

Transition Provision for Interior Timber Pricing Policy Changes

Cutting Permit Surrendering Policy

Effective Date: July 1, 2010

Responsible Branch: Resource Tenures Branch

Background

The Ministry of Forests and Range will make two changes to its Market Pricing System (MPS) in the Interior:

1. A move to *stand as a whole pricing, cruise based billing* for Mountain Pine Beetle attacked stands.
2. The use of auction results from BCTS sales to price non-BCTS stands individually, rather than to set an Interior average rate. This change in pricing methodology is referred to as a shift from MPS-B to MPS-A.

The above changes will apply to all applicable existing cutting authorities in effect on July 1, 2010. Consequently licensees may elect, as a one-time only opportunity, to surrender existing cutting permits in accordance with the policy described in this document.

Policy

This surrendering policy applies to cutting authorities, including cutting permits, directly affected by the shift to MPS-A or *stand as a whole pricing, cruise based billing* in the southern interior and northern interior forest regions. This policy does not apply to road permits, to cutting authorities that are currently on tabular rates, or to other cutting authorities where the stumpage rate is fixed. The words "cutting permit" or "Forest Licence to Cut" can be used interchangeably in this policy.

A cutting permit may be surrendered with the following provisions:

"Take or pay" and cut control charges:

- For those surrendered cutting permits where the district manager is satisfied that the surrender is needed to facilitate transition to MPS-A or stand as a whole pricing, cruised based billing, waste billing and cut control charges will not apply to cutblocks where there has been no

harvesting. Harvesting means the felling or removal of timber other than on road rights of way or landings within the block.

- On partially harvested cutblocks, waste billing and cut control charges will apply.

Important Dates:

- Licensees wishing to surrender cutting permits must declare, in writing, their intent to the district manager by **December 31, 2010**.
- The surrendering date and activities that will take place under the cutting permit prior to surrender will be mutually agreed upon by the licensee and district manager. The surrendering must be completed by **December 31, 2012**.
- Surrender under this policy will not be applicable to cutting authorities issued on or after **July 1, 2010**.

Unamortised costs:

- Unamortised development, constructed road and constructed structure costs will not be compensated or considered in future appraisals.
- Roads that have not been constructed will be eligible for inclusion in future cutting authorities subject to the Interior Appraisal Manual.

References

- Interior Appraisal Manual
- Provincial Logging and Waste Measurement Procedures Manual
- Cutting Permit and Road Tenure Administration Manual