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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. 6 to the *Coast Appraisal Manual*

I hereby approve Amendment No. 6 to the *Coast Appraisal Manual* and attach a copy for your use. The following section has been amended:

Section 2.3.1(c)	Requires submission of CSV file from cruise compilation.
Section 3.3(2)	Updated section reference.
Section 3.3.1.2(3)	Updated section reference.
Section 3.3.6	Annual reappraisals for cutting authorities with stumpage rates determined under section 7.5.
Section 3.3.7	Updated section reference.
Section 3.3.7.1	Updated section reference.
Section 7.5(2)	Requirement for a stumpage rate redetermination has been added.

This amendment will come into force on October 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	
	<i>Coast Appraisal Manual</i>	
	AMENDMENT	ISSUE DATE
	Amendment No. 6	October 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	Table of Contents	i-ii	After Table of Contents Tab
Remove Insert	Chapter 1	1-2	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 7	9-10	After Chapter 7 Tab
INSERT	Letter from Minister and Transmittal Sheet		After Amendments Tab

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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 3.3.7 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;

2.3 Appraisal Data Submission Requirements

2.3.1 Cruise Information

1. Unless otherwise specified by the director, cruise data must be gathered and compiled in accordance with the following Ministry publications and the coast timber merchantability specifications in Table 2-1:
 - a. *Cruising Manual*, at the following website:
<http://www.for.gov.bc.ca/hva/manuals/cruising.htm>,
 - b. *Cruise Compilation Manual* at the following website:
<http://www.for.gov.bc.ca/hva/manuals/cruise compilation.htm>

Table 2-1 Coast Timber Merchantability Specifications

Description		
The following coast timber merchantability specifications must be used in all appraisals.		
	Mature	Immature
1. Maximum stump height (measured from the top of the stump down to the highest ground level adjacent to the stump)	30.0 cm	30.0 cm
2. Minimum slab thickness for cedar only	15.0 cm	10.0 cm
3. Minimum top diameter (inside of the bark)	15.0 cm	10.0 cm
4. Minimum length of a log or slab	3.0 m	3.0 m

2. When cruise information is submitted to the district manager or the regional manager in order to determine a stumpage rate or an upset stumpage rate, that information must include:
 - a. The cruise compilation reports, and
 - b. The ASCII data files (i.e. .dat and .red or .pr).
 - c. **The CSV (if applicable, also the percent reduction CSV file) for appraisals submitted on or after November 1, 2013, when the cruise was compiled using the 2013.00 version of the approved cruise compilation program.**
3. When requested by the district manager, a copy of the original field data and traverse notes must be provided by the licensee.
4.
 - a. The cutting authority area will be appraised using the total net cruise volume of timber authorized for harvest in that area.
 - b. The total area of merchantable timber in the cutting authority area is obtained from the appraisal summary of the cruise compilation report.

5. If the licensee or BCTS modifies its application for a cutting authority the applicant must recompile the cruise data when any of the compiled plots used in the cruise lie outside the boundaries of the proposed cutting authority area.
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 3.3.7, 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 3.3.7 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 Annual Reappraisal of a Cutting Authority with Stumpage Rates Determined Under Section 7.5

1. A cutting authority area with stumpage rates determined under section 7.5 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.

3.3.7 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.

3.3.7.1 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 3.3.7 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 3.3.7 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.

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 **determined** under this section **shall be redetermined in accordance with section 3.3.6.**

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.