BRITISH COLUMBIA

Ministry of Forests

Office of the Minister

MEMORANDUM

File: 280-20/195-30/IAPP

AUG 2 8 2001

To: Interior Regional Managers

From: The Honourable Michael de Jong
Minister of Forests

Re: Amendment No. 1 to the *Interior Appraisal Manual*

I hereby approve Amendment No. 1 to the *Interior Appraisal Manual*, and attach a copy for your use. The following sections have been amended.

Section 4.12	Cost Trend. The date in the second paragraph is corrected to read July 1, 2001. The table for appraisals with effective dates from September 1, 2000, to June 30, 2001, has been revised with a factor which normalizes the previous manual with the current one.
Section 6.3	Right-of-way Cutting Authorities. The policy has been revised to include an average of all licences within a district that have an allowable annual cut of less than 3,000 cubic metres if a licence average is not available.

This amendment will come into force September 1, 2001. Further amendments or revision to this manual require my approval.

Michael de Jong
Minister

Attachment

pc: Bill Howard, Director, Revenue Branch

All Subscribers, *Interior Appraisal Manual*

BRITISH COLUMBIA Ministry of Forests

MANUAL REVISION TRANSMITTAL

FOR FURTHER INFORMATION CONTACT:

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MANUAL TITLE
Interior Appraisal Manual

REVISION No.	ISSUE DATE
1	September 1, 2001

PUBLICATIONS 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 4 – Operating Cost Estimation	57 – 60	
Insert	Chapter 4 – Operating Cost Estimation	57 – 60	
Remove	Chapter 6 – Miscellaneous Timber Pricing Policies	3, 4	
Insert	Chapter 6 – Miscellaneous Timber Pricing Policies	3, 4	

Untrended Manufacturing Cost Estimates ($/m^3) 1999 Cost Survey Base		
	Species	**Manufacturing cost ($/m^3) 0% Decay**
Southern Cariboo (Zone 8)	LO	36.70
	SP	37.23
	BA	39.73
	FI, LA, WH, YE	52.37
	CE	47.24
	HE	45.45
Fort Nelson/Peace (Zone 9)	LO	31.14
	SP	31.93
	BA	33.48

To derive the manufacturing cost estimate for decay % from 1 to 50, use the above table values in the following equation:

The cost estimate is calculated to four decimal places, then rounded to the nearest cent. Where decay exceeds 50 percent, the manufacturing cost estimate for 50 percent decay is used.

Manufacturing cost ($/m^3) = decay% * 0.1789 + base value from table.

For a list of points of appraisal by zone, refer to Section 2.5.

4.12 Cost Trend

Cost trend factors are separately applied to the total logging, silviculture and manufacturing cost estimates. The factors cover the period from the effective date of the cost base to the effective date of the rate calculation. Cost trend factors are applied at the appraisal effective date and at the date of each stumpage adjustment.

For trend factors applicable prior to July 1, 2001, refer to earlier *Interior Appraisal Manuals.*

Appraisal Effective Dates From October 1, 1993 to September 30, 1994

Appraisal Effective Date or Stumpage Adjustment Date	Trend Factor	
	Logging and Silviculture	Manufacturing
October 1 to December 31, 2001	1.443	1.0
January 1 to March 31, 2002	1.443	1.0
April 1 to June 30, 2002	1.443	1.0
July 1 to September 30, 2002	1.443	1.0

Appraisal Effective Dates From October 1, 1994 to July 31, 1995

Appraisal Effective Date or Stumpage Adjustment Date	Trend Factor	
	Logging and Silviculture	Manufacturing
October 1 to December 31, 2001	1.403	1.0
January 1 to March 31, 2002	1.403	1.0
April 1 to June 30, 2002	1.403	1.0
July 1 to September 30, 2002	1.403	1.0

Appraisal Effective Dates From August 1, 1995 to July 31, 1996

Appraisal Effective Date or Stumpage Adjustment Date	Trend Factor	
	Logging and Silviculture	Manufacturing
October 1 to December 31, 2001	1.303	1.0
January 1 to March 31, 2002	1.303	1.0
April 1 to June 30, 2002	1.303	1.0
July 1 to September 30, 2002	1.303	1.0

Appraisal Effective Dates From August 1, 1996 to November 30, 1997

Appraisal Effective Date or Stumpage Adjustment Date	Trend Factor	
	Logging and Silviculture	Manufacturing
October 1 to December 31, 2001	1.183	1.0
January 1 to March 31, 2002	1.183	1.0
April 1 to June 30, 2002	1.183	1.0
July 1 to September 30, 2002	1.183	1.0

Appraisal Effective Dates From December 1, 1997 to August 31, 1998

Appraisal Effective Date or Stumpage Adjustment Date	Trend Factor	
	Logging and Silviculture	Manufacturing
October 1 to December 31, 2001	1.083	1.0
January 1 to March 31, 2002	1.083	1.0
April 1 to June 30, 2002	1.083	1.0
July 1 to September 30, 2002	1.083	1.0

Appraisal Effective Dates From September 1, 1998 to September 30, 1999

Appraisal Effective Date or Stumpage Adjustment Date	Trend Factor	
	Logging and Silviculture	Manufacturing
October 1 to December 31, 2001	1.02	1.0
January 1 to March 31, 2002	1.02	1.0
April 1 to June 30, 2002	1.02	1.0
July 1 to September 30, 2002	1.02	1.0

Appraisal Effective Dates From October 1, 1999 to August 31, 2000

Appraisal Effective Date or Stumpage Adjustment Date	Trend Factor	
	Logging and Silviculture	Manufacturing
October 1 to December 31, 2001	0.97	1.0
January 1 to March 31, 2002	0.97	1.0
April 1 to June 30, 2002	0.97	1.0
July 1 to September 30, 2002	0.97	1.0

Appraisal Effective Dates From September 1, 2000 to June 30, 2001

Appraisal Effective Date or Stumpage Adjustment Date	Trend Factor	
	Logging and Silviculture	Manufacturing
October 1 to December 31, 2001	0.99	1.0
January 1 to March 31, 2002	0.99	1.0
April 1 to June 30, 2002	0.99	1.0
July 1 to September 30, 2002	0.99	1.0

6.2 Cutting Authorities With 5 000 m^3 or Less Volume

1. Total coniferous volume of less than 2 000 m^3:

   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 m^3 or less volume, awarded under the small scale salvage program (SSSP), will be one-half of 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 m^3 to 5 000 m^3.

   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 Right-of-way Cutting Authorities

1. The stumpage rate for a road permit will be determined using Ministry of Forests stumpage billing records.

2. The stumpage rate for a road permit is the weighted average sawlog stumpage rate for:

   a. cutting authorities, other than a road permit, that are located in the same forest district as the area to which the road permit applies, and that are issued under the licence that entitles the licensee to apply for the road permit,

   b. a licence to cut or a timber sale licence under which cutting permits have not or will not be issued, that entitles the licensee to apply for the road permit,

   c. if there are no records from which the stumpage rate may be determined under (a) or (b),

      i. all the cutting authorities, other than road permits, that are for areas located in the same forest district as the area to which the road permit applies, or

      ii. if the licence that the cutting authority is issued under has an annual allowable cut of Crown timber less than 3 000 m^3 per year, all the cutting authorities, other than road permits, that are for licences that have an annual allowable cut of less than 3 000 m^3 in the same forest district as the area to which the road permit applies.

3. The weighted average sawlog stumpage rate is the sum of the stumpage billed for sawlogs of grade code ( ) blank during the billing period referred in subsection 4, divided by the sum of the volume of those sawlogs.

4. The billing period referred to in subsection 3 for a road permit appraisal or reappraisal, with an effective date between June 1 of one year (the first year) and May 31 of the following year, is the twelve-month billing period ending March 31 in the first year.

The costs of roads constructed under road permits are eligible for inclusion as development cost estimates under Section 4.3 in the appraisal of the first tributary cutting authority. These roads will not be considered as existing roads under Section 4.3.1.1.4 (2).

All road permits will be reappraised in accordance with Section 2.3 (3).