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Office of the Minister

MEMORANDUM

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To: Interior Regional Managers

From: The Honourable Rich Coleman, Minister of Forest and Range and Minister
Responsible for Housing

Re: Amendment No. 19 to the *Interior Appraisal Manual*

I hereby approve Amendment No. 19 to the *Interior Appraisal Manual* and attach a copy for your use. The following sections have been amended:

Section 6.4 Revision to allow a silviculture levy where the licensee is not required to establish a free growing crop of trees, but the Crown will do the work instead.

Section 6.7 Revisions to allow the silviculture levy calculated under Section 6.2 and 6.4(5).

Appendix VI Housekeeping revision to correct a section reference.

This amendment will come into force on April 1, 2007. Further amendments or revisions to this manual require my approval.

Rich Coleman
Minister

Attachments

pc: Bill Howard, Director, Revenue Branch
All Subscribers, *Interior Appraisal Manual*





FOR FURTHER INFORMATION CONTACT:

Bob Bull
Senior Timber Pricing Forester (Interior)

Revenue Branch
Ministry of Forests and Range
PO Box 9511 Stn Prov Govt
Victoria, B.C. V8W 9C2

Phone: 356-7709
Email: Bob.Bull@gov.bc.ca
FAX: 387-5670

MANUAL TITLE

Interior Appraisal Manual

REVISION No.

Amendment No. 19

ISSUE DATE

April 1, 2007

MANUAL CO-ORDINATOR

Judy Laton
Revenue Branch

AUTHORIZATION (Name, Title)

W. Howard
Director, Revenue Branch

Please make the following changes to your copy of the above Ministry manual. Please insert the following specified pages and **file this notice** immediately after the Amendments Tab.

ACTION (Remove/Insert)	(VOL.) CHAPTER-SECTION-SUBJECT TABLE OF CONTENTS	PAGE(S)	COMMENTS
REMOVE	Chapter 6	9 – 10 13 - 14	After Chapter 6 Tab
INSERT		9 - 10 13 - 14	
REMOVE	Appendix	13 - 14	After Appendix Tab
INSERT		13 - 14	
INSERT	Minister's Letter and Manual Revision Transmittal		After Amendments Tab

6.4 Salvage Timber Stumpage Rates

This section applies to cutting authorities issued under licences which do not have an allowable annual cut.

1. Salvaged timber is either post harvest material or damaged timber:
2. Post Harvest Material is either:
 - a. wooden culverts and bridges, or
 - b. post logging residue.
3. Damaged Timber is timber that:
 - a. Has been blown down,
 - b. Has been damaged by fire, disease, snow press, or
 - c. Will die within one year, as determined by the district manager, as a result of the affects of the mountain pine beetle, or other forest pests.
4. The criteria and methodology for the calculation of salvaged timber stumpage rates are:
 - a. Post harvest material may not be combined in the same cutting authority area with damaged timber.
 - b. Except where damage to adjacent or contiguous timber occurs after harvesting is completed on the adjacent primary logging cutting permit area and the harvesting equipment has been demobilized from the area, damaged timber salvage cutting authority areas must be scattered, and not be adjacent to or contiguous with an existing cutting authority area.
 - c. Except as provided in subsection (4)(d) of this section the total area of a clearcut salvage harvesting area shall not exceed 1 hectare.
 - d. Where salvage of only damaged stems through partial cutting will leave a stand that meets minimum stocking standards, the area harvested may be larger than 1 hectare.
 - e. Salvage logging stumpage rates may only be determined for a cutting authority where more than one-third of the volume of coniferous timber to be harvested in the cutting authority area is damaged timber.

- f. Post harvest salvage may only occur after primary logging has been satisfactorily completed and residue and waste assessments have been submitted to and accepted by the Ministry.
- g. Salvage cannot occur on a road right-of-way which has an active timber mark associated with it.
- h. Except as provided in Appendix VI, the stumpage rate will be fixed for one year from the effective date of the stumpage rate. The stumpage rate will be redetermined annually in accordance with the procedure in this section.

5. Where salvaged timber is damaged timber,

- a. The stumpage rate for each species of the salvaged timber will be determined using the schedule of Sawlog Stumpage Rates for Salvage of Damaged Timber by Forest Zone and Species found in Table 6-2.
- b. Effective April 1, 2007, where the licensee is not required to establish a free growing crop of trees on the cutting authority area, the stumpage rate for each species of timber shall be the sum of rate determined under paragraph (a) of this subsection and the silviculture levy determined under section 6.7(1).

6. Where the source of the salvaged timber is post harvest material, the stumpage rate for each species of timber will be determined using the schedule of Sawlog Stumpage Rates of Post Harvest Material by Forest Zone and Species found in Table 6-3.

Where a species of timber is not listed in Table 6-2 and 6-3, the rate that shall be used for that species of timber is the rate listed in the column headed as OTHER.

Table 6-2 Average Sawlog Stumpage Rates for Salvage of Damaged Timber by Forest Zone and Species (\$/m³)

FOREST ZONE	BALSAM	CEDAR	FIR	HEMLOCK	LARCH	L. PINE	Y. PINE	SPRUCE	OTHER
North Central	11.37	11.24	18.55	5.10	-	12.67	-	17.90	10.93
North West	4.64	6.75	-	5.28	-	10.44	-	8.84	5.29
South East	11.35	10.15	13.94	4.95	12.90	14.14	6.83	18.07	10.48
South West	9.84	9.79	12.33	1.19	14.80	11.47	10.95	14.89	9.20
North East	9.52	-	-	-	8.05	15.00	-	16.14	11.24

Table 6-3 Average Sawlog Stumpage Rates for Salvage of Post Harvest Material by Forest Zone and Species (\$/m³)

FOREST ZONE	BALSAM	CEDAR	FIR	HEMLOCK	LARCH	L. PINE	Y. PINE	SPRUCE	OTHER
North Central	4.74	9.99	10.31	2.12	-	8.45	-	9.94	4.55
North West	1.93	6.00	-	2.20	-	6.96	-	4.91	2.20
South East	4.73	9.02	7.75	2.06	7.17	9.42	4.55	10.04	4.37
South West	4.10	8.70	6.85	0.49	8.22	7.64	7.30	8.27	3.84
North East	3.97	-	-	-	4.47	10.00	-	8.97	4.68

6.7 Levies

1. Silviculture Levy:

A basic silviculture levy may be added to the stumpage rate **calculated under sections 5.6.3, 6.2, 6.4(5)** and to the reserve stumpage rate indicated in table 6-4 for all species, Grades 4, and 6. The levy is equal to the district manager's cost estimate of silviculture liability to be incurred by the Crown.

2. Development/Administration Levy:

- a. A development levy may be added to the reserve stumpage rate. The development levy is equal to the appraisal cost estimate of road construction provided by the Crown as approved by the regional manager.
- b. An administration levy may be added to the reserve stumpage rate. The administration levy is equal to the district manager's cost estimate of administration provided by the Crown for preparing a Forestry Licence to Cut for salvage timber. An administration cost estimate is made for every cutting authority where the district office has to prepare all details of a Forestry Licence to Cut for salvage. No levy is applicable to professional applications.

The amount of any levy may be re-determined at reappraisal only.

6.8 Miscellaneous Stumpage Rates

1. The stumpage rates for certain special forest products, including deciduous species, and low grade logs from all sources of Crown timber when scaled are prescribed in Table 6-4.
2. The stumpage rates for timber harvested for the purposes described, in the districts listed, in the forest district specific section of Table 6-4 are as prescribed in that table.

Appendix VI April 1, 2006 Stumpage Rate Adjustments

1. a. The stumpage rates for a cutting authority will be adjusted on April 1, 2006 in accordance with this subsection if that cutting authority:
 - i. has an effective date prior to April 1, 2006,
 - ii. expires on or after April 1, 2006, and
 - iii. has an adjustable stumpage rate.
 - b. The total stumpage rate for a cutting authority with an adjustable stumpage rate calculated under the Comparative Value Pricing System (CVP), will be redetermined by recalculating the information used in the most recent appraisal or reappraisal of the cutting authority area prior to April 1, 2006 except that:
 - i. the adjusted species manufacturing cost will be determined in accordance with section 4.10.1,
 - ii. the adjusted species manufacturing cost will also be calculated for and be applicable to Lodgepole pine, and
 - iii. the species manufacturing cost used in the recalculation will be the species manufacturing cost that was used in the most recent appraisal or reappraisal.
 - c. i. The total stumpage rate for a cutting authority with an adjustable stumpage rate calculated using the Market Pricing System (MPS) will be redetermined by reappraising the cutting authority effective April 1, 2006, except that the MPS upset stumpage rate used in the reappraisal will be the MPS upset stumpage rate that is calculated in the reappraisal adjusted by the amount in Table A6-2 that applies to that cutting authority.
 - ii. where a cutting authority described in subsection 1(c) (i) of this section is not listed in Table A6-2, the stumpage rate for that cutting authority will be redetermined using the procedure outlined in subsection 1(c) (i) of this section except that the MPS upset stumpage rate used in the reappraisal will be the MPS upset stumpage rate that is calculated in the reappraisal adjusted by an amount that is calculated by Revenue Branch.
2. a. The stumpage rate for a cutting authority will be adjusted on April 1, 2006 in accordance with this subsection if that cutting authority:
 - i. has an effective date prior to April 1, 2006,
 - ii. expires on or after April 1, 2006, and

- iii. has a fixed or non-adjusting stumpage rate.
- b. Where a timber sale licence was advertised for sale prior to December 2, 2005 and expires on or after April 1, 2006, and where the licensee applies in writing to the Timber Sales Manager for the adjustment, the MPS upset stumpage rate may be adjusted in accordance with the following algorithm:

$$MPS\ Upset_{ADJ} = MPS\ Upset_{OLD} - \left(Total\ Rate_{OLD} \left[1 - \frac{grade\ code\ blank\ (m^3)}{grade\ code\ blank\ (m^3) + grade\ 3\ (m^3)} \right]^* \right)$$

$$Total\ Rate_{NEW} = Upset\ Rate_{NEW} + Bonus\ Bid$$

Where:

Total Stumpage Rate _{NEW}	is the new total stumpage rate effective April 1, 2006 and applicable to sawlog of grade code 1 and 2.
MPS Upset _{NEW}	is the greater of the MPS Upset _{ADJ} or the prescribed minimum stumpage rate.
Bonus Bid	is the bonus bid for the TSL prior to April 1, 2006.
MPS Upset _{ADJ}	is the adjusted MPS upset stumpage rate.
MPS Upset _{OLD}	is the MPS Upset Stumpage rate for the TSL prior to April 1, 2006.
Total Stumpage Rate	is the total stumpage rate for the TSL prior to April 1, 2006.

* Using the best information available as determined by the Timber Sales Manager.

- c. Where the stumpage rates for a cutting authority were previously determined using the procedures in chapter 6 or sections 2.3.2.3 or 7.5.1 (6) of this manual, or changed to a non-adjusting stumpage rate under Section 2.6(2), the reserve stumpage rates for that cutting authority will be adjusted on April 1, 2006 in accordance with the following algorithm:

$$\text{Adjusted Reserve Stumpage Rate} = \text{Old Reserve Stumpage Rate} - (1 - \text{POA GLF}) \times \text{Old Total Stumpage Rate}$$

Where:

Old Reserve Stumpage Rate	is the reserve stumpage rate for the cutting authority area.
POA GLF	is the green log fraction from Table A6-1 for the point of appraisal for the cutting authority area.
Old Total Stumpage Rate	is the total stumpage rate for the cutting authority area.

3. Notwithstanding anything contained in this appendix, a stumpage rate that is determined under this appendix must not be lower than the prescribed minimum stumpage rate.