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Ministry of Forests and Range — Minister's Office

MEMORANDUM

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December 1, 2008

To: Larry Peitzsche, Acting Regional Executive Director, Southern Interior Region
Bill Warner, Regional Executive Director, Northern Interior Region

From: The Honourable Pat Bell
Minister of Forests and Range

Re: Amendment No. 4 to the *Interior Appraisal Manual*

I hereby approve Amendment No. 4 to the *Interior Appraisal Manual* and attach a copy for your use. The following sections have been amended:

Section 2.1	Revision to include "sawlog stumpage" rate.
Section 2.3(4)	Section reference added for woodlot cutting authorities appraised under section 6.1.2 and 6.6.
Section 4.1(2)	Revision to include an exception for Chapter 6 or 7.
Section 4.3.1.1.4	New subsection added with an exception for Woodlot road amortization agreements after November 30, 2008.
Section 4.9	Section reference updated.
Section 6.1	Housekeeping references updated.
Section 6.1.1	Chapter text has been revised to put text for Community Forest Agreements in a separate section.
Section 6.1.2	Chapter text has been revised to put new text required for woodlot licensees in a separate section.
Table 6-1a	A new table for community forest agreements and woodlot licences has been added.

This amendment will come into force on December 1, 2008. Further amendments or revisions to this manual require my approval.

P Bell

Pat Bell
Minister

Attachment

pc: Murray Stech, Director, Revenue Branch

Ministry of
Forests
and Range

MANUAL REVISION TRANSMITTAL

FOR FURTHER INFORMATION OR IF YOU HAVE A CHANGE OF ADDRESS, PLEASE CONTACT:	**MANUAL TITLE** Interior Appraisal Manual	
Bob Bull Senior Timber Pricing Forester (Interior) Revenue Branch Ministry of Forests 1st Floor, 1520 Blanshard Street Victoria, BC V8W 3K1 Phone: 250-356-7709 PROFS userid: Bob.Bull@gov.bc.ca FAX: 250-387-8393	**AMENDMENT** Amendment No.4	**ISSUE DATE** December 1, 2008
	MANUAL CO-ORDINATOR Judy Laton Manuals Co-ordinator	
	AUTHORIZATION (Name, Title) Murray Stech Director, Revenue 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	Table of Contents	iii - vi	After Table of Contents Tab
Insert		iii - vi	
Remove	Chapter 2	1 - 2 7 - 8	After Chapter 2 Tab
Insert		1 - 2 7 - 8	
Remove	Chapter 4	1 - 2 9 - 10 47 - 48	After Chapter 4 Tab
Insert		1 - 2 9 - 10 47 - 48	
Remove	Chapter 6	1 - 18	After Chapter 6 Tab
Insert		1 - 20	
Remove	Index	1 - 4	After Index Tab
Insert		1 - 4	
INSERT	Letter from Minister and Transmittal Sheet		After Amendments Tab

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Appraisals, Reappraisals and Stumpage Adjustments 2

2.1 Appraisals

1. Except where the sawlog stumpage rate or an upset stumpage rate is determined in chapters 6 or 7:

   a. 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.

   b. the appraisal is effective on the issue date of the cutting authority.

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

3. The district manager may review the appraisal data submission of the licensee or BCTS, 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 RPF or RFT may not have considered. The licensee or BCTS signing RPF or RFT may consider the district manager's information and may revise the appraisal data submission.

4. 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.

5. The person who determines the stumpage rate may review the appraisal data submission of the licensee or BCTS, 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 RPF or RFT may not have considered. The licensee or BCTS signing RPF or RFT may consider the notification and may revise the appraisal data submission.

6. 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.

7. Regional revenue staff will notify the licensee or BCTS of the stumpage determination.

2.2.3.2 Effective Date of an Insect Damage Reappraisal

1. The effective date of an insect damage reappraisal is the first day of the month following the month in which the District Manager receives the revised appraisal data submission.

2.3 Stumpage Adjustments

1. Unless a cutting authority or a timber sale licence specifies that stumpage rates are fixed for a specified period or for the full term of the cutting authority, stumpage rates are adjusted quarterly on January 1, April 1, July 1, and October 1, of each year, subject to section 6.6.

2. Each quarterly stumpage adjustment will be calculated using stumpage appraisal parameters.

3. The adjusted stumpage rates reflect changes in estimated selling prices and lumber recovery factor update add-ons (as authorized in this manual since the previous adjustment), and the recalculated logging and silviculture costs based on the appropriate trend factors shown in section 4.11. The manufacturing costs used in the adjustment will be those authorized in this manual since the previous adjustment. In addition, the adjustment reflects changes in the Interior Average Market Price and the Interior Base Rate and the Interior Mean Value Index.

4. Woodlot Adjustable Stumpage Rates:

    a. Except as provided in Appendix VI 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 sections 6.1.2, 6.2(1) or 6.6.

    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 2.2.1(1)(d) or under section 2.2.2.

Operating Cost Estimation 4

4.1 Operating Cost Estimates

1. In this chapter:

   a. “development” means road development.

   b. "road" includes a bridge, drainage and any other pertinent structure that is part of the road.

2. Except as provided in chapter 6 or 7 of this manual, the licensee must submit an appraisal data submission that is capable of being used by the employee of the ministry who determines or redetermines the stumpage rate to determine a least total harvesting, development and transportation cost estimate.

3. The harvesting cost estimate must be determined in accordance with this manual for the method of harvesting referred to in this manual which will produce the least total harvesting, development and transportation cost estimate unless that particular method of harvesting is not permitted by the cutting authority.

4. The development cost estimate must be determined in accordance with this manual and must produce the least total harvesting, development and transportation cost estimate.

5. The transportation cost estimate must be determined in accordance with this manual for the method of transportation referred to in this manual to the point of appraisal which will produce the least total harvesting, development and transportation cost estimate unless that particular method of transportation is prohibited by the cutting authority.

6. In the determination of whether or not a particular method of harvesting or transportation is prohibited by the cutting authority, the following shall not be taken into consideration, namely:

   a. any enactment other than this section,

   b. any document other than the cutting authority,

   c. any destination referred to in the cutting authority, and

   d. any other fact.

4.1.1 Point of Appraisal

1. The points of appraisal that may be considered for use in the determination of the operating cost estimate are set out in Table 4-1.

3. Development in appraised timber areas providing access to both appraised and non-appraised timber held by the licensee or a company legally associated with the licensee:

   All costs are prorated between appraised and non-appraised timber. The appraised timber portion is then included in the appraisal.

4.3.1.1.2 Development Cost Estimates on Private Land

1. When a new or reconstructed road or structure on private land is required for Crown timber extraction, the estimated cost of the road or structure will be included in the appraisal of a tributary cutting authority according to the procedures of section 4.3.1.1 and the following:

   a. If development provides access to appraised timber only, the total estimated costs are included in the appraisal.

   b. If development provides access to non-appraised timber only, cost estimates are not included in any appraisal.

   c. If development provides access to both non-appraised and appraised timber, all cost estimates are prorated between non-appraised and appraised timber (section 4.3.1.1) and then the Crown portion is included in the appraisal.

4.3.1.1.3 Existing Roads and Structures

The following are defined as existing roads for the cutting authority being appraised and are not eligible for inclusion in development cost estimates:

1. Costs of constructed roads that have been previously considered in appraisals of Crown timber within another cutting authority.

2. Roads previously constructed and used to haul non-appraised timber (excluding right-of-way).

3. Roads previously constructed all or in part for purposes unrelated to logging the cutting authority area being appraised.

4. Roads previously constructed, repaired or reconstructed on private land before August 1, 1996.

5. Winter roads over muskeg or organic soils that use snow and ice for a driving surface are not considered as existing roads.

6. If the existing road requires reconstruction or replacement after August 1, 1996, the cost estimate is made as described in section 4.3.1. If the existing road is on private land, road and land use charges may be recognized as described in section 4.7.

7. A road on private land that has previously been included in an appraisal because it was required for only short term timber extraction (as per previous policy) shall continue to be included upon reappraisal.

4.3.1.1.4 Extended Road Amortization

1. Except as provided in subsection (3), for new appraisals where the development occurring under the authority of a road permit or cutting permit for roads accessing more than one tributary cutting authority exceeds $4.00 per cubic metre, a written agreement may be made between the licensee and the regional manager, which distributes a portion of the development cost estimate to two or more tributary cutting authorities that are issued under the licence that entitled the licensee to apply for the road permit or cutting permit.

2. The agreement is subject to the following conditions:

    a. Future tributary timber included in the extended road amortization agreement must be either within the woodlot licence or an approved cutting permit or cutblocks shown in the licensee's forest development plan, woodlot licence plan or forest stewardship plan in effect on the appraisal effective date.

    b. The road portion that may be included in the agreement ends at the far boundary of the first cutting authority being appraised.

    c. The agreement must indicate the cost estimate that is being distributed to each existing or future cutting authority in the agreement.

    d. The agreement must be signed by the licensee and the regional manager.

    e. The costs apportioned to each cutting authority under the agreement may be adjusted once, in conjunction with this section, at reappraisal using the same ratio for distributing the costs as in the original agreement provided harvesting has not commenced on any of the cutting authority areas included in the agreement.

    f. Previously apportioned costs are not used to exceed the $4.00/$m^3$ in subsection (1) of this section.

    g. The agreement confers no obligation on the Crown to compensate licensees for any unamortized costs.

3. New extended road amortization agreements for cutting permits issued for a woodlot licence with an effective date after November 30, 2008 will not be approved.

4.9 Basic Silviculture Cost Estimate

1. The basic silviculture cost estimates includes the cost of every treatment that is required to achieve a licensee's free-growing stand obligations.

   a. Except as provided in section 5.6.4 of this manual, a treatment may not be included in basic silviculture cost estimate in the appraisal unless:

      i. the licensee is obligated by law to carry out the treatment,

      ii. the licensee carries out the treatment, and

      iii. the treatment is not funded by the Crown or an agent of the Crown.

2. The area of land where a treatment is to be applied that may be considered in the basic silviculture cost estimate is the net area to be reforested (NAR) for which the licensee has an obligation to establish a free-growing stand. The NAR includes the net merchantable area (NMA) from the cruise.

3. Table 4-9 lists the associated cost estimates ($/ha) for Biogeoclimatic Ecosystem Classification (BEC) zone, subzone, and variant combinations across the interior. Where the subzone/variant combination is not listed in the table, the BEC undifferentiated subzone "un" cost estimate is used.

4. Where a cutting authority area includes more than one BEC/zone/subzone/variant combination, a prorated BEC zone/subzone/variant cost estimate will be determined by prorating the cost estimates from Table 4-9 for the primary and secondary BEC combination identified in the appraisal data submission based on their respective percent by net merchantable area identified in the appraisal data submission. -

5. The cutting authority basic silviculture cost estimate is calculated as follows:

$$\$/m^3 = \frac{\lfloor NMA * Cost * (CAPCUT\% / 100) * 1.25 \rfloor + \lfloor (NAR - NMA) * Cost \rfloor}{NMV}$$

Where:

NMA	=	Net Merchantable area (ha) from the cruise appraisal summary report. This area must be the same area directly attributed to the appraised net merchantable volume for the cutting authority. Where the licence requires harvesting in deciduous stands the NMA includes the area for the deciduous volume.
Cost	=	Prorated BECzone/subzone/variant cost ($/ha) using Table 4-9.
NAR	=	Net area to reforest (ha) within the cutting authority area for which the licensee has free-growing obligations (ha) and has not yet received a basic silviculture cost estimate in any appraisal. For the purpose of this section the NAR can not be less than the NMA.
NMV	=	Net merchantable volume (m^3) for the cutting authority area from the cruise appraisal summary report.
CAPCUT	=	Cutting Authority (CA) partial cut % calculated under section 4.4.2(6). If CAPCUT%>80% CAPCUT% = 80, otherwise: CAPCUT% = (CANMV/CA Gross NMV) * 100

CA Gross NMV(m^3) = ^{v}GS(C) + (^{v}GS(P) / GS(PCUT/100)) + ^{v}OC(C) + (^{v}OC(P) / OC(PCUT/100)) + ^{v}SK(C) + ^{v}Horse(C) + ^{v}Heli(C) + (^{v}Heli(P) / Heli(PCUT/100))

Where:

PCUT	=	Logging method PCUT (%) from section 4.4.2,(6)
CAPCUT	=	Cutting Authority (CA) partial cut percent
v	=	Net merchantable volume (m3) required to be logged by each system
Heli (C)	=	helicopter logging (clear cut)
Heli (P)	=	helicopter logging (partial cut)
Horse(C)	=	horse logging (clear cut)
GS (C)	=	ground skidding (clear cut)
GS (P)	=	ground skidding (partial cut)
OC(C)	=	overhead cable logging (clear cut)
OC(P)	=	overhead cable logging (partial cut)
SK(C)	=	skyline logging (clear cut)

Miscellaneous Policies 6

6.1 Average Stumpage Rates by Forest Zone and Species

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

   i. North Central Zone - Fort St. James, Mackenzie, Nadina, Prince George, Quesnel and Vanderhoof Forest Districts.

   ii. North East Zone - Fort Nelson and Peace Forest Districts.

   iii. North West Zone - Kalum and Skeena Stikine Forest Districts.

   iv. South East Zone - Arrow Boundary, Columbia, Headwaters, Kamloops, Kootenay Lake, Okanagan Shuswap and Rocky Mountain Forest Districts.

   v. South West Zone - 100 Mile House, Cascades, Central Cariboo and Chilcotin Forest Districts.

   b. Where a species of coniferous timber is not listed in Table 6-1, 6-1a, 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 6-1 Coniferous Average Sawlog Stumpage in $/m^3 by Forest Zone and Species

FOREST ZONE	BALSAM	CEDAR	FIR	HEMLOCK	LARCH	L. PINE	SPRUCE	Y. PINE	OTHER
North Central	13.91	-	12.03	13.82	-	12.73	14.01	-	13.13
North East	2.70	-	-	-	-	5.27	6.18	-	5.59
North West	3.84	3.44	-	3.82	-	3.43	4.80	-	3.82
South East	15.39	22.36	14.92	15.54	13.15	14.33	15.70	1.94	15.20
South West	12.98	9.03	12.38	9.87	16.09	11.17	13.04	12.09	11.75

6.1.1 Community Forest Agreements

1. The sawlog stumpage rate for each species of coniferous timber harvested under any cutting authority issued under a Community Forest Agreement is the rate prescribed in Table 6-1a for the forest zone in which the cutting authority area is located.

2. Sections 1.4(d), sections 6.1.2 through 6.5 and section 6.7 of this chapter do not apply to Community Forest Agreement cutting authorities.

3. The stumpage rate determined under this section is redetermined on August 1 of each year in accordance with this section.

4. Notwithstanding any other subsection of this section the stumpage rate determined under this section must not be less than the prescribed minimum stumpage rate.

6.1.2 Woodlot Licences

1. Except as provided in subsection (2) of this section, the sawlog stumpage rate for each species of coniferous timber harvested under a cutting permit issued for a woodlot licence with an effective date after November 30, 2008 is the rate prescribed in Table 6-1a for the forest zone in which the cutting authority area is located.

2. Where a woodlot licence cutting permit has been issued with an effective date after November 30, 2008 for the purpose of using amounts from an eligible extended road amortization agreement in an appraisal, then the stumpage rate will be determined using the procedures in this manual excluding this section.

3. Except as provided in subsection (4) of this section, the sawlog stumpage rate for coniferous timber harvested under a road permit issued for a woodlot licence with an effective date after November 30, 2008 is the rate prescribed in Table 6-1a for the forest zone in which the timber mark applies.

4. Where a woodlot has an eligible extended road amortization agreement before December 1, 2008 the sawlog stumpage rate for a road permit with an effective date on or after December 1, 2008 is calculated using the procedures in section 6.3.

5. The sawlog stumpage rate for each species of coniferous timber harvested under a blanket salvage permit issued for a woodlot licence is the rate prescribed in Table 6-1a for the forest zone in which the blanket salvage permit applies.

6. The stumpage rate determined under subsections (1), (3) and (5) of this section is redetermined on August 1, each year in accordance with this section.

7. Except as provided in subsections (2) and (4) of this section, sections 1.4(d), 6.1.1, 6.1.3 through 6.5 and 6.7 do not apply to woodlot licences.

8. Notwithstanding any other subsections of this section the stumpage rate determined under this section must not be less than the prescribed minimum stumpage rate.

Table 6-1a Community Forest Agreements and Woodlot Licences: Coniferous Average Sawlog Stumpage Rates in $/m^3

FOREST ZONE	BALSAM	CEDAR	FIR	HEMLOCK	LARCH	L. PINE	SPRUCE	Y. PINE	OTHER
North Central	2.09	-	1.80	2.07	-	1.91	2.10	-	1.97
North East	0.41	-	-	-	-	0.79	0.93	-	0.84
North West	0.58	0.52	-	0.57	-	0.51	0.72	-	0.57
South East	2.31	3.35	2.24	2.33	1.97	2.15	2.36	0.29	2.28
South West	1.95	1.35	1.86	1.48	2.41	1.68	1.96	1.81	1.76

6.1.3 Incidental Conifer in Deciduous Leading Stands

1. Except as provided in section 7.5.1(5), this section applies to coniferous timber in a cutting authority area where the total volume of all deciduous species to be harvested is greater than 70 percent of the total net cruise volume to be harvested.

2. The stumpage rate for each species of coniferous timber must be determined by using the stumpage rate prescribed in Table 6-1 for the forest zone in which the cutting authority area is located.

3. A stumpage rate determined under subsection 2 shall be redetermined on August 1, of each year in accordance with this section.

6.2 Cutting Authorities With 5 000 m^3 or Less Volume

1. Where the total coniferous volume to be harvested in a cutting authority area is 2 000 m^3 or less, and where the agreement under which the cutting authority authorizing harvesting on the cutting authority area has been issued has a coniferous allowable annual cut of not more than 3 000 cubic metres, or no coniferous annual allowable cut:

    a. The stumpage rate for each species of coniferous timber in the cutting authority area must be determined using the stumpage rate in Table 6-1 for the forest zone in which the cutting authority area is located, except that,

    b. Where the agreement holder is not required to establish a free growing crop of trees on the cutting authority area, the stumpage rate for each species of timber shall be

        i. the sum of the rate determined under paragraph (a) of this subsection and the basic silviculture cost for the species in the forest region, or

        ii. where the Crown has the responsibility for silviculture, the silviculture levy determined under section 5.6.4.

2. Except as provided in subsection 3 of this section, where the total coniferous volume to be harvested on a cutting authority area is 5 000 m^3 or less, and the cutting authority authorizing harvesting on the cutting authority area is a competitively awarded forestry licence to cut, other than a BCTS licence:

    a. Subject to section 5.6.2 and paragraph (d) of this subsection, the upset stumpage rate for each species of coniferous timber in the cutting authority area will be 70 % of the stumpage rate for that species in Table 6-1 for the forest zone in which the cutting authority area is located, except that,

    b. Where applications for a forestry licence to cut have been invited with upset stumpage rates determined under this subsection and no applications have been received, the upset stumpage rate for each species of coniferous timber shall be the rate requested by the district manager and approved by the regional manager.

    c. Where the regional manager does not anticipate that applications for a forestry licence to cut will be received due to market conditions or timber profile, the upset stumpage rate for each species of coniferous timber shall be the rate requested by the district manager and approved by the regional manager.

    d. Where the Crown is responsible for basic silviculture on the cutting authority area, the upset stumpage rate for each species of coniferous timber in the cutting authority area will be the sum of the stumpage rate determined under paragraphs (a), (b) or (c) of this subsection and the basic silviculture levy determined under section 5.6.4.

3. Each upset stumpage rate determined under subsection (2) of this section shall not be less than the district's variable cost per cubic meter to prepare the timber for sale calculated by the district manager.

4. Except as provided in section 2.2.2, where the upset stumpage rate is determined under subsections 1 and 2 of this section, the total stumpage rate is fixed for the term of the cutting authority and all extensions.

5. a. Notwithstanding subsections (1) or (2) of this section, where the total coniferous volume to be harvested on a cutting authority area is 5 000 m^3 or less, the stumpage rate may be determined:

   i. for a cutting authority other than a BCTS licence by an appraisal in accordance with chapters 2, 3, 4, 5, and

   ii. for a BCTS licence by an appraisal in accordance with chapter 7.

   b. Where the stumpage rate is determined in accordance with this subsection:

   i. the cruise data that is used in the appraisal may be from the cruise of the cutting authority area or from the cruise of a comparable cutting authority that has similar stand and terrain characteristics,

   ii. the district manager may require the selection of a comparable cutting authority to be in accordance with procedures set out in section 2.1.2.2 of the *Cruising Manual*, and

   iii. except as provided in sections 2.3(4) and 7.2.1(2) the total stumpage rate is adjustable for the term of the cutting authority and all extensions.

6.2.1 Forestry Licences to Cut for Specific Purposes (No Volume Limit)

1. a. Where the cutting authority is a forestry licence to cut awarded to the highest bidder, other than a BCTS licence and it has been issued:

   i. For the purpose of protecting a community from wildfire as prescribed under section 1 of the *Forestry Licence to Cut Regulation*, or

   ii. For the purpose of removing damaged timber from immature stands or plantations where:

   aa. seventy percent of the timber on the cutting authority area is Pine that has been damaged by mountain pine beetle, and

   bb. at the time of death, the age of the damaged timber was not more than 50 years,

Then, the upset stumpage rate shall be the rate approved by the Regional Manager.

b. Where the invitation for applications for a forestry licence to cut awarded to the highest bidder referred to in paragraph (a) of this subsection requires a bonus offer, and the amount of stumpage payable will be based on a cruise instead of a scale of the timber under section 106 of the *Act*, the upset stumpage rate shall be the rate approved by the Regional Manager.

c. Where the cutting authority is a forestry licence to cut issued for the purpose referred to in paragraph (a)(ii) of this subsection and it is awarded directly to the holder of a Ministry site preparation or site rehabilitation contract that was awarded to the lowest eligible bidder, the stumpage rate for all timber harvested on the cutting authority area will be $\$1.20/m^3$.

d. The upset stumpage rate for a licence to cut awarded to the highest bidder for the utilization of post harvest material where a waste assessment has been made and the material will be chipped or ground at the roadside or the landing, shall be $\$0.25/m^3$.

2. An upset stumpage rate determined under this section must be calculated using the *Interior Appraisal Manual* in effect on the date that the rate is determined.

3. An upset stumpage rate determined under paragraphs (1)(a) or (1)(b) of this section shall not be less than the district's variable cost to prepare the timber for sale.

4. Except as provided in section 2.2.2, where the stumpage rate is determined under this section, the total stumpage rate shall be fixed for the term of the cutting authority and all extensions.

6.3 Road Permits

1. In this section the area of a forest district or the area of a timber supply area does not include the area of a park located within that district or timber supply area.

2. Except as provided in subsections (3) and (7) of this section, the stumpage rate for a road permit shall be the weighted average sawlog stumpage rate for:

   a. all cutting authorities, authorizing harvesting on cutting authority areas that have been fully appraised, that authorize the harvesting of timber in the same forest district in which the road permit cutting authority area is located, and that are issued under the licence that entitles the licensee to apply for the road permit, or

   b. if the licence permitting the granting of the road permit has an allowable annual cut of 3 000 m^3 or more per year, and there are no records from which the weighted average sawlog stumpage rate may be determined under:

      i. paragraph (a), then, except as provided under subsection (6) of this section, all the cutting authorities, authorizing harvesting on cutting authority areas that have been fully appraised, that authorize the harvesting of timber on land located in the smaller of the area of the same forest district or the area of the same timber supply area in which the road permit cutting authority area is located, or

      ii. paragraphs (a) or (b)(i), then, except as provided under subsection (6) of this section, all cutting authorities, authorizing harvesting on cutting authority areas that have been fully appraised, that authorize the harvesting of timber on land located in the larger of the area of the same forest district or the area of the same timber supply area in which the road permit cutting authority area is located, or

   c. if the licence permitting the granting of the road permit has an allowable annual cut of less than 3 000 m^3 per year, and there are no records from which the weighted average sawlog stumpage rate may be determined under:

      i. paragraph (a), then, except as provided under subsection (6) of this section, all cutting authorities authorizing harvesting on cutting authority areas that have been fully appraised, that are for licences that have an allowable annual cut of less than 3 000 m^3 in the smaller of the area of the same forest district or the area of the same timber supply area in which the road permit cutting authority area is located, or

      ii. paragraphs (a) or (c)(i), then, except as provided under subsection (6) of this section, all cutting authorities, authorizing harvesting on cutting authority areas that have been fully appraised, that are for licences that have an allowable annual cut of less than 3 000 m^3 in the larger of the area of the same forest district or the area of the same timber supply area in which the road permit cutting authority area is located, or

iii. paragraphs (a), (c)(i) or (c)(ii) then, except as provided under subsection (6) of this section, all cutting authorities, authorizing harvesting on cutting authority areas that have been fully appraised that authorize the harvesting of timber on land located in the smaller of the area of the same forest district or the area of the same timber supply area in which the road permit cutting authority area is located, or

iv. paragraphs (a), (c)(i), (c)(ii), or (c)(iii) then, except as provided under subsection (6) of this section, all cutting authorities, authorizing harvesting on cutting authority areas that have been fully appraised that authorize the harvesting of timber on land located in the larger of the area of the same forest district or the area of the same timber supply area in which the road permit cutting authority area is located.

3. If there are no records from which the weighted average sawlog stumpage rate may be determined under paragraphs (a), (b) or (c) of subsection (2) of this section, then the stumpage rate, for each species of coniferous timber, is the rate in Table 6-1 for the forest zone in which the road permit cutting authority area is located.

4. a. In paragraph (a) of subsection (2) of this section, the weighted average sawlog stumpage rate that is in effect for the period between June 1 of one year in this subsection hereinafter referred to as the first year, and May 31 of the following year is determined as follows:

$$\$/m^3 = \frac{\text{(sum of Grade 1 value billed) + (sum of Grade 2 value billed)}}{\text{(sum of Grade 1 volume billed) + (sum of Grade 2 volume billed)}}$$

b. Subject to subsection (10) of this section, volumes and values in the formula above are taken from the history billing records for coniferous sawlogs during the 12-month billing period ending on March 31 in the first year, if the volume of those coniferous sawlogs is greater than 500 cubic metres.

5. a. In paragraphs (b) and (c) of subsection (2) of this section, the weighted average sawlog stumpage rate that is in effect for the period between June 1 of one year hereinafter referred in this section to as the first year, and May 31 of the following year is determined as follows:

$$\$/m^3 = \frac{\text{(sum of Grade 1 value billed) + (sum of Grade 2 value billed)}}{\text{(sum of Grade 1 volume billed) + (sum of Grade 2 volume billed)}}$$

b. Subject to subsection (10) of this section, volumes and values in the formula above are taken from the history billing records for coniferous sawlogs during the 12-month billing period ending on March 31 in the first year, if the volume of those coniferous sawlogs is greater than 500 cubic metres.

6. A fully appraised cutting authority issued under a woodlot licence that has a non-adjusting stumpage rate at any time during the twelve-month billing period ending on March 31 in the first year may not be used to determine a stumpage rate under

paragraphs (b) and (c) of subsection (2) of this section for the period between June 1 of the first year and May 31 of the following year.

7. 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.

8. Except as provided in Appendix VI, the stumpage rate for a road permit shall be redetermined on June 1 of each year in accordance with the procedure in this section.

9. 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 licensees' first fully appraised tributary cutting authority. These roads will not be considered as existing roads under section 4.3.1.1.3(2).

10. No information from a billing history record may be used in the determination of a weighted average sawlog stumpage rate under this section if the information on the record is in a horizontal line of information that contains a negative number.

6.3.1 Blanket Salvage Cutting Permits

1. In this section the area of a forest district or the area of a timber supply area does not include the area of a park located within that district or timber supply area.

2. Except as provided in subsection (3) or subsection (5) of this section the stumpage rate for a blanket salvage cutting permit shall be the weighted average sawlog stumpage rate for:

   a. all cutting authorities authorizing harvesting on cutting authority areas that have been fully appraised, that authorize the harvesting of timber in the same forest district as is the land in which the blanket salvage permit cutting authority area is located, and that have been issued under the same licence, or

   b. if the licence permitting the granting of the blanket salvage permit has an allowable annual cut of 3 000 m^3 or more per year, and there are no records from which the weighted average sawlog stumpage rate may be determined under:

      i. paragraph (a), then, except as provided under subsection (5) of this section, all cutting authorities, authorizing harvesting on cutting authority areas that have been fully appraised, that authorize the harvesting of timber on land located in the smaller of the area of the same forest district or the area of the same timber supply area in which the blanket salvage permit cutting authority area is located, or

      ii. paragraphs (a) or (b)(i), then, except as provided under subsection (6) of this section, all cutting authorities, authorizing harvesting on cutting authority areas that have been fully appraised, that authorize the harvesting of timber on land located in the larger of the area of the same forest district

or the area of the same timber supply area in which the blanket salvage permit cutting authority area is located, or

c. if the licence permitting the granting of the blanket salvage permit has an allowable annual cut of less than 3 000 m^3 per year, and there are no records from which the weighted average sawlog stumpage rate may be determined under:

i. paragraph (a), then, except as provided under subsection (5) of this section, all cutting authorities, authorizing harvesting on cutting authority areas that have been fully appraised, that are for licences that have an allowable annual cut of less than 3 000 m^3 in the smaller of the area of the same forest district or the area of the same timber supply area in which the blanket salvage permit cutting authority area is located, or

ii. paragraphs (a) or (c)(i), then, except as provided under subsection (5) of this section, all cutting authorities, authorizing harvesting on cutting authority areas that have been fully appraised, that are for licences that have an allowable annual cut of less than 3 000 m^3 in the larger of the area of the same forest district or the area of the same timber supply area in which the blanket salvage permit cutting authority area is located, or

iii. paragraphs (a), (c)(i) or (c)(ii) then, except as provided under subsection (5) of this section, all cutting authorities, authorizing harvesting on cutting authority areas that have been fully appraised, that authorize the harvesting of timber on land located in the smaller of the area of the same forest district or the area of the same timber supply area in which the blanket salvage permit cutting authority area is located, or

iv. paragraphs (a), (c)(i), (c)(ii) or (c)(iii) then, except as provided under subsection (5) of this section, all cutting authorities, authorizing harvesting on cutting authority areas that have been fully appraised, that authorize the harvesting of timber on land located in the larger of the area of the same forest district or the area of the same timber supply area in which the blanket salvage permit cutting authority area is located.

3. If there are no records from which the weighted average sawlog stumpage rate may be determined under paragraphs (a), (b) or (c) of subsection (2), then the stumpage rate for each species of coniferous timber must be the determined, using Table 6-1 for the forest zone in which the blanket salvage cutting authority area is located.

4. a. In paragraph (a) of subsection (2) of this section, the weighted average sawlog stumpage rate that is in effect for the period between August 1 of one year hereinafter referred in this section to as the first year, and July 31 of the following year is determined as follows:

$$\$/m^3 = \frac{\text{(sum of Grade 1 value billed) + (sum of Grade 2 value billed)}}{\text{(sum of Grade 1 volume billed) + (sum of Grade 2 volume billed)}}$$

b. Subject to subsection (8) of this section volumes and values in the formula above are taken from the billing history records for coniferous sawlogs during the 12-month billing period ending on March 31 in the first year, if the volume of those coniferous sawlogs is greater than 500 cubic metres.

5. A fully appraised cutting authority issued under a woodlot licence that has a non-adjusting stumpage rate at any time during the twelve-month billing period ending on March 31 in the first year may not be used to determine a stumpage rate under paragraphs (b) and (c) of subsection (2) of this section for the period between August 1 of the first year and July 31 of the following year.

6. a. In paragraphs (b) and (c) of subsection (2) of this section, the weighted average sawlog stumpage rate that is in effect for the period between August 1 of one year in this subsection hereinafter referred to as the first year, and July 31 of the following year is determined as follows:

$$\$/m^3 = \frac{\text{(sum of Grade 1 value billed) + (sum of Grade 2 value billed)}}{\text{(sum of Grade 1 volume billed) + (sum of Grade 2 volume billed)}}$$

b. Subject to subsection (8) of this section, volumes and values in the formula above are taken from the billing history records for coniferous sawlogs during the 12-month billing period ending on March 31 in the first year, if the volume of those coniferous sawlogs is greater than 500 cubic metres.

7. Except as provided in Appendix VI, 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.

8. No information from a billing history record may be used in the determination of a weighted average sawlog stumpage rate under this section if the information on the record is in a horizontal line of information that contains a negative number.

6.4 Salvage Timber Stumpage Rates

1. This section applies to cutting authorities issued under licences which do not have an allowable annual cut. 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 5 hectares.

   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 5 hectares.

   e. Salvage logging stumpage rates may only be determined for a cutting authority where more than one-third of the volume of coniferous timber to be harvested 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. Except as provided in section 2.2.2, a stumpage rate determined under this section is fixed for the term of the cutting authority and all extensions.

5. Where salvaged timber is damaged timber,

   a. 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.

   b. effective April 1, 2007, where the licensee is not required to establish a free growing crop of trees on the cutting authority area, the stumpage rate for each species of timber shall be the sum of rate determined under paragraph (a) of this subsection and the silviculture levy determined under section 5.6.4.

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.

Table 6-2 Coniferous Average Sawlog Stumpage Rates for Salvage of Damaged Timber by Forest Zone and Species in $/m^3

FOREST ZONE	BALSAM	CEDAR	FIR	HEMLOCK	LARCH	L. PINE	SPRUCE	Y. PINE	OTHER
North Central	8.35	-	10.83	8.29	-	9.55	12.61	-	7.88
North East	1.62	-	-	-	-	3.95	5.57	-	3.35
North West	2.30	3.09	-	2.29	-	2.57	4.32	-	2.29
South East	9.23	20.12	13.43	9.32	11.84	10.74	14.13	1.46	9.12
South West	7.79	8.13	11.14	5.92	14.48	8.37	11.74	9.07	7.05

Table 6-3 Coniferous Average Sawlog Stumpage Rates for Salvage of Post Harvest Material by Forest Zone and Species in $/m^3

FOREST ZONE	BALSAM	CEDAR	FIR	HEMLOCK	LARCH	L. PINE	SPRUCE	Y. PINE	OTHER
North Central	3.48	-	6.02	3.45	-	6.37	7.00	-	3.28
North East	0.68	-	-	-	-	2.63	3.09	-	1.40
North West	0.96	2.75	-	0.95	-	1.71	2.40	-	0.96
South East	3.85	17.89	7.46	3.89	6.58	7.16	7.85	0.97	3.80
South West	3.24	7.22	6.19	2.47	8.04	5.58	6.52	6.05	2.94

6.5 Decked and Partially Harvested Timber

1. When decked timber only is advertised for sale to the highest bidder, the upset stumpage rate for the timber shall be the total of the silviculture levy determined under section 5.6.4 and:

    a. The prescribed minimum stumpage rate if the timber has been decked for over three years, or

    b. Seventy percent of the stumpage rate from Table 6-2 for the applicable species and forest zone if the timber has been decked for three years or less.

2. When decked timber only is sold directly without the use of the competitive bidding process, the stumpage rate for the timber shall be the total of the silviculture levy determined under section 5.6.4 and:

    a. The district's variable cost to prepare the timber for sale if the timber has been decked for over three years, or

    b. The stumpage rate from Table 6-2 for the applicable species and forest zone if the timber has been decked for three years or less.

3. When partially harvested timber only is advertised for sale to the highest bidder the upset stumpage rate for the timber shall be the total of the silviculture levy determined under section 5.6.4 and:

    a. The prescribed minimum stumpage rate, if three years or more have passed since the timber was felled, or

    b. Seventy percent of the stumpage rate for the applicable species and forest zone from Table 6-3 if less than three years have passed since the timber was felled.

4. When partially harvested timber only is sold directly without the use of the competitive bidding process, the stumpage rate for the timber shall be the total of the silviculture levy determined under section 5.6.4 and:

    a. The district's variable cost to prepare the timber for sale if three years or more have past since the timber was felled, or

    b. The stumpage rate from Table 6-3 for the applicable species and forest zone if less than three years have passed since the timber was felled.

5. a. Where applications for decked timber or partially harvested timber being sold to the highest bidder have been invited with an upset stumpage rate determined under subsections 1(b), 3(b) and 6(a) of this section and no applications have been received, the upset stumpage rate shall be the rate approved by the Regional Manager.

b. Where the Regional Manager does not anticipate that applications will be received for decked timber or partially harvested timber being sold to the highest bidder due to market conditions or timber profile, the upset stumpage rate determined under subsections 1(b), 3(b) and 6(a) of this section shall be the rate approved by the Regional Manager.

c. An upset stumpage rate determined under paragraphs (a) or (b) of this subsection shall not be less than the District's variable cost to prepare the timber for sale.

6. a. Where applications for a forestry licence to cut that applies to both decked timber and partially harvested timber have been invited, the upset stumpage rate shall be the total of the rate determined using the procedures in subsections (1) of this section, as if the timber was all decked timber and the silviculture levy determined under section 5.6.4.

b. Where a forestry licence to cut that applies to both decked timber and partially harvested timber is entered into directly without the use of the competitive bidding process the stumpage rate shall be the total of the rate determined using the procedure in subsection 2 of this section as if the timber was all decked timber and the silviculture levy determined under section 5.6.4.

7. Where the upset stumpage rate or the stumpage rate has been determined using this section the total stumpage rate shall be fixed for the term of the cutting authority and all extensions.

8. An upset stumpage rate calculated under this section must be calculated using the *Interior Appraisal Manual* in effect on the date that the rate is determined (appraisal effective date).

9. Not withstanding any other paragraph of this section the stumpage rate shall not be less than the minimum stumpage rate.

6.6 Miscellaneous Stumpage Rates

1. The stumpage rates, at the time of scale for timber harvested for the purposes described, in the districts listed, in the forest district specific section of Table 6-4 are as prescribed in that table.

Table 6-4 Miscellaneous Stumpage Rates

All Interior Forest Regions

Species	Code	Product	Reserve Stumpage Rate
All Species	SB	Shake & Shingle Bolts, Blocks and Blanks.	$5.30/m^3
All Species	SK	Shakes	$6.00/m^3
Cedar	PR	Posts & Rails (Split and Round)	$3.00/m^3
All other Species	PR	Posts & Rails (Split and Round)	$1.20/m^3
All Species	MT	Mining Timbers	$3.00/m^3
All Species	FW	Firewood	$0.50/m^3
Yew		All	$0.25/m^3
All Species		All post harvest material where a waste assessment has been made and the material will be chipped or ground at the roadside or the landing	$0.25/m^3
All Species		Grades 4 and 6, except where the upset stumpage rate is determined under section 6.2.1(1)(b),(c) and 7.5.1(7)	$0.25/m^3
Deciduous Species		All, except grades 4 and 6 and except where the upset stumpage rate is calculated under section 6.2.1(1)(b),(c) and 7.5.1(7)	$0.50/m^3
All Species		Stakes & Sticks.	$1.20/m^3
All Species	XM	Christmas Tree: under 3m 3-5 m over 5 m	$0.20/each $1.00/each $1.50/each
All Species		Logs salvaged below the high water levels of Reservoir Lakes and the Slocan, Kootenay, Mineral, Babine and Ootsa Lakes	$0.25/m^3
All Species		Marine Beachcomb	$0.70/m^3
All Species		Trees classified as "Dead Potential" on Cruise-based cutting authorities (except where the MPS upset stumpage rate is calculated under Section 7.5.1(7))	$0.25/m^3
All Coniferous		For logs harvested from the Alex Fraser (UBC), Aleza Lake (UBC and UNBC) and Fort St. James (UNBC) Research Forests	$0.25/m^3
All Species		Firmwood Reject	NIL

Forest District Specific

Description of Activity	Forest District	Reserve Stumpage Rate
New Crown land area disturbed for mining exploration trails, seismic lines[1], gas or oil well sites and right-of-way to well sites. [2]	Rocky Mountain Peace Ft. Nelson Mackenzie	$2,771/ha $1,284/ha $773/ha $1,404/ha

[1] The corresponding district reserve stumpage rate from the above table is adjusted according to the category of line clearing as follows:

Category 1 - no adjustment
Category 2 - 1/2 of the reserve stumpage rate
Category 3 - 1/3 of the reserve stumpage rate

The gross area for each category reported as new line on either; the Oil and Gas Commission's Geophysical Final Plan cover sheet or an As Cleared Plan is multiplied by the reserve stumpage rate as adjusted above (refer to Appendix V for category definitions).

[2] For pipe line rights-of-way a stumpage rate must be determined by using the above rates for cutting authorities containing 2 000 m^3 or less, of merchantable coniferous volume. For pipe line rights-of-way cutting authorities greater than 2 000 m^3 see section 6.7.

6.6.1 Miscellaneous Stumpage Rates for Timber Licences

Timber licence cutting authority areas that have not been appraised and have a cutting authority term that began before May 1, 1995, must be appraised effective April 1, 2003.

6.7 Linear Tenures

1. For this section:

   "Linear tenures" means a licence to cut issued for:

   - A right-of-way to a mine site, or
   - A pipeline right-of-way where the volume of timber on the cutting authority area is greater than 2 000 cubic metres, or
   - A pipeline right-of-way where the volume is 2 000 m3 or less in a district other than Fort Nelson, Peace, Mackenzie, or Rocky Mountain, or
   - A hydro transmission line,
   - A highway right-of-way for a road administered by the *Ministry of Transportation*, or
   - A fence line or protection of a fence line on Crown range administered by the ministry under the *Range Act*.

   "Licensee" means the licensee who has been issued a linear tenure.

   "Weighted average sawlog stumpage rate" means the weighted average sawlog stumpage rate determined in accordance with section 6.3(4).

2. The stumpage rate for a linear tenure shall be:

   a. The weighted average sawlog stumpage rate for all cutting authorities in the smaller of the same forest district, timber supply area or region in which the entire cutting authority area for the linear tenure is located, or

   b. If a weighted average sawlog stumpage rate is not available for the area in paragraph (a) above, then the weighted average sawlog stumpage rate for the next largest area.

3. The cost of roads constructed on the cutting authority area for a linear tenure are only eligible for inclusion as part of the development cost estimate in the licensee's first fully appraised tributary cutting authority area if those cost were not used in a full appraisal under paragraph (4) of this section.

4. Notwithstanding any other paragraph in this section the stumpage rate for a linear tenure may be determined through a full appraisal using the best information available to the person who determines the stumpage rate.

5. A stumpage rate determined under this section shall be fixed for the term of the linear tenure and all extensions.

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