



Province of
British Columbia

OFFICE OF THE
MINISTER

Ministry of
Forests



MEMORANDUM

File: 280-30
195-30/IAPP

June 23, 1997

To: Regional Managers

From: The Honourable David Zirnhelt
Minister of Forests

Re: *Interior Appraisal Manual*

I hereby approve Amendment No. 4 to the *Interior Appraisal Manual*, and attach a copy of it for your use.

This amendment will come into force on July 1, 1997. Section 1.4 has been amended by changing the wording to conform with proposed amendments to the *Forest Act*.



David Zirnhelt
Minister

Attachment

cc: Bill Howard, Director
Revenue Branch

All Subscribers, *Interior Appraisal Manual*



FOR FURTHER INFORMATION CONTACT:

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MANUAL TITLE

Interior Appraisal Manual

REVISION No. 4

ISSUE DATE

July 1, 1997

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
	TABLE OF CONTENTS		
REMOVE	Chapter 1	5 - 6	
INSERT	Chapter 1	5 - 6	

1.4 Responsibility for Stumpage

For the purposes of Section 105 of the Forest Act, the following employees of the ministry are authorized to determine, redetermine and vary stumpage rates.

- Regional Managers, Regional Appraisal Coordinators and other employees authorized by the Regional Manager, and
- Director, Revenue Branch and employees of Revenue Branch.

1.5 Comparative Value Timber Pricing

Comparative Value Pricing (CVP), subject to a minimum stumpage rate, is the basis for determining stumpage rates. Sections 2.1, (2.) (3.) and (4.) provide the methods that are used for specific products and extraordinary situations.

One component of CVP is the determination of the average stumpage rate for the Interior. The stumpage rate for a given stand of timber is more or less than the pre-set average rate (see Chapter 5) depending upon whether the stand is more or less valuable than the average stand. To assess the value of the stand and hence to determine a stumpage rate, the forest officer will typically:

1. Estimate the selling price of the products that can be recovered from the timber stand (see Chapter 3).
2. Estimate the least total cost necessary to harvest the timber and realize the estimated selling price (see Chapter 4).
3. Determine the Value Index (see Chapter 5) of the timber stand by subtracting the estimated operating cost from the estimated selling price.
4. Determine the indicated stumpage rate by comparing the Value Index for the timber stand with the Interior Mean Value Index and adding the Interior 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 and 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.