

File: 280-20

February 19, 2004

BY EMAIL

To: Ken Collingwood
Regional Manager
Coast Forest Region

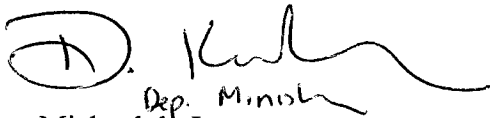
From: The Honourable Michael de Jong
Minister of Forests

Re: Amendment No. 8 to the *Coast Appraisal Manual*

I hereby approve Amendment No. 8 to the *Coast Appraisal Manual*, and attach a copy for your use.

Section 1.7 has been amended so that all adjustable Comparative Value Pricing stumpage rates will be converted to fixed stumpage rates.

This amendment will come into force on February 28, 2004. Further amendments or revisions to this manual require my approval.



Michael de Jong
Minister

Attachment

pc: Bill Howard, Director, Revenue Branch

All Subscribers, *Coast Appraisal Manual*





FOR FURTHER INFORMATION CONTACT:

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MANUAL TITLE

Coast Appraisal Manual

REVISION No.

Amendment No. 8

ISSUE DATE

February 28, 2004

MANUAL CO-ORDINATOR

Judy Laton
Revenue Branch

AUTHORIZATION (Name, Title)

W. Howard
Director, Revenue Branch

Please make the following changes to your copy of the above Ministry manual. Please insert the following specified pages and **file this notice** immediately after the Amendments Tab.

ACTION (Remove/Insert)	(VOL.) CHAPTER-SECTION-SUBJECT	PAGE(S)	COMMENTS
REMOVE	Chapter 1	7 - 8	After Chapter 1 Tab
INSERT	Chapter 1	7 - 8	After Chapter 1 Tab
INSERT	Minister's Letter and Manual Transmittal		After Amendments Tab

1.6 Comparative Value Pricing System

Except as required by section 1.5 and subject to the minimum stumpage rate and subsections 2.1 (3), and 2.1 (4) the comparative value pricing system (CVP) shall be used to determine a stumpage rate for a cutting authority area.

The stumpage rate for a cutting authority area is more or less than the coast base rate (see section 5.5) depending on whether or not the timber in the cutting authority area is more or less valuable than timber from the average cutting authority area. To make that assessment and hence to determine a stumpage rate, the authorized Ministry of Forests employee (see section 1.4) will typically:

1. Estimate the average selling price of the logs for the cutting authority area (see chapter 3).
2. Estimate the least operating cost (see chapter 4) for the cutting authority area.
3. Determine the value index (see chapter 5) for the cutting authority area by subtracting the estimated least operating cost from the estimated average selling price.
4. Determine the indicated stumpage rate by comparing the value index for the cutting authority area with the coast mean value index and adding the coast base rate (see chapter 5).
5. Determine the reserve stumpage rate (see chapter 5) by selecting:
 - a. the greater of the indicated stumpage rate or the prescribed minimum stumpage rate, or
 - b. for an appraised cutting authority area containing timber licence volume, the greater of the adjusted indicated stumpage rate or the prescribed minimum stumpage rate.
6. Determine the upset stumpage rate by adding any development or silviculture levies (see section 6.6) to the reserve stumpage rate,
7. Determine the total stumpage rate by adding any bonus bid to the upset stumpage rate.

One stumpage rate is determined for all appraised timber in each cutting authority area with the exception of miscellaneous stumpage rates under section 6.7.

1.7 Stumpage Adjustments (CVP)

1. Subject to subsection 4 of this section and section 6.5, unless a cutting authority or the application and tender for 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,.
2.
 - a. Each quarterly stumpage adjustment will be calculated using stumpage appraisal parameters approved by the director, Revenue Branch.
 - b. Stumpage appraisal parameters are:
 - i. Statistics Canada coast composite index,
 - ii. coast target rate,
 - iii. coast base rate,
 - iv. coast mean value index,
 - v. average log market values.
3. Stumpage rates are adjusted to reflect changes in estimated average selling prices based on revised average log market values (as authorized in this manual since the previous adjustment) and the recalculated operating cost based on the appropriate trend factors in section 4.9. In addition, the adjustment reflects changes in the Statistics Canada coast composite index, the coast base rate and the coast mean value index (see section 5).
4. Where the cutting authority area of a cutting authority has been appraised using the Comparative Value Pricing System and the cutting authority on February 28, 2004, has stumpage rates that must be adjusted quarterly, the stumpage rates for that cutting authority shall on and after that date be fixed at the rates that are in effect on that date for the term of that cutting authority and all extensions of the term of that cutting authority.