



File: 280-30
Ref: 117605

DEC 1 2008

Cliff Manning, President
Federation of British Columbia Woodlot Associations
PO Box 5
Vanderhoof, British Columbia
V0J 3A0

Dear Mr. Manning:

The purpose of this letter is to itemize the transition provisions arising out of the upcoming change over to tabular stumpage rates for woodlot cutting authorities. What follows is a summary of the changes to the pricing of Crown timber for woodlot licences in British Columbia.

1. Except as provided in paragraph's 4 and 5 of this letter, the coniferous sawlog stumpage rates for all new cutting authorities with an effective date on or after December 1, 2008, (including blanket salvage or road permits) will be based on the same table of average sawlog stumpage rates by species and zone as applies to community forest agreements. Copies of the applicable Coast and Interior tables are attached.
2. All cutting permits with an effective date prior to December 1, 2008, (except blanket salvage permits) will continue on the Market Pricing System (MPS) until completion, expiry, or surrender in accordance with the relevant policies and procedures.
3. All blanket salvage permits with an effective date prior to December 1, 2008, shall be re-determined with an effective date of December 1, 2008 using the tabular approach in the applicable appraisal manual.
4. a. Except as provided in paragraph 4 (b), the stumpage rate for road permits with an effective date prior to December 1, 2008, shall be re-determined with an effective date of March 1, 2009 for the Coast or June 1, 2009 for the Interior using the tabular approach in the applicable appraisal manual.


Page 1 of 3

- b. Where the licensee has an extended road amortization agreement (ERA) described in paragraph 5(a), the methodology for calculating the stumpage rate for a road permit for that woodlot shall be the MPS methodology until the ERA amounts have been used in an appraisal. The stumpage rate for the road permit will then be re-determined using the tabular approach in the applicable appraisal manual.
5.
 - a. Woodlot licenses that have an existing cutting permit with an ERA in place before December 1, 2008 or where the ministry has received a new ERA that will qualify for approval under an existing cutting permit with an effective date before December 1, 2008, these cutting permits will remain on the MPS methodology until the existing ERA amounts have been used in an appraisal, the permit expires, or the permit is surrendered in accordance with the relevant policies and procedures.
 - b. New cutting permits may be issued if necessary to use the amounts in an ERA referred to in paragraph 5(a) in an appraisal. These cutting permits will be appraised under the MPS. No additional costs will be added to the ERA's referred to in 5(a).
 - c. New ERA's for cutting permits with an effective date after November 30, 2008 will not be approved.
 6. The current table update process for the average sawlog stumpage rate tables in the *Interior Appraisal Manual* means twice annually on May 1st and November 1st. The average sawlog stumpage rate table in the *Coast Appraisal Manual* is updated annually on March 1. No changes are contemplated to the construct of the sawlog stumpage rate tables in the appraisal manuals at this time. Any changes will be vetted through the ministry's consultative process with the applicable appraisal advisory committees.
 7. Woodlot tabular sawlog stumpage rates for woodlot cutting authorities will be re-determined annually on the same date as for community forest agreements in the applicable appraisal manuals. Currently this is August 1st for the Interior and March 1st for the Coast. Tabular stumpage rates cannot be locked in for the term of the cutting authority.

I would like to take this opportunity to thank you and your organization for working with my ministry to bring this change in policy to a successful conclusion. I expect that these changes will greatly streamline business for both woodlot operators as well as the ministry.

If you have any questions, please contact Jim Langridge, Director, Resource Tenures and Engineering Branch at Jim.Langridge@gov.bc.ca or Murray Stech, Director, Revenue Branch, Ministry of Forests and Range at Murray.Stech@gov.bc.ca .

Sincerely,



Pat Bell
Minister

Attachment

Cliff Manning, President

pc: Doug Konkin, Deputy Minister
Bob Friesen, Assistant Deputy Minister, Tenure and Revenue Division
Peter Fuglem, Executive Director, Operations Division
Murray Stech, Director, Revenue Branch
Jim Langridge, Director, Resource Tenures and Engineering Branch
Jim Gowriluk, Regional Executive Director, Coast Forest Region
Bill Warner, Regional Executive Director, Northern Interior Forest Region
Larry Peitzsche, Acting Regional Executive Director, Southern Interior Forest Region
Brian McNaughton, General Manager, Federation of British Columbia Woodlot Associations

Interior Appraisal Manual

Table 6-1a – Average Sawlog Stumpage rates by Forest Zone and Species (\$/m3)¹ for Woodlots and Community Forest Agreements.

Forest Zone	BA	CE	FI	HE	LA	LO	YE	SP	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	0.29	2.36	2.28
South West	1.95	1.35	1.86	1.48	2.41	1.68	1.81	1.96	1.76

¹effective November 1, 2008.

Coast Appraisal Manual (effective March 1, 2008) section 7.2(1)(a)

Species	Zone	
	Northern Coast	Southern Coast
Balsam	3.60	4.19
Hemlock	2.75	3.73
Cedar	3.76	7.55
Cypress	3.17	5.74
Fir	3.04	4.30
Spruce	2.82	2.79
All Pine	2.62	3.65