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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. 2 to the *Coast Appraisal Manual***

I hereby approve Amendment No. 2 to the *Coast Appraisal Manual* and attach a copy for your use. The following sections have been amended:

Section 1.1	Definition of billing history record is clarified
Section 3.6 (1.1)	Clarification on cruise based billings and log grade source
Section 4.2	Revised cruise variable definition
Section 4.2.2.3.1 (8)(b)	Ends grade source at cruise grades for cutting authority areas in a tree farm licence
Section 4.2.2.3.2 (8)(b)	Ends grade source at cruise grades for cutting authority areas in a timber supply area

This amendment will come into force on November 23, 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 1<sup>st</sup> 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>	<b>MANUAL TITLE</b>	
	Coast Appraisal Manual	
	<b>AMENDMENT</b>	<b>ISSUE DATE</b>
	Amendment No. 2	November 23, 2012
<b>MANUAL CO-ORDINATOR</b>		
Ashley Sasaki Publication/Administrative Co-ordinator		
<b>AUTHORIZATION</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  TABLE OF CONTENTS	PAGE(S)	COMMENTS
Remove Insert	Chapter 1	1-2	After Chapter 1 Tab
Remove Insert	Chapter 3	3-8 3-11	After Chapter 3 Tab
Remove Insert	Chapter 4	4-4 4-12 4-14 4-15	After Chapter 4 Tab
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*; and for greater certainty does not include billing data from cruise based cutting authorities; but for any cutting authority with an effective date prior to October 1, 2012, the billing history record to be used in a minister-directed reappraisal under section 3.3.6 shall include billing data from cruise based cutting authorities;

“**BCTS**” means BC Timber Sales;

“**BCTS licence**” means a timber sale licence entered into under section 20 of the *Act* or section 21 as it was before it was repealed;

“**Bonus Bid**” means a bonus bid described in section 103(1)(d) of the *Act*;

“**Bonus Offer**” means a bonus offer described in section 103(2) of the *Act*;

“**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,

4. A section 3.3.6 minister directed reappraisal after January 15, 2009, will not be considered an appraisal or reappraisal for the purpose of determining the effective date of the changed circumstance reappraisal.

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

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

### **3.3.3 Annual Reappraisal of Salvage Logging Stumpage Rates**

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

### **3.3.4 Annual Reappraisal of a Linear Tenure**

1. Subject to section 7.7, a cutting authority area that is the subject of a linear tenure must be reappraised effective March 1 of every year.
2. A stumpage rate determined under subsection (1) of this section will be a fixed stumpage rate until the cutting authority area is reappraised.

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

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

### **3.3.6 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 (12) except as may otherwise be directed by the minister.



### 3.6 Correctable Errors

1. In this section, a correctable error means:
  - a. an error made by a Ministry employee in selecting or transcribing the correct log grade source, or
  - b. a stumpage adjustment calculation that has not been made by using a stumpage appraisal parameter in effect on the effective date of the stumpage adjustment.

1.1 The inclusion of billing data from cruise based cutting authorities in the billing history record for cutting authorities with effective dates prior to October 1, 2012, is not a correctable error for purposes of subsection 1(a).

2. Where a person believes that a correctable error has been made in a stumpage determination, that person shall give written notice of the correctable error as follows:
  - a. in the case of an appraisal or a reappraisal, the notice shall be given to the regional manager, and in the case of a quarterly adjustment, the notice shall be given to the director, and
  - b. the notice shall identify the stumpage determination, the correctable error, and the cause of the correctable error to the extent reasonably possible.
3. The regional manager or the director, upon receipt of the notice shall determine whether or not a correctable error was made.
4. Where the regional manager or the director determines that a correctable error has not been made, the person who determined the stumpage rate or director shall notify the person who gave the notice of the correctable error.
5. Where the regional manager or the director determines that a correctable error has been made, then:
  - a. the regional manager or the director will notify the person who gave the notice of the correctable error,
  - b. the regional manager or the director will take reasonable steps to ensure that all licensees who may have been affected by a similar correctable error are informed of the decision, and
  - c.
    - (i) where the regional manager determines that a correctable error has been made in an appraisal or a reappraisal the cutting authority area shall be reappraised to correct the error by the person who determined the stumpage rate, using the procedure under subsections 3.2(7) to 3.2 (8), and,
    - (ii) the effective date of the reappraisal shall be the first day of the month following the date on which the notice of the correctable error was

received by the regional manager.

- 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.

## 4.2 Market Pricing System (MPS) Variables

STUMPAGE PRICE	The stumpage price for the cutting authority expressed in $\$/\text{m}^3$ .
ALP	Average coniferous log selling price estimate expressed in $\$/\text{m}^3$ . This is based upon a consideration of log grades and species for the cutting authority area, and schedules of log market values collected and published by the Revenue Branch.
DFIR2G	If selling price zone in the appraisal data submission is 52, then DFIR 2G is the fraction of the coniferous cruise volume that is Douglas-fir. If the selling price zone is not 52, then $\text{DFIR 2G} = 0$ . DFIR2G is in decimal form, rounded to 2 decimal places.
CEDARCYPRESS	The fraction of the coniferous cruise volume that is cedar and cypress. CEDARCYPRESS is in decimal form, rounded to 2 decimal places.
SLOPE	The average side slope percentage for that part of the cutting authority area that will not be helicopter yarded.
NHSVPH	Non-helicopter selection volume per hectare is the cruise volume of coniferous timber per hectare for that part of the cutting authority area that will not be harvested by a helicopter selection method or helicopter single standing stem selection. NHSVPH is expressed in $\text{m}^3/\text{ha}$ and is rounded to 2 decimal places.
HS	The fraction of the total net cruise volume, including deciduous volume, of timber in a cutting authority area that will be harvested by a helicopter selection method (excluding helicopter single standing stem selection). HS is in decimal form, rounded to 2 decimal places.
HSSSS	The fraction of the total net cruise volume, including deciduous volume, of timber in a cutting authority area that will be harvested by helicopter single standing stem selection (section 4.4.4). HSSSS is in decimal form, rounded to 2 decimal places.
VPH	$[1 - (\text{HS} + \text{HSSSS})] * \text{NHSVPH} + (\text{HS} + \text{HSSSS}) * 308$ VPH is expressed in $\text{m}^3/\text{ha}$ and is rounded to 2 decimal places.
PIECESIZE	The cruise coniferous net volume per 10 m log. PIECESIZE is expressed in $\text{m}^3$ and is rounded to 2 decimal places.
HELI	The fraction of the total net cruise volume, including deciduous volume, of timber in a cutting authority area that must be helicopter yarded or yarded by skyline where logs are fully suspended more than 600 m in a straight line to the centre of the closest possible landing. This is calculated by dividing the total volume of timber that must be helicopter yarded or skyline yarded over 600 m by the total net cruise volume of the cutting authority area. HELI is in decimal form, rounded to 2 decimal places.
VOL	That part of the total net cruise volume in the cutting authority area that is coniferous timber except that where the cutting authority is a

	timber licence or is issued under a licence with an AAC greater than 10 000 m <sup>3</sup> , then VOL = 27 300. VOL is expressed in m <sup>3</sup> , rounded to the nearest whole number.
CPI	Monthly BC Consumer Price Index (CANSIM 326-0020, 2002 = 100) multiplied by 1.1787.
CPIF	CPI divided by 109.3.
ISOLATED	An isolated cutting authority area is one where all parts of the cutting authority area are not connected, or the service landings used to support the yarding of timber from a cutting authority area by helicopter are not connected, by a road suitable for motor vehicles to the centre of the nearest community. The nearest community must be a city, district municipality, town or village and must have retail food and gasoline services located nearby. This includes all communities serviced by public ferry. ISOLATED = 1 if cutting authority area is isolated, otherwise ISOLATED = 0.
LOCATION	The net cruise volume weighted average straight line distance based on a BC Albers projection measured in kilometres between the geographic centre of each part of a cutting authority area and the latitude and longitude co-ordinate listed in table 4-1 (which lists the major centres) that is closest to that part of the cutting authority area.
2G	If selling price zone in the appraisal data submission is 52, then 2G = 1, otherwise 2G = 0.
CRUISE	If cruise is used as source of log grades for the appraisal <u>for greater than 50 percent of the total net cruise volume</u> , then CRUISE = 1, otherwise CRUISE = 0

Table 4-1: BC Albers Co-ordinates

BC Albers		At or Near	Code
Northing	Easting		
555,923	1,053,751	Campbell River	CARV
471,591	1,297,829	Chilliwack	CHWK
1,042,589	957,885	Houston	HOUS
580,589	1,373,908	Merritt	MERR
463,314	1,149,638	Nanaimo	NANA
1,041,636	719,914	Prince Rupert	PRRU
1,060,362	832,121	Terrace	TERR
476,584	1,211,198	Vancouver	VANC
381,554	1,196,533	Victoria	VICT

- 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.
    - a. 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, and that record includes at least 100 m<sup>3</sup> of scale for that species 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 use the log grade percentages for that species from the cruise compilation.

#### 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, and that record includes at least 100 m<sup>3</sup> of scale for that species 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 use the log grade percentages for that species from the cruise compilation.

#### 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. 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,
  - b. 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,



- c. 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,
  - d. 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
  - e. 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.