

File: 280-20

**AUG 29 2005**

**BY EMAIL**

To: Interior Regional Managers

From: The Honourable Rich Coleman  
Minister of Forests and Range  
and Minister Responsible for Housing

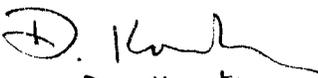
**Re: Amendment No. 7 to the *Interior Appraisal Manual***

I hereby approve Amendment No. 7 to the *Interior Appraisal Manual* and attach a copy for your use. The following sections have been amended.



Section 2.5(2)(b)(d):	Wording duplication is removed.
Section 2.5(3):	Conflicting section reference is removed.
Section 4.8.2:	Ambiguous text is clarified.
Section 4.10.1:	One licence is added to the exclusion list, and two licences are removed.
Section 6.1:	Spelling of "Shuswap" is corrected.
Section 6.3:	Typo corrected and clarification added.
Section 6.3.1:	Typo corrected and clarification added.
Section 6.4(4)(h):	Incorrect terminology regarding "the date of determination" is replaced with the "effective date of the stumpage rate".

This amendment will come into force the date this memo is signed. Further amendments or revisions to this manual require my approval.



Rich Coleman  
Minister

Attachment

pc: Bill Howard, Director, Revenue Branch  
Interior Appraisal Advisory Committee





**FOR FURTHER INFORMATION CONTACT:**

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<b>MANUAL TITLE</b> Interior Appraisal Manual	
<b>REVISION No.</b> Amendment No. 7	<b>ISSUE DATE</b> August 29, 2005
<b>MANUAL CO-ORDINATOR</b>  Judy Laton Revenue Branch	
<b>AUTHORIZATION (Name, Title)</b>  W. Howard Director, Revenue Branch	

Please make the following changes to your copy of the above Ministry manual. Please insert the following specified pages and **file this notice** immediately after the Amendments Tab.

ACTION (Remove/Insert)	(VOL.) CHAPTER-SECTION-SUBJECT	PAGE(S)	COMMENTS
	TABLE OF CONTENTS		
REMOVE	Chapter 2	11 - 12	After Chapter 2 Tab
INSERT	Chapter 2	11 - 12	
REMOVE	Chapter 4	45 - 46 53 - 54	After Chapter 4 Tab
INSERT	Chapter 4	45 - 46 53 - 54	
REMOVE	Chapter 6	1 - 2 5 - 8	After Chapter 6 Tab
INSERT	Chapter 6	1 - 2 5 - 8	
INSERT	Minister's Letter and Manual Revision Transmittal		After Amendments Tab



## 2.5 Fixed Stumpage Rate and Extension of Term

### BC Timber Sales (BCTS)

1. A fixed stumpage rate for a BCTS cutting authority means that the reserve stumpage rate, levies and bonus bids will not change during the term of the cutting authority and all extensions. Except where:
  - a. a reappraisal is done under section 2.3.2.1(1)(d) due to sudden and severe damage or
  - b. a reappraisal is done under section 2.3.2.3 because of a minister's direction.

### Woodlots

2. (a) The stumpage rate for a cutting authority issued under a woodlot licence shall be an adjusting stumpage rate unless:
  - (i) the stumpage rate for the cutting authority is changed to a non-adjusting stumpage rate under this subsection, or
  - (ii) the cutting authority is a road permit, or blanket salvage cutting permit, or
  - (iii) the stumpage rate has been determined under section 6.2(1)(a) or 6.4.
- (b) A licensee may choose to have an adjusting stumpage rate changed to a non-adjusting stumpage rate under this subsection by giving written notice to the regional timber pricing co-ordinator.
- (c) Where the licensee gives written notice to the regional timber pricing co-ordinator of that choice, the adjusting stumpage rate shall become a non-adjusting stumpage rate three (3) weeks after the regional timber pricing co-ordinator receives the notice.
- (d) On the date that the stumpage rate becomes a non-adjusting stumpage rate, the stumpage rate for the cutting authority continues to be the stumpage rate that was in effect on that date.
- (e) Where a stumpage rate is changed from an adjusting stumpage rate to a non-adjusting stumpage rate, the stumpage rate for the cutting authority shall not change for the term of the cutting authority and all extensions from the date that the stumpage rate is changed to a non-adjusting stumpage rate, except where the cutting authority area is reappraised under section 2.3.2.1(1)(d) or under section 2.3.2.3.

Zonal Average Sawlog Stumpage Rates

3. Where the stumpage rate has been determined under section 6.2 and the term of the cutting authority is extended, the stumpage rate shall continue unchanged during the term of the cutting authority.

Miscellaneous Stumpage Rates

4. Miscellaneous stumpage rates (section 6.8) will be based on the *Interior Appraisal Manual* in effect on the date of scale.

## 4.8 Administration and Other Costs

### 4.8.1 Overhead

Overhead cost estimates are for the related administration and supervisory activities attributed to development, tree-to-truck, transportation and basic silviculture that occur at the head office, branch office and camp or operation.

Overhead costs include:

- Office Operations,
- Scaling,
- Cruising,
- Environmental Protection,
- Consultants fees (section 4.3.3),
- Archaeological surveys,
- Waste and Residue surveys,
- Right-of-way easements,
- Foreshore and other land leases,
- Tree marking Beetle probing & Pheromone baiting,
- Engineering (road layout, survey including geotechnical surveys, and design, other than those applicable as engineered cost estimate).

Cost estimates by forest district are shown in the following table:

**Table 4-8 Overhead Cost Estimates**

District	\$/m <sup>3</sup>	District	\$/m <sup>3</sup>
100 Mile House	8.11	Kootenay Lake	11.24
Arrow Boundary (Arrow Boundary)	9.06	Mackenzie	6.25
Cascades (Merritt, Lillooet)	8.33	Nadina (Lakes, Morice)	5.59
Central Cariboo (Horsefly, Williams Lake)	7.75	Okanagan Shuswap (Penticton, Salmon Arm, Vernon)	7.06
Chilcotin	9.12	Peace (Ft. St. John, Dawson Creek)	7.72
Columbia	12.51	Prince George	6.40
Fort Nelson	8.33	Quesnel	7.12
Fort St. James	5.40	Rocky Mountain (Cranbrook, Invermere)	9.77
Headwaters (Clearwater, Robson Valley)	10.36	Skeena Stikine (Bulkley/Cassiar, Kispiox)	6.23
Kalum	10.00	Vanderhoof	6.40
Kamloops	7.10		

### 4.8.2 Isolated Cutting Authority Areas

1. An isolated cutting authority area is an area **to which** workers **who work** on the cutting authority area travel on each day of work, during timber harvesting operations, from a camp in which the workers are residing that is outside of a support centre listed in Table 4.4.2(6).
2. A camp must:
  - a. be a permanent structure,
  - b. have a cookhouse and a bunkhouse, and
  - c. have been established through the expenditure of capital costs.
3. Where an isolated cutting authority area may be accessed only by rail, the isolated cost estimate for that cutting authority area is \$6.41/m<sup>3</sup>, otherwise the cost estimate is \$5.11/m<sup>3</sup>.

### 4.8.3 Low Volume Cost Estimate

All fully appraised cutting authorities are eligible for a specific low volume cost estimate in addition to all other phase cost estimates.

1. Where the licence to which the cutting authority belongs has an allowable annual cut of Crown timber greater than 0 m<sup>3</sup> and less than 3 000 m<sup>3</sup>:

$$$/m^3 = 8.35$$

2. Where the licence to which cutting authority belongs has an AAC of 3 000 m<sup>3</sup> or greater and the net cruise volume for the cutting authority is less than 3 000 m<sup>3</sup>;

The cost estimate is: (prorated by volume)	Ground Skidding	\$0.64/m <sup>3</sup>
	Highlead & Grapple	\$0.88/m <sup>3</sup>
	All Other	\$0.00/m <sup>3</sup>

<b>Untrended Manufacturing Cost Estimates (\$/m<sup>3</sup>) 2001 Cost Survey Base</b>		
	<b>Species</b>	<b>Manufacturing cost (\$/m<sup>3</sup>) 0% Decay</b>
Southern Cariboo (Zone 8)	LO	36.96
	SP	33.69
	BA	38.58
	FI, LA, WH, YE	52.22
	CE	45.71
	HE	45.62

Fort Nelson/Peace (Zone 9)	LO	34.85
	SP	31.65
	BA	35.89

To derive the manufacturing cost estimate for decay % from 1 to 50, use the above table values in the following equation:

The cost estimate is calculated to four decimal places, then rounded to the nearest cent. Where decay exceeds 50 percent, the manufacturing cost estimate for 50 percent decay is used.

Manufacturing cost (\$/m<sup>3</sup>) = decay % \* 0.1952 + base value from table.

For a list of points of appraisal by zone, refer to section 2.6.

#### **4.10.1 Grade 3 Pine Interim Adjustment**

The manufacturing cost estimate is adjusted for grade 3 pine on August 1, 2005 in the following manner:

Adjusted LO manufacturing cost estimate = LO manufacturing cost estimate - adjustment from Table 4-11, for the applicable point of appraisal.

The stumpage rates for the following licences or cutting authorities issued under these licences will not be affected by this interim adjustment:

All licences issued under BC Timber Sales, A57963, A59071, A59959, A61106, A61108, A61109, A61546, A64418, A65442, A66815, A66005, A71884, A72766, A73080, A73557, A73558, A73761, A73927, A74107, A74718, A75166, A75167, A76490, A76491, A76492, A76553, A76729, **A68213**, A73935, A73936, A73937, A74729, A74730, A75472, A75473, A75474, A75475, A75670, A75671, A75947, A75948, A76217, A76218, A76219, A76400, A76469, A76470.

# Miscellaneous Timber Pricing Policies

# 6

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## 6.1 Average Stumpage Rates by Forest Zone and Species

Each of the following forest zones used in Tables 6-1, 6-2 and 6-3 is made up of the corresponding forest district areas:

1. North Central Zone - Fort St. James, Mackenzie, Nadina, Prince George, Quesnel and Vanderhoof Forest Districts.
2. North West Zone - Kalum and Skeena Stikine Forest Districts.
3. North East Zone - Fort Nelson and Peace Forest Districts.
4. South East Zone - Arrow Boundary, Columbia, Headwaters, Kamloops, Kootenay Lake, Okanagan **Shuswap** and Rocky Mountain Forest Districts.
5. South West Zone - 100 Mile House, Cascades, Central Cariboo and Chilcotin Forest Districts.

Where a species of timber is not listed in Table 6-1, the rate that shall be used for that species of timber is the rate listed in the column headed as OTHER.

**Table 6-1 Average Sawlog Stumpage Rates by Forest Zone and Species (\$/m<sup>3</sup>)**

FOREST ZONE	BALSAM	CEDAR	FIR	HEMLOCK	LARCH	L. PINE	SPRUCE	OTHER
North Central	24.10	29.90	29.21	25.07	-	26.39	30.09	27.68
North West	10.57	9.81	-	9.51	-	17.77	13.21	10.95
South East	22.70	20.22	19.56	15.72	15.20	23.07	23.17	21.35
South West	24.37	15.82	20.15	11.06	32.79	19.51	23.40	20.45
North East	14.29	-	-	-	17.80	18.74	16.71	17.21

### 6.3 Road Permits

1. Except as provided in subsection 2 of this section, the stumpage rate for a road permit shall be:
  - a. **the weighted average sawlog stumpage for:**
    - i. all cutting authorities, other than road permits, that authorize the harvesting of timber in the same forest district as is the land 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 there are no records from which the weighted average saw log stumpage rate may be determined under (i), and the licence permitting the granting of the road permit has an allowable annual cut of 3 000 m<sup>3</sup> or more per year, then all the cutting authorities, other than road permits, that authorize the harvesting of timber on land located in the same forest district as is the land to which the road permit applies, or
    - iii. if there are no records from which the weighted average saw log stumpage rate may be determined under (i), and the licence permitting the granting of the road permit has an allowable annual cut of less **than** 3 000 m<sup>3</sup> per year, all the cutting authorities, other than road permits, that are for licences that have an allowable annual cut of less than 3 000 m<sup>3</sup> in the same forest district as the area to which the road permit applies.
2. The stumpage rate for a road permit granted to the holder of a timber sale licence entered into under section 20 of the *Forest Act* will be the same as the stumpage rate for the timber sale licence which entitled the licensee to apply for the road permit.
3. **In each of subparagraphs (i), (ii), and (iii) of subsection (1) of this section, the weighted average sawlog stumpage rate that is in effect for the period between June 1 of one year (the first year) and May 31 of the following year is the sum of the stumpage billed **under the cutting authorities referred to in that subparagraph** according to stumpage billing records of the revenue branch for **coniferous** sawlogs of grade code () blank during the twelve-month billing period ending March 31 in the first year divided by the sum of the volume of those sawlogs.**
4. The stumpage rate for a road permit shall be redetermined on June 1 of each year in accordance with the procedure in this section.
5. The costs of roads constructed under road permits are eligible for inclusion as development cost estimates under section 4.3 in the appraisal of the first tributary cutting authority. These roads will not be considered as existing roads under section 4.3.1.1.4 (2).

### 6.3.1 Blanket Salvage Cutting Permits

1. The stumpage rate for a blanket salvage cutting permit shall be the weighted average sawlog stumpage rate for:
  - a. All the cutting authorities other than blanket salvage cutting permits, that are located in the same forest district as is the land to which the blanket salvage cutting permit applies, and that have been issued under the same licence, or,
  - b. if there are no records from which the weighted average sawlog stumpage rate may be determined under paragraph (a) and the licence under which the blanket salvage cutting permit has been issued has an allowable annual cut of 3 000 m<sup>3</sup> or more then: all the cutting authorities, other than blanket salvage cutting permits for areas of land located in the same forest district that the area to which the blanket salvage cutting permit applies, or
  - c. if there are no records from which the weighted average sawlog stumpage rate may be determined under paragraph (a) and the licence under which the blanket salvage cutting permit is issued has an allowable annual cut of less than 3 000 m<sup>3</sup> per year, then all the cutting authorities, other than blanket salvage cutting permits, which have been issued under licences that have allowable annual cuts less than 3 000 m<sup>3</sup> in the same forest district as the area to which the blanket salvage cutting permit applies.
2. In each of paragraphs (a), (b), and (c) of subsection (1) of this section, the weighted average sawlog stumpage rate that is in effect for the period between August 1 of one year (the first year) and July 31 of the following year, is the sum of the stumpage billed under the cutting authorities referred to in that paragraph according to stumpage billing records of the revenue branch for the twelve-month period ending on March 31 in the first year for coniferous sawlogs of grade code () blank during that period divided by the sum of the volume of those sawlogs.
3. The stumpage rate for a blanket salvage cutting permit shall be redetermined on August 1 each year in accordance with the procedure in this section.

## 6.4 Salvage Timber Stumpage Rates

This section applies to cutting authorities which do not have an allowable annual cut.

1. Salvaged timber is either post harvest material or damaged timber:
2. Post Harvest Material is either:
  - a. wooden culverts and bridges, or
  - b. post logging residue.
3. Damaged Timber is timber that:
  - a. Has been blown down,
  - b. Has been damaged by fire, disease, snow press, or
  - c. Will die within one year, as determined by the district manager, as a result of the affects of the mountain pine beetle, or other forest pests.
4. The criteria and methodology for the calculation of salvaged timber stumpage rates are:
  - a. Post harvest material may not be combined in the same cutting authority area with damaged timber.
  - b. Except where damage to adjacent or contiguous timber occurs after harvesting is completed on the adjacent primary logging cutting permit area and the harvesting equipment has been demobilized from the area, damaged timber salvage cutting authority areas must be scattered, and not be adjacent to or contiguous with an existing cutting authority area.
  - c. Except as provided in subsection (4)(d) of this section the total area of a clearcut salvage harvesting area shall not exceed 1 hectare.
  - d. Where salvage of only damaged stems through partial cutting will leave a stand that meets minimum stocking standards, the area harvested may be larger than 1 hectare.
  - e. Salvage logging stumpage rates may only be determined for a cutting authority where more than one-third of the volume of coniferous timber in the cutting authority area is damaged timber.
  - f. Post harvest salvage may only occur after primary logging has been satisfactorily completed and residue and waste assessments have been submitted to and accepted by the Ministry.

- g. Salvage cannot occur on a road right-of-way which has an active timber mark associated with it.
- h. The stumpage rate will be fixed for one year from the effective date of the stumpage rate. The stumpage rate will be redetermined annually in accordance with the procedure in this section.
5. Where salvaged timber is damaged timber, the stumpage rate for each species of the salvaged timber will be determined using the schedule of Sawlog Stumpage Rates for Salvage of Damaged Timber by Forest Zone and Species found in Table 6-2.
6. Where the source of the salvaged timber is post harvest material, the stumpage rate for each species of timber will be determined using the schedule of Sawlog Stumpage Rates of Post Harvest Material by Forest Zone and Species found in Table 6-3.

Where a species of timber is not listed in Table 6-2 and 6-3, the rate that shall be used for that species of timber is the rate listed in the column headed as OTHER.

**Table 6-2 Average Sawlog Stumpage Rates for Salvage of Damaged Timber by Forest Zone and Species (\$/m<sup>3</sup>)**

FOREST ZONE	BALSAM	CEDAR	FIR	HEMLOCK	LARCH	L. PINE	SPRUCE	OTHER
North Central	14.46	26.91	26.29	15.04	-	19.79	27.08	16.61
North West	6.34	8.83	-	5.71	-	13.33	11.89	6.57
South East	13.62	18.20	17.60	9.43	13.68	17.30	20.85	12.81
South West	14.62	14.24	18.14	6.64	29.51	14.63	21.06	12.27
North East	8.57	-	-	-	16.02	14.06	15.04	10.33

**Table 6-3 Average Sawlog Stumpage Rates for Salvage of Post Harvest Material by Forest Zone and Species (\$/m<sup>3</sup>)**

FOREST ZONE	BALSAM	CEDAR	FIR	HEMLOCK	LARCH	L. PINE	SPRUCE	OTHER
North Central	6.03	23.92	14.61	6.27	-	13.20	15.05	6.92
North West	2.64	7.85	-	2.38	-	8.89	6.61	2.74
South East	5.68	16.18	9.78	3.93	7.60	11.54	11.59	5.34
South West	6.09	12.66	10.08	2.77	16.40	9.76	11.70	5.11
North East	3.57	-	-	-	8.90	9.37	8.36	4.30