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AUG 31 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. 1 to the *Coast Appraisal Manual*

I hereby approve Amendment No. 1 to the *Coast Appraisal Manual* and attach a copy for your use. The following section has been amended:

Section 4.2.2.2 (5) and (6) Revised log grade source for licences awarded under section 47.3 of the *Forest Act*, forestry licences to cut and woodland licences.

Section 4.2.2.3 (1) Revised section reference.

This amendment will come into force on September 1, 2012. Further amendments or revisions to this manual require my approval.



Steve Thomson
Minister

Attachment

pc: Murray Stech, Director, Timber Pricing Branch



**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 1st Floor, 1520 Blanshard Street Victoria, BC V8W 3K1</p> <p>Phone: 250 - 387-8377 Email: George.Silvestrini@gov.bc.ca FAX: 250 - 387-5670</p>	MANUAL TITLE	
	Coast Appraisal Manual	
	AMENDMENT	ISSUE DATE
	Amendment No. 1	September 1, 2012
MANUAL CO-ORDINATOR		
Ashley Sasaki Publication/Administrative Co-ordinator		
AUTHORIZATION		
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 TABLE OF CONTENTS	PAGE(S)	COMMENTS
Remove Insert	Chapter 4	5-14	After Chapter 4 Tab
INSERT	Letter from Minister and Transmittal Sheet		After Amendments Tab

- GAMBDIST** POA distance is the average straight line distance based on a BC Albers projection, weighted by net cruise volume, between the geographic centre of each cutblock in the cutting authority area and Gambier Island. GAMBDIST is measured and rounded to the nearest kilometre.
The Gambier Island BC Albers co-ordinate is northing 499,955 and easting 1,185,166.
- GAMBDIST400** Where GAMBDIST is equal to 400 or greater and district is not Haida Gwaii, GAMBDIST400 = 1, otherwise GAMBDIST400 = 0
- DISTAVGNBID** The average number of bidders for the forest district within which the cutting authority area is located is listed in Table 4-2.

Table 4-2 Average Number of Bidders by Forest District

Forest District	Average Number of Bidders
Haida Gwaii Forest District	2.83
Chilliwack Forest District	3.07
Squamish Forest District	2.96
Sunshine Coast Forest District	3.00
South Island Forest District	5.09
Campbell River Forest District	5.53
North Island- Central Coast Forest District	4.52
North Coast Forest District	1.00

4.2.1 Log Selling Prices

1. The Timber Pricing Branch shall:
 - a. Compile invoiced free on board log market values using prime, domestic, arm's-length sales reported to the Timber Pricing Branch prior to sixty days before the stumpage rate adjustment date that have occurred in areas adjacent to:
 - i. the Strait of Georgia;
 - ii. the Strait of Juan de Fuca;
 - iii. Alberni Inlet east of a line drawn south from Amphitrite Point;
 - iv. Quatsino Sound;
 - v. Johnstone Strait;

- vi. the Queen Charlotte Strait south of a line drawn west from Cape Caution; and
 - vii. Fraser River west of the bridge at the confluence of the Pitt River.
- b. Subject to subsection 2 of this section compile schedules of average log market values by species and log grade using sales data for each one-month reporting period. The data shall be summarized into a three-month schedule of average log market values by species and log grade for old growth timber stumpage rate determinations. A three-month schedule of average log market values by species and log grade for second growth stumpage determinations shall also be produced. These schedules can be found at:

<http://www.for.gov.bc.ca/hva/parameters.htm>

2. The volumes and prices of alder, birch, cottonwood and maple shall not be included in the schedules of average log market values.
3. The director shall approve schedules of average log market values for use in stumpage appraisals, reappraisals and quarterly adjustments.

4.2.1.1 Coniferous Timber

1. The volume of old growth coniferous timber and the volume of second growth coniferous timber in a cutting authority area will each be compiled from the timber cruise of the cutting authority area on a tree by tree basis.
2. Where the volume of second growth coniferous timber in a cutting authority area is at least eighty percent of the volume of all of the coniferous timber in that cutting authority area, the cutting authority area will be appraised and reappraised as if all of the coniferous timber in that cutting authority area were second growth coniferous timber.

4.2.2 Log Grade Percentages

Log grade percentages are obtained for each species of timber in each cutting authority area being appraised or reappraised as described in section 4.2.2.1, 4.2.2.2, 4.2.2.3, 4.2.2.3.1, 4.2.2.3.2 and 4.2.2.4.

4.2.2.1 Billing History Record

1. Except as provided in sections 4.2.2.2, and 4.2.2.4, the billing history record that will be used in an appraisal or reappraisal of a cutting authority area will be determined using either Table 4-3 or Table 4-4 as may be required by this manual.
2. The date of issue of a stumpage invoice shall determine the period for which the log scale data in that invoice will be included in a billing history record.
3. Except as provided in sections 4.2.2.3.1(8) and 4.2.2.3.2(8), the billing history record shall be for a period of two years.

Table 4-3: Billing History Record Dates

Column 1 Date of Appraisal or Reappraisal	Column 2 Billing History Record Ends on the Preceding
January 1 to March 31	November 30
April 1 to June 30	February 28/29
July 1 to September 30	May 31
October 1 to December 31	August 31

4. Except as provided in subsection (6) of this section, where the effective date of the appraisal or reappraisal falls within the period of the year listed in Column 1 of Table 4-3, the two-year billing history record shall be for the two-year period ending on the corresponding date in Column 2 of Table 4-3 which immediately precedes the effective date of the appraisal or reappraisal.

5. Where the log grade percentages must be determined in accordance with section 4.2.2.3.1(8) or 4.2.2.3.2(8) and the effective date of an appraisal or reappraisal falls within the period of the year listed in Column 1 of Table 4-3, the five-year billing history record shall be for the five-year period ending on the corresponding date in Column 2 of Table 4-3 which immediately precedes the effective date of the appraisal or reappraisal.

6. Where the log grade percentages must be determined in accordance with section 4.2.2.2(6)(e) and where the effective date of the appraisal or reappraisal falls within the period of the year listed in Column 1 of Table 4-4, the two-year billing history record shall be for the two-year period ending on the corresponding date in Column 2 of Table 4-4 which immediately precedes the effective date of the appraisal or reappraisal.

Table 4-4: Billing History Record Dates

Column 1 Date of Appraisal or Reappraisal	Column 2 Billing History Record Ends on the Preceding
January 1 to 31	November 30
February 1 to 28/29	December 31
March 1 to 31	January 31
April 1 to 30	February 28/29
May 1 to 31	March 31
June 1 to 30	April 30
July 1 to 31	May 31
August 1 to 31	June 30
September 1 to 30	July 31
October 1 to 31	August 31
November 1 to 30	September 30
December 1 to 31	October 31

4.2.2.2 Log Grade Percentage Criteria

The person who determines the stumpage rate will apply the following criteria when determining the log grade percentages to be used for the cutting authority area being appraised or reappraised:

1. The log grade percentage is the percentage by volume that a log grade is of the total net cruise volume for the species of timber being considered.
2. Except as provided in subsection (5) ~~and (6)~~ of this section and section 4.2.2.4, the log grade percentages for a species of timber are derived from the billing history record.
3. The source of log grade percentages may vary by species of timber.
4. (a) Except as provided in paragraph (b) of this subsection, before a two year billing history record for a species of timber can be used in an appraisal or reappraisal, the volume of that species of timber in that two year billing history record must be at least 25 percent of the net cruise volume of that species in

the cutting authority area being appraised or reappraised, or 2 000 m³, whichever is greater.

- (b) Where the cutting authority area being appraised or reappraised is outside of a tree farm licence area and has been authorized for harvest under a cutting authority issued under a timber licence, then before a two-year billing history record for a species of timber can be used in an appraisal or reappraisal the volume of that species of timber in the two-year billing history record must be at least 25 percent or 2 000 m³ for each species of timber that comprises at least 20 percent of the cutting authority area's total net cruise volume.
5. The log grade percentages for each species of timber will be derived from the cruise compilation algorithm predictions when:
- (a) at least eighty percent of the timber in a cutting authority area being appraised or reappraised is second growth coniferous timber,
 - (b) the entire net cruise volume of the cutting authority area being appraised or reappraised will be harvested using helicopter single standing stem selection, or
 - (c) the cutting authority area has been authorized for harvest under:
 - i. a cutting permit entered into with a timber sales manager,
 - ii. a licence that is entered into with a timber sales manager,
 - iii. a cutting permit issued under a replaceable timber sale licence,
 - iv. a woodlot licence that does not have its stumpage rates determined under section 7.2(1).
6. Where the cutting authority area is not a cutting authority area referred to in subsection (5) of this section and the timber in the cutting authority area has been authorized for harvest under:
- (a) a cutting authority issued under a licence awarded under section 47.3 of the *Act*,
 - (b) a forestry licence to cut with cutting permits, or
 - (c) a cutting authority issued under a woodland licence awarded under section 43.54 of the *Act*,

the log grade percentages for each species of timber will be derived from,

- (e) the two year billing history record of all cutting authority areas of the licence authorizing harvest, if the two-year billing history record for that cutting authority includes at least 25 percent of the cutting authorities' net cruise volume of that species or 2 000 m³, whichever is greater, or

- (f) where there is no such billing history record, the person determining the stumpage rate will proceed to:
 - i. section 4.2.2.3.1(6) if the cutting authority area is within the boundaries of a tree farm licence, or
 - ii. section 4.2.2.3.2(6) if the cutting authority area is within the boundaries of timber supply area.
- 7. Where a forest licence is subdivided or forest licences are consolidated into one or more forest licences under section 19 of the *Act*, then for a period of two years after the date of the subdivision or consolidation the log grade percentages for a cutting authority area being appraised or reappraised that are determined under section 4.2.2.3.2 will be the combined billing history record of the licence or licences that existed before the subdivision or consolidation and that exist after the subdivision or consolidation.
- 8. Where a tree farm licence is subdivided or tree farm licences are consolidated into one or more tree farm licences under section 39 of the *Act*, then for a period of two years after the date of the subdivision or consolidation the log grade percentages for a cutting authority area being appraised or reappraised that are determined under section 4.2.2.3.1 will be the combined billing history record of the licence or licences that existed before the subdivision or consolidation and that exist after the subdivision or consolidation.

4.2.2.3 Source of Log Grade Percentages for Each Cutting Authority Area

- 1. Except for those harvest methods, cutting authorities or cutting authority areas referred to in subsection 4.2.2.2(5), 4.2.2.2(6), 4.2.2.2(7), and 4.2.2.2(8) the log grade percentages for each species of timber for the cutting authority area being appraised or reappraised will be determined in accordance with:
 - a. Section 4.2.2.3.1, where the cutting authority area is entirely within the geographic boundaries of one tree farm licence, or
 - b. section 4.2.2.3.2, where the cutting authority area is entirely within the geographic boundaries of one timber supply area.

4.2.2.3.1 Log Grade Percentages for a Cutting Authority Area Within the Geographic Boundaries of a Tree Farm Licence

Where the cutting authority area being appraised or reappraised is entirely within the geographic boundaries of a single tree farm licence area, the log grade percentages for the cutting authority area will be determined in the following manner:

- 1. a. Where at least eighty percent of the timber in the cutting authority area is second growth coniferous timber, the log grade percentages for that cutting authority area will be determined in accordance with the requirements of subsection 4.2.2.2(5).

- b. Where at least eighty percent of the timber in the cutting authority area is not comprised of second growth coniferous timber, the person determining the stumpage rate will proceed to subsection 2 of this section.
2.
 - a. Where the cutting authority area is the only cutting authority area in the cutting authority and is entirely within the geographic boundaries of a single timber licence, the person determining the stumpage rate will proceed to subsection 3 of this section.
 - b. Where subsection 2 (a) of this section is not applicable, the person determining the stumpage rate will proceed to subsection 4 of this section.
3.
 - a. Where the species being considered has a billing history record for cutting permits issued under the timber licence under which the cutting permit that authorizes harvesting on the cutting authority area being appraised or reappraised has been issued that meets the criteria of subsection 4.2.2.2(4), then that billing history record will be the source of the log grade percentages for that species.
 - b. Where there is no such billing history record, the person determining the stumpage rate will proceed to subsection 4 of this section.
4.
 - a. Where the species being considered has a billing history record derived from cutting permits issued under the tree farm licence or licence to cut and their associated road permits authorizing harvest in that part of the tree farm licence area that lies within the geographic boundaries of the forest district that contains the cutting authority area being appraised or reappraised and that billing history record meets the criteria of subsection 4.2.2.2(4), then that billing history record will be the source of the log grade percentages for that species.
 - b. Where there is no such billing history record, the person determining the stumpage rate will proceed to subsection (5) of this section.
5.
 - a. Where the species being considered has a billing history record derived from cutting permits issued under the tree farm licence or licence to cut and their associated road permits authorizing harvest and that billing history meets the criteria of subsection 4.2.2.2(4), then that billing history record will be the source of the log grade percentages for that species.
 - b. Where there is no such billing history record, the person determining the stumpage rate will proceed to subsection (6) of this section.
6.
 - a. Where the species being considered has a billing history record for cutting authority areas in that part of the tree farm licence area that lies within the geographic boundaries of the forest district that contains the cutting authority area being appraised or reappraised that meets the criteria of subsection 4.2.2.2(4), then that billing history record will be the source of the log grade percentages for that species.

- b. Where there is no such billing history record, the person determining the stumpage rate will proceed to subsection (7) of this section.
7.
 - a. Where the species being considered has a billing history record for cutting authority areas in a tree farm licence area that contains the cutting authority area being appraised or reappraised that meets the criteria of subsection 4.2.2.2(4), then that billing history record will be the source of the log grade percentages for that species.
 - b. Where there is no such billing history record, the person determining the stumpage rate will proceed to subsection (8) of this section.
 8. Where the species being considered has a five-year billing history for cutting authority areas in a tree farm licence area that contains the cutting authority area being appraised or reappraised that meets the criteria of subsection 4.2.2.2(4), then that billing history record will be the source of the log grade percentages for that species.

4.2.2.3.2 Log Grade Percentages for a Cutting Authority Area Within a Timber Supply Area

Where the cutting authority area being appraised or reappraised is entirely within the geographic boundaries of a single timber supply area, the log grade percentages for the cutting authority area will be determined in the following manner:

1.
 - a. Where at least eighty percent of the timber in the cutting authority area is second growth coniferous timber, the log grade percentages for that cutting authority area will be determined in accordance with the requirements of subsection 4.2.2.2(5).
 - b. Where at least eighty percent of the timber in the cutting authority area is not second growth coniferous timber the person determining the stumpage rate will proceed to subsection 2 of this section.
2.
 - a. Where the cutting authority area is entirely within the geographic boundaries of one or more timber licences, the person determining the stumpage rate will proceed to subsection 3 of this section.
 - b. Where the cutting authority area is not entirely within the geographic boundaries of one or more timber licences, the person determining the stumpage rate will then proceed to subsection 4 of this section.
3.
 - a. Where the cutting authority area being appraised or reappraised is authorized for harvest under a cutting permit issued under a timber licence, and the species being considered has a billing history record for cutting permits issued under that timber licence and any other timber licence with which that licence has been amalgamated and approved by the district manager that meets the criteria of subsection 4.2.2.2(4), then that billing history record will be the source of the

- log grade percentages for that species.
- b. Where there is no such billing history record, the person determining the stumpage rate will proceed to subsection 6 of this section.
4. a. Where the cutting authority area in a timber supply block being appraised or reappraised is authorized for harvest under a cutting permit issued under either a forest licence or licence to cut, and the species being considered has a billing history record for cutting permits issued under the licence authorizing harvest in that same timber supply block and associated road permits, and that billing history record meets the criteria of subsection 4.2.2.2(4), then that billing history record will be the source of the log grade percentages for that species.
 - b. Where there is no such billing history record, the person determining the stumpage rate will proceed to subsection 5 of this section.
 5. a. Where the cutting authority area in a timber supply area being appraised or reappraised is authorized for harvest under a cutting permit issued under either a forest licence or licence to cut, and the species being considered has a billing history record for the cutting permits issued under the licence authorizing harvest in that same timber supply area and associated road permits and that billing history record meets the criteria of subsection 4.2.2.2(4), then that billing history record will be the source of the log grade percentages for that species.
 - b. Where there is no such billing history record, the person determining the stumpage rate will proceed to subsection 6 of this section.
 6. a. Where the cutting authority area being appraised or reappraised is authorized for harvest under a licence to cut or under a cutting permit issued under either a forest licence, timber licence or licence to cut, **or woodland licence** and the species being considered has a billing history record for all cutting authority areas that have been authorized for harvest in that timber supply block that meets the criteria of subsection 4.2.2.2(4), then that billing history record will be the source of the log grade percentages for that species.
 - b. Where there is no such billing history record, the person determining the stumpage rate will proceed to subsection 7 of this section.
 7. a. Where the cutting authority area being appraised or reappraised is authorized for harvest under a licence to cut or under a cutting permit issued under either a forest licence, timber licence or licence to cut, **or a woodland licence** and the species being considered has a billing history record for all cutting authority areas that have been authorized for harvest in that timber supply area that meets the criteria of subsection 4.2.2.2(4), then that billing history record will be the source of the log grade percentages for that species.
 - b. Where there is no such billing history record, the person determining the stumpage rate will proceed to subsection 8 of this section.

8. a. Where the cutting authority area being appraised or reappraised is authorized for harvest under a licence to cut or under a cutting permit issued under either a forest licence, timber licence or a licence to cut, or a woodland licence and the species being considered has a five-year billing history for cutting authority areas in a timber supply area that contains the cutting authority area being appraised or reappraised that meets the criteria of subsection 4.2.2.2(4), then that billing history record will be the source of the log grade percentages for that species.

4.2.2.4 Damaged Timber

Where the regional manager determines that timber in a cutting authority area is suddenly and severely damaged, then notwithstanding section 4.2.2.1, 4.2.2.2, 4.2.2.3, 4.2.2.3.1 and 4.2.2.3.2 the log grade percentages for the cutting authority area being appraised or reappraised may be estimated from available site-specific information.

4.2.3 Stand Selling Price

1. The stand selling price shall be calculated in an appraisal or reappraisal by using the net cruise volumes and species selling prices of the following species of timber:

Balsam	Lodgepole Pine
Cedar	White Pine
Cypress	Sitka Spruce
Fir	Engelmann Spruce
Hemlock	

4.2.3.1 Stand Selling Price Calculation

1. Subject to subsection 2 of this section:
- a species grade value for a species of timber in a cutting authority area is the product of the percentage of that grade of that species as derived from section 4.2.2 multiplied by the average log market value for that grade of that species of timber,
 - a species selling price for a species of timber in a cutting authority area is the sum of all of the species grade values for that species of timber in the cutting authority area,
 - the rounded species selling price is the species selling price for a species of timber in a cutting authority area rounded to the nearest cent,
 - 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