



MEMORANDUM

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To: Regional Managers

From: The Honourable David Zirnhelt
Minister of Forests

Re: Amendment to the *Interior Appraisal Manual*

I hereby approve Amendment No. 8 to the *Interior Appraisal Manual*, and attach a copy for your use. The following sections are amended:

Section 6.2 Housekeeping.

Section 6.3 Road Permits (formerly right-of-way cutting authority) contains a new pricing policy.

This amendment will come into force on June 1, 1999. Further amendments or revision to this manual require my approval.

David Zirnhelt
Minister

Attachments

pc: Bill Howard, Director, Revenue Branch

All Subscribers *Interior Appraisal Manual*



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MANUAL TITLE

Interior Appraisal Manual

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MANUAL CO-ORDINATOR

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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.

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6.2 Cutting Authorities With 5 000 m³ or Less Volume

1. Total coniferous volume of less than 2 000 m³:

a. Average Value Indexes by District and Species (DVI)

An indicated stumpage rate may be determined by estimating the species volumes, prorating the appropriate average value indexes by district and species according to those volumes, and then using the resulting stand value index in the stumpage rate formula as described under Section 5.6. For cutting authorities where the licensee is not required to establish a free growing crop of trees, the value indexes must be adjusted by adding a basic silviculture cost estimate (district average value indexes are based on full appraisals of areas requiring basic silviculture.). The total stumpage rate is fixed for the term. For extensions of the cutting authority see Section 2.4 (4).

The upset stumpage rate for cutting authorities with 500 m³ or less volume, awarded under the small scale salvage initiative, will be one-half the DVI calculated stumpage rate.

b. Full Appraisal

Alternatively, an indicated stumpage rate may be determined through a full appraisal. The stand data may be site-specific (i.e., timber cruised or scaled) or obtained from one or more comparable cutting authorities (e.g., similar stand and terrain characteristics, etc.). The total stumpage rate is adjustable for the term of the cutting authority, except as provided in Section 6.5.

Each full appraisal is made as described in Chapters 3, 4 and 5.

2. Total coniferous volume of 2 000 m³ to 5 000 m³.

An indicated stumpage rate is determined on the basis of full appraisal data. The data may be site-specific or the data may be obtained from comparable cutting authorities, as determined by the Regional Manager.

Each appraisal is made as described in Chapters 3, 4 and 5.

These cutting authorities are cruised if specified by the Regional Manager in accordance with Section 4.2 of this manual.

The total stumpage rate is adjustable for the term of the cutting authority, except as provided in Section 6.5.

6.3 Road Permits

All road permits issued for the purpose of harvesting right-of-way timber during the construction of roads will be appraised under one of the following scenarios.

1. As required, Revenue Branch will provide the regional appraisal staff, a district average stumpage rate for each licensee to be used for the licensee's road permit. This rate will be calculated as a cruise volume weighted average of the licensee's adjustable total stumpage rates in the applicable district, from the stumpage adjustment quarter that includes the effective date of the cutting authority. The Ministry of Forests data records will provide the average stumpage rate. The data will come from the first available source, in the following order:
 - a. Stumpage Adjustment and Reporting, Company SA Report,
 - b. Stumpage Adjustment and Reporting, District SA Report, and
 - c. other data records as specified by the Director, Revenue Branch or his designate.
2. For road permits where no licensee average stumpage rate is available, the average stumpage rate for the district issuing the cutting authority will be used. This rate will be calculated as a cruise volume weighted average of all the adjustable total stumpage rates in the applicable district, from the stumpage adjustment quarter that includes the effective date of the cutting authority. The Ministry of Forests data records will provide the average total stumpage rate. The data will come from the first available source, in the following order:
 - a. Stumpage Adjustment and Reporting, District SA Report, and
 - b. other data records as specified by the Director, Revenue Branch or his designate.

The road permit stumpage rate will remain fixed until the anniversary date of the cutting authority.

The costs of roads constructed under road permits are recognized in the appraisal of the first tributary cutting authority. These roads are considered as excluded to the existing roads and structures policy (Section 4.3.1.1.4 (2)).

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