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MAR 01 2012

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

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

Re: Amendment No. 13 to the *Coast Appraisal Manual*

I hereby approve Amendment No. 13 to the *Coast Appraisal Manual* and attach a copy for your use. The following section has been amended:

Section 1.1 Definition added.

Section 4.2.5.2 (1) Restricts appraisal log dump to same forest district as the cutting authority area.

Section 6.1.1 Revised methods for setting the indicated upset stumpage rate for a competitive timber sale.

Section 7.2 Updated stumpage rates for community forest agreements and woodlot licences.

This amendment will come into force on March 1, 2012. 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

FOR FURTHER INFORMATION OR IF YOU HAVE A CHANGE OF ADDRESS, PLEASE CONTACT:  George Silvestrini Senior Timber Pricing Forester (Coast) Revenue 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	<b>MANUAL TITLE</b>	
	Coast Appraisal Manual	
	<b>AMENDMENT</b>	<b>ISSUE DATE</b>
	Amendment No. 13	March 1, 2012
<b>MANUAL CO-ORDINATOR</b>		
Ashley Sasaki 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	5 – 6	After Chapter 1 Tab
Insert		5 – 6	
Remove	Chapter 4	16 - 17	After Chapter 4 Tab
Insert		16 - 17	
Remove	Chapter 6	2 - 3	After Chapter 6 Tab
Insert		2 - 3	
Remove	Chapter 7	3 - 4	After Chapter 7 Tab
Insert		3 - 4	
INSERT	Letter from Minister and Transmittal Sheet		After Amendments Tab



**"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;

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

**"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.

- a. a species value is the product of the rounded species selling price multiplied by the species net cruise volume in the cutting authority area, and
  - b. the stand selling price is the quotient of the sum of all of the species values in a cutting authority area divided by the total net cruise volume of all of the species in the cutting authority area.
2. For the purposes of determining a stand selling price:
- a. in the Pemberton, Yale and Nahatlatch timber supply blocks:
    - i. all spruce is deemed to be Engelmann spruce, and
    - ii. the hemlock and balsam species grade average log market values will be used to determine the species grade values for all spruce in the cutting authority area,
  - b. where outside the Pemberton, Yale and Nahatlatch timber supply blocks:
    - i. Engelmann spruce is identified as the predominant spruce species in the cruise of the cutting authority area, or
    - ii. the district manager determines that Engelmann spruce is the predominant spruce species in the cutting authority area,  
  
the hemlock and balsam species grade average log market values will be used to determine the species grade values of all spruce in the cutting authority area,
  - c. where a cutting authority area is located on Cortes Island or on an Island between Vancouver Island and the British Columbia mainland west of a line drawn between Grief Point near Powell River and the Tsawwassen ferry terminal, and south of 50 degrees north latitude, the second growth Douglas-fir species grade average log market values will be used to calculate the species selling price for all Douglas-fir timber.

#### **4.2.4 Haul Distance**

1. Haul distance does not contribute to the calculation of a stumpage rate but must be determined and reported on the appraisal data submission.
2. The haul distance for a cutting authority area being appraised or reappraised shall be determined as follows:
  - a. For each cutblock in the cutting authority area from which any timber may be removed by road from that cutblock

- i. determine for that cutblock the point that is the closest point on a road to the geographical centre of the cutblock,
  - ii. determine the shortest distance by road from the point on the road determined in subparagraph (i) of this paragraph to the appraisal log dump for that cutblock, measured in kilometres (km) and rounded to the nearest 0.1 km,
  - iii. weight for that cutblock the distance determined in subparagraph (ii) of this paragraph by the net cruise volume of timber on the cutblock.
- b. Determine the average weighted distance of all the cutblocks for which a weighted distance was determined in subparagraph (iii) of paragraph (a), rounded to the nearest 0.1 km.
  - c. Haul distance is the average weighted distance calculated in paragraph (b) of this subsection plus the rehaul distance in the case of inland water transportation as described in section 4.4.2.
  - d. Where a rehaul is required for inland water transportation, the appraisal log dump is the final log dump at the end of the rehaul.

## 4.2.5 Marine Log Transportation

### 4.2.5.1 Point of Appraisal

1. The Points of Appraisal are:

<u>Points of Appraisal</u>	<u>Location</u>
Alberni	At the head of Alberni Inlet.
Chemainus	At Chemainus Bay.
Gambier Island	At Gambier Harbour on Gambier Island.
Pitt River Bridge	At the confluence of the Fraser and Pitt Rivers.

### 4.2.5.2 Appraisal Log Dump

1. For subsections 2, 3, 4 a) and 4 b) below, the appraisal log dump must be located in the same forest district as the cutting authority area.
2. Except as provided in subsection 3 of this section, where any timber may be removed from any part of a cutblock by road, the appraisal log dump for that cutblock that must be used in the appraisal or reappraisal of the cutting authority area is the closest location by road listed in Appendix VI to that cutblock.



3. Where any timber may be removed from any part of a cutblock by road, and a log dump exists or will exist during the removal of the timber from the cutblock at a location that is closer to the cutblock than any location listed in Appendix VI, then that log dump location is the appraisal log dump for that cutblock that must be used in the appraisal or reappraisal of the cutting authority area.
4.
  - a. When no timber may be removed from any part of a cutblock by road, and except as provided in paragraph (b) of this subsection, the appraisal log dump for that cutblock that must be used in the appraisal or reappraisal of a cutting authority area is the closest location to that cutblock listed in Appendix VI to which logs may be yarded by helicopter or A-frame and placed in water.
  - b. If a location to which timber will be yarded by helicopter or A-frame from the cutblock and placed in water is closer to the cutblock than any location listed in Appendix VI, then that location must be used as the appraisal log dump for that cutblock in the appraisal or reappraisal of the cutting authority area.

#### 4.2.5.3 Log Towing

1.
  - a. The information in Table 4-5 is not used in the calculation of a stumpage rate but must be used by the licensee when completing the appraisal data submission.
  - b. Where the appraisal log dump is at a towing point of origin listed in Table 4-5, that towing point of origin must be reported in the appraisal data submission.
  - c. Where the appraisal log dump lies between two towing points of origin, both towing points of origin must be reported in the appraisal data submission.

#### 4.2.5.4 Log Barging

1.
  - a. The information in Table 4-6 is not used in the calculation of a stumpage rate but must be used by the licensee when completing the appraisal data submission.
  - b. Where the appraisal log dump is at a barging point of origin listed in Table 4-6, that barging point of origin must be reported in the appraisal data submission.
  - c. Where the appraisal log dump lies between two barging points of origin, both barging points of origin must be reported in the appraisal data submission.

**Table 4-5 Towing Points of Origin**

Code	Point of Origin	P/A	Code	Point of Origin	P/A
ALBE	ALBERNI	A	BUIM	M. OF BUTE INLET	G
CHCK	CHINA CREEK	A	KIIM	M. OF KINGCOME INLET	G
COCK	COLEMAN CREEK	A	KNIM	M. OF KNIGHT INLET	G
SARV	SARITA RIVER	A	LOUM	M. OF LOUGHBOROUGH	G
SPCK	SPENCER CREEK	A	TOIM	M. OF TOBA	G
TOBY	TOQUART BAY	A	NACK	NAKA CREEK	G
UCHU	UCHUCKLESIT	A	NOBY	NORTHWEST BAY	G
UCLU	UCLUELET	A	PHAR	PHILLIPS ARM	G
CHEM	CHEMAINUS	C	PTEB	PORT ELIZABETH	G
COBY	COWICHAN BAY	C	PTHD	PORT HARDY	G
JORV	JORDAN RIVER	C	PTHV	PORT HARVEY	G
LADY	LADYSMITH	C	PTMN	PORT McNEILL	G
NANA	NANAIMO	C	PTNE	PORT NEVILLE	G
SOOK	SOOKE	C	PORV	POWELL RIVER	G
VICT	VICTORIA	C	SENA	SECOND NARROWS	G
AGAM	AGAMEMNON	G	SYIN	SEYMOUR INLET	G
BECV	BEAVER COVE	G	SEBY	SOUTHEAST BAY	G
COUR	COURTENAY	G	SQUA	SQUAMISH	G
DRIN	DRURY INLET	G	STIL	STILLWATER	G
EVRV	EVE RIVER	G	TEAR	TEAKERNE ARM	G
FOHA	FORWARD HARBOUR	G	THIN	THEODOSIA INLET	G
FRAR	FREDERICK ARM	G	THSO	THOMPSON SOUND	G
BUIH	H. OF BUTE INLET	G	WASA	WAKEMAN SOUND	G
JEIH	H. OF JERVIS INLET	G	GAMB	GAMBIER ISLAND	G
KIIH	H. OF KINGCOME INLET	G	CHWK	CHILLIWACK	P
KNIH	H. OF KNIGHT INLET	G	HABY	HARRISON BAY	P
LOUH	H. LOUGHBOROUGH	G	HALH	HEAD HARRISON LAKE	P
SEIH	H. OF SECHELT INLET	G	PILH	HEAD OF PITT LAKE	P
TOIH	H. OF TOBA INLET	G	HALM	MID HARRISON LAKE	P
INAR	INDIAN ARM	G	PIRV	PITT RIVER BRIDGE	P
KLBY	KELSEY BAY	G	SICK	SILVERHOPE CREEK	P
MNCK	McNAB CREEK	G	WHON	WHONNOCK	P
MEBY	MENZIES BAY	G			
MESD	MEREWORTH SOUND	G			
JEIM	MOUTH JERVIS INLET	G			

P/A = Point of Appraisal as follows:

A = ALBE = Alberni  
 C = CHEM = Chemainus  
 G = GAMB = Gambier Island  
 P = PIRV = Pitt River Bridge

# **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

1. Except as provided by subsections (2), (3), (4), and (5) of this section, the indicated upset stumpage rate (IUSR) for a timber sale licence 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,
  - b) the variable cost to prepare the timber sale (VCU), or
  - c) an IUSR- requested by the timber sales manager.
2. Where applications for a timber sale licence with an IUSR determined under section 6.1.1(1) have been invited but no applications have been received, the IUSR determined by the person authorized to determine the stumpage rate for the re-advertised timber sale licence shall not be less than the VCU when that IUSR 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 IUSR determined under section 6.1.1(1) or 6.1.1(5) will be received due to market conditions or timber profile, the IUSR shall be equal to the IUSR approved by the executive director, BCTS.
4.
  - a) The IUSR for decked timber that is administered by BCTS shall be the IUSR requested by the timber sales manager.
  - b) If the timber sales manager intends to sell the decked timber competitively requiring a bonus offer, the indicated upset stumpage is the IUSR from (a) of this subsection multiplied by the volume determined by an authorized licenced scaler using a method approved by the minister.
5. 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 indicated upset stumpage shall be the total net cruise volume of the timber sale licence multiplied by the IUSR derived under subsection 1 of this section.
6. The variable cost to prepare the timber for sale (VCU) 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, 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.

## 7.2 Community Forest Agreements and Woodlot Licences

1. a. Except as provided for under section 7.2.1, the sawlog stumpage rate (\$/m<sup>3</sup>) for each species of coniferous timber and zone harvested under a cutting authority issued under a community forest agreement or woodlot licence and their associated road permits will be:

Species	Zone	
	Northern Coast	Southern Coast
Balsam	0.25	0.44
Hemlock	0.31	0.35
Cedar	0.25	0.74
Cypress	0.25	0.59
Fir	0.25	0.46
Spruce	0.45	0.25
Other	0.31	0.46

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

**7.2.1 Woodlot Licences with Cutting Authorities under MPS**

1. Where a cutting authority has been issued under a woodlot licence with an effective date after November 30, 2008, with an extended road amortization agreement that has been entered into under section 5.3.2.1, the stumpage rate will be calculated using the market pricing system.
2. The sawlog stumpage rate for a road permit is calculated using the procedures in section 7.3.