



File: 195-30/CAPP  
Ref: 178900

DEC 1 - 2011

To: Sharon Hadway, Regional Executive Director, West Coast Region  
Heather MacKnight, Regional Executive Director, South Coast Region

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

Re: Amendment No. 11 to the *Coast Appraisal Manual*

I hereby approve Amendment No. 11 to the *Coast Appraisal Manual* and attach a copy for your use. The following section has been amended:

Section 1.1	New and revised definitions.
Section 3.3(2)	Reappraisal description has been revised for clarity.
Section 3.3 (1)(a) and (b)	Changed circumstance reappraisal no longer refers to a plan or plans.
Section 3.3 (2)(a) and (b)	Changed circumstance reappraisal no longer refers to a plan or plans.
Section 4.1 (1)	Clarifies that licencees are responsible for providing data that can be used to calculate the highest stumpage rate.
Section 4.4.7	Ecosystem based management costs will now apply to cutting authorities affected by the Haida Gwaii land use objectives order.
Section 6.1.1	Revised methods for establishing the indicated upset rate for a competitive timber sale.
Section 7.6	Procedures for the competitive sale of decked timber has been incorporated into section 6.1.1

This amendment will come into force on December 1, 2011. Further amendments or revisions to this manual require my approval.

Steve Thomson  
Minister

Attachment

pc: Murray Stech, Director, Timber Pricing Branch





Ministry of Forests,  
Lands and Natural  
Resource Operations



## MANUAL REVISION TRANSMITTAL

<p>FOR FURTHER INFORMATION OR IF YOU HAVE A CHANGE OF ADDRESS, PLEASE CONTACT:</p> <p>George Silvestrini Senior Timber Pricing Forester (Coast) Timber Pricing Branch Ministry of Forests, Lands and Natural Resource Operations 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. 11	December 1, 2011
<b>MANUAL CO-ORDINATOR</b>		
Judy Laton Publication/Administrative Co-ordinator		
<b>AUTHORIZATION (Name, Title)</b>		
Murray Stech Director, Timber Pricing Branch		

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

ACTION (Remove/Insert)	(VOL.) CHAPTER-SECTION-SUBJECT	PAGE(S)	COMMENTS
	TABLE OF CONTENTS		
Remove	Chapter 1	1 - 6	After Chapter 1 Tab
Insert		1 - 6	
Remove	Chapter 3	3 - 14	After Chapter 3 Tab
Insert		3 - 14	
Remove	Chapter 4	1 - 2 23 - 24	After Chapter 4 Tab
Insert		1 - 2 23 - 24	
Remove	Chapter 6	1 - 4	After Chapter 6 Tab
Insert		1 - 4	
Remove	Chapter 7	9 - 10	After Chapter 7 Tab
Insert		9 - 10	
INSERT	Letter from Minister and Transmittal Sheet		After Amendments Tab



# **Definitions and Interpretations** **1**

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## 1.1 Definitions and Interpretations

In this manual:

“**Act**” means *Forest Act*;

“**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*;

“**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*;

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

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

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

“**Cutting authority**” means:

- (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, a **master licence to cut**, a forestry licence to cut, or **woodland licence**;
- (b) a timber sale licence that does not provide for the issuance of a cutting permit,

- (c) all other licences 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 Timber Pricing Branch of the Ministry of Forests, Lands and Natural Resource Operations;

**"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*, then district manager means an employee of the Ministry to whom the minister of Jobs, Tourism and Innovation has delegated the minister's powers and duties under section 2 of the *Resort Timber Administration Act*.

**"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, BCTS"** means Executive Director, BCTS or Executive Director, BCTS' designate;

**"Forest Professional"** means a Registered Professional Forester (RPF) or a Registered Forest Technologist (RFT) or a special permit holder acting within the scope of their

permit, registered and in good standing with the Association of British Columbia Forest Professionals;

**“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 and is made from post-harvest material where a waste assessment has been made. Where the post-harvest material is removed under a different tenure from the original cruise based cutting authority, a waste assessment is not required;

**“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, Lands and Natural Resource Operations;

**“Ministry”** means Ministry of Forests, Lands and Natural Resource Operations;

**“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 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;

**"Revenue Branch"** means Timber Pricing Branch of the Ministry of Forests, Lands and Natural Resource Operations;

**"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;

**"Timber Pricing Branch"** means Timber Pricing Branch of the Ministry of Forests, Lands and Natural Resource Operations;

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

**"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 and is made from post-harvest material where a waste assessment has been made. **Where the post-harvest material is removed under a different tenure from the original cruise based cutting authority, a waste assessment is not required.**

### 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. Where these policies and procedures require a reappraisal to be performed, 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), 3.3.1(2)(d), 3.3.2, 3.3.3, 3.3.4 or 3.3.5 or otherwise directed by the Minister under section 3.3.6, 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,
  - b. Information available to the person who determines the stumpage rate.
3. At the time of a reappraisal, non-tabular cost estimates made in the appraisal of a cutting authority area may be re-estimated once after works have been constructed in accordance with 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 or a contractor working on the licensee's behalf has harvested or will harvest at least twenty-five 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 twenty-five 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. land containing merchantable timber has been either added to or deleted 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) twenty-five hectares or
  - (ii) twenty-five 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 twenty-five 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*.
2. 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 on or subsequent to June 1, 2006 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. land containing merchantable timber has been either added to or deleted 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*.

3. The licensee must notify the district manager immediately of a changed circumstance.
4. Where the district manager believes that a changed circumstance has occurred, the district manager will notify the licensee of that belief.
5. 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.
6. Where a cutting authority area is reappraised because of a changed circumstance, any bonus bid in existence prior to the reappraisal does not change and remains in effect.

#### **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(8).

#### **3.3.1.2 Effective Date of Changed Circumstance Reappraisal**

1. Except as provided in subsections (3) and (4) of this section, the effective date of the reappraisal required under section 3.3.1(1) is the first day of the month following the date of the licensee's notification to the district manager or the district manager's notification to the licensee that a changed circumstance has occurred.
2. Except as provided in subsections (3) and (4) of this section, a reappraisal because of a changed circumstance under section 3.3.1(2) 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.
3. Where the changed circumstance is because of an amendment to the cutting authority area referred to in subsection 3.3.1 (1)(c) or 3.3.1(2)(c), the reappraisal is effective on the first day of the month following the date that the district manager approves the amendment.
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

- ii) if the licensee gives written notice to the regional appraisal coordinator later than 21 days following receipt of the stumpage advisory notice, the non-adjusting stumpage rate will be the stumpage rate in effect three weeks after the regional appraisal coordinator receives the notice.
- d. On the date that the stumpage rate becomes a non-adjusting stumpage rate, the stumpage rate for the cutting authority continues to be the stumpage rate of the cutting authority that was in effect on that date.
- e. Where a stumpage rate is changed from an adjusting stumpage rate to a non-adjusting stumpage rate, the stumpage rate for the cutting authority shall not change for the term of the cutting authority and all extensions from the date that the stumpage rate is changed to a non-adjusting stumpage rate, except where the cutting authority area is reappraised under section 3.3.1(d) or under section 3.3.3.

#### **Average Stumpage Rates by District and Species**

- 5. Where the stumpage rate for a cutting authority has been determined under section 7.1, 7.5 or section 7.6 and the term of the cutting authority is extended, the stumpage rate shall not change during the term of the cutting authority and all extensions.

#### **Miscellaneous Stumpage Rates**

- 6. Except where miscellaneous stumpage rates are otherwise specified in a cutting authority the miscellaneous stumpage rates applicable to timber under section 7.7 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.
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.
  - 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. Where, within twenty-one days of the date of a Stumpage Advisory Notice, the person to whom the Notice has been sent and an employee authorized to redetermine a stumpage rate under section 2.1.1 of this manual agree, the stumpage rate set out in the Notice, hereinafter referred to as the original stumpage rate, may be redetermined by the employee, and the redetermined stumpage rate shall be effective on the effective date of the original stumpage rate.
2. The twenty-one day period referred to in subsection (1) of this section may be extended by agreement between the person to whom the Notice has been sent and the employee.

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# **Estimated Winning Bid**

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## 4.1 Appraisal Methodology

1. Except as provided in section 6.1 and chapter 7, the licensee must submit an appraisal data submission for the cutting authority area that is capable of being used to produce the highest stumpage rate for the cutting authority area.
2. Except as provided in section 6.1 and chapter 7, the person who determines the stumpage rate must estimate the stumpage rate for a cutting authority area in a manner that will produce the highest stumpage rate for the cutting authority area.
3. For each part of the cutting authority area, the person who determines the stumpage rate must use the procedures in this manual that must be used for the harvest method that produces the highest stumpage rate other than a method that the district manager states is unsuitable for that part of the cutting authority area.
4. Regardless of the harvest method that the holder of a cutting authority uses or intends to use on the cutting authority area or a part of the cutting authority area, or any other fact or law pertaining to the harvest method to be used, the district manager when deciding whether a harvest method is unsuitable may only consider:
  - a. the physical features and terrain stability of the cutting authority area and the areas through which access to the cutting authority area may be gained,
  - b. the physical features of the areas outside of the cutting authority area that may be affected by the harvesting in or the transportation of the timber from the cutting authority area,
  - c. visual quality objectives, and
  - d. public safety.

3. Where tree crown modification is approved:
  - a. the rate for each old growth coniferous tree that is modified is \$53.50, and
  - b. the rate for each second growth coniferous tree that is modified is \$36.38.

#### 4.4.7 Ecosystem Based Management Operating Costs

1. Except as provided in subsection (2) of this section, the ecosystem based management adjustment may be considered in the appraisal of a cutting authority area that lies wholly within that part of the Coast Forest Region when the licensee has an approved forest stewardship plan which conforms with the objectives listed under the Land Use Order to which land use objectives have been made applicable by orders made by the Minister of Natural Resource Operations pursuant to Section 93.4 of the *Land Act* entitled:
  - a. South Central Coast Order, dated July 27, 2007,
  - b. Central and North Coast Order, dated December 19, 2007, and
  - c. Haida Gwaii Land Use Objectives Order, dated December 16, 2010.
2. The ecosystem based management adjustment shall not be considered in the appraisal or reappraisal of a cutting authority area that is authorized for harvest under:
  - a. a woodlot licence referred to in section 1(3) of the South Central or Central and North Coast orders,
  - b. a community forest agreement referred to in section 1(4) of the South Central or Central and North Coast orders, or
  - c. the tree farm licence or non-replaceable forest licences that are referred to in section 1(4) of the South Central Coast Order.
3. The adjustment shall be \$2.75 per cubic metre.

## 4.5 Final Estimated Winning Bid

1. Subject to subsection 3 of this section the Final Estimated Winning Bid (FEWB) is the difference between the estimated winning bid and the total of the specified operations adjustments that are applicable to the appraisal or reappraisal of the cutting authority.
2. Expressed as an equation:

$$\text{FEWB} = \text{EWB} - \text{SOA}$$

Where:

EWB = The Estimated Winning Bid determined under section 4.3.

SOA = The sum of specified operations adjustments in an appraisal or a reappraisal of a cutting authority area as may be calculated under sections 4.4.1 through 4.4.7 and expressed in  $\$/\text{m}^3$ .

3. Where the FEWB calculated is less than  $\$0.25/\text{m}^3$ , then the FEWB shall be  $\$0.25/\text{m}^3$ .

# **Stumpage Rate Determination**

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**6**

## 6.1 Stumpage Rate Calculation for a Cutting Authority Entered into Under Section 20 of the Act

Sections 6.1.1 through 6.1.4 are the policies and procedures for calculating a stumpage rate for a cutting authority that is entered into under section 20 of the *Act*.

### 6.1.1 Indicated Upset Stumpage Rate (IUSR)

1. Notwithstanding 6.1.1(2) the IUSR for a timber sale licence shall be equal to the upset stumpage rate determined by the person who determines the stumpage rate and shall be the greater of:
  - a. Seventy percent of the final estimated winning bid (FEWB) for that timber sale licence calculated according to section 4.5, or
  - b. The variable cost to prepare the timber for sale.
2. Where applications for a timber sale licence with an upset stumpage rate determined under section 6.1.1(1) have been invited but no applications have been received, the upset stumpage rate **determined by the person who determines the stumpage rate** for the re-advertised timber sale shall not **be** less than the variable cost to prepare the timber for sale **when that rate is requested by the timber sales manager**.
3. Where the executive director, **BCTS**, does not anticipate that applications for a timber sale licence with an upset stumpage rate determined under section 6.1.1(1) **or 6.1.1(4)** will be received due to market conditions or timber profile, the upset stumpage rate shall be equal to the rate approved by the executive director, **BCTS when that rate is requested by the timber sales manager**.
4. Where the invitation to tender for timber authorized for harvest under a timber sale licence requires a bonus offer, and the amount of stumpage payable will be based on a cruise of the timber as authorized under section 106 of the *Act*, the upset stumpage value shall be **equal to the upset stumpage rate determined by the person who determines the stumpage rate and shall be the greater of:**
  - a. **Seventy percent of the final estimated winning bid (FEWB) for that timber sale licence calculated according to section 4.5, or**
  - b. **The variable cost to prepare the timber for sale.**

5. a. The upset stumpage rate for decked timber that is administered by BCTS shall be the upset stumpage rate requested by the timber sales manager.
  - b. If the timber sales manager intends to sell the decked timber competitively as a lump sum amount then the upset is the upset from (a) of this subsection multiplied by the volume determined by an authorized licenced scaler using a method approved by the minister.
6. The variable cost to prepare the timber for sale shall be calculated by the timber sales manager.

### **6.1.2 Prescribed Minimum Stumpage Rate**

The minimum stumpage rate is prescribed by the minimum stumpage rate regulation (BC Regulation 354/87). The current minimum stumpage rate is \$0.25 per cubic metre.

### **6.1.3 Upset Stumpage Rate**

The upset stumpage rate for a timber sale licence is the greater of:

1. The indicated upset stumpage rate, or
2. the prescribed minimum stumpage rate.

### **6.1.4 Stumpage Rate**

1. The stumpage rate is the total of the upset stumpage rate plus the bonus bid, if any, that must be paid by the licensee.
2. Where the upset stumpage rate is determined under section 6.1.1(5) the stumpage rate applies to the timber species and volumes specified by the executive director, **BCTS**.

## **6.2 Stumpage Rate Calculation for a Cutting Authority Other than a Cutting Authority Entered into Under Section 20 of the Act or a Cutting Authority for which a Stumpage Rate is Determined Under Chapter 7**

Sections 6.2.1 through 6.2.5 are the policies and procedures for determining a stumpage rate for a cutting authority other than timber sale licence entered into under section 20 of the *Act* or a cutting authority for which a stumpage rate is determined under chapter 7.

### **6.2.1 Indicated Rate (IR)**

1. The IR is the difference between the final estimated winning bid (FEWB) determined for the cutting authority under section 4.5 and the tenure obligation adjustment (TOA) determined under section 5.10.
2. Expressed as an equation:

$$\text{IR} = \text{FEWB} - \text{TOA}$$

### **6.2.2 Prescribed Minimum Stumpage Rate**

The minimum stumpage rate is prescribed by the Minimum Stumpage Rate Regulation (BC Regulation 354/87). The current minimum stumpage rate is \$0.25 per cubic metre.

### **6.2.3 Reserve Stumpage Rate**

The reserve stumpage rate for a cutting authority is determined by selecting the greater of:

1. the indicated rate, or
2. the prescribed minimum stumpage rate.

### **6.2.4 Upset Stumpage Rate**

The upset stumpage rate is the total of the reserve stumpage rate plus any administration and silviculture levies which may be charged under section 7.4.1.

### **6.2.5 Total Stumpage Rate**

The total stumpage rate is the upset stumpage rate plus the bonus bid, if any, that must be paid by the licensee.

## **7.5 Cutting Authority Area With Less than 2 500 m<sup>3</sup> of Timber Volume**

1. Where a cutting authority area has less than 2 500 m<sup>3</sup> of timber the stumpage rate may, at the discretion of the regional appraisal coordinator, be determined by using the stumpage rates that the Revenue Branch determines under section 7.1 for each of those species in the forest district in which the cutting authority area is located.
2. The stumpage rate calculated under this section is not adjusted quarterly.

## **7.6 Decked Timber**

1. The stumpage rates for decked timber to be sold non-competitively 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 decked timber is located.
2. Where the stumpage rate(s) have been calculated under 1 of this section, the total stumpage rate(s) shall be fixed for a period not exceeding twelve months. If stumpage rates are required beyond twelve months, new rates are to be re-calculated using the applicable average sawlog stumpage rate table approved by the director.