

File: 195-30/CAPP
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APR 15 2013

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. 4 to the *Coast Appraisal Manual*

I hereby approve Amendment No. 4 to the *Coast Appraisal Manual* and attach a copy for your use. The following section has been amended:

Section 1.1 Revised definitions related to cruise based billing and housekeeping.

Section 2.3.2(c) Clarifies which subsections require a submission by a forest professional.

Section 3.3.1(1)(e) Changed circumstance reappraisals for cruise based cutting authorities.

Section 3.3.1.2 Revised effective date for a changed circumstance reappraisal because of an amendment.

Section 3.5 Housekeeping.

Section 4.2.2.2(6) Provides for a log grade source using a call grade net factor cruise for the cutting authorities included in the cruise based billing pilot.

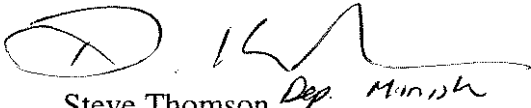
Section 5.2.1 Housekeeping.

Section 7.3 Provides a rate determination process for a road permit servicing more than one licence.

Section 7.6 Clarifies pricing procedure for decked timber that is not sold by BC Timber Sales.

Table 7-2 Height categories added for Christmas tree descriptions.

This amendment will come into force on April 15, 2013. 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. 4	April 15, 2013
	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 1	1-6	After Chapter 1 Tab
Remove Insert	Chapter 2	5-6	After Chapter 2 Tab
Remove Insert	Chapter 3	5-10	After Chapter 3 Tab
Remove Insert	Chapter 4	9-10	After Chapter 4 Tab
Remove Insert	Chapter 5	3-4	After Chapter 5 Tab
Remove Insert	Chapter 7	5-6, 9-10, 13-14	After Chapter 7 Tab
INSERT	Letter from Minister and Transmittal Sheet		After Amendments Tab

Definitions and Interpretations **1**

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*;

“**Coastal cruise based billing pilot**” means the cruising and billing method used for qualifying cutting authorities and is described in the Timber Pricing Branch document entitled “Coastal Cruise Based Billing Pilot”. All data elements for the appraisal data submission will be taken from the Call Grade Net Factor (CGNF) cruise compilation. Where suitable data is not available from the CGNF (such as the volume per 10m log and volume per hectare) it will be obtained from the loss factor cruise compilation,

“**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 billing**” 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 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;

“Harvest Area” means the area indicated for harvest on an appraisal map submitted by the licensee;

“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 from an area that is or was a cruise based billing 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;

"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 from an area that is or was a cruise based billing cutting authority, a waste assessment is not required.

6. a. Where a boundary of a cutting authority area has been changed after the appraisal or reappraisal of the cutting authority area, every reappraisal of the cutting authority area must use the total net cruise volume of the cutting authority area as it is after the boundary has changed.
- b. If, after a cruise compilation or recompilation was used for an appraisal or reappraisal, the total of all additions or deletions of areas containing merchantable timber made to the cutting authority area exceeds fifteen hectares or fifteen percent of the area containing merchantable timber, whichever is less, the entire cruise must be recompiled.

2.3.2 Appraisal Data Forms

1. Unless otherwise specified in paragraph (b) or (c) of this section, the form of appraisal data submission required by the director for:
 - a. The market pricing system is the Electronic Commerce Appraisal System (ECAS) which can be found at:

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

- b. Miscellaneous timber pricing policies is the miscellaneous appraisal data submission (Misc ADS) which can be found at:

<http://www.for.gov.bc.ca/rco/revenue>

- c. Community forest agreements and woodlot licences is the Tabular Rate Form for Community Forest and Woodlot (Tab Rate Form), which can be found at:

<http://www.for.gov.bc.ca/rco/revenue/>

A submission under subsection **c) is not required to be made by a forest professional.**

2.3.3 Appraisal Map

The appraisal map must be completed in accordance with the requirements of Appendix V of this manual, and must be submitted with the appraisal data submission in ECAS.

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, and
 - b. information available to the person who determines the stumpage rate.
3. 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 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. the cutting authority is scale based and land containing merchantable timber has been either added to or deleted¹ 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*.
- e. the cutting authority is cruise based billing and there has been a change¹ in the harvest area when compared to the most recent appraisal map submitted that exceeds three hectares.
- The area used for cruise based billing shall only be changed to reflect the new area when:
- (i) the harvest area has decreased and the cutting authority has been amended,
 - (ii) the harvest area has increased, or
 - (iii) the change in harvest area described in this subsection triggers a changed circumstance under this section.
2. The licensee must notify the district manager immediately of a changed circumstance.
3. Where the district manager believes that a changed circumstance has occurred, the district manager will notify the licensee of that belief.
4. 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.
5. Where a cutting authority area is reappraised because of a changed circumstance, any bonus bid or bonus offer in existence prior to the reappraisal does not change and remains in effect.

¹ Measured as the absolute change, e.g. an addition of 15 hectares and the subtraction of 15 different hectares is a 30-hectare change for the purposes of this section.

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(11).

3.3.1.2 Effective Date of Changed Circumstance Reappraisal

1. Except as provided in subsections (2) and (3) of this section, a reappraisal because of a changed circumstance under section 3.3.1(1) 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.
2. Where the changed circumstance is a result of sudden and severe damage referred to in subsection 3.3.1(1)(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. 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.

3.4 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(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.

Average Stumpage Rates by District and Species

4. 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

5. 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.

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 (loss factor) 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. If a cutting authority has been approved for the coast cruise based billing pilot the cruise and log grade percentages for each species of timber will be based on the call grade net factor cruise method.
7. Where the cutting authority area is not a cutting authority area referred to in subsection (5)(c) 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.
- 8.** 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.
- 9.** 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), 4.2.2.2(8), and 4.2.2.2(9) 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).

5.2 Forest Planning and Administration Cost

1. Forest planning and administration costs are those costs directly related to supervision and administration required to manage the public forest on behalf of the province. They are the costs that the long-term licensee bears, but that a market logger does not.

The forest planning and administration costs do not include business related or discretionary costs such as certain legal fees, corporate aircraft, stumpage, directors fees and expenses, sales expenses, restructuring costs, etc., unless portions of these costs are directly attributable to the management of the forest.

2. The total forest planning and administration cost is \$13.87/m³.

5.2.1 Low Volume Cost

1. A low volume cost of \$7.51/m³ may be included in the tenure obligation adjustment where:
 - a. the cutting authority area being appraised or reappraised is the subject of cutting authority issued under either a licence or its parent licence prior to subdivision that provides for an allowable annual cut of not more than 10,000 m³ of Crown timber, and
 - b. the total net cruise volume of the cutting authority area is not more than 10,000 m³.

5.3 Road Development Cost

1. Except as provided in section 5.3.2, where a road development provides access to Crown timber a road development cost may be estimated for new road construction, and road reconstruction.
2.
 - a. except as provided in subsections (2)(b) and (2)(c) of this section the total net cruise volume is used to calculate the unit cost for new road construction and road reconstruction in an appraisal or reappraisal of a cutting authority area.
 - b. where a road development project was not taken into consideration in a prior appraisal or reappraisal of the cutting authority area, the remaining volume shall be used to calculate the road development unit cost for that project in the reappraisal of the cutting authority area.
 - c. where the reappraisal is because of sudden and severe damage the road development cost is calculated as follows:
 - i) the road construction project costs prior to the sudden and severe damage reappraisal are totalled,
 - ii) the sum of those project costs is the total project cost,
 - iii) from the total project cost calculated in subsection 2(c)(i) of this section is subtracted the product of the total project cost multiplied by the total volume of timber in the billing history record of the cutting authority area on the effective date of the reappraisal, divided by the total net cruise volume of the cutting authority area,
 - iv) the difference calculated in subsection (2)(c)(iii) of this section is then divided by the sum of the remaining volume plus the volume of timber that was suddenly and severely damaged,
 - v) the calculation of the road development cost expressed as an algorithm is:

$$\text{Road Development Cost} = \frac{\text{total project cost} - (\text{total project costs} \times \text{volume in the billing history record}) / \text{total net cruise volume}}{\text{remaining volume} + \text{volume suddenly and severely damaged}}$$

3. Except as further provided for in this manual the road development cost for a road development may only be used in the appraisal or reappraisal of a tributary cutting authority area.
4. A road development cost may be amortized in accordance with section 5.3.2.1.

7.3 Road Permits

1. Except as provided in subsection (2) of this section, the stumpage rate for a road permit will be determined using Ministry stumpage billing history records.
2. The stumpage rate for a road permit issued in conjunction with a timber sale licence entered into under section 20 of the *Act* will be the stumpage rate applicable to the cutting authority that authorizes harvesting in the cutting authority area to which the road permit provides access.
3. For the purposes of this section a stumpage billing history record of timber harvested under a timber licence where the timber licence area is within a tree farm licence area, will be included with and be considered the stumpage billing history record of timber harvested under the tree farm licence.
4. a. Where the Ministry has a stumpage billing history record of 500 cubic metres or greater of timber harvested under:
 - i) a licence within the same district as the area to which the road permit applies, the stumpage rate for a road permit is the weighted average sawlog stumpage rate of cutting authorities other than a road permit, for cutting authority areas that are located in the same forest district as the area to which the road permit applies, and that are issued under the licence that entitles the licensee to apply for the road permit, or
 - ii) if licensee uses a single road permit for multiple licences within the same district as the area to which the road permit applies, the stumpage rate for the road permit is the weighted average sawlog stumpage rate of all cutting authorities other than the road permit, for all cutting authority areas that are located in the same forest district as the area to which the road permit applies, and that are issued under the licence(s) that entitle the licensee to harvest, including the licence that entitles the licensee to apply for the road permit.
- b. The weighted average stumpage rate is the sum of the stumpage billed for all coniferous sawlogs during the billing period referred to in paragraph (c) of this subsection, divided by the sum of the volume of those species and grades.
- c. The billing period referred to in paragraph (b) of this subsection for a road permit appraisal or reappraisal, will be updated annually effective February 1st and will be the twelve month period ending November 30th.
5. Where there is less than 500 cubic metres in the stumpage billing history records from which the stumpage rate may be determined under subsection (4), and the licence that the cutting authority is issued under does not provide for an allowable annual cut or has an allowable annual cut of Crown timber equal to or greater than 7 000 m³, the stumpage rate for a road permit is the weighted average sawlog stumpage rate of:

- a. all cutting authorities other than road permits, that are issued under the licence to which the road permit applies that entitles the licensee to apply for the road permit.
 - b. where there is less than 500 cubic metres in the stumpage billing history record from which the stumpage rate may be determined under paragraph (a) of this subsection, the person determining the stumpage rate will proceed to subsection (c) of this section.
 - c. all the cutting authorities that do not provide for an allowable annual cut or have an allowable annual cut of Crown timber equal to or greater than 7 000 m³, other than road permits and timber sale licences entered into under Section 20 of the *Act*, that are for areas located in the same forest district as the area to which the road permit applies.
6. Where there is less than 500 cubic metres in the stumpage billing history records from which the stumpage rate may be determined under subsection (4), and the licence that the cutting authority is issued under has an allowable annual cut of Crown timber less than 7 000 m³ per year, the stumpage rate for a road permit is the weighted average sawlog stumpage rate of:
- a. All cutting authorities other than road permits and timber sale licences entered into under Section 20 of the *Act*, that are for licences that have an allowable annual cut of less than 7 000 m³ in the same forest district as the area to which the road permit applies.
 - b. Where there is less than 500 cubic metres in the stumpage billing history record from which the stumpage rate may be determined under paragraph (a) of this subsection, the person determining the stumpage rate will proceed to subsection (c) of this section.
 - c. All cutting authorities other than road permits and timber sale licences entered into under Section 20 of the *Act*, that are for licences that have an allowable annual cut of less than 7 000 m³ in the same timber supply area as the area to which the road permit applies.
 - d. Where there is less than 500 cubic metres in the stumpage billing history record from which the stumpage rate may be determined under paragraph (c) of this subsection, the person determining the stumpage rate will proceed to subsection (e) of this section.
 - e. All cutting authorities other than road permits and timber sale licences entered into under Section 20 of the *Act*, in the same forest district as the area to which the road permit applies.
7. The cost of a road constructed under a road permit may be eligible for inclusion as a tenure obligation adjustment under chapter 5 in the appraisal of the first tributary cutting authority.
8. All road permits will be reappraised in accordance with section 3.3.2.

7.5 Cutting Authority Area With Less than 2 500 m³ of Timber Volume

1. Where a cutting authority area has less than 2 500 m³ of timber the stumpage rate may, at the discretion of the regional appraisal coordinator, be determined by using the stumpage rates approved by the director 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 not sold by BC Timber Sales 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.

7.9 Miscellaneous Stumpage Rates

Miscellaneous Stumpage Rates

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

Special Forest Products

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

7.9.1 Marine Log Salvage

7.9.1.1 Beachcomb

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

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

7.9.1.2 Root Buck

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

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

7.9.1.3 Wahleach Island Catchment Basin

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

7.9.1.4 Deadhead Logs

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

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

Table 7-1: Miscellaneous Stumpage Rates

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

Table 7-2: Special Forest Products Stumpage Rates

Species	Product Code	Logs	Stumpage Rate
All Species	CA	Cants (produced from dead and down post-logging residue)	\$9.60/m ³
All Species	FW	Firewood (round or split) - maximum length 1.2 m	\$1.00/m ³
All Species	MT	Mining Timbers - maximum length 2.4 m	\$3.00/m ³
All Species (except Cedar)	PR	Posts and Rails (split and round)	\$1.20/m ³
Cedar	PR	Posts and Rails (split and round)	\$3.00/m ³
All Species	SB	Shake and Shingle Bolts, Blocks and Blanks	\$5.30/m ³
All Species	SK	Shakes	\$6.00/m ³
All Species	SS	Stakes and Sticks (Car Stakes, Grape Stakes, Hop Poles, Lagging (split, Orchard Props, Pickets and Palings, Stakes and Stocks (sticks))	\$1.20/m ³
All Species	CH	Woodchips	\$0.50/m ³
All Species	HF	Hogged tree material	\$0.25/m ³
All Species	XM	Christmas Trees	<u>Height class 1, greater than 5 m</u> <u>Height class 2, 3 m to 5 m</u> <u>Height class 3, Less than 3 m</u>
			\$1.50 each \$1.00 each \$0.20 each

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