

File: 21740-20/S.105 FA

February 28, 2006

**BY EMAIL**

To: Interior Regional Managers

**Re: *Forest Act*, Section 105.2**

The purpose of this memo is to clarify the use of Section 105.2, given changes to the *Interior Appraisal Manual* (IAM).

On August 1, 2005, the IAM was amended to require licensees to notify the ministry immediately if a changed circumstance (i.e., 15 percent change in logging system, road costs or cutting authority area) has occurred, and that notice triggers a reappraisal. The reappraisal takes effect back to the most recent appraisal or reappraisal. The changed circumstances reappraisal can be in favour of the Crown or the licensee, and is designed to leave both parties "whole".

In light of this amendment to the IAM, we envision that the application of Section 105.2 will become infrequent even if the meaning of the words "incorrect information" include information submitted by the licensee that was correct at the time of the initial appraisal data submission but is different from what the licensee subsequently does in respect of the cutting authority area, because those changes that are 15 percent or more will be dealt with under the IAM in any event.

We further envision that consideration will only need to be given to the application of Section 105.2 of the *Forest Act* when the change is less than 15 percent or where the licensee has failed to bring its changes to the attention to the ministry, and the ministry is unable to deal effectively with the matter under the IAM.

The revenue managers are aware of these recent changes and will, therefore, likely be bringing few Section 105.2 requests to our attention.

Should you require more information, please call.



Bill Howard  
Director  
Revenue Branch

pc: Dan Graham, Director, Compliance and Enforcement Branch

