BRITISH COLUMBIA

Ministry of Forests

Office of the Minister

MEMORANDUM

File: 280-20

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BY EMAIL

To: Cindy Stern
Regional Manager
Coast Forest Region

From: The Honourable Michael de Jong
Minister of Forests

Re: Amendment No. 2 to the *Coast Appraisal Manual*

I hereby approve Amendment No. 2 to the *Coast Appraisal Manual*, and attach a copy for your use. The following sections have been amended.

Section 2.1	The area of Manning Park is now excluded from this manual.
Section 3.2	Subsection 9, 10 and 11 removed
Section 3.7	New procedure for stumpage redeterminations.

This amendment will come into force on November 1, 2004. Further amendments or revisions to this manual require my approval.

Dep. Minister

Michael de Jong
Minister

Attachment

pc: Bill Howard, Director, Revenue Branch

All Subscribers, *Coast Appraisal Manual*

VANCOUVER 2010

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**
Amendment No. 2	November 1, 2004

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	PAGE(S)	COMMENTS
REMOVE	Chapter 2	1 - 2	After Chapter 2 Tab
INSERT	Chapter 2	1 - 2	
REMOVE	Chapter 3	3 - 12	After Chapter 3 Tab
INSERT	Chapter 3	3 - 12	
INSERT	Minister's Letter and Transmittal		After Amendments Tab

Scope and Requirements 2

2.1 Terms of Reference

1. This manual contains the policies and procedures for determining rates of stumpage for Crown timber harvested in the Coast Forest Region, as established by the *Act* and *Regulations* except Manning Park.

2.1.1 Responsibility for Stumpage Determinations

1. The following employees of the Ministry are authorized to determine, redetermine and vary rates of stumpage:

    a. Regional Managers, regional appraisal coordinators and employees of the regional revenue section, and

    b. The Director, and employees of the Revenue Branch.

3.2 Appraisals

1. An appraisal is a process used to determine a stumpage rate for a cutting authority area using the manual in effect on the effective date of the cutting authority. The appraisal is effective on the effective date of the cutting authority.

2. A licensee or BCTS shall submit the appraisal data submission to the district manager when the licensee or BCTS makes an application for a cutting authority.

3. The district manager may require the licensee or BCTS to complete and submit an estimated stumpage rate calculation for both helicopter and cable methods of harvesting when the district manager is not satisfied that the method proposed by the licensee or BCTS is the only method that is suitable for the area intended to be harvested.

4. The district manager may review the licensee or BCTS appraisal data submission and may inform the licensee or BCTS of any omissions, errors or provisions of the manual that, in the opinion of the district manager, the signing professional forester may not have considered. The licensee or BCTS signing professional forester may consider the district manager's information and may revise the appraisal data submission.

5. The district manager shall give any information supplied by the licensee or BCTS under this section to the person who determines the stumpage rate together with any other information that the district manager considers relevant to the appraisal.

6. The person who determines the stumpage rate may review the licensee or BCTS submission, and information supplied by the district manager, and may inform the licensee or BCTS of any omissions, errors or provisions of the manual that, in the opinion of the person who determines the stumpage rate, the signing professional forester may not have considered. The licensee or BCTS signing professional forester may consider the information and may revise appraisal data submission.

7. The person who determines the stumpage rate shall consider:

    a. the information provided by the licensee or BCTS and the district manager, and

    b. any information available to the person who determines the stumpage rate that is relevant to the appraisal.

8. Regional staff will notify the applicant of the stumpage rate determination.

3.3 Reappraisals

1. A reappraisal is a process used to redetermine a stumpage rate for a cutting authority using the manual in effect on the effective date of the reappraisal.

2. Except as provided for under sections 3.3.1(1)(d), 3.3.2 and 3.3.3, a reappraisal is based on a complete reassessment of the cutting authority area on the effective date of the reappraisal, as if the area has been returned to the condition as it was prior to development or harvesting.

3. Non-tabular cost estimates made in the appraisal of a cutting authority area may be re-estimated once in a subsequent reappraisal after works have been constructed using information required under section 5.3.4.

4. Road development costs originally estimated using ministry approved competitive bids may not be re-estimated in a reappraisal.

3.3.1 Changed Circumstances

1. In this section a changed circumstance means a circumstance where:

   a. (i) The licensee plans to use a method of harvesting to harvest at least twenty-five percent of the volume of timber in the cutting authority area that is different from the method that was planned to be used for that timber at the time of the most recent appraisal or reappraisal of the cutting authority area, and

      (ii) the different method of harvesting that is planned to be used:

         (aa) when used in the changed circustance reappraisal will produce the highest stumpage rate, and

         (bb) is different from the method of harvesting that was used in the most recent appraisal or reappraisal, or

   b. there has been or will be a change in the amount of road development of at least twenty-five percent in the total road development unit cost since the most recent appraisal or reappraisal caused by changes to the appraisal field data that will be used in the changed circumstances reappraisal, or

   c. land containing merchantable timber has been either added to or deleted from the cutting authority area since the most recent cruise compilation or recompilation was used in an appraisal or reappraisal that exceeds either:

      (i) twenty-five hectares or

(ii) twenty-five 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 twenty-five 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 any of sections 75 through 95 of the *Forest Practices Code of British Columbia Act* or the *Forest Fire Prevention and Suppression Regulation*.

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 other than 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 in existence prior to the reappraisal does not change and remains in effect.

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(8).

3.3.1.2 Effective Date of Changed Circumstance Reappraisal

1. Except as provided in subsections (2) and (3) of this section, the effective date of the reappraisal under section 3.3.1 is the first day of the month following the date of the licensee's notification to the district manager or the district manager's notification to the licensee that a changed circumstance has occurred.

2. Where the changed circumstance is because of amendments to the cutting authority area referred to in subsection 3.3.1 (1)(c), the reappraisal is effective on the first day of the month following the date that the district manager approves the last amendment.

3. Where the changed circumstance is because of sudden and severe damage to the appraised timber 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 of the occurrence of the damage.

3.3.2 Annual Reappraisal of a Road Permit

1. Subject to section 7.3, a road permit must be reappraised effective November 1, 2004 and annually on February 1st of every year thereafter.

2. The stumpage rate determined under subsection (1) of this section will be a fixed stumpage rate until the road permit is reappraised.

3.3.3 Minister's Direction

1. The Minister may direct that a reappraisal be made at any time and that the redetermined stumpage rate will be effective on any future date.

2. The Minister may specify criteria and procedures for an appraisal or reappraisal.

3.3.3.1 Minister's Direction Reappraisal Procedure

1. Where the Minister directs a reappraisal to be made under section 3.3.3, and the district manager requests the licensee to submit an appraisal data submission, the submission shall be submitted to the district manager within forty-five days of the district manager's request.

2. Thereafter the reappraisal procedure shall be the procedure required by section 3.2 (2) through 3.2 (8).

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(d) due to sudden and severe damage, or

   b. a reappraisal is done under section 3.3.3 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.

Woodlots

4. a. The stumpage rate for a cutting authority area issued under a woodlot licence shall be adjusted quarterly unless:

      i) a woodlot licensee chooses in accordance with section 3.5(4)(b) to have a fixed stumpage rate, or

      ii) the cutting authority is a road permit.

   b. A licensee may choose to change the adjusting stumpage rate to a fixed stumpage rate at any time by giving written notice of that choice to the regional appraisal coordinator. This choice is a one time irrevocable option that is not retroactive. Where the licensee gives notice of that choice the stumpage rate will be fixed three weeks after the regional appraisal coordinator receives the notification at the stumpage rate in effect at the time that the stumpage rate is fixed. Except where the cutting authority area is reappraised under section 3.3.1(d) or section 3.3.3, the stumpage rate shall thereafter not change during the term of the cutting authority and all extensions.

   c. Where, on October 1, 2003, a woodlot licence cutting authority had a stumpage rate that is not adjusted quarterly, and except where the cutting authority area is reappraised under section 3.3.1(d) or section 3.3.3, the stumpage rate shall not change during the term of the cutting authority and all extensions.

Average Stumpage Rates by District and Species

5. Where the stumpage rate for a cutting authority has been determined under section 7.1 or section 7.2 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

6. Except where miscellaneous stumpage rates are otherwise specified in a cutting authority the miscellaneous stumpage rates applicable to timber under section 7.6 are the rates that are in effect on the date that the timber is scaled.

3.6 Correctable Errors

1. In this section, a correctable error means:

   a. an error made by a Ministry employee in selecting or transcribing the correct log grade source, or

   b. a stumpage adjustment calculation that has not been made by using a stumpage appraisal parameter in effect on the effective date of the stumpage adjustment.

2. Where a person believes that a correctable error has been made in a stumpage determination, that person shall give written notice of the correctable error as follows:

   a. in the case of an appraisal or a reappraisal, the notice shall be given to the regional manager, and in the case of a quarterly adjustment, the notice shall be given to the director, and

   b. the notice shall identify the stumpage determination, the correctable error, and the cause of the correctable error to the extent reasonably possible.

3. The regional manager or the director, upon receipt of the notice shall determine whether or not a correctable error was made.

4. Where the regional manager or the director determines that a correctable error has not been made, the person who determined the stumpage rate or director shall notify the person who gave the notice of the correctable error.

5. Where the regional manager or the director determines that a correctable error has been made, then:

   a. the regional manager or the director will notify the person who gave the notice of the correctable error,

   b. the regional manager or the director will take reasonable steps to ensure that all licensees who may have been affected by a similar correctable error are informed of the decision, and

   c. (i) where the regional manager determines that a correctable error has been made in an appraisal or a reappraisal the cutting authority area shall be reappraised to correct the error by the person who determined the stumpage rate, using the procedure under subsections 3.2(7) to 3.2 (8), and,

      (ii) the effective date of the reappraisal shall be the first day of the month following the date on which the notice of the correctable error was received by the regional manager.

d. (i) where the director has determined that a correctable error has been made in the calculation of a quarterly stumpage adjustment, the adjustment must be correctly recalculated unless the cutting authority, the appraisal manual or the application and tender for a timber sale licence specifies that the stumpage rate is fixed, and,

(ii) the effective date of the redetermined rate shall be the first day of the month following the date on which the notice of the correctable error was received by the director.

3.7 Redetermination of Stumpage Rate by Agreement

1. Where, within twenty-one days of the date of a Stumpage Advisory Notice, the person to whom the Notice has been sent and an employee of the Ministry of Forest authorized to redetermine a stumpage rate under section 2.1.1 of this manual agree, the stumpage rate set out in the Notice, hereinafter referred to as the original stumpage rate, may be redetermined by the employee, and the redetermined stumpage rate shall be effective on the effective date of the original stumpage rate.

2. The twenty-one day period referred to in subsection (1) of this section may be extended by agreement between the person to whom the Notice has been sent and the employee.