumpage rate determined under section 6.1.1(1) have been invited but no applications have been received, the upset stumpage rate for the re-advertised timber sale shall be equal to the rate approved by the director of operations, BC Timber Sales. The upset stumpage rate determined under this section shall not be greater than an estimate of the upset stumpage rate that would be determined under section 6.1.1(1) and not less than the variable cost to prepare the timber for sale.
3. Where the director of operations, BC Timber Sales, does not anticipate that applications for a timber sale licence with an upset stumpage rate determined under section 6.1.1(1) will be received due to market conditions or timber profile, the upset stumpage rate shall be equal to the rate approved by the director of operations, BC Timber Sales. The upset stumpage rate determined under this section shall not be greater than the upset stumpage rate determined under section 6.1.1(1) and not less than the variable cost to prepare the timber for sale.
4. The IUSR for a timber sale licence containing greater than twenty percent old growth coniferous timber shall be equal to the upset stumpage rate determined by the person who determines the stumpage rate and shall be the lesser of:
  - a. Seventy percent of the final estimated winning bid (FEWB) for that timber sale licence calculated according to section 4.5, or
  - b. The variable cost to prepare the timber for sale.
5. Where the **invitation to tender for timber authorized for harvest under a timber sale licence** requires a bonus offer, and the amount of stumpage payable will be based on a cruise of the timber **as authorized** under section 106 of the *Act*, the **upset stumpage**

value shall be the value approved by the Director of Operations, BC Timber Sales that may not be less than the variable cost to prepare the timber for sale.

6. Where decked timber is sold competitively, refer to section 7.6(2) and (4).
7. The variable cost to prepare the timber for sale shall be calculated by the Timber Sales Manager.

### **6.1.2 Prescribed Minimum Stumpage Rate**

The minimum stumpage rate is prescribed by the minimum stumpage rate regulation (BC Regulation 354/87). The current minimum stumpage rate is \$0.25 per cubic metre.

### **6.1.3 Upset Stumpage Rate**

The upset stumpage rate for a timber sale licence is the greater of:

1. The indicated upset stumpage rate, or
2. the prescribed minimum stumpage rate.

### **6.1.4 Stumpage Rate**

1. The stumpage rate is the total of the upset stumpage rate plus the bonus bid, if any, that must be paid by the licensee.
2. Where the upset stumpage rate is determined under section 6.1.1(5) the stumpage rate applies to the timber species and volumes specified by the Director of Operations, BC Timber Sales.

### **6.1.5 Market Price**

The stumpage rate is the market price.

## **6.2 Stumpage Rate Calculation for a Cutting Authority Other than a Cutting Authority Entered into Under Section 20 of the Act or a Cutting Authority for which a Stumpage Rate is Determined Under Chapter 7**

Sections 6.2.1 through 6.2.5 are the policies and procedures for determining a stumpage rate for a cutting authority other than timber sale licence entered into under section 20 of the Act or a cutting authority for which a stumpage rate is determined under chapter 7.

### **6.2.1 Indicated Rate (IR)**

1. The IR is the difference between the final estimated winning bid (FEWB) determined for the cutting authority under section 4.5 and the tenure obligation adjustment (TOA) determined under section 5.10.
2. Expressed as an equation:

$$\text{IR} = \text{FEWB} - \text{TOA}$$

### **6.2.2 Prescribed Minimum Stumpage Rate**

The minimum stumpage rate is prescribed by the Minimum Stumpage Rate Regulation (BC Regulation 354/87). The current minimum stumpage rate is \$0.25 per cubic metre.

### **6.2.3 Reserve Stumpage Rate**

The reserve stumpage rate for a cutting authority is determined by selecting the greater of:

1. the indicated rate, or
2. the prescribed minimum stumpage rate.

### **6.2.4 Upset Stumpage Rate**

The upset stumpage rate is the total of the reserve stumpage rate plus any administration and silviculture levies which may be charged under section 7.4.1.

### **6.2.5 Total Stumpage Rate**

The total stumpage rate is the upset stumpage rate plus the bonus bid, if any, that must be paid by the licensee.