Stumpage

What is Stumpage:

- Stumpage is a fee that businesses or individuals pay when they harvest timber from Crown Land in B.C.

- Stumpage is a payment for use of a public natural resource, it is not a tax

Why is Stumpage paid:

- The money raise from stumpage payment is used to fund vital social services such as Education, Health Care etc.

- Sometimes stumpage revenue is shared with First Nations communities via Forest Consultation and Revenue Sharing Agreements (FCRSA)

Stumpage

Types of stumpage rates?

- Average Stumpage Rates, they are used for:
    - Road Permits, Damaged Timber CPs (with discount applied), Post-Harvest Salvage CPs (with discount applied)

- Fixed Stumpage Rates, they are used for:
    - Community Forests and , Woodlot licence,

- Tendered Stumpage Rates, they are used for:
    - Most BCTS Timber Sales

- Appraised Stumpage Rates (can be scale based or cruise based), they are used for:
    - Tree Farm Licences, First Nation Woodland Licences, Forest Licences

Stumpage

Does every Licence Holder Pay the same stumpage rate?

Simple answer is no.

Sawlog Stumpage Rate Tables
Coast Appraisal Manual

Table 7-1: District Average Sawlog Stumpage Rates ($/m3)

District	BA	HE	CE	CY	FI	LO	SP	WH	AVG
Chilliwack	1.95	6.27	7.28	1.15	4.61	5.30	0.25	5.30	5.30
Campbell River	1.71	4.36	12.93	2.07	6.48	5.13	2.22	5.13	5.13
Haida Gwaii	1.05	1.26	1.68	1.96	1.05	1.05	0.30	1.05	1.05
North Island - Central Coast	4.18	4.38	18.55	10.83	11.12	8.18	3.02	8.18	8.18
Sunshine Coast	12.76	15.21	18.25	18.14	20.74	17.95	17.52	17.95	17.95
South Island	10.97	13.32	20.04	7.19	17.66	15.29	24.35	15.29	15.29
Sea-to-Sky	3.00	5.94	8.67	5.89	5.50	5.89	1.93	5.89	5.89
Coast Area	3.86	6.44	13.94	5.41	11.75	8.36	1.92	8.36	8.36

Table 7-2: Average Sawlog Stumpage Rates for Community Forest Agreements and Woodlot Licences ($/m3)

Forest Zone	BA	HE	CE	CY	FI	LO	SP	WH	AVG
Northern Coast	0.32	0.38	0.50	0.59	0.32	0.32	0.25	0.32	0.32
Southern Coast	1.16	2.00	4.67	1.70	3.53	2.66	1.82	2.66	2.66

Table 7-3: Average Sawlog Stumpage Rates for Salvaged Timber ($/m3)

Source of Salvaged Timber	BA	HE	CE	CY	FI	LO	SP	WH	AVG
Damaged Timber	1.54	2.58	8.36	3.25	7.05	3.34	1.15	3.34	3.34
Fire-Damaged Timber	1.08	1.80	3.90	1.51	3.29	2.34	0.54	2.34	2.34
Post-Harvest Material	0.97	1.61	5.58	2.16	4.70	2.09	0.77	2.09	2.09

Stumpage

Appraised Stumpage Rates:

Applies for the most part to all of TFL44 with the exception of:

Timber harvested under Road Permit (Average Rates)
Timber harvested under A Damaged Timber Cutting Permit,
Timber harvested under a Post-Harvest Salvage Cutting Permit

Stumpage

Appraised Stumpage Rates, how are the rates calculated:

Indicated Rate (IR) = FEWB – FTOA

FEWB = EWB – [FSOA / (1 – LG)]

Where:

FEWB = Final Estimates Winning Bid
FTOA = Total Obligation Adjustment adjusted for inflation
EWB = Preliminary Estimated Winning Bid
FSOA = Specified Operations adjusted for inflation

Stumpage

$$FEWB = EWB - [\,FSOA\,/\,(1 - LG)]$$

where:

EWB   = The Estimated Winning Bid determined under Section 4.3.

FSOA = inflation adjusted SOA = SOA * CPI / ACPI

SOA   = The sum of specified operations adjustments in an appraisal or a reappraisal of a cutting authority area as may be calculated under Section 4.4 and expressed in $/m^3.

CPI   = Monthly Consumer Price Index (see Section 4.2)

ACPI = the average CPI for the cost base year = 182.89

LG = Low grade number as defined in section 5.8

Stumpage

$$FTOA = (TOA/(1-LG)) * RFM - MLC$$

where:

TOA = inflation adjusted TOA subtotal =

$$(FPA + LVC + RD + RM + RU + BS + CB + RDC) * (CPI / ACPI)$$

FPA $\quad$ = forest planning and administration cost

LVC $\quad$ = low volume cost

$$RD = \left[\frac{\text{Total Road Development Cost}}{\text{CTC}}\right] \text{ (for scale-based)}$$

RD = Total Road Development Cost (for cruise-based)

RM $\quad$ = road management cost

RU = road use charges cost

BS = basic silviculture cost

CB $\quad$ = cultural burning

RDC $\quad$ = root disease control

LG $\quad$ = low grade number

RFM $\quad$ = return to forest management

MLC $\quad$ = market logger cost

CPI = monthly Consumer Price Index (see Section 4.2)

ACPI = average CPI for the cost base year = 182.89

CTC = as defined in section 5.2

Stumpage

$$EWB\ (\$/m^3) = CPIF * [-17.6612$$

$$+ 0.0317(HEMLOCK\_HGFR+BALSAM\_HGFR)*(HEMLBRAMV/CPIF)$$

$$+ 0.0317(HEMLOCK\_MGFR+BALSAM\_MGFR)*(HEMLBRAMV/CPIF)$$

$$+ 0.2007\ ((CEDAR) * (CEDAR\_HG) * (CEDLBRAMV/CPIF))$$

$$+ 0.0921\ ((CEDAR) * (CEDAR\_MG) * (CEDLBRAMV/CPIF))$$

$$+ 0.1511\ ((CYPRESS) * (CYPRESS\_HG) * (CYPLBRSC/CPIF))$$

$$+ 0.1511\ ((CYPRESS) * (CYPRESS\_MG) * (CYPLBRSC/CPIF))$$

$$+ 0.3421\ ((FIR) * (FIR\_HG) * (FIRLVAMV/CPIF))$$

$$+ 0.3421\ ((FIR) * (FIR\_MG) * (FIRLVAMV/CPIF))$$

$$+ 13.5861\ [Ln(VPL)] * OG\_FR$$

$$+ 23.5756\ [Ln(VPH/1000)]$$

$$- 0.3053\ (SLOPE * (1-HELI))$$

$$- 54.1691\ (HELILAND * HELI)$$

$$- 51.9548\ (HELIWATER * HELI)$$

$$- 0.1080\ (LOCATION)$$

$$- 14.3658\ (ISOLATED)$$

$$- 1.4975\ (LUMPSUM)$$

$$+ 0.015472\ (NAJHS)$$

$$+ 1.2447\ (TOTALHARVEST)$$

$$+ 4.9068\ (DISTAVGNBID)]$$

Note: Ln = natural logarithm

Stumpage

To Simplify these significant equations, I can simply say that the stumpage rate for a given block or group of blocks will vary (up or down) based on the following factors:

Proportion of high value species (Red Cedar, Yellow Cedar and Douglas Fir) in the block or CP
Quality of the trees inside the cutblock or CP
Piece size
Volume per hectare
Slope
Proportion of Helicopter logging
Whether the cutblock or CP is accessible or Isolated
Location from a major center

Stumpage

How variable are stumpage rates:

Minimum Stumpage Regulation sets the lowest stumpage rate at 0.25 $/m3

The regulation does not set any maximum stumpage rates.

Stumpage

Stumpage

Questions?

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FORESTRY

Waste

Waste

What is Waste in the Forest Industry?

Is waste always the same in every cutblocks?

Is the process for waste assessment the same for every Licensee?

Is waste priced the same for every Licensee?

Waste

How is waste assessed?

- Survey
- Occular estimate
- Parent - Orphan

How are blocks stratified before a waste survey?

- Dispersed
- Roadside
- Accumulation (Piles and-or decks)
- Standing trees

Waste

How is waste Sampled

> In the dispersed strata
> In the Roadside strata
> In the accumulation strata
> Standing trees

Survey Summary

Billing and Benchmark

Questions?

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