Ref: 222480

June 11, 2016

To: Sharon Hadway, Regional Executive Director, West Coast

Dave Southam, A/Regional Executive Director, South Coast

From: The Honourable Steve Thomson

Minister of Forests, Lands and Natural Resource Operations

Re: Amendment No. 1 to the Coast Appraisal Manual (CAM)

I hereby approve Amendment No. 1 to the *Coast Appraisal Manual*, which will come into force on June 15, 2016. The amendment regards timber pricing within the area of the Northern Great Bear Rainforest.

Copies of the amendment and the amended CAM are available at the following link:

http://www2.gov.bc.ca/gov/content/industry/forestry/competitive-forest-industry/timber-pricing/coast-timber-pricing/coast-appraisal-manual

Further amendments or revisions to this manual require my approval.

Steve Thomson

Minister

Attachment: Amendment No. 1 to the Coast Appraisal Manual – Effective June 15, 2016

pc: Paul Knowles, A/Assistant Deputy Minister, Timber Operations and Pricing Division

Jennifer Burleigh, A/Executive Director, Timber Operations and Pricing Division

Steve Kozuki, Director, Timber Pricing Branch

Allan Bennett, Manager, Timber Pricing, Timber Pricing Branch

# TIMBER PRICING BRANCH

# **Coast Appraisal Manual**

# Effective March 1, 2016

**Includes Amendments** 

Amendment No. 1

**Effective Date** 

June 15, 2016



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Coast Appraisal Manual

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# **1** Definitions and Interpretations

March 1, 2016

# 1.1 Definitions and Interpretations

In this manual:

- "Act" means Forest Act;
- "Accurate" for the purposes of Section 105.1 of the *Act* as it applies to this manual means submitted in accordance with the requirements of this manual;
- "Anniversary date" means the annual recurrence of the month and day when the term of the cutting authority began;
- "Appraisal Data Submission (ADS)" means the information required by the person who determines the stumpage rate to determine the stumpage rate including a forest professional's signed submission in the form required by the director and any other information required by the regional manager or district manager;
- "Billing history record" means a record of log scale data derived from a record kept by the Timber Pricing Branch of log scale data reported on stumpage invoices issued by the Timber Pricing Branch for timber scaled under Section 94 of the *Act*; and for greater certainty does not include billing data from cruise based cutting authorities; but for any cutting authority with an effective date prior to October 1, 2012, the billing history record to be used in a minister-directed reappraisal under Section 3.3.8 shall include billing data from cruise based cutting authorities;
- "BCTS" means BC Timber Sales;
- "BCTS licence" means a timber sale licence entered into under Section 20 of the *Act* or Section 21 as it was before it was repealed;
- "Bonus Bid" means a bonus bid described in Section 103(1)(d) of the Act;
- "Bonus Offer" means a bonus offer described in Section 103(2) of the Act;
- "Coast Area" means West Coast and South Coast forest regions or Coast Forest Region;
- "Coast Mountain Forest District" means that part of the Coast Mountain forest district that is within the geographic boundaries of the North Coast timber supply area;
- "Coastal cruise based billing pilot" means the cruising and billing method used for qualifying cutting authorities and is described in the Timber Pricing Branch document entitled "Coastal Cruise Based Billing Pilot". All data elements for the appraisal data submission will be taken from the Call Grade Net Factor (CGNF) cruise compilation. Where suitable data is not available from the CGNF (such as the volume per 10m log and volume per hectare) it will be obtained from the loss factor cruise compilation;
- "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*;

- "Northern Great Bear Rainforest (GBR)" means all Crown land within the area covered by the Mid Coast and North Coast Timber Supply Areas;
- "Old growth coniferous timber" means coniferous timber that is 141 years old or greater;
- "**Problem forest stands**" means a cut block approved by the district manager for inclusion in the coast problem forest stand pilot project under Section 2.2.3;
- "**Regional manager**" means regional executive director of the Ministry or except for Section 2.1.1(1)(a), regional executive director's designate;
- "**Regulations**" means regulations under the *Act*;
- "Remaining volume" means the total net cruise volume of a cutting authority area minus the total volume of timber in the billing history record of the cutting authority area on the effective date of the reappraisal of the cutting authority area;
- "**Road Permit**" means road permit or the timber mark for a road permit that is associated with the applicable tenure listed in Section 115(1) of the *Act*;
- "Scale Based" means a cutting authority where under Part 6 of the *Act*, the stumpage payable is based on a scale of the timber harvested from the cutting authority area;
- "Second growth coniferous timber" means coniferous timber that is less than 141 years old;
- "Selling price zone 51" means the table of coast market pricing system log values for old growth coniferous timber, approved by the Director, Timber Pricing Branch;
- "Selling price zone 52" means the table of coast market pricing system log values for second growth coniferous timber, approved by the Director, Timber Pricing Branch;
- "**Skyline**" means any method of yarding where the logs are fully suspended above the ground by a short span, long span, or multi-span system using a carriage with standing or running lines;
- **"Stumpage Appraisal Parameter"** means the BC Consumer Price Index and applicable Coast Domestic or Export-Adjusted Log Values approved by the Director;
- "**Timber Pricing Branch**" means Timber Pricing Branch of the Ministry of Forests, Lands and Natural Resource Operations;
- "Timber Sales Manager" means the timber sales manager or the timber sales manager's designate;
- "Total net cruise volume" of a cutting authority area (tncv) is the product of the net cruise volume per hectare of the cutting authority area (ncv/ha) multiplied by the total

merchantable timbered area to be harvested under the cutting authority (tmta). Expressed

as an equation: 
$$tncv = \frac{ncv}{ha}xtmta;$$

"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;

"Unit cost" means cost estimate expressed in dollars per cubic metre;

"Woodchips" means timber that has been cut into small pieces by a chipper and is made from post-harvest material where a waste assessment has been made. Where the post-harvest material is removed from an area that is or was a cruise based billing cutting authority, a waste assessment is not required.

# 2.2 Numbering System

The following exemplifies the numbering system that is used in this manual.

1. = Chapter
1.1 or 1.1.1.1 = Section
1.1.1.1 (2) = Section with subsection
1.1.1 (2)(a) = Section with subsection and paragraph.
Table 4-2 = Table 2 within Chapter 4

## 2.2.1 Calculation Conventions

- 1. Every calculation required to be performed will be performed to the full capacity of a calculating machine with the results truncated at four places of decimals and rounded to two places.
- 2. A result from 5 to 9 will be rounded upward and a result from 1 to 4 will be rounded downward.
- 3. Each calculation of a tenure obligation adjustment or specified operation adjustment expressed in dollars per cubic metre will be rounded to the nearest cent.
- 4. 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.

# 2.2.2 Cutblocks within a Cutting Authority Area

- 1. Except as provided for in subsections 2, 5 and Section 2.2.4, all cutblocks within a cutting authority area must:
  - a. be tributary to the same appraised point of origin; and
  - b. be contained within the same timber supply block, or in the case of a cutting authority area under a tree farm licence, be contained within the same forest district.
- 2. A cutblock approved by the district manager under Section 2.2.3:
  - a. is not constrained by subsection 1 above;
  - b. must be located anywhere within the same timber supply area, or in the case of a tree farm licence or first nations woodland licence, be 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

- c. is not eligible for an extended road amortization agreement.
- 3. Helicopter single standing stem selection as described in Section 4.4.4 must not be combined with any other harvest method within the same cutting authority area.
- 4. Except as provided in subsection (3) of this section, there are no other restrictions on what types of harvest methods may be used in or which types of timber can be contained in a cutting authority area.
- 5. The road right of way that provides access to and is sold as part of a BCTS licence, is exempt from the requirement to be located within the same timber supply block or tree farm licence as the BCTS licence.

#### 2.2.3 Coast Problem Forest Stands Pilot

- 1. A problem forest stand is a cutblock comprised completely of one or more of the following stand characteristics:
  - a. Poor timber types (old growth timber height class 3 or less), or
  - b. located at elevations greater than 700 metres, or
  - c. greater than 80% old growth hemlock/balsam.
- 2. A cutting authority considered for this pilot must be under a tree farm licence, a First Nations woodland licence or a replaceable forest licence and have one or more cutblocks meeting the criteria of subsection 1.
- 3. Licensees participating in this pilot must submit appraisal information allowing for the determination of the value differential in accordance with the requirements prescribed by the director.
- 4. Licensees must not exceed their value allocations for this pilot.
- 5. Cutting authority applications under this pilot will not be accepted after March 31, 2017.
- 6. The minister may terminate this pilot at any time.

#### 2.2.4 Northern Great Bear Rainforest

- 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.

- 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 Northern Great Bear Rainforest:
  - 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;
  - b. is not approved under a Section 2.2.3 cutting authority.

# 2.3 Appraisal Data Submission Requirements

## 2.3.1 Cruise Information

- 1. Except as provided for under subsection 7, and unless otherwise specified by the director, cruise data must be gathered and compiled in accordance with the following Ministry publications and the coast timber merchantability specifications in Table 2-1:
  - a. *Cruising Manual*, at the following website:

    <a href="http://www2.gov.bc.ca/gov/content/industry/forestry/competitive-forest-industry/timber-pricing/timber-cruising/timber-cruising-manual">http://www2.gov.bc.ca/gov/content/industry/forestry/competitive-forest-industry/timber-pricing/timber-cruising/timber-cruising-manual</a>,
  - b. *Cruise Compilation Manual* at the following website:

    <a href="http://www2.gov.bc.ca/gov/content/industry/forestry/competitive-forest-industry/timber-pricing/timber-cruising/cruise-compilation-manual">http://www2.gov.bc.ca/gov/content/industry/forestry/competitive-forest-industry/timber-pricing/timber-cruising/cruise-compilation-manual</a>

# **Table 2-1 Coast Timber Merchantability Specifications**

Description		
The following coast timber merchantability specifications must be used in	all appraisals	S.
	Mature	<b>Immature</b>
Maximum stump height (measured from the top of the stump down to the highest ground level adjacent to the stump)	30.0 cm	30.0 cm
2. Minimum slab thickness for cedar only	15.0 cm	10.0 cm
3. Minimum top diameter (inside of the bark)	15.0 cm	10.0 cm
4. Minimum length of a log or slab	3.0 m	3.0 m

- 2. When cruise information is submitted to the district manager or the regional manager in order to determine a stumpage rate or an upset stumpage rate, that information must include:
  - a. The cruise compilation reports, and
  - b. The ASCII data files (i.e. .dat and .red or .pr).
  - c. The CSV (if applicable, also the percent reduction CSV file) for appraisals submitted on or after November 1, 2013, when the cruise was compiled using the 2013.00 version of the approved cruise compilation program.
- 3. When requested by the district manager, a copy of the original field data and traverse notes must be provided by the licensee.
- 4. a. The cutting authority area will be appraised using the total net cruise volume of timber authorized for harvest in that area.
  - b. The total area of merchantable timber in the cutting authority area is obtained from the appraisal summary of the cruise compilation report.

- 5. If the licensee or BCTS modifies its application for a cutting authority the applicant must recompile the cruise data when any of the compiled plots used in the cruise lie outside the boundaries of the proposed cutting authority area.
- 6. a. Where a boundary of a cutting authority area has been changed after the appraisal or reappraisal of the cutting authority area, every reappraisal of the cutting authority area must use the total net cruise volume of the cutting authority area as it is after the boundary has changed.
  - b. If, after a cruise compilation or recompilation was used for an appraisal or reappraisal, the total of all additions or deletions of areas containing merchantable timber made to the cutting authority area exceeds fifteen hectares or fifteen percent of the area containing merchantable timber, whichever is less, the entire cruise must be recompiled.
- 7. The holders of the following types of agreements and cutting authorities are exempt from the requirement to provide a timber cruise:
  - a. Community forest agreements and woodlot licences under Section 7.2,
  - b. Salvage cutting authorities under Section 7.4,
  - c. Cutting authority areas with less than 2 500 m<sup>3</sup> of timber volume that have been authorized under Section 7.5(1) to use tabular rates,
  - d. Decked timber under Section 7.6(1),
  - e. Linear tenures under Section 7.7 with not more than 2 500 m<sup>3</sup> of timber volume, and
  - f. Controlled recreation areas under Section 7.8.
- 8. The person who determines the stumpage rate may direct that cruise information be gathered and compiled fully or partially for linear tenures under Section 7.7 with more then 2 500 m<sup>3</sup> of timber volume that have been authorized to use tabular rates.

# 2.3.2 Appraisal Data Forms

- 1. Unless otherwise specified in paragraph (b) or (c) of this Section, the form of appraisal data submission required by the director for:
  - a. The market pricing system is the Electronic Commerce Appraisal System (ECAS) which can be found at:
    - $\underline{http://www2.gov.bc.ca/gov/content/industry/forestry/competitive-forest-industry/timber-pricing/electronic-commerce-appraisal-system}$
  - b. Miscellaneous timber pricing policies is the miscellaneous appraisal data submission (Misc ADS) which can be found at:

    http://www.for.gov.bc.ca/rco/revenue

c. Community forest agreements and woodlot licences is the Tabular Rate Form for Community Forest and Woodlot (Tab Rate Form), which can be found at: <a href="http://www.for.gov.bc.ca/rco/revenue/">http://www.for.gov.bc.ca/rco/revenue/</a>

A submission under subsection c) is not required to be made by a forest professional.

# 2.3.3 Appraisal Map

The appraisal map must be completed in accordance with the requirements of Appendix V of this manual, and must be submitted with the appraisal data submission in ECAS.

# 3.3 Reappraisals

- 1. Where these policies and procedures require a reappraisal to be performed, except as provided in Section 3.6, the stumpage rate must be redetermined in accordance with the relevant policies and procedures that are or were in effect as the case may be on the effective date of the reappraisal.
- 2. Except as provided in subsection (3) of this section or sections 3.3.1(1)(d), 3.3.2, 3.3.3, 3.3.4 or 3.3.5 or otherwise directed by the Minister under Section 3.3.8, a reappraisal is a complete reassessment of the cutting authority area at the time of the reappraisal by the person who determines the stumpage rate taking into account:
  - a. a revised appraisal data submission submitted by the licensee in accordance with this manual, and
  - b. information available to the person who determines the stumpage rate.
- 3. Road development costs originally estimated using ministry approved competitive bids may not be re-estimated in a reappraisal.

# 3.3.1 Changed Circumstances

- 1. A changed circumstance on or in relation to a cutting authority area means a circumstance where:
  - a. i. the licensee or a contractor working on the licensee's behalf has harvested or will harvest at least fifteen percent of the volume of timber on the cutting authority area using a harvest method that is different from the harvest method used in the most recent appraisal or reappraisal of the cutting authority area, and
    - ii. the different harvest method when taken into account in a changed circumstance reappraisal will produce the highest stumpage rate within the meaning of Section 4.1.
  - b. there will be a difference of at least fifteen percent between the total road development unit cost in the changed circumstance reappraisal and the total road development unit cost that was used in the most recent appraisal or reappraisal where this difference results from circumstances other than a change in the manual or a change as a result of a stumpage adjustment.

- c. the cutting authority is scale based and land containing merchantable timber has been either added to or deleted<sup>1</sup> from the cutting authority area since the most recent cruise compilation or recompilation that was used in that most recent appraisal or reappraisal that exceeds either:
  - i. fifteen hectares or
  - ii. fifteen percent of the area of the cutting authority area as it was prior to the addition or deletion of the land, or
- d. at least fifteen percent of the total net cruise volume that was used in the most recent appraisal or reappraisal of the cutting authority area has been suddenly and severely damaged, unless the timber was damaged by a fire for which the licensee was responsible and the licensee failed to comply with the *Wildfire Act* and Regulations.
- e. the cutting authority is cruise based billing and there has been a change<sup>1</sup> in the harvest area when compared to the most recent appraisal map submitted that exceeds three hectares.

The area used for cruise based billing shall only be changed to reflect the new area when:

- i. the harvest area has decreased and the cutting authority has been amended,
- ii. the harvest area has increased, or
- iii. the change in harvest area described in this subsection triggers a changed circumstance under this Section.
- 2. The licensee must notify the district manager immediately of a changed circumstance.
- 3. Where the district manager believes that a changed circumstance has occurred, the district manager will notify the licensee of that belief.
- 4. A cutting authority area other than a cutting authority area that is the subject of a road permit or a cutting authority with fixed rates must be reappraised when a changed circumstance has occurred.
- 5. Where a cutting authority area is reappraised because of a changed circumstance, any bonus bid or bonus offer in existence prior to the reappraisal does not change and remains in effect.

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<sup>&</sup>lt;sup>1</sup> Measured as the absolute change, e.g. an addition of 15 hectares and the subtraction of 15 different hectares is a 30-hectare change for the purposes of this section.

# 3.3.1.1 Changed Circumstance Reappraisal Procedure

- 1. Where the cutting authority area must be reappraised because of a changed circumstance, the licensee shall submit to the district manager an appraisal data submission.
- 2. Thereafter, the reappraisal procedure shall be the procedure required by Section 3.2(2) through 3.2(11).

# 3.3.1.2 Effective Date of Changed Circumstance Reappraisal

- 1. Except as provided in subsections (2) and (3) of this section, a reappraisal because of a changed circumstance under Section 3.3.1(1) is effective on the day after the effective date of the most recent appraisal or reappraisal of the cutting authority area prior to the changed circumstance reappraisal.
- 2. Where the changed circumstance is a result of sudden and severe damage referred to in subsection 3.3.1(1)(d), the effective date of the reappraisal is the first day of the month following the date when the event that caused the sudden and severe damage stopped on the cutting authority area.
- 3. A Section 3.3.8 minister directed reappraisal after January 15, 2009, will not be considered an appraisal or reappraisal for the purpose of determining the effective date of the changed circumstance reappraisal.

# 3.3.2 Annual Reappraisal of a Road Permit

- 1. Subject to Sections 3.3.7 and 7.3, a cutting authority area that is the subject of a road permit must be reappraised effective February 1 of every year.
- 2. The stumpage rate determined under subsection (1) of this section will be a fixed stumpage rate until the cutting authority area is reappraised.

# 3.3.3 Annual Reappraisal of Salvage Logging Stumpage Rates

- 1. Except where a cutting authority requires the payment of a bonus bid or a bonus offer, where the stumpage rate for a cutting authority has been determined under Section 7.4, the cutting authority area authorized for harvest under that cutting authority must be reappraised effective March 1st of every year.
- 2. A stumpage rate determined under subsection 1 of this section will be a fixed stumpage rate between the time that the cutting authority area is reappraised and the time that it is subsequently reappraised.

# 3.3.4 Annual Reappraisal of a Linear Tenure

1. Subject to Section 7.7, a cutting authority area that is the subject of a linear tenure must be reappraised effective March 1 of every year.

2. A stumpage rate determined under subsection (1) of this section will be a fixed stumpage rate until the cutting authority area is reappraised.

# 3.3.5 Annual Reappraisal of a Cutting Authority in a Controlled Recreation Area

- 1. Subject to Section 7.8, a cutting authority area within a controlled recreation area must be reappraised annually on the anniversary date of the cutting authority.
- 2. A stumpage rate determined under subsection (1) of this section will be a fixed stumpage rate until the cutting authority area is reappraised.

# 3.3.6 Annual Reappraisal of a Cutting Authority with Stumpage Rates Determined Under Section 7.5

- 1. A cutting authority area with stumpage rates determined under Section 7.5 must be reappraised effective March 1 of every year.
- 2. A stumpage rate determined under subsection (1) of this section will be a fixed stumpage rate until the cutting authority area is reappraised.

# 3.3.7 Annual Reappraisal of a Cutting Authority in the Northern Great Bear Rainforest

- 1. Subject to Section 7.10, all road permits, and a cutting authority area with an effective date on or after June 15, 2016, located within the Northern Great Bear Rainforest must be reappraised effective March 1 of every year.
- 2. Stumpage rates determined under subsection (1) of this section will be fixed stumpage rates until the cutting authority area is reappraised.

## 3.3.8 Minister's Direction

- 1. The Minister may direct:
  - a. a determination, redetermination or variance of a stumpage rate at any time, and that
  - b. the determined, redetermined or varied stumpage rate will be effective on any future date.

#### 3.3.8.1 Minister's Direction Procedure

1. If requested by the person responsible for stumpage determinations, the licensee shall submit to the district manager an appraisal data submission within forty-five days of the request.

2. Thereafter, the procedure for determining, redetermining or varying a stumpage rate under Section 3.3.8 shall be the same procedure as that required by subsections 3.2 (3) through 3.2 (12) except as may otherwise be directed by the minister.

# 3.4 Quarterly Adjustments

- 1. Unless a cutting authority, previous manual, or a provision of this manual specifies that the stumpage rates of a cutting authority are fixed, the stumpage rate of a cutting authority is adjusted quarterly on January 1, April 1, July 1, and October 1, of each year.
- 2. a. At the time of the quarterly adjustment referred to in subsection (1) of this section, the stumpage rate will be recalculated in accordance with the equations applicable for the appraisal effective date and the appraisal data submission which was used in the most recent appraisal or reappraisal. The domestic log market values for cutting authorities with appraisal or reappraisal effective dates prior to March 1, 2016, and export-adjusted log market values for cutting authorities with appraisal or reappraisal effective dates on or after March 1, 2016; and CPI, each effective for the month of the adjustment, will be used in the calculation of the adjustment. All other data will remain unchanged.
  - b. The procedure referred to in this subsection is conducted each quarter until the cutting authority area is reappraised or the cutting authority expires.

# 3.5 Fixed Rates and Extensions of Term

#### **Timber Sale Licences**

- 1. A fixed stumpage rate for a timber sale licence means that the upset stumpage rate and bonus bid will not change during the term of the timber sale licence and all extensions, except where:
  - a. a reappraisal is done under Section 3.3.1(1)(d) due to sudden and severe damage, or
  - b. a reappraisal is done under Section 3.3.8 due to the Minister's direction.
- 2. Every timber sale licence entered into under Section 20 of the *Act* that was advertised on or after November 1, 2003 must have a fixed stumpage rate.
- 3. Notwithstanding anything to the contrary in this manual, a fixed stumpage rate for a timber sale licence may not be corrected where there has been an error in the appraisal.

# **Miscellaneous Stumpage Rates**

4. Except where miscellaneous stumpage rates are otherwise specified in a cutting authority the miscellaneous stumpage rates applicable to timber under Section 7.9 are the rates that are in effect on the date that the timber is scaled.

# 3.6 Correctable Errors

- 1. In this section, a correctable error means:
  - a. an error made by a Ministry employee in selecting or transcribing the correct log grade source, or
  - b. a stumpage adjustment calculation that has not been made by using a stumpage appraisal parameter in effect on the effective date of the stumpage adjustment.
- 1.1 The inclusion of billing data from cruise based cutting authorities in the billing history record for cutting authorities with effective dates prior to October 1, 2012, is not a correctable error for purposes of subsection 1(a).
- 2. Where a person believes that a correctable error has been made in a stumpage determination, that person shall give written notice of the correctable error as follows:
  - a. in the case of an appraisal or a reappraisal, the notice shall be given to the regional manager, and in the case of a quarterly adjustment, the notice shall be given to the director, and
  - b. the notice shall identify the stumpage determination, the correctable error, and the cause of the correctable error to the extent reasonably possible.
- 3. The regional manager or the director, upon receipt of the notice shall determine whether or not a correctable error was made.
- 4. Where the regional manager or the director determines that a correctable error has not been made, the person who determined the stumpage rate or director shall notify the person who gave the notice of the correctable error.
- 5. Where the regional manager or the director determines that a correctable error has been made, then:
  - a. the regional manager or the director will notify the person who gave the notice of the correctable error,
  - b. the regional manager or the director will take reasonable steps to ensure that all licensees who may have been affected by a similar correctable error are informed of the decision, and
  - c. i. where the regional manager determines that a correctable error has been made in an appraisal or a reappraisal the cutting authority area shall be reappraised to correct the error by the person who determined the stumpage rate, using the procedure under subsections 3.2(7) to 3.2 (8), and,
    - ii. the effective date of the reappraisal shall be the first day of the month following the date on which the notice of the correctable error was

received by the regional manager; and

- iii. the stumpage rate will be determined using the manual in effect on the effective date of the most recent appraisal or reappraisal prior to the correctable error reappraisal.
- 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.

# 3.7 Redetermination of Stumpage Rate by Agreement

- 1. If within twenty-one days of the date of determination or redetermination of a stumpage rate, (the "original stumpage rate") the licensee and an employee of the ministry authorized under Section 2.1.1 (the "employee") agree to a redetermination consistent with the version of the manual used for the original stumpage rate, the employee may redetermine the original stumpage rate.
- 2. The stumpage rate redetermined under subsection (1) shall be effective on the same date as the original stumpage rate.
- 3. The licensee and the employee may agree to extend the twenty- one day period referred to in subsection (1).

# 5.3.1 Road Development Cost Proration

- 1. The provisions of this section apply to each of the road development categories described in sections 5.3.1.1 and 5.3.1.2.
- 2. Where a road development cost estimate must be prorated under this section, only the Crown share of the road development cost estimate may be used in the appraisal or reappraisal of the cutting authority area.
- 3. a. where road development on Crown land provides access to both Crown timber and timber that is not Crown timber held by the licensee, or a company legally associated with the licensee then the development cost is prorated between Crown timber and timber that is not Crown timber in accordance with subsection (6) of this section.
  - b. where road development on private land provides access to both Crown timber and timber that is not Crown timber, then the development cost is prorated between Crown timber and timber that is not Crown timber in accordance with subsection (6) of this section.
- 4. Where a proration is required under subsections (3)(a) or (3)(b) of this section:

Crown Share of total estimated cost = Total Estimated Cost x  $\left[\frac{\text{Crown Timber Volume}}{\text{Total Timber Volume}}\right]$ 

## Where:

Crown share of total estimated cost	means the dollar amount to be used to determine a cost estimate for the appraisal or reappraisal of the cutting authority being appraised.
Total Estimated Cost	means the total road development cost estimate expressed in \$.
Crown Timber Volume	means the volume of Crown timber that is under the control of the licensee or a company legally associated with the licensee that may be transported over that road.
Total Timber Volume	means the total volume of Crown and privately owned timber that is under the control of the licensee or a company legally associated with the licensee and that may be transported over that road.

- 5. In all cases, volumes are estimated from the latest approved operational or inventory cruise data and maps of the area within the drainage to the height of land.
- 6. Appendix III illustrates the proration process.

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#### 5.3.1.1 New Road Construction

 New Road Construction includes only subgrade construction, placement of additional stabilizing material, bridges, the construction and installation of drainage structures, and other necessary types of structures pertaining to the road that the regional manager authorizes to be used in the appraisal or reappraisal of a cutting authority area.

#### 2. New road construction costs:

- a. may only be used in the appraisal or reappraisal of a tributary cutting authority except cutting authorities where all of the timber on the cutting authority area has stumpage rates determined under Chapter 7.
- b. for the purposes of (a) above, road construction costs may only be used in an appraisal data submission for a tributary cutting authority with an effective date no later than five (5) years after completion of the new road construction.

#### 3. Tabular road cost estimates:

- a. where the physical dimensions and conditions of the new road construction fall within the tabular limits set out in Section 5.3.3, a tabular cost estimate will be made using the applicable tables and formulas in this section of the manual.
- b. each road section cost estimate is determined using the appropriate tables in Section 5.3.3.
- c. the tabular road unit cost is the sum of the unit cost estimates of all of the road sections.

#### 4. Non-tabular road cost estimates

- a. non-tabular cost estimates may be calculated in accordance with Section 5.3.4 for the following kinds of new road construction:
  - i. construction and upgrading of main access roads,
  - ii. road construction on uphill side slopes that are over 150 percent,
  - iii. road construction on terrain with two or more gullies over 10 m deep at centreline in a 300 m section,
  - iv. end haul construction requiring removal of excavated material to a spoil area,
  - v. overland construction to provide a roadbed by trucking in material for extensive fill sections,

# 7 Miscellaneous Timber Pricing Policies

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# 7.1 Average Stumpage Rates by District and Species

1. Timber Pricing Branch shall produce a schedule of average sawlog stumpage rates for each species of timber in each forest district of the Coast Area, and for the Northern Great Bear Rainforest. Those rates are effective on the date they are approved by the director.

## 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. if licensee uses a single road permit for multiple licences within the same district as the area to which the road permit applies, the stumpage rate for the road permit is the weighted average sawlog stumpage rate of all cutting authorities other than the road permit, 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 30<sup>th</sup>.
- 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 m<sup>3</sup>, the stumpage rate for a road permit is the weighted average sawlog stumpage rate of:

- a. all cutting authorities other than road permits, that are issued under the licence to which the road permit applies that entitles the licensee to apply for the road permit.
- b. where there is less than 500 cubic metres in the stumpage billing history record from which the stumpage rate may be determined under paragraph (a) of this subsection, the person determining the stumpage rate will proceed to subsection (c) of this section.
- c. all the cutting authorities that do not provide for an allowable annual cut or have an allowable annual cut of Crown timber equal to or greater than 7 000 m<sup>3</sup>, other than road permits and timber sale licences entered into under Section 20 of the *Act*, that are for areas located in the same forest district as the area to which the road permit applies.
- 6. 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 has an allowable annual cut of Crown timber less than 7 000 m<sup>3</sup> per year, the stumpage rate for a road permit is the weighted average sawlog stumpage rate of:
  - a. All cutting authorities other than road permits and timber sale licences entered into under Section 20 of the *Act*, that are for licences that have an allowable annual cut of less than 7 000 m<sup>3</sup> in the same forest district as the area to which the road permit applies.
  - b. Where there is less than 500 cubic metres in the stumpage billing history record from which the stumpage rate may be determined under paragraph (a) of this subsection, the person determining the stumpage rate will proceed to subsection (c) of this section.
  - c. All cutting authorities other than road permits and timber sale licences entered into under Section 20 of the *Act*, that are for licences that have an allowable annual cut of less than 7 000 m<sup>3</sup> in the same timber supply area as the area to which the road permit applies.
  - d. Where there is less than 500 cubic metres in the stumpage billing history record from which the stumpage rate may be determined under paragraph (c) of this subsection, the person determining the stumpage rate will proceed to subsection (e) of this section.
  - e. All cutting authorities other than road permits and timber sale licences entered into under Section 20 of the *Act*, in the same forest district as the area to which the road permit applies.
- 7. The cost of a road constructed under a road permit may be eligible for inclusion as a tenure obligation adjustment under Chapter 5 in the appraisal of a tributary cutting authority.
- 8. All road permits will be reappraised in accordance with Section 3.3.2.

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# 7.10 Northern Great Bear Rainforest (GBR)

The following applies to:

- 1. 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 GBR 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 GBR 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 under subsection 7.10(3).
    - iv. on or after January 1, 2017, must meet the GBR cruise based standards of the *Cruising Manual*, and the stumpage rates by species shall be as approved under subsection 7.10(3).
    - b. For all 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 GBR cruise base standards of the *Cruising Manual*, the stumpage rates by species shall be as approved under subsection 7.10(3), 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 GBR cruise based standards of the *Cruising Manual*, the stumpage rates by species shall be as approved under subsection 7.10(3), 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 under subsection 7.10(3), and shall be based on the information provided by a cruise of the timber.
- 2. 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 under subsection 7.10(3), 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 under subsection 7.10(3), and shall be based on the information provided by a scale of the timber.
- 3. Notwithstanding subsections 1(a)(i) and 2(a)(i), where the source of the timber is the GBR, the stumpage rate for each species of the GBR timber will be determined using the schedule of stumpage rates by species for GBR timber approved by the director.

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