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MEMORANDUM

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MAY 14 2010

To: Sharon Hadway  
A/Regional Executive Director  
Coast Forest Region

From: The Honourable Pat Bell, Minister of Forests and Range

Re: Amendment No. 8 to the Coast Appraisal Manual

I hereby approve Amendment No. 8 to the *Coast Appraisal Manual* and attach a copy for your use. The following section has been amended:

Section 1.1	New definition
Section 3.3 (2)	Housekeeping
Section 3.3.5	Annual reappraisals for cutting authorities in controlled recreation areas
Section 7.8 & 7.8.1	Tabular stumpage rate method for cutting authorities in controlled recreation areas.

This amendment will come into force on May 15, 2010. Further amendments or revisions to this manual require my approval.

Pat Bell  
Minister

Attachment

pc: Murray Stech, Director, Pricing Branch





<p>FOR FURTHER INFORMATION OR IF YOU HAVE A CHANGE OF ADDRESS, PLEASE CONTACT:</p> <p>George Silvestrini Senior Timber Pricing Forester (Coast) Pricing Branch Ministry of Forests 1<sup>st</sup> Floor, 1520 Blanshard Street Victoria, BC V8W 3K1 Phone: 250 - 387-8377 Email: George.Silvestrini@gov.bc.ca FAX: 250 - 387-5670</p>	<b>MANUAL TITLE</b>	
	Coast Appraisal Manual	
	<b>AMENDMENT</b>	<b>ISSUE DATE</b>
	Amendment No. 8	May 15, 2010
<b>MANUAL CO-ORDINATOR</b>		
Judy Laton Publication/Administrative Co-ordinator		
<b>AUTHORIZATION (Name, Title)</b>		
Murray Stech Director, Pricing Branch		

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

ACTION	(VOL.) CHAPTER-SECTION-SUBJECT	PAGE(S)	COMMENTS
(Remove/Insert)	TABLE OF CONTENTS		
Remove	Table of Contents	i - vi	After Table of Contents Tab
Insert		i - vi	
Remove	Chapter 1	1 - 6	After Chapter 1 Tab
Insert		1 - 6	
Remove	Chapter 3	3 - 4 7 - 10	After Chapter 3 Tab
Insert		3 - 4 7 - 10	
Remove	Chapter 7	11 - 14	After Chapter 7 Tab
Insert		11 - 14	
Remove	Index	1 - 4	After Index Tab
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# **Definitions and Interpretations** **1**

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## 1.1 Definitions and Interpretations

In this manual:

"**Act**" means *Forest Act*;

"**Appraisal Data Submission**" means the information required by the person who determines the stumpage rate to determine that rate including the appraisal map, cruise information (including appraisal summary report and the ASCII cruise data files, unless otherwise specified by the Director, Revenue Branch) and any other information required by the regional manager or district manager in the form required by the director, signed by a registered professional forester (RPF) or registered forest technologist (RFT), registered with the Association of British Columbia Forest Professionals;

"**Billing history record**" means a record of log scale data derived from a record kept by the Revenue Branch of log scale data reported on stumpage invoices issued by the Revenue Branch for timber scaled under section 94 of the *Act*;

"**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*;

"**BCTS**" means British Columbia Timber Sales;

"**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*;

"**Cutting authority**" means:

- (a) a cutting permit issued under a forest licence, a timber sale licence, a timber licence, tree farm licence, a community forest agreement, a community salvage licence, a woodlot licence, or forestry licence to cut,
- (b) a timber sale licence that does not provide for the issuance of a cutting permit,
- (c) a licence to cut, or
- (d) a road permit;

"**Cutting authority area**" means the area where timber may be harvested under authority of:

- (a) a cutting permit,
- (b) a timber sale licence that does not provide for the issuance of a cutting permit,

(c) a licence to cut, or

(d) a road permit;

**"Deciduous timber"** means timber that is any of the alder, birch, cottonwood and maple species;

**"Detailed engineering"** means non-tabular;

**"Director"** means director of Revenue Branch of the Ministry of Forests and Range;

**"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 Tourism, Sports and the Arts 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;

**"Helicopter Selection"** means the harvesting of single trees within standing residual timber that have been felled and then removed using a helicopter;

**"Hogged Tree Material"** means tree residues or by-products that have been shredded into smaller fragments by mechanical action. All post-harvest material where a waste assessment has been made and the material will be hogged at the roadside or the landing;

**"Immature coniferous timber"** means coniferous timber that is younger than 121 years old;

**"Licensee"** means the holder of a cutting authority;

**"Low grade"** means grades 'X' and 'Y' of all species and 'U' grade hemlock and balsam;

**“Main Access Road”** means a long-term (i.e., in use for more than ten years) mainline road that is tributary to the appraised cutting authority area, or is used to transport bulk fuels, supplies, equipment or harvesting crews necessary to carry out day-to-day harvesting activities on that area, and has an average stabilized subgrade width greater than seven metres;

**"Manual"** means *Coast Appraisal Manual*;

**"Mature coniferous timber"** means coniferous timber that is 121 years old or older;

**"Minister"** means Minister of Forests and Range;

**"Ministry"** means Ministry of Forests and Range;

**"Net cruise volume"** means the gross volume of all species listed in section 4.2.3(1), plus alder, birch, cottonwood and maple in the cutting authority area minus the volume of decay, waste and breakage in that timber unless otherwise specified in the *Cruising Manual*;

**“Old growth coniferous timber”** means coniferous timber that is 141 years old or greater;

**"Regional manager"** means regional executive director or 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;

**"Revenue Branch"** means Pricing Branch of the Ministry;

**“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*;

**"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, Revenue Branch;

**"Selling price zone 52"** means the table of coast market pricing system log values for second growth coniferous timber, approved by the director, Revenue 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;

**"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:  $tncv = \frac{ncv}{ha} \times tmta$  ;

**"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. Made from post-harvest material where a waste assessment has been made and the material will be chipped at the roadside or the landing.

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### 3.2 Appraisals

1. Except where the sawlog stumpage rate or an upset stumpage rate is determined in Chapter 7:
  - a. an appraisal is a process used to determine a stumpage rate for a cutting authority area using the manual in effect on the effective date of the cutting authority.
  - b. the appraisal is effective on the effective date of the cutting authority.
2. A licensee or BCTS shall submit an appraisal data submission to the district manager when the licensee or BCTS makes an application for a cutting authority.
3. The district manager may require the licensee or BCTS to complete and submit an estimated stumpage rate calculation for both helicopter and cable methods of harvesting when the district manager is not satisfied that the method proposed by the licensee or BCTS is the only method that is suitable for the area intended to be harvested.
4. The district manager may review the appraisal data submission of the licensee or BCTS, and may inform the licensee or BCTS of any omissions, errors or provisions of the manual that, in the opinion of the district manager, the signing RPF or RFT may not have considered. The licensee or BCTS signing RPF or RFT may consider the district manager's information and may revise the appraisal data submission.
5. The district manager shall give any information supplied by the licensee or BCTS under this section to the person who determines the stumpage rate together with any other information that the district manager considers relevant to the appraisal.
6. The person who determines the stumpage rate may review the appraisal data submission of the licensee or BCTS, and information supplied by the district manager and may inform the licensee or BCTS of any omissions, errors or provisions of the manual that, in the opinion of the person who determines the stumpage rate, the signing RPF or RFT may not have considered. The licensee or BCTS signing RPF or RFT may consider the information and may revise the appraisal data submission.
7. The person who determines the stumpage rate shall consider:
  - a. the information provided by the licensee or BCTS and the district manager, and
  - b. any information available to the person who determines the stumpage rate that is relevant to the appraisal.
8. Regional revenue staff will notify:
  - a. BCTS of the upset stumpage rate determination, or
  - b. except for Section 20 timber sale licensees, all other licensees of the stumpage rate determination.

### 3.3 Reappraisals

1. A reappraisal is a process used to redetermine a stumpage rate for a cutting authority using the manual in effect on the effective date of the reappraisal.
2. Except as provided for under sections 3.3.1(1)(d), 3.3.1(2)(d), 3.3.2, 3.3.3, 3.3.4, 3.3.5 and 3.3.6, a reappraisal is based on a complete reassessment of the cutting authority area on the effective date of the reappraisal, as if the area has been returned to the condition as it was prior to development or harvesting.
3. Non-tabular cost estimates made in the appraisal of a cutting authority area may be re-estimated once in a subsequent reappraisal after works have been constructed using information required under section 5.3.4.
4. 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 where the effective date of the most recent appraisal or reappraisal of the cutting authority area prior to the circumstance was prior to June 1, 2006 means a circumstance where:
  - a. (i) The licensee planned or plans to use a method of harvesting to harvest at least twenty-five percent of the volume of timber in the cutting authority area that was or is different from the method that was planned to be used for that timber at the time of the most recent appraisal or reappraisal of the cutting authority area, and
  - (ii) the different method of harvesting that was or is planned to be used:
    - (aa) when used in the changed circumstance reappraisal will produce the highest stumpage rate, and
    - (bb) is or was different from the method of harvesting that was used in the most recent appraisal or reappraisal, or
  - b. The licensee planned or plans a change in the amount of road development that will lead to a difference of at least twenty-five percent between the total road development unit cost that was used in the most recent appraisal or reappraisal and the total road development unit cost that will be used in a changed circumstance reappraisal done in accordance with the changed circumstance reappraisal procedure, or
  - c. land containing merchantable timber has been either added to or deleted from

4. Where the changed circumstance is a result of sudden and severe damage referred to in subsection 3.3.1(1)(d) or 3.3.1(2)(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.

### **3.3.2 Annual Reappraisal of a Road Permit**

1. Subject to section 7.3, a cutting authority area that is the subject of a road permit must be reappraised effective February 1<sup>st</sup> 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 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.

### **3.3.6.1** 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 3.3.6 shall be the same procedure as that required by subsections 3.2 (3) through 3.2 (8) 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 log selling prices and CPI effective for the month of the adjustment will be used in the calculation of the adjustment. All other data, including the estimated number of bidders, 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(d) due to sudden and severe damage, or
  - b. a reappraisal is done under section 3.3.6 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.

#### Woodlots

4. a. The stumpage rate for a cutting authority issued under a woodlot licence shall be an adjusting stumpage rate unless:
  - i) the stumpage rate for the cutting authority is changed to a non-adjusting stumpage rate under this section,
  - ii) the cutting authority is a road permit, or
  - iii) the cutting authority stumpage rates were calculated under section 7.2, 7.3 or section 7.4.
- b. A licensee may choose to have an adjusting stumpage rate changed to a non-adjusting stumpage rate under this subsection by giving written notice of that choice to the regional appraisal coordinator.
- c. Where the licensee gives notice to the regional appraisal coordinator of that choice, the adjusting stumpage rate shall become a non-adjusting stumpage rate based on the following criteria:
  - i) if the licensee gives written notice to the regional appraisal coordinator within 21 days of receipt of the stumpage advisory notice, the non-adjusting stumpage rate will be the stumpage rate in effect on the effective date of the cutting authority, or

## 7.7 Linear Tenures

1. For this section:

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

- a. right-of-way issued under an authority other than the *Forest Act*, or
- b. a pipeline right-of-way, or
- c. a highway right-of-way for a road administered by the *Ministry of Transportation*, or
- d. transmission line, penstock, or powerhouse, or
- e. a forestry licence to cut issued under section 47.6(3) of the Act in conjunction with a BC Timber Sales road development contract.

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

2. The stumpage rate for a linear tenure shall be obtained from the schedule of average sawlog stumpage rates approved by the director under section 7.1, for the forest district in which the cutting authority area for the linear tenure is located.
3. A stumpage rate determined under this section shall be redetermined in accordance with section 3.3.4.
4. Notwithstanding any other paragraph in this section, if the total volume exceeds 2 500 m<sup>3</sup> the stumpage rate for a linear tenure may be determined through a full appraisal. Where a stumpage rate has been determined under this subsection, the procedures in chapter 3 shall apply.

## **7.8 Controlled Recreation Areas**

1. The stumpage rate for a cutting authority area located within a Controlled Recreation Area (CRA) shall be the stumpage rate approved by the director under section 7.8.1, for the forest region in which the cutting authority area in the CRA is located.
2. A stumpage rate determined under this section shall be redetermined in accordance with section 3.3.5.
3. Notwithstanding any other paragraph in this section, the stumpage rate for a cutting authority area in a CRA may be determined through a full appraisal. Where a stumpage rate has been determined under this subsection, the procedures in chapter 3 shall apply.

### **7.8.1 CRA Stumpage Rate**

1. Pricing Branch shall produce the average appraised sawlog stumpage rate for the coast forest region. This rate is approved by the director for each quarter (January 1, April 1, July 1 and October 1).

## 7.9 Miscellaneous Stumpage Rates

### Miscellaneous Stumpage Rates

1. Unless otherwise specified in a cutting authority, Table 7-1 in effect on the date of scale shall be used to determine the stumpage rates for deciduous species, low grade logs and timber in specified areas.

### Special Forest Products

2. Unless otherwise specified in a cutting authority, Table 7-2 in effect on the date of scale shall be used to determine the stumpage rates for the specified products from all sources of Crown timber.

### 7.9.1 Marine Log Salvage

#### 7.9.1.1 Beachcomb

A beachcomb rate may apply to logs salvaged in the Vancouver log salvage district under Part 9 of the *Act*, and stray logs salvaged elsewhere in coastal waters.

The stumpage rate for beachcomb is listed in table 7-1.

#### 7.9.1.2 Root Buck

A root buck rate may apply to any species where the roots are attached at the time stray logs are salvaged in coastal waters. Excludes logs salvaged from coastal waters within the boundaries of the North Coast and Kalum Forest Districts.

The rate for root buck is listed in table 7-1.

#### 7.9.1.3 Wahleach Island Catchment Basin

The stumpage rate for logs salvaged at Wahleach Island catchment basin operated by B.C. Debris Control Board is listed in table 7-1.

#### 7.9.1.4 Deadhead Logs

A deadhead rate may apply to deadhead logs as defined in the log salvage regulation, salvaged in coastal waters and subject to scaling requirements under part 6 of the *Act*.

The stumpage rate for deadhead logs is listed in table 7-1.

**Table 7-1: Miscellaneous Stumpage Rates**

Species	Product Code	Logs	Stumpage Rate (\$/m <sup>3</sup> )
Deciduous	N/A	All (except grades 'Y', 'Z')	\$1.00
Yew, Arbutus, Aspen, Willow	N/A	All	\$0.25
Hemlock & Balsam	N/A	Grade 'U'	\$0.25
Coniferous	N/A	Grade 'X'	\$0.25
All Species	N/A	Grade 'Y'	\$0.25
All Species	<b>RB</b>	Root buck	\$7.80
All Species	N/A	Beachcomb (BC)	\$0.70
All Species	N/A	Wahleach Island catchment basin (DH)	\$0.25
All Species	N/A	Deadhead logs (DH)	\$0.25

**Table 7-2: Special Forest Products Stumpage Rates**

Species	Product Code	Product	Stumpage Rate
All Species	<b>CA</b>	Cants (produced from dead and down post-logging residue)	\$9.60/m <sup>3</sup>
All Species	<b>FW</b>	Firewood (round or split) - maximum length 1.2 m	\$1.00/m <sup>3</sup>
All Species	<b>MT</b>	Mining Timbers - maximum length 2.4 m	\$3.00/m <sup>3</sup>
All Species (except Cedar)	<b>PR</b>	Posts and Rails (split and round)	\$1.20/m <sup>3</sup>
Cedar	<b>PR</b>	Posts and Rails (split and round)	\$3.00/m <sup>3</sup>
All Species	<b>SB</b>	Shake and Shingle Bolts, Blocks and Blanks	\$5.30/m <sup>3</sup>
All Species	<b>SK</b>	Shakes	\$6.00/m <sup>3</sup>
All Species	<b>SS</b>	Stakes and Sticks (Car Stakes, Grape Stakes, Hop Poles, Lagging (split, Orchard Props, Pickets and Palings, Stakes and Stocks (sticks))	\$1.20/m <sup>3</sup>
All Species	<b>CH</b>	Woodchips	\$0.50/m <sup>3</sup>
All Species	<b>HF</b>	Hogged tree material	\$0.25/m <sup>3</sup>
All Species	<b>XM</b>	Christmas Trees	Less than 3 m \$0.20 each 3 m to 5 m \$1.00 each greater than 5 m \$1.50 each

Cants are produced from dead and down post-logging material that would not make a sawlog as determined by the regional manager.

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