



BRITISH
COLUMBIA

The Best Place on Earth

Ministry of Forests,
Mines and Lands

Minister's Office

MEMORANDUM

File: 280-20

Ref: 126288

NOV 12 2010

To: Madeline Maley, A/Regional Executive Director, Southern Interior Region
Greg Rawling, A/Regional Executive Director, Northern Interior Region

From: The Honourable Pat Bell, Minister of Forests, Mines and Lands
The Honourable Steve Thomson, Minister of Natural Resource Operations

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

We hereby approve Amendment No. 4 to the *Interior Appraisal Manual* and attach a copy for your use. The following sections have been amended:

Section 1.1 Several revised definitions to reflect ministry changes. New definition added for Ministry of Forests and Range.

Section 1.2.1 Revised text to reflect ministry changes.

Section 1.5 Additional text to reflect ministry changes.

Section 1.5.1 Text removed.

Section 2.5 Text removed.

Section 4.4.1 Revised text.

(2)(a)

Section 6.7 Revised text for ministry changes.

This amendment will come into force on the date signed. Further amendments or revisions to this manual require our approval.

Pat Bell
Minister of Forests, Mines and Lands

Steve Thomson
Minister of Natural Resource Operations

Attachment

pc: Murray Stech, Director, Pricing Branch, Ministry of Forests, Mines and Lands





The Best Place on Earth

Ministry of
Forests, Mines
and Lands



MANUAL REVISION TRANSMITTAL

<p>FOR FURTHER INFORMATION OR IF YOU HAVE A CHANGE OF ADDRESS, PLEASE CONTACT:</p> <p>Bob Bull Senior Timber Pricing Forester (Interior) Pricing Branch Ministry of Forests, Mines and Lands 1st Floor, 1520 Blanshard Street Victoria, BC V8W 3K1 Phone: 250 – 356-7709 Email: Bob.Bull@gov.bc.ca FAX: 250 - 387-8393</p>	MANUAL TITLE	
	Interior Appraisal Manual	
	AMENDMENT	ISSUE DATE
	Amendment No. 4	November 12, 2010
MANUAL CO-ORDINATOR		
Judy Laton Publications/Administrative Co-ordinator		
AUTHORIZATION (Name, Title)		
Murray Stech Director, Pricing Branch		

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

ACTION (Remove/Insert)	(VOL.) CHAPTER-SECTION-SUBJECT	PAGE(S)	COMMENTS
	TABLE OF CONTENTS		
Remove	Chapter 1	3 - 12	After Chapter 1 Tab
Insert		3 - 12	
Remove	Chapter 2	11 - 12	After Chapter 2 Tab
Insert		11 - 12	
Remove	Chapter 4	27 - 28	After Chapter 4 Tab
Insert		27 - 28	
Remove	Chapter 6	17 - 18	After Chapter 6 Tab
Insert		17 - 18	
INSERT	Letter from Minister and Transmittal Sheet		After Amendments Tab

“**Bonus Offer**” means a bonus offer described in section 103(2) of the *Act*;

“**Chipped**” means having been cut into small pieces by a chipper;

“**Coniferous cruise volume**” means that part of the total net cruise volume which is coniferous timber;

“**Controlled Recreation Area**” means controlled recreation area as defined in the *Resort Timber Administration Act*;

“**Cruise Based**” means a cutting authority where under section 106 of the *Act* the stumpage payable is calculated using information provided by a cruise of the timber conducted before the timber is cut;

“**Cutting Authority**” means:

1. A cutting permit issued under:
 - a. a forest licence,
 - b. a timber sale licence that provides for cutting permits,
 - c. a tree farm licence,
 - d. a community forest agreement,
 - e. a woodlot licence,
 - f. a timber licence,
 - g. a community salvage licence,
 - h. a master licence to cut,
 - i. a forestry licence to cut, or
 - j. a woodland licence,
2. A timber sale licence under which cutting permits have not or will not be issued,
3. All other licences to cut,
4. A road permit;

“**Cutting Authority Area**” means the area where timber may be harvested under a cutting authority, which has a unique timber mark;

“**Deciduous timber**” means timber that is not of a coniferous species;

“**Decked timber**” means timber that has been 100% decked at roadside;

“Director” means director of Pricing Branch of the Ministry of Forests, Mines and Lands;

“District Manager” means:

- a. Except as provided in paragraph (b) of this definition, the district manager or district manager’s designate,
- b. Where the cutting authority area being appraised or reappraised is located in a controlled recreation area designated under the *Resort Timber Administration Act*, (RTAA) then district manager means an employee of the Ministry of Natural Resource Operations, to whom the minister of that ministry has delegated the minister’s powers and duties under section 2 of the RTAA;

“Effective Date” means, unless otherwise specified in the manual:

- i. the date the stumpage rate is determined when required for advertising for competitive award, or
- ii. the effective date of the cutting authority when the stumpage rate is determined for a cutting permit or a direct award licence;

“Executive Director, Field Operations” means Executive Director, Field Operations or Executive Director, Field Operations designate;

“F.O.B.” means ‘free on board’. The specified destination point at which ownership of the goods transfers from the seller to the buyer. ‘F.O.B. origin’ would mean the buyer assumes responsibility for the goods, shipping costs and insurance once the goods leave the seller’s premises.

“Fully Appraised” means stand data (site specific or borrowed) has been used by the general appraisal system to calculate an indicated stumpage rate or has been included in an appraisal for a BCTS cutting authority including appraisals where the upset rate was set at the variable cost to prepare the timber for sale;

“Hogged Tree Material” means tree residues or by-products that have been shredded into smaller fragments by mechanical action;

“Licensee” means the holder of a cutting authority;

“Manual” means *Interior Appraisal Manual*;

“Minister” means Minister of Forests, Mines and Lands;

“Ministry” means Ministry of Natural Resource Operations;

“Ministry of Forests and Range” means the Ministry of Forests, Mines and Lands;

“Net Merchantable Volume” means unless otherwise specified in the manual, the post reduction cruise volume compiled to the Interior Standard Merchantable Specifications in Table 1-1 of this manual;

“New Construction” means the following construction phases: subgrade construction, placement of additional stabilizing material and the construction and installation of drainage and other pertinent structures;

“Partially Harvested Timber” means timber that has been felled and/or bucked and not yet forwarded to roadside;

“Prescribed Minimum Stumpage Rate” means the minimum stumpage rate prescribed by the *Minimum Stumpage Rate Regulation* (BC Regulation 354/87);

“Pricing Branch” means the Pricing Branch of the Ministry of Forests, Mines and Lands;

“Reconstruction and Replacement” means replacement or structural repair of a major drainage structure (e.g., replacing stringers, cross ties, or cribbing), or major resurfacing, which means resurfacing sections of more than 0.3 km in length that were initially surfaced but have deteriorated due to long term wear and tear, where stabilizing material was not previously used, or major reconstruction, which means restoring at least 0.1 km of road (per occurrence) that requires complete rebuilding of the subgrade;

“Regional Manager” means regional executive director of the Ministry of Natural Resource Operations or except for section 1.2.1(1)(a), the regional executive director’s designate;

“Regulations” means regulations under the *Act*;

“Remedial Fence and Wing Fence” means a fence that is required to remedy, reduce or manage the impact of timber harvesting activities on range management;

“Road Permit” means road permit or road timber mark;

“Salvage” except as provided in section 6.4, means a cutting authority area where greater than one-third of the net coniferous cruise volume is attacked by mountain pine beetle or other pests;

“Scale Based” means the stumpage payable is based on a scale of the timber in accordance with Part 6 of the *Act*;

“Single Unit” means a cutblock has one continuous boundary and it is not made up of two or more pieces separated by timber that is not within the gross area of the cutblock from the cruise compilation;

“Species Net Volume” is the species net volume reported in the appraisal summary report from the cruise compilation for the cutting authority area;

“Stand as a Whole (SAAW) Pricing” means that one stumpage rate is determined for all of the net merchantable timber on the cutting authority area. In a cruise based cutting authority, the single stumpage rate applies to all of the net merchantable volume identified in the cruise conducted in accordance with the *Cruising Manual*,

“Stud Log Percent” means the net volume of 5 m logs with top diameters under 20 cm expressed as a percentage of the total net cruise volume. The stud log percent is rounded to the nearest whole percentage point;

“Stumpage Appraisal Parameter” means:

- | | |
|-----------------------------------|--|
| a. Interior average market price, | e. US Dollar Exchange rate, |
| b. Interior base rate, | f. Lumber and Chip Average Market Values, |
| c. Interior mean value index, | g. Interior Basic Silviculture Costs by Species, |
| d. BC Consumer Price Index, | e. Final Neutrality Adjustment. |

“Suitable Secondary Stand Structure Survey” means a suitable secondary stand structure survey as defined in Section 1(4) of the *Forest Planning and Practices Regulation*;

“Timber Harvesting” means the felling or removal of timber other than on road rights-of-way or landings on a cutblock;

“Timber Sales Manager” means the Timber Sales Manager or the Timber Sales Manager’s designate;

“Total Net Coniferous Volume” is the total of the species net volumes for all coniferous species on the cutting authority area;

“Total Net Cruise Volume” means the sum of the species net cruise volumes reported in the appraisal summary report from the cruise compilation for the cutting authority area;

“Total Net Deciduous Volume” is the total of the species net volumes for all deciduous species on the cutting authority area,

“Tributary Cutting Authority Area” means a cutting authority area from which timber must be transported over the road that is developed, or a cutting authority area to which bulk fuels, supplies, equipment and harvesting crews necessary to carry out the day-to-day harvesting activities on that area must be taken on a regular basis over the road that is developed.

1.2 Terms of Reference

1. Pursuant to section 105 of the *Forest Act* the provisions of this manual are policies and procedures to be used in the determination, redetermination and variance of stumpage rates in the Northern Interior Forest Region and in the Southern Interior Forest Region and Manning Park.

1.2.1 Responsibility for Stumpage Determination

1. The following employees are authorized to determine, redetermine and vary rates of stumpage:
 - a. director and employees of Pricing Branch of the Ministry of Forests, Mines and Lands.
 - b. regional managers, regional timber pricing co-ordinators, and employees of the regional revenue sections of the Ministry of Natural Resource Operations.
2. The employees of the Timber Administration section, Resort Development Branch of the Ministry of Natural Resource Operations are authorized to determine or redetermine stumpage rates in accordance with section 6.8(1) or (2).

1.2.2 Stumpage Appraisal Parameters

1. The stumpage appraisal parameters are compiled, calculated, and/or adopted by Pricing Branch.
2. Once approved by the director they become an integral part of this manual.
3. The parameters are published by Pricing Branch.
4. Current and historical parameters may be found at the following web site:

<http://www.for.gov.bc.ca/hva/>

1.2.3 Minimum Stumpage Rate

A stumpage rate determined using this manual shall not be less than the prescribed minimum stumpage rate.

1.3 Numbering and Calculation Conventions

1. The following exemplifies the numbering system used in this manual:

- 1. = Chapter.
- 1.1 or 1.1.1. = Section.
- 1.1.1 (2) = Section with subsection.
- 1.1.1(2)(a) = Section with subsection and paragraph.
- Table 4-2 = Table 2 within chapter 4.

- 2. The calculation of the Interior Average Market Price must be performed in accordance with the specifications contained in the documents titled: “*Specifications: The Interior Market Pricing System*” as updated from time-to-time, and “*Interior Market Pricing System-Update*” as updated from time-to-time.
- 3. Where a value is specified as a limit, for example a constraint or a requirement for an equation,
 - a. The value will be treated as an absolute value, and
 - b. An actual measurement or record will not be rounded before use unless otherwise specified in this manual.
- 4. Each calculation of a tenure obligation adjustment or specified operation expressed in dollars per cubic metre will be rounded to the nearest cent.

1.4 Cutblocks within a Cutting Authority Area

1. Cutblocks within a cutting authority area must:
 - a. Constitute a single unit,
 - b. Be within the same forest district,
 - c. Be tributary to a common point of appraisal (unless included in a blanket salvage permit),
 - d. Must not exceed a maximum distance of ten kilometres between the furthest boundaries of the furthest cutblocks, except when required for blanket salvage.
2. A cutting authority shall not include both an authorization to harvest on a cutblock where 35% or more of the net merchantable coniferous timber is red and grey mountain pine beetle attacked Lodgepole pine and an authorization to harvest on a cutblock that does not have those same characteristics.

1.5 Appraisal Data Requirements

1. The cruise and all other pertinent information required for the appraisal must be submitted by the licensee or BC Timber Sales with the appraisal data submission to the district manager.
2. Unless otherwise specified by the Director, cruise data must be gathered and compiled according to the approved interior standard timber merchantability specifications in Table 1-1 below and in accordance with the following Ministry of Forests, Mines and Lands publications:
 - a. *Cruising Manual* web site:

<http://www.for.gov.bc.ca/hva/manuals/cruising.htm>
 - b. *Cruise Compilation Manual*.
3. When requested by the district manager, a copy of the original field data must be supplied by the licensee.

Table 1-1 Interior Standard Timber Merchantability Specifications

Description	
The following standard timber merchantability specifications must be used for all appraisals.	
Stumps (Measured on the side of the stump adjacent to the highest ground.)	
no higher than	30.0 cm
Diameter (outside bark) at stump height	
lodgepole pine: all timber that meets or exceeds	15.0 cm
all other species: all timber that meets or exceeds	20.0 cm
Top diameter (inside bark or slab thickness)	
for all species and ages, except cedar older than 141 years, all timber that meets or exceeds	10.0 cm
Top diameter (inside bark or slab thickness)	
for cedar older than 141 years, all timber that meets or exceeds	15.0 cm
Minimum length	
log or slab	3.0 m

1.5.1 Comparative Cruise Data

1. Comparative cruise data is cruise data from an existing cutting authority area with similar stand and terrain characteristics that is used in the appraisal of a new cutting authority area.
2. The district manager may require the selection of a comparable cutting authority to be in accordance with procedures set out in section 2.10 of the *Cruising Manual*.

3. Except for subsection (5), if there is time to perform a full cruise, then the timber will be cruised.
4. If there is insufficient time to perform a full cruise then comparative cruise data may be utilized:
 - a. For cutting authorities with volumes greater than 5 000 m³ if:
 - i. the area is in an approved Emergency Bark Beetle Management Area (EBBMA) as designated by the Minister and within an approved Emergency Management Unit (EMU) as designated by the beetle management coordinator,
 - ii. the licensee has previously harvested comparative cutting authorities in a timely manner, and
 - iii. the regional manager has determined that the requirement to perform a full operational cruise will delay expeditious harvesting and result in further damage.
 - b. When the stumpage rate is determined according to section 6.2(5).
5. Comparative cruise data may be utilized when the stumpage rate is determined according to section 6.2.1(1)(c)(ii) and 6.7(4).

1.5.2 Appraisal Data Submission

The form as required by the director may be found at:

<http://www.for.gov.bc.ca/hva/ECAS/index.htm>

For the Interior Stumpage Rate Request Form, contact the appropriate Regional office.

1.5.3 Appraisal Map

The appraisal map must be completed in accordance with the requirements of Appendix IV.

This page is intentionally left blank.

by the regional manager.

- d. i. where the director has determined that a correctable error has been made in the calculation of a quarterly stumpage adjustment, the adjustment must be correctly recalculated unless the cutting authority, the appraisal manual or the application and tender for a timber sale licence specifies that the stumpage rate is fixed, and
- ii. the effective date of the redetermined rate shall be the first day of the month following the date on which the notice of the correctable error was received by the director.

2.5 Redetermination of Stumpage Rate by Agreement

1. Where, within twenty-one days of the date of a Stumpage Advisory Notice, the person to whom the Notice has been sent and an employee authorized to redetermine a stumpage rate under section 1.2.1 of this manual agree, the stumpage rate set out in the Notice, hereinafter referred to as the original stumpage rate, may be redetermined by the employee in accordance with manual in effect on the effective date of the original stumpage rate, and the redetermined stumpage rate shall be effective on the effective date of the original stumpage rate.
2. The twenty-one day period referred to in subsection (1) of this section may be extended by agreement between the person to whom the Notice has been sent and the employee.

4.4.1 Road and Land Use Charges

Prior to a road or land use charge being included in the TOA, the licensee must:

- a. submit a "Request for Approval of a Road Use Charge" form with the appraisal data submission; and
- b. receive written approval of the road or land use charge from the regional manager.

1. Charges as a Share of Road Management

- a. No recognition is made of such charges. The road management cost estimate in section 4.4 includes all relevant costs whether incurred directly by the licensee or by payment to another party for services performed.

2. Charges Other Than for Road Management

There are three main categories of road status:

a. Forest Service Roads

No road use charges will be included in the TOA for a road that is declared, determined, built, maintained or modified by the **provincial government**.

b. Permitted Roads

No road use charges will be included in the TOA for roads built on Crown land, authorized by road permit or other cutting authority documents. This category also includes foreshore leases, camp areas and dryland sorts.

c. Other Roads

Road use charges for roads on Indian Reserves or on private land owned by an arm's length third party and not subject to a lease held by the licensee, their affiliate or an agent of either, may be included in the TOA provided there is no lower cost route capable of development through Crown land.

The charges recognized must be reasonable, must not exceed compensation that might be determined under forest legislation and must be proven through the presentation of auditable documents.

3. Other Land Use Charges

Only non-governmental land use charges may be included in the TOA.

4.4.2 Total Road Management

The total road management cost estimate is equal to the sum of the road management cost estimate from Table 4-4, and, road and land use charges applicable under subsection 4.4.1.

6.7 Linear Tenures

1. For this section:

“Linear tenures” means a licence to cut issued for:

- A right-of-way to a mine site, or
- A mining exploration trail in a district other than Fort Nelson, Peace, Mackenzie, Rocky Mountain, or
- A pipeline right-of-way where the volume of timber on the cutting authority area is greater than 2 000 cubic metres, or
- A pipeline right-of-way where the volume is 2 000 m³ or less in a district other than Fort Nelson, Peace, Mackenzie, or Rocky Mountain, or
- A hydro transmission line, or
- A highway right-of-way for a road administered by the *Ministry of Transportation and Infrastructure*, or
- A forestry licence to cut issued under section 47.6(3) of the *Act* in conjunction with a BCTS road development contract, or
- A fence line or protection of a fence line administered under the *Range Act*.

“Licensee” means the licensee who has been issued a linear tenure.

2. The stumpage rate for a linear tenure shall be the stumpage rate prescribed in Table 6-3 for the smaller of the area of the Forest District, Timber Supply Area or Region in which the entire cutting authority area for the linear tenure is located.
3. The costs of roads constructed on the cutting authority area for a linear tenure are only eligible for inclusion as part of the development cost estimate in the licensee’s first fully appraised tributary cutting authority area if those costs were not used in a full appraisal under subsection (4) of this section.
4.
 - a. Notwithstanding any other subsection in this section the stumpage rate for a linear tenure may be determined through a full appraisal.
 - b. Where the stumpage rate is determined in accordance with this subsection, the cruise data that is used in the appraisal may be from the cruise of a comparable cutting authority as per section 1.5.1.
5. A stumpage rate determined under this section shall be fixed for the term of the linear tenure and all extensions.

6.8 Controlled Recreation Areas (CRAs)

1. The sawlog stumpage rate for coniferous timber harvested under any cutting authority issued for a cutting authority area within a CRA is the stumpage rate approved by the Director for each quarter.
2. The stumpage rate determined under subsection (1) is redetermined on the anniversary date of the cutting authority in accordance with this section.
3. Notwithstanding any other subsection in this section, the stumpage rate may be determined through a full appraisal in accordance with chapters 1, 2, 3, 4 and 5.