



Province of
British Columbia

OFFICE OF THE
MINISTER

Ministry of
Forests



MEMORANDUM

File: 280-30
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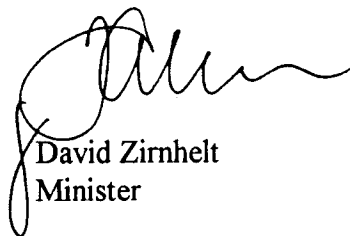
To: Regional Managers

From: The Honourable David Zirnhelt
Minister of Forests

Re: *Coast Appraisal Manual*

I hereby approve Amendment No. 3 to the *Coast 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, *Coast Appraisal Manual*



FOR FURTHER INFORMATION CONTACT:

George Silvestrini
Sr. Timber Pricing Forester (Coast)
Revenue Branch
Ministry of Forests
Victoria, B.C.
V8W 3E7
Phone: 387-8377
PROFS userid: GSILVEST
FAX: 387-5670

MANUAL TITLE

Coast Appraisal Manual

REVISION No.
Amendment No. 3

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 TABLE OF CONTENTS	PAGE(S)	COMMENTS
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. Section 2.1, (2.), (3.) and (4.) provides the methods that are used for specific products and extra ordinary situations.

A method for determining the average stumpage rate for the Coast has been set by the provincial government. The stumpage rate for a given stand of timber is more or less than the pre-set average rate depending upon whether the stand is more or less valuable than the average stand. To make that assessment and hence to determine a stumpage rate, the forest officer will typically:

1. Estimate the selling price of the logs 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 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 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 6.5) 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 6.6.

The average stumpage rate for the coast is indexed to lumber market values as explained in Chapter 5.