Province of British Columbia
OFFICE OF THE MINISTER

Ministry of Forests

MEMORANDUM

File: 195-30/CAPP

October 1, 1998

To: Regional Managers

From: The Honourable David Zirnhelt
Minister of Forests

Re: ***Coast Appraisal Manual***

I hereby approve Amendment No. 3 to the *Coast Appraisal Manual*, and attach a copy for your use. The following section is amended:

Section 4.1 Clarify the application of the least cost principle.

This amendment will come into force October 1, 1998. Further amendments or revisions to this manual require my approval.

David Zirnhelt
Minister

Attachments

pc: Bill Howard, Director, Revenue Branch

All Subscribers, *Coast Appraisal Manual*

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BRITISH COLUMBIA Ministry of Forests

MANUAL REVISION TRANSMITTAL

FOR FURTHER INFORMATION CONTACT:

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MANUAL TITLE
Coast Appraisal Manual

REVISION No.	**ISSUE DATE**
3	October 1, 1998

MANUAL CO-ORDINATOR
Judy Laton
Revenue Branch

AUTHORIZATION (Name, Title)
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 TABLE OF CONTENTS	PAGE(S)	COMMENTS
REMOVE	Chapter 4	1 - 4	
INSERT	Chapter 4	1 - 4	
INSERT	Transmittal Sheet & Minister's Letter		Behind Amendment Tab

Operating Cost Estimation 4

The Operating Cost is the sum of the trended Total Logging Cost Estimate and the trended Basic Silviculture Cost Estimate as detailed in this chapter.

4.1 Cost Estimates

The phase cost estimates, predictive formulas and most of the tables in this manual are derived from data collected through surveys of logging and forest management costs incurred by licensees and contractors operating in the Coast Region of British Columbia in 1996.

The survey collects licensee costs from both company and contract operations: including wages, benefits, overtime, depreciation, fuel, supplies, repair and maintenance, moving assistance, freight, applicable licences, insurance, etc. from a representative sample of coast operations. Contract costs, including contractor profit and risk margins, overhead, crew transportation, etc., are also included.

Phase cost estimates are complete and reflect average conditions, operating practices, and phase accounting allocations as found in the survey data. With the exception of specified operations listed in Section 4.1.1, no additions to or subtractions from the phase cost estimates are permitted.

The Appraisal Coordinator must estimate total operating costs for a cutting authority area using the information that the Appraisal Coordinator has at the time the estimate is made in a manner that will produce the least total operating cost estimate.

The estimate of harvesting costs must be determined by using the criteria for determining the operating cost estimates set out in this manual for the method of harvesting referred to in this manual which will produce the least total operating cost estimate unless that particular method of harvesting is not permitted by the cutting authority.

The estimate of transportation costs must be determined by using the criteria for determining the transportation cost estimates as set out in this manual for the method of transportation referred to in this manual to the point of appraisal which will produce the least total operating cost estimate unless that particular method of transportation is not permitted by the cutting authority.

In considering whether or not a particular method of harvesting or transportation is not permitted by the cutting authority, the Appraisal Coordinator must not consider, nor take into account, nor have regard for:

1. Any destination referred to in the cutting authority.
2. Any enactment or document other than the cutting authority.
3. Any document other than the cutting authority.
4. Any other fact.

Phase cost estimates for specified operations, helicopter logging operations and conventional logging are weighted according to the applicable net cruise volume under the cutting authority for each system.

4.1.1 Specified Operations

In addition to the logging phases and systems that are covered by this manual, there are specified operations which require special cost estimates.

The following is a complete list of specified operations for which certain cost phase estimates are based on the information on hand rather than on the tables and formulas in this manual. *Coast Appraisal Manual* phase cost estimates are combined with the specified operation cost estimate to determine the least total operating cost for the cutting authority being appraised.

SPECIFIED OPERATIONS	AFFECTED PHASE
A-frame Logging	Tree-to-Truck (Section 4.4)
Balloon Logging	Tree-to-Truck (Section 4.4)
Blowdown Timber	Tree-to-Truck (Section 4.4)
Partial Harvesting	Tree-to-Truck (Section 4.4)
Salvage Logging (under the Small Scale Salvage Program)	Tree-to Truck (Section 4.4)
Skyline Logging	Tree-to Truck (Section 4.4)
Tree Crown Modification	Tree-to-Truck (Section 4.4)
Lake Transportation	Log Transportation (Section 4.5)
Skidder Swinging	Log Transportation (Section 4.5)
Towing to Tie-up Grounds over 10 km Distance	Log Transportation (Section 4.5)
Camp Moves of greater than 10 km	Administration and Other Costs (Section 4.6) except Helicopter Logging
Destumping for root disease control	Administration and Other Costs (Section 4.6)

The specified operations phase costs are monitored and updated by the regional manager and may not be part of the annual cost collection and analysis process.

4.2 Appraisal Data Requirements

The cruise and all other pertinent information required for the appraisal must be submitted with the appropriate *COAST APPRAISAL DATA SHEET.*

Unless otherwise specified by the Director, Revenue Branch, cruise data must be gathered and compiled according to the approved utilization specifications and in accordance with the following Ministry of Forests Publications:

- Ministry of Forests Provincial Cruising Manual,
- Cruise Compilation Design Manual,
- Forest Service Policies (e.g., Timber Utilization Policy & Procedures for the Coast of the Province), and
- Regional Publications (e.g., Operational Cruising Requirements in the Vancouver and Prince Rupert Forest Regions).

In order to verify the accuracy of the cruise compilation program, the licensee must provide on request, photocopies of the tally sheets and a magnetic copy of the compilation in a format prescribed by the regional manager.

The appraisal uses the net cruise volume of timber. The net cruise volume (m^3) is the gross volume (m^3) less decay, waste and breakage for all the species listed in Section 3.3. The cutting authority total net cruise volume is determined by multiplying the net cruise volume per hectare (m^3/ha) by the total merchantable timbered area (ha) to be harvested under the cutting authority. The total merchantable timbered area is determined from the cruise summary if available.

If the application for a cutting authority is subsequently modified, the cruise submission must be recompiled by the applicant when more than five percent of the total number of compiled plots used in the cruise submission lie outside the boundaries established for the initial appraisal of the cutting authority.

Each reappraisal uses the net cruise volume by species determined by adjusting the original cruise volume on the basis of approved amendments since the last appraisal.

Plots located in areas requiring helicopter logging or specified operations are included in the cruise compilation calculation of conventional logging.