

CFAWL Tabular Stumpage Rates on the Coast

Most of the major coastal licensees are completing full MPS appraisals. The MPS system can be followed in Chapters 4 through 7 of the Coast Appraisal Manual (CAM). For those who haven't pulled out a CAM lately, this is a great opportunity to take a walk through the CAM and understand how tabular rates work for community forests and woodlots on the Coast.

Chapter 4: Estimated Winning Bid

Stumpage = Estimated winning bid (EWB) – Tenure obligation adjustments (TOA)

Easy to say, but what does this mean?

EWB: Variables such as ALP (Average log price), SLOPE, HELI and VPH (Volume per hectare) form the EWB equation which is reviewed during Market Pricing System (MPS) updates. In the Interior these updates happen regularly, but not on the Coast. Timber Pricing Branch (TPB) staff run regressions and complex analysis in order to provide the “best fit” for data. There are often several options to choose from, and TPB gathers feedback from an MPS Committee comprised of ministry and licensee staff. The Federation of BC Woodlot Associations has a seat on this committee.

Average Log Prices (ALP): TPB compiles sale and purchase invoice information from the Vancouver Log Market (VLM) for use in full MPS appraisals. Schedules for both domestic and export-adjusted cutting authorities; depending on the effective date of the appraisal or reappraisal are found here ([Timber Pricing Branch \(Coast Timber Pricing\)](#)).

The ALP values are rolling 3 month averages with a 2 month lag. Example: for appraisals effective on September /17; the dataset is April/May/June/17. For an effective date of October/17, the dataset moves ahead 1 month to May/June/July/17.

Chapter 5: Tenure Obligation Adjustments

TOAs are the costs borne by licensees with long-term tenures and include for example, road development (RD), road management (RM), basic silviculture (BS) and forest planning and administration (FPA). BCTS license holders may not bear the same costs (ie silviculture) so an adjustment to stumpage is made for this difference. Currently, cost data from BCTS is used for TOAs. Sound odd? Well, the BCTS program undertakes planning and post-harvest activities in a similar fashion as major licensee organizations do. The BCTS accounting program tracks these costs well for the purposes of TOAs.

Right now, and typically, the dataset is 5 years. This timespan allows for data stability; smoothing the peaks and lows that can arise from year to year. What happens is that this rolling dataset adds the most current year of data and drops the oldest year. Example: for the MPS 2016 equation, the dataset included years 2011-2015.

Chapter 6: Stumpage Rate Determination

This chapter talks about the prescribed minimum stumpage rate which is currently \$0.25/m³ and the formula for the indicated rate; as well as stumpage rate calculation for BCTS (*Forest Act* Section 20 cutting authorities). The formula for the indicated rate is important to Woodlot Licensees. The 5 year data set used to create the formula impacts Tabular stumpage rates for that period of time.

Chapter 7: Miscellaneous Timber Pricing Policies

The Director, TPB produces a schedule of average sawlog stumpage rates/species annually. These are found here ([Coast Average Stumpage Rates](#)). This is where the Community Forest Agreements and Woodlot Licences (CFAWL) tabular rates for the Northern Zone and Southern Zone are located.

CFAWL tabular rates: These are calculated each year using billing data from Jan1 to Dec31 of the previous year by species and by zone. The Northern Zone consists of DHG, DKM, and part of DNI within TFL25 and all crown land within the old Mid-Coast TSA. The Southern Zone is the Coast Area except the Northern Zone. The math goes like this for each species in each Zone: Total value (volume x rate for each cutting authority) / Total volume billed. Finally, these values are reduced by 70%.

How does this information tie back to the MPS equation?

- a. The MPS equation generates stumpage rates that are used in appraisals. Example: A cutting authority in the Northern Zone is appraised at \$2.00/m³ in 2017; and 5,000 m³ of cedar sawlog is harvested and the wood is scaled. The Harvest Billing System (HBS) bills this wood as 5,000 m³ x \$2.00/m³ = \$10,000.
- b. The billing information becomes a line of data in the annual dataset used for CFAWL rates. In this example, for the 2017 dataset for cedar in the Northern Zone; (value = \$10,000 and volume = 5,000 m³).

CFAWL Tabular rates can be found annually adjusted (March 1) in section 7.2 of CAM.

For further information, please consult the [Timber Pricing Branch](#) website.

Note:

The attached description of how tabular rates work on the coast was prepared by Kelly Shellenberg, along with in house assistance at our request. This is a good document to file away under stumpage as we now have a clearer picture of our Coastal Appraisal manual relative to Woodlots.