



Province of
British Columbia

OFFICE OF THE
MINISTER

Ministry of
Forests



MEMORANDUM

File: 280-30
195-30/IACC

To: All Regional Managers

From: The Honourable David Zirnhelt
Minister of Forests

Re: *Interior Appraisal Manual*

I hereby approve Amendment No. 1 to the *Interior Appraisal Manual*, and attach a copy for your use. Section 3.3 (5) has been amended to incorporate updated shipping and manufacturing differentials.

This amendment will come into force on January 1, 1998.



David Zirnhelt
Minister

Attachment

pc: 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. 1

ISSUE DATE

January 1, 1998

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 3	7 - 8	
INSERT	Chapter 3	7 - 8	

2. Chip Yield Derivation

Chip Yield (BDU/m³) = (Combined Product Recovery Factor - Appraisal LRF)
* Species Chip Yield Factor

3. Chip Yield Factors

Species	Factor (BDU/fbm)
Balsam	.00072
Cedar	.00067
Fir	.00098
Hemlock	.00089
Larch	.00119
Lodgepole Pine	.00087
Spruce	.00076
White Pine	.00078
Yellow Pine	.00095

4. Determination of Stud Log Percent

The stud log percent (%) is determined as follows:

The stud log percent for each stud species (spruce, balsam, lodgepole pine, Douglas fir and larch) is determined from the cruise compilation summary. The stud log percent is defined as the net volume of 5 m logs with top diameters under 20 cm expressed as a percentage of the total net cruise volume. The stud log percent is calculated and rounded to the nearest whole percentage point.

The percent (%) stud AMV is determined as follows:

If the stud log percent is 45 or greater and less than or equal to 65:

$$\text{the percent stud AMV} = (5 * \text{stud log \%}) - 225$$

If the stud log percent is less than 45, the percent stud AMV = 0;

If the stud log percent is more than 65, the percent stud AMV = 100.

5. Shipping Differential

The Shipping Differential for the following points of appraisal are:

\$0.58/m ³	\$1.01/m ³	\$5.80/m ³
Bear Lake Fort St. James Mackenzie Quesnel Strathnaver	Adams Lake Clear Lake Louis Creek Merritt Midway Okanagan Falls Princeton Thrums Westbank Ymir	Fort Nelson

6. Manufacturing Cost Differential

\$4.35/m ³
Fort Nelson

7. Calculation of Total Species End Product Selling Price

- a. Lumber AMV = $(\% \text{ Stud AMV}/100) * (\text{Stud AMV}/1000)$
 $+ (1.0 - (\% \text{ Stud AMV}/100)) * (\text{Random AMV}/1000),$
- b. Lumber SP = Lumber AMV * Appraisal LRF,
- c. Chip SP = Chip Value * Chip Yield, and
- d. Total Species SP = Lumber SP + Chip SP - D

Where	SP	=	Selling Price in \$/m ³
	AMV	=	The Lumber Average Market Value (of the appropriate species in the appropriate zone)
	Appraisal LRF	=	The LRF for all logs from Section 3.3 (1).
	Chip Value	=	The Chip Average Market Value (of the appropriate species for the appropriate point of appraisal)
	Chip Yield	=	The Chip Yield for all logs from Section 3.3 (2).
	D	=	The Differentials for the appropriate points of appraisal from Section 3.3 (5) and 3.3 (6).