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To: Interior Regional Managers

From: The Honourable Steve Thomson, Minister of Forests, Lands and Natural Resource Operations

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 5.1.1(2) – Upset Stumpage Rates (Upset)** – typo “BCTS” removed; and

**Section 6.3 – Road and Blanket Salvage Permits** – an exception has been added for a BCTS road permit.

This amendment will come into force on December 1, 2011. Further amendments or revisions to this manual require my approval.

Steve Thomson  
Minister

pc: Murray Stech, Director, Timber Pricing Branch





Ministry of  
Forests, Lands and  
Natural Resource Operations



## MANUAL REVISION TRANSMITTAL

FOR FURTHER INFORMATION OR IF YOU HAVE A CHANGE OF ADDRESS, PLEASE CONTACT:		<b>MANUAL TITLE</b>	
Bob Bull Senior Timber Pricing Forester (Interior) Timber Pricing Branch Ministry of Forests, Lands and Natural Resource Operations 1 <sup>st</sup> Floor, 1520 Blanshard Street Victoria, BC V8W 3K1 Phone: 250 – 356-7709 Email: Bob.Bull@gov.bc.ca FAX: 250 - 387-8393		Interior Appraisal Manual	
		<b>AMENDMENT</b>	<b>ISSUE DATE</b>
		Amendment No. 4	December 1, 2011
		<b>MANUAL CO-ORDINATOR</b>	
		Judy Laton Publications/Administrative Co-ordinator	
		<b>AUTHORIZATION (Name, Title)</b>	
		Murray Stech Director, Timber Pricing Branch	

Please make the following changes to your copy of the above Ministry manual.

ACTION (Remove/Insert)	(VOL.) CHAPTER-SECTION-SUBJECT	PAGE(S)	COMMENTS
	TABLE OF CONTENTS		
Remove	Chapter 5	1 - 2	After Chapter 5 Tab
Insert		1 - 2	
Remove	Chapter 6	9 - 10	After Chapter 6 Tab
Insert		9 - 10	
INSERT	Letter from Minister and Transmittal Sheet		After Amendments Tab



# **Stumpage Rate Determination**

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**5**

## 5.1 Stumpage Rate Determination for a Cutting Authority Entered into Under a BCTS Licence

1. Sections 5.1.1 through 5.1.3 are the policies and procedures for determining a stumpage rate for a cutting authority that is entered into under a BCTS licence.
2.
  - a. The Market Pricing System for BCTS can only be used in the appraisal of a BCTS licence and a forestry licence to cut entered into under Section 47.6(3) of the *Act* where data is available to do a full appraisal.
  - b. Where the data is not available to do a full appraisal of a cutting authority area, the appraisal must use the procedures outlined in chapter 6 of this manual.
3.
  - a. All upset stumpage rates on section 20 timber sale licences advertised on or after November 1, 2003 and Forestry Licences to Cut entered into under section 47.6(3) of the *Forest Act* are fixed for the term and all extensions except where:
    - i. a reappraisal is done under section 2.2.1(1)(e) due to sudden and severe damage, or
    - ii. a Minister's directed reappraisal is done under section 2.2.2,

### 5.1.1 Upset Stumpage Rates (Upset)

1. Except as provided by subsections (2), (3), (4), (5) and (6) of this section, the upset for a timber sale licence shall be no less than the greater of either the indicated upset stumpage rate (IUSR) calculated according to section 5.1.2, or the variable cost to prepare the timber for sale (VCU) as requested by the Timber Sales Manager.
2. Where applications for a timber sale licence with an upset determined under subsections (1) or (5) of this section have been invited but no applications have been received, the upset for the re-advertised timber sale shall be no less than the VCU when that rate is requested by the Timber Sales Manager.
3. Where the Executive Director, BCTS, does not anticipate that applications for a timber sale licence with an upset determined under subsections (1) or (5) of this section will be received due to market conditions or timber profile, the upset shall be equal to the upset approved by the Executive Director, when that rate is requested by the Timber Sales Manager.
4.
  - a. The upset for decked timber or partially harvested timber that is over three years old and is administered by BCTS, shall be the prescribed minimum stumpage rate when requested by the Timber Sales Manager.
  - b. The upset for decked timber or partially harvested timber that has been decked or felled for three years or less and is administered by BCTS shall be

<b>District is Smallest Geographic Unit</b>			
<b>TSA</b>	<b>Rate (\$/m<sup>3</sup>)</b>	<b>District</b>	<b>Rate (\$/m<sup>3</sup>)</b>
Kamloops	7.39	Kamloops Forest District	6.81
		Headwaters Forest District	7.31
Williams Lake	3.38	Central Cariboo Forest District	3.65
		Chilcotin Forest District	0.31
Prince George	7.15	Fort St. James Forest District	7.95
		Prince George Forest District	7.45
		Vanderhoof Forest District	5.88

<b>District &amp; TSA are the same</b>	
<b>District/TSA</b>	<b>Rate (\$/m<sup>3</sup>)</b>
100 Mile House	5.11
Kootenay Lake	5.94
Fort Nelson *	5.60
Mackenzie	5.35
Okanagan Shuswap	8.20
Quesnel	2.28

\* Regional rate

<b>Regions</b>	
<b>Regions</b>	<b>Rate (\$/m<sup>3</sup>)</b>
RNI	5.60
RSI	6.54

4. If there are no records from which the weighted average sawlog stumpage rate may be determined under paragraphs (a) or (b) 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 or blanket salvage permit cutting authority area is located.
5. The stumpage rate for a road permit granted to the holder of a timber sale licence entered into under section 20 of the *Act* will be the same as the stumpage rate for the timber sale licence which entitled the licensee to apply for the road permit.
6. The stumpage rate for a road permit for a licence other than a BCTS licence shall be redetermined on June 1 of each year in accordance with the procedure in this section.
7. The costs of roads authorized for construction 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 4.3.1.3(2).

8. 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 this section.
9. The stumpage rate for a blanket salvage cutting permit shall be redetermined on June 1 each year in accordance with the procedures in this section.
10. **Except as provided in 6.3(5), all new Road and Blanket Salvage Permits must be scale based for billing.**