



MINISTRY OF FORESTS,
LANDS AND NATURAL
RESOURCE OPERATIONS

POLICY SUBJECT		
Timber Cruise Auditing		
EFFECTIVE DATE	RESPONSIBLE BRANCH	NUMBER
	Timber Pricing Branch	13.7
APPROVED		
Tom Jensen, Assistant Deputy Minister		

Scope

This policy provides standards for the auditing of cruises of Crown timber for appraisal purposes.

Policy

Crown timber on eligible cutting authorities will be audited according to the standards and procedures in this policy and the *Cruising Manual*.

Definitions

Timber Cruising

The estimation of the volume and quality of standing and down timber determined by sampling a cutting authority

Check Cruising

An audit of the quality of the design, fieldwork and compilation of a cruise to determine whether it meets current Ministry standards. The methods used to audit a timber cruise must be consistent with the current timber cruising policy and the *Cruising Manual*.

Cutting Authority

A document issued pursuant to Section 12 of the *Forest Act* by the District Manager, Regional Executive Director or the Timber Sales Manager that conveys the right to cut and remove Crown timber.

Cruise Based Cutting Authority

A cutting authority where the stumpage payable is based on a cruise of the timber approved under Section 106 of the *Forest Act*.

General Cruise Based Cutting Authority

A cruise based cutting authority consisting of blocks that do not have 35.0% or greater coniferous net volume red and/or grey Mountain Pine Beetle (MPB) beetle attack.

Harvest

Means to cut and remove timber from a cutting authority area,

Mountain Pine Beetle(MPB) Cruise based Cutting Authority

A cruise based cutting authority consisting of blocks that have equal to or greater than 35.0% coniferous net volume red and/or grey MPB beetle attack.

Scale Based Cutting Authority

A cutting authority where the stumpage payable is based on a scale of

the timber as per Part 6 of the *Forest Act*.

Responsibilities

Director, Timber Pricing Branch

- Maintains timber cruising policies, timber cruising standards and cruise compilation design standards for appraisal cruising in British Columbia; and
- Modifications of any tree volume or quality models used in the cruising process require the approval of Timber Pricing Branch.

Cruising Policy Forester

- Develops cruising policies and establishes tree measurement standards;
- Monitors the effectiveness of all cruising activity;
- Maintains a provincial *Cruising Manual* which prescribes cruising procedures and standards;
- Prescribes standards for the compilation of the cruise and for submission of cruise compilation data;
- Conducts an initial compilation check of all compilation programs when the compilation standards are modified; and
- Provides technical and interpretative liaison with Regional Cruising Co-ordinators and industry.

Regional Executive Director

- Ensures that the cruising policy, procedures and standards are implemented and adhered to throughout the Region;
- Ensures that sufficient cruising capability and competency is maintained throughout the Region to meet the requirements of this policy; and
- Determines if BCTS quality assurance measures implemented by the Timber Sales Manager provide adequate controls to meet the requirements of this policy.

Regional Cruising Co-ordinator

The Area/Regional Cruising Co-ordinator/Specialist interprets and administers the policies and procedures established for regional operations by:

- Ensuring that standards are adhered to uniformly and consistently throughout the region;
- Reporting the level of district and BCTS performance to the Regional Executive Director with recommendations; and
- Training district staff and where appropriate, BCTS staff, to ensure they are competent to perform cruises, check cruises and compilations.

District Manager

- Maintains sufficient cruising capability and competency;
- Maintains a program of check cruising, a check cruising ledger and annually reports to the Regional Executive Director on the level of check cruising activity and on the number of acceptable and unacceptable cruises of those checked; and
- Ensures that cruising and check cruising activities are carried out in a timely manner and in accordance with ministry policy and procedures.

Timber Sales Manager

- Conducts Quality Assurance (QA) on BCTS cruising contracts consistent with this policy and requirements of the Ministry of Finance Core Policy and Procedures Manual;
- Where regional procedures require, documents the results of BCTS quality assurance in the check cruise ledger; and
- Where the Timber Sales Manager identifies concerns during the QA process, the Timber Sales Manager will notify and seek advice from regional revenue staff, but will otherwise resolve the matter as part of its normal contract management responsibilities.

Check Cruising Standards

This section applies to both cruise based (MPB and general) and scale based cutting authorities. Cruises will be selected for check cruising based on their risk assessment. There are two main components of the cruise to be assessed: office work and field work.

Risk assessments will be conducted according to the document “Provincial Risk Rating for Check Cruises”. All cutting authorities subject to appraisal, including BC Timber Sales (BCTS), will be included in these risk assessments and will be available for check cruising.

Each block submitted will be risk assessed for a field check cruise and each cutting authority submitted will be risk assessed for an office review.

The following levels will be targeted for field check cruises:

- 6% of all high risk blocks
- 3% of all medium risk blocks
- 1% of all low risk blocks

Field check cruises will be conducted according to the standards in the *Cruising Manual*.

The following levels will be targeted for office reviews:

- 100% of all high risk cutting authorities
- 60% of all medium risk cutting authorities
- 30% of all low risk cutting authorities

If the aforementioned field and office targets are not attainable, available resources should be focused on cutblocks that are the highest risk.

The office review will include a review of the elements included in Provincial Office Check of Field Cruise Data (FS 695) and the Provincial Compilation Check Form (FS 697) found in the Cruising Manual.

In addition, each District will re-compile at least one cruise compilation per year for a new cutting permit application for each compilation program. Timber Pricing Branch will conduct a check of all of the cruise compilation programs when they have been changed or modified.

Notwithstanding the above, a cruise related to a BCTS cutting authority may be considered as meeting the check cruise standard requirements if the Regional Executive Director is satisfied that the Timber Sales Manager has employed adequate controls in the preparation, execution and review of the cruise.

Recording and Reporting

Each district must maintain a program of check cruising and a check cruising ledger. Regions will monitor each district and where applicable, BCTS, and report annually to the Regional Executive Director on the level of check cruising activity and the quality of cruising. Timber Pricing Branch will compile the ledgers from all districts and report annually to the Director, Timber Pricing Branch.

Additional Requirements for Cruise Based Authorities

In addition to the above requirements, the following reviews are required for cruise based sales:

- Review 100% of Harvest Billing System (HBS) monthly cruise based billing submissions to verify that the area and volume harvest information reflects the conditions for the entire month and were submitted to HBS no later than the close of business on the seventh work day of the following month. Once falling has commenced on the permit, a monthly billing submission is required from licensees even if harvesting did not occur in the previous month;
- Cruise based cutting authorities will also be risk assessed for accuracy of boundary traversing and harvest area;
- Target a review of harvest area boundaries in 70% of high risk and 10% of medium to low risk cruise based cutting authorities. If these targets are not attainable, available resources should be focused on cutblocks that are the highest risk. Monthly area reports must be within 10.0% of the area harvested. Quarterly area reports must be within 5.0% of the area harvested. Quarterly billing periods commence the first day of January, April, July and October;
- If the reported measurement of area harvested does not meet the aforementioned standards, the licensee or timber sale holder will be instructed to re-measure the area and the invoicing will be adjusted on the basis of the new area measurement;
- Review any amendments to the cutting authority area for compliance with the *Coastal Appraisal Manual* or the *Interior Appraisal Manual* and assess the need to re-cruise and recompile;
- Where partial harvest is allowed, verify that the leave tree strategy identified in the appropriate document has been achieved; and
- A final reconciliation of the area and volume to be harvested will be completed and a final invoice will be issued to the licensee for any cruise volume not previously invoiced upon the expiry of the cutting authority.

Transition Strategy:

- Effective May 1, 2016 for Timber Sale Licence (TSL) holders and January 1, 2017 for major licensees, the monthly reporting for area “felled” will be replaced by the requirement to report timber “harvested” for that month. For Cutting Authorities where accumulations of timber volume on site had been previously billed by area felled reporting, licence holders will report the proportion of the cutting authority area from which only unbilled timber has been cut and removed (harvested).
- Major Licensees will continue to report monthly, by area felled, for billing purposes up to including December 31, 2016.

To the extent appropriate, the cutting permit, timber sale licence, license agreement or other cutting authority document will include clauses or publications stipulating that:

- The method used to determine the amount of stumpage payable in respect of timber harvested within the harvest area, the volume or quality of timber cut will be determined using information provided by a cruise of the timber conducted in accordance with the *Cruising Manual* before the timber is cut;
- The area from which timber has been harvested will be converted using the cruise estimates of the total species net merchantable volume per hectare for the cutting authority into an estimate of timber volumes to be invoiced; and
- The licensee must submit information required to calculate the stumpage payable in the manner and at the times required by the Minister as per Section 106(3) of the *Forest Act*.

References

Forest Act
Cruising Manual
Cruise Compilation Manual
Cruise Based Billing Procedures
Interior HBS Area Based Billing Procedures – Phase II
Provincial Risk Rating for Check Cruises