

Ref: 229878

SEP 13 2017

To: Sharon Hadway, Regional Executive Director, West Coast
Allan Johnsrude, Regional Executive Director, South Coast

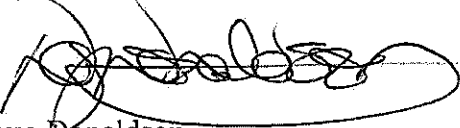
From: The Honourable Doug Donaldson, Minister of Forests, Lands, Natural Resource
Operations and Rural Development

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

I hereby approve Amendment No. 4 to the *Coast Appraisal Manual* to be effective on
September 15, 2017. The amendment:

1. Amends the application of Engelmann spruce-associated stand selling prices.
2. Ensures a consistent methodology for stumpage rate calculations on road permits.
3. Amends the sawlog stumpage rate for Fir in Section 7.2.
4. Addresses the administration of road permits and associated amendments within the
Great Bear Rainforest North.
5. Addresses other housekeeping changes.

Further amendments or revisions to this manual require my approval.



Doug Donaldson
Minister

Attachment: Amendment No. 4 to the *Coast Appraisal Manual* – Effective
September 15, 2017

pc: Chris Stagg, Assistant Deputy Minister, Timber Operations, Pricing and First Nations
Division
Vera Sit, Executive Director, Timber Pricing and Softwood Lumber
Steve Kozuki, Director, Timber Pricing Branch
Allan Bennett, Manager, Timber Pricing, Timber Pricing Branch

Coast Appraisal Manual

March 1, 2016

Includes Amendments

Effective Date

Amendment No. 1

June 15, 2016

Amendment No. 2

September 1, 2016

Amendment No. 3

March 1, 2017

Amendment No. 4

September 15, 2017



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2.2.4 Great Bear Rainforest North (GBRN)

1. This section does not apply to:
 - a. cutting authorities entered into under Section 20 of the *Act*; and
 - b. subject to Section 7.10, to any cutting authority appraised in accordance with Chapter 7; and
 - c. cutting authorities approved under Section 2.2.3.
2. A cutblock(s) within a cutting authority area other than within a cutting authority described in subsection 1 above, for the purposes of the GBRN:
 - a. must be located and contained within the same forest district where the licensee is entitled to harvest under the licence that the cutting authority has been issued under; and
 - b. must be located and fully contained within only:
 - i. the Mid Coast; or
 - ii. the North Coast
 - iii. Timber Supply Area, as designated or prior designated, as applicable, by the Minister under the *Act*; or
 - iv. that part of Tree Farm Licence No. 25 within the Coast Mountain and North – Island Central Coast Forest Districts, or within Forest Licence A91438

4.2.3.1 Stand Selling Price Calculation

1. Subject to subsection 2 of this section:
 - a. a species grade value for a species of timber in a cutting authority area is the product of the percentage of that grade of that species as derived from Section 4.2.2 multiplied by the average log market value for that grade of that species of timber,
 - b. a species selling price for a species of timber in a cutting authority area is the sum of all of the species grade values for that species of timber in the cutting authority area,
 - c. the rounded species selling price is the species selling price for a species of timber in a cutting authority area rounded to the nearest cent,
 - d. a species value is the product of the rounded species selling price multiplied by the species net cruise volume in the cutting authority area, and
 - e. the stand selling price is the quotient of the sum of all of the species values in a cutting authority area divided by the total net cruise volume of all of the species in the cutting authority area.
2. For the purposes of determining a stand selling price **for cutting authorities with an effective date:**
 - a. **prior to October 1, 2017, in the Pemberton, Yale and Nahatlatch timber supply blocks only; or**
 - b. **on or after October 1, 2017, in the Nahatlatch timber supply block only:**
 - i. all spruce is deemed to be Engelmann spruce, and
 - ii. the hemlock and balsam species grade average log market values will be used to determine the species grade values of all spruce in the cutting authority area.
3. **For the purposes of determining a stand selling price for cutting authorities with an effective date:**
 - a. **prior to October 1, 2017, outside the Pemberton, Yale and Nahatlatch timber supply blocks only; or**
 - b. **on or after October 1, 2017, outside the Nahatlatch timber supply block only:**
 - i. Engelmann spruce is identified as the predominant spruce species in the cruise of the cutting authority area, or
 - ii. the district manager determines that Engelmann spruce is the predominant spruce species in the cutting authority area,

the hemlock and balsam species grade average log market values will be used to determine the species grade values for all spruce in the cutting authority area.

4. **For the purposes of determining a stand selling price for** a cutting authority area located on Cortes Island or on an Island between Vancouver Island and the British Columbia mainland west of a line drawn between Grief Point near Powell River and the Tsawwassen ferry terminal, and south of 50 degrees north latitude, the second growth Douglas-fir species grade average log market values will be used to calculate the species selling price for all Douglas-fir timber.

7.2 Community Forest Agreements and Woodlot Licences

1. a. Except as provided for under Section 7.2.1, the sawlog stumpage rate (\$/m³) for each species of coniferous timber and zone harvested under a cutting authority issued under a community forest agreement or woodlot licence and their associated road permits will be:

Species	Zone	
	Northern Coast	Southern Coast
Balsam	\$1.96	\$0.85
Hemlock	\$1.38	\$1.14
Cedar	\$2.64	\$3.82
Cypress	\$2.51	\$1.23
Fir	\$1.87	\$1.87
Spruce	\$0.57	\$1.85
Other	\$2.11	\$1.80

- b. The Northern Coast Zone is the Haida Gwaii Forest District, Coast Mountain (North Coast) Forest District and that part of the North Island-Central Coast Forest District within TFL 25 and all Crown land within the Mid-Coast Timber Supply Area boundaries as designated or prior designated, as applicable, by the Minister under the Act.
- c. The Southern Coast Zone is the Coast Area except the Northern Coast Zone as defined in 1(b).
- d. The stumpage rate determined under paragraph (a) of this subsection shall be redetermined on March 1st of each year in accordance with this subsection.
2. The sawlog stumpage rate for each species of coniferous timber harvested under a salvage permit issued under a woodlot licence is the rate prescribed in the table in Section 7.2(1)(a) for the zone in which the salvage permit applies.
3. Section 7.3, 7.4, 7.4.1, 7.5 and 7.6 do not apply to community forest agreements, woodlot licences and associated road permits.

7.3 Road Permits

1. Except as provided in subsection (2) of this section, and subject to section 7.10 the stumpage rate for a road permit will be determined using Ministry stumpage billing history records.
2. The stumpage rate for a road permit issued in conjunction with a timber sale licence entered into under Section 20 of the *Act* will be the stumpage rate applicable to the cutting authority that authorizes harvesting in the cutting authority area to which the road permit provides access.
3. For the purposes of this section a stumpage billing history record of timber harvested under a timber licence where the timber licence area is within a tree farm licence area, will be included with and be considered the stumpage billing history record of timber harvested under the tree farm licence.
4. a. Where the Ministry has a stumpage billing history record of 500 cubic metres or greater of timber harvested under:
 - i. a licence within the same district as the area to which the road permit applies, the stumpage rate for a road permit is the weighted average sawlog stumpage rate of cutting authorities other than a road permit, for cutting authority areas that are located in the same forest district as the area to which the road permit applies, and that are issued under the licence that entitles the licensee to apply for the road permit, or
 - ii. multiple licences within the same district as the area to which the single road permit used by the licensee applies, the stumpage rate for the road permit is the weighted average sawlog stumpage rate of all cutting authorities other than the road permit(s) and licences entered into under Section 20 of the *Act*, for all cutting authority areas that are located in the same forest district as the area to which the road permit applies, and that are issued under the licence(s) that entitle the licensee to harvest, including the licence that entitles the licensee to apply for the road permit.
- b. The weighted average stumpage rate is the sum of the stumpage billed for all coniferous sawlogs during the billing period referred to in paragraph (c) of this subsection, divided by the sum of the volume of those species and grades.
- c. The billing period referred to in paragraph (b) of this subsection for a road permit appraisal or reappraisal, will be updated annually effective February 1st and will be the twelve month period ending November 30th.
5. Where there is less than 500 cubic metres in the stumpage billing history records from which the stumpage rate may be determined under subsection (4), and the licence that the cutting authority is issued under does not provide for an allowable annual cut or has an allowable annual cut of Crown timber equal to or greater than 7 000 m³, the stumpage rate for a road permit is the weighted average sawlog stumpage rate of:

7.10 Great Bear Rainforest North (GBRN)

1. For the purposes of subsection (2) below:
 - a. the definition of cutting authority includes a cruise based road permit and an approved amendment to a cruise based road permit; and
 - b. any cruise based road permit or approved amendment to a cruise based road permit must be cruised to the rights of way cruise standards required by the Cruising Manual.
2. Cutting authorities that meet the requirements of Section 2.2.4 and that are not located within that part of Tree Farm Licence No. 25 within the Coast Mountain and North Island - Central Coast Forest Districts, or are not within Forest Licence A91438:
 - a. For all cutting authorities, except road permits, with an effective date:
 - i. prior to June 15, 2016, existing stumpage rates and applicable quarterly adjustments will continue until expiry of the cutting authority.
 - ii. on or after June 15, 2016, and before January 1, 2017, that do not meet the GBRN cruise based standards of the Cruising Manual, the stumpage rate shall be determined through a full appraisal.
 - iii. on or after June 15, 2016 and prior to January 1, 2017, that meet the GBRN cruise based standards of the Cruising Manual, the stumpage may, at the option of the licensee, be the rate determined through a full appraisal or be the rates by species as approved by the director under subsection 7.10(4).
 - iv. on or after January 1, 2017, must meet the GBRN cruise based standards of the Cruising Manual, and the stumpage rates by species shall be as approved by the director under subsection 7.10(4).
 - b. For timber to be harvested under the authority of a road permit:
 - i. on or after June 15, 2016, and before January 1, 2017, that was not all cruised under the rights of way cruise standards of the Cruising Manual, the stumpage rates by species shall be as approved by the director under subsection 7.10(4), and shall be based on the information provided by a scale of the timber.
 - ii. on or after June 15, 2016, and before January 1, 2017, that was all cruised under the rights of way cruise standards of the Cruising Manual, the stumpage rates by species shall be as approved by the director under subsection 7.10(4), and shall be based on the information provided by a cruise of the timber.

- iii. on or after January 1, 2017, the stumpage rates by species shall be as approved by the director under subsection 7.10(4), and shall be based on the information provided by a cruise of the timber.
- 3. Cutting authorities that meet the requirements of Section 2.2.4 and that are located within that part of Tree Farm Licence No. 25 within the Coast Mountain and North Island - Central Coast Forest Districts, or within Forest Licence A91438:
 - a. For all cutting authorities, except road permits, with an effective date:
 - i. prior to June 15, 2016, existing stumpage rates and applicable quarterly adjustments will continue until expiry of the cutting authority.
 - ii. on or after June 15, 2016, the stumpage rates by species shall be as approved by the director under subsection 7.10(4), and shall be based on the information provided by a scale of the timber.
 - b. For timber harvested under the authority of a road permit on or after June 15, 2016, the stumpage rates by species shall be as approved by the director under subsection 7.10(4), and shall be based on the information provided by a scale of the timber.
- 4. Notwithstanding subsections 2(a)(i) and 3(a)(i), where the source of the timber is the GBRN, the stumpage rate for each species of the GBRN timber will be determined using the schedule of average sawlog stumpage rates for GBRN timber approved by the director.
- 5. For the purposes of determining the amount of stumpage payable in respect of timber removed from the harvest area under a road permit, a cruise based road permit or an approved amendment to a cruise based road permit, the volume of timber removed will be determined using information provided by a:
 - a. scale of the timber under Sections 7.10(2)(b)(i) and 7.10(3)(b); or
 - b. cruise of the timber under Sections 7.10(2)(b)(ii) and (iii).

