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BY EMAIL

To: Coast Regional Executive Directors
Coast Area District Managers

From: Murray Stech
Director
Timber Pricing Branch

Re: Guidance for the Problem Forest Stand Pilot

With the August 16, 2013, amendment to the *Coast Appraisal Manual*, a pilot has been initiated to encourage harvesting in problem forest stands on the coast.

The attached documents: Problem Forest Stand Pilot Guidance, Schedule A - \$ Allocation by Licensee, Schedule B - Reporting Requirements and Schedule C – Submission Requirements specify the pilot objectives and processes for replaceable licenses on the coast. This guidance may be updated as required over the life of the pilot.

If you have any questions about the pilot, please contact Grant Loeb, Manager Timber Pricing or George Silvestrini, Senior Timber Pricing Forester.

Murray Stech
Director
Timber Pricing Branch

Attachments (1)

Problem Forest Stand Pilot Guidance

The objective of the Coast Problem Forest Stand (PFS) Pilot is to further encourage harvesting of the entire timber profile by increasing the utilization of problem forest types. This increased harvest and silviculture rehabilitation of problem forest types will improve the overall productivity of the Crown's forest asset. The pilot is for two years (fiscal) ending on March 31, 2015 for replaceable licences (excludes BCTS) and has an annual allocation of \$3 million. There will be a review after the first year to ensure the pilot is meeting the pilot objectives. New cutting authorities for the pilot in the 2014/15 fiscal will not be approved until after this review is complete.

Problem forest stands to be considered for the purposes of the pilot are stands made up completely of the following timber types:

- a) poor timber types (old growth and height class 3 or less), or
- b) located at elevations greater than 700 metres, or
- c) > 80% of old growth hemlock/balsam volume.

The principles supporting the pilot are:

- All replaceable forest licence and tree farm licence holders have an opportunity to participate in the pilot;
- Allocation of the annual stumpage cap is to be based on licensee replaceable Coast Allowable Annual Cut (AAC) (as of April 1, 2013) as a percentage of coastal replaceable AAC times the total stumpage impact;
- The allocations will be updated for fiscal 2014/15 based on the coast replaceable licences and AAC apportionment as of April 1, 2014;
- Timber Pricing Branch will determine the client allocations (see Schedule A attached to this document);
- Inclusion of problem forest stand cut blocks not tributary to the cutting authority appraisal point of origin but restricted for forest licences to the Timber Supply Area (TSA) and Tree Farm Licence (TFL) at the district level;
- Only cutting authorities containing problem forest type cut block(s) not tributary to the non-problem forest type cut block(s) appraisal point of origin would be considered as contributing to the pilot;
- Licensees have the option to utilize their individual allocations in the cutting authorities of their choice. Allocation from more than one management unit may be used against a single cutting authority;
- The district manager will need to review the identified problem forest types stands and provide approval for inclusion. Approval can be denied if the licensee has exceeded the yearly allocation on the parent licence(s);
- A licensee may transfer allocation to another licensee with a transfer letter to the district manager, cc to Director, Timber Pricing Branch, and to the regional Director, Pricing, Tenures, Mines and Admin;
- Cutting authorities should not be approved until the stumpage differential has been confirmed by the regional appraisal staff;
- Regional appraisal staff will maintain a ledger of the allocations and off-setting stumpage impacts; and
- The minister may stop the pilot at any point prior to the planned end date of March 31, 2015.

Stumpage impact determination:

- Impact to be based on stumpage rate differential between status quo cutting authority appraisals, with blocks tributary to separate appraisal points of origin versus the cutting authority appraisal that includes eligible problem forest stand block(s) not tributary to the same appraisal point of origin;

- Impact will be a one-time assessment of the CP stand rate differential times the CP sawlog cruise volume (hemlock/balsam J grade and better and all species U grade and better) on the CP effective date;
- The annual allocation for each replaceable licence or aggregation of licences - is an absolute amount and cannot be exceeded.

Stumpage impact/harvest volume monitoring and review:

- Licensees will identify new cutting permits meeting the pilot criteria to the district manager when the tenure and appraisal information is submitted;
- When requested by the Director, Timber Pricing Branch and by April 15, 2014, and April 2015, licensees who have submitted cutting authorities with pilot volume will submit performance information as prescribed by the Director, Timber Pricing Branch (See Schedule B);
- The Coast Pricing Steering Committee will review the pilot (level of stumpage impact, harvest volume and licensee performance) by the end April 2014 and again in April 2015. The review will look at the efficacy of the pilot and objectives of increased harvest activities within problem forest stands, and the cumulative impact to forest revenue;
- Once the first year review is completed a reassessment of the dollar cap allocation will consider licensee uptake, licence harvest performance, unused cap and possible revised redistribution methodology if required; and
- Ministry staff will be monitoring appraisal submissions and should provide early indications of any trends or practices that could impact the objectives of the pilot to the Director, Timber Pricing Branch.

Schedule A - Problem Forest Stands - \$ allocation by Licensee

Licensee	Management Unit	District	\$ of allocation
606546 B.C. LTD.	Fraser TSA	Chilliwack Forest District	\$ 37,791
A & A TRADING LTD.	Sunshine Coast TSA	Sunshine Coast Forest District	\$ 38,613
AAT'UU FORESTRY LIMITED PARTNERSHIP	Strathcona TSA	Campbell River Forest District	\$ 14,024
BLACK MOUNT LOGGING INC.	Soo TSA	Squamish Forest District	\$ 15,120
COULSON FOREST PRODUCTS LIMITED	Arrowsmith TSA	South Island Forest District	\$ 9,731
DAWSON HARBOUR LOGGING CO. LTD.	Queen Charlotte TSA	Haida Gwaii Forest District	\$ 2,012
H.S. CHRISTENSEN LOGGING LTD.	Sunshine Coast TSA	Sunshine Coast Forest District	\$ 743
HAGMAN & SON LOGGING LTD.	Sunshine Coast TSA	Sunshine Coast Forest District	\$ 2,529
HALRAY LOGGING LTD.	Soo TSA	Squamish Forest District	\$ 4,554
HFN FORESTRY LIMITED PARTNERSHIP	First Nations Woodlands Tenure	South Island Forest District	\$ 17,675
HUSBY FOREST PRODUCTS LTD.	Queen Charlotte TSA	Haida Gwaii Forest District	\$ 56,815
IISAAK FOREST RESOURCES LIMITED	TFL 57 Clayoquot	South Island Forest District	\$ 31,312
INTERNATIONAL FOREST PRODUCTS LIMITED	Arrowsmith TSA	South Island Forest District	\$ 26,008
	Kingcome TSA	North Island - Central Coast Forest District	\$ 152,577
	Mid Coast TSA	North Island - Central Coast Forest District	\$ 69,669
	North Coast TSA	North Coast Forest District	\$ 9,394
	Strathcona TSA	Campbell River Forest District	\$ 58,138
	Sunshine Coast TSA	Sunshine Coast Forest District	\$ 143,784
KRUGER PRODUCTS L.P. PRODUITS KRUGER S.E.C	TFL 43 Fraser-Homathco-Kingcome	North Island - Central Coast Forest District *	\$ 3,124
		Chilliwack Forest District *	\$ 3,124
		Sunshine Coast Forest District *	\$ 3,124
LAKESIDE PACIFIC FOREST PRODUCTS	Fraser TSA	Chilliwack Forest District	\$ 31,738
LIL'WAT FORESTRY VENTURES INC.	Soo TSA	Squamish Forest District	\$ 2,728
LIONS GATE FOREST PRODUCTS LTD.	Kingcome TSA	North Island - Central Coast Forest District	\$ 2,191
MA-MOOK NATURAL RESOURCES LTD.	TFL 54 Maquinna	South Island Forest District	\$ 19,159
MILL & TIMBER PRODUCTS LTD.	Kingcome TSA	North Island - Central Coast Forest District	\$ 11,839
NORTHWEST SQUAMISH FORESTRY LTD.	Soo TSA	Squamish Forest District	\$ 5,556
	TFL 38 Squamish	Squamish Forest District	\$ 27,684
OTTER POINT TIMBER LTD.	Arrowsmith TSA	South Island Forest District	\$ 2,679
PACHEEDAHT ANDERSEN TIMBER HOLDINGS LIMITED PARTNERSHIP	TFL 61 Jordan River	South Island Forest District	\$ 25,572
PEBBLE CREEK TIMBER LTD.	Soo TSA	Squamish Forest District	\$ 4,964
PROBYN LOG LTD.	Fraser TSA	Chilliwack Forest District	\$ 1,158
RAVEN INDUSTRIES LTD.	Strathcona TSA	Campbell River Forest District	\$ 2,614
RICHMOND PLYWOOD CORPORATION LIMITED	Kingcome TSA	North Island - Central Coast Forest District	\$ 11,271
	Soo TSA	Squamish Forest District	\$ 4,616
SONORA LOGGING LIMITED	North Coast TSA	North Coast Forest District	\$ 8,929
SQUAMISH MILLS LTD.	Soo TSA	Squamish Forest District	\$ 9,515
SWC HOLDINGS LTD.	Mid Coast TSA	North Island - Central Coast Forest District	\$ 4,029
TAAN FOREST LIMITED PARTNERSHIP	TFL 60 Haida Gwaii	Haida Gwaii Forest District	\$ 85,995
TAMIHI LOGGING CO. LTD.	Fraser TSA	Chilliwack Forest District	\$ 14,231
TEAL CEDAR PRODUCTS LTD.	Fraser TSA	Chilliwack Forest District	\$ 79,515
	Queen Charlotte TSA	Haida Gwaii Forest District	\$ 4,033
	TFL 46 West Coast	South Island Forest District	\$ 92,933
	TFL 58 Moresby Island	Haida Gwaii Forest District	\$ 19,981
THE CORPORATION OF THE DISTRICT OF MISSION	TFL 26 Mission	Chilliwack Forest District	\$ 10,977
TIMBERWEST FOREST CORP.	Strathcona TSA	Campbell River Forest District	\$ 15,251
	TFL 47 Duncan Bay	North Island - Central Coast Forest District *	\$ 81,796
		Campbell River Forest District *	\$ 81,796
TRIUMPH TIMBER LTD	North Coast TSA	North Coast Forest District	\$ 26,930
TSETSPA7 FORESTRY LIMITED PARTNERSHIP	Soo TSA	Squamish Forest District	\$ 11,520
VAN ANDA LOGGING COMPANY LIMITED	Sunshine Coast TSA	Sunshine Coast Forest District	\$ 1,941
WESTERN FOREST PRODUCTS INC.	Kingcome TSA	North Island - Central Coast Forest District	\$ 5,770
	Mid Coast TSA	North Island - Central Coast Forest District	\$ 62,967
	Strathcona TSA	Campbell River Forest District	\$ 76,708
	TFL 06 Quatsino	North Island - Central Coast Forest District	\$ 290,467
	TFL 19 Tahsis	Campbell River Forest District	\$ 181,269
	TFL 25 Naka	Campbell River Forest District *	\$ 18,121
		North Island - Central Coast Forest District *	\$ 18,121
		North Coast Forest District *	\$ 18,121
	TFL 37 Nimpkish	North Island - Central Coast Forest District	\$ 213,410
	TFL 39 Haida	Campbell River Forest District *	\$ 157,472
		Sunshine Coast Forest District *	\$ 157,472
	TFL 44 Alberni	North Island - Central Coast Forest District *	\$ 157,472
		South Island Forest District	\$ 197,911
Grand Total			\$ 3,000,000

* TFL's not contained within 1 district have there allocations distributed evenly between the districts

Schedule B

Reporting requirements

The following information will be reported to the Director, Timber Pricing Branch. The electronic submission will use the provided excel template and include: timber mark and block identifier, type of PFS, area of the PFS block, block Forest Tenure Application status, volume harvested (removed and scaled) by block by species/grade, percentage of block harvested, waste levels (separated by standing, dispersed and accumulations) and reforestation method (if harvested).

Schedule C

Submission Requirements

Licensees will need to submit two Electronic Commerce Appraisal System (ECAS) submissions with two cruise compilations. The submission for the pilot should have the intended date of the cutting permit. The second submission will need to be a different date and it is recommended that it be dated for the day before the intended date. Both dates need to be in the same calendar month.

For forest licence holders, the grade source for the appraisal with the PFS block will be based on the scale history for the timber supply block (TSB) with the majority of cruise volume. This will also be the TSB selected in the ECAS submission. In the future appraisals, any scale history for the cutting authority will be attributed to this same TSB.