

Stumpage Fee Systems Across Canada

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Overview

- Background
 - Importance of stumpage fees
 - Economic rent and stumpage fees
- Framework
- Comparisons across Canada
- Conclusions

Background: Importance of Stumpage Fees

- Approx. 25% of delivered wood costs
- Influences decisions
 - Planting
 - Harvesting
 - Processing
 - Multiple use tradeoffs
 - Staying in the industry
- Key factor in trade disputes

Background: Economic Rent and Stumpage Fees

- Economic rent as a surplus value
 - Standing timber rents vs. land productivity rents
 - Social rents
- Questions:
 - How much to collect (too little vs. too much)?
 - How to collect it (using what method)?

Framework

- Types of Stumpage Systems
 - Fee Schedules (negotiated)
 - Appraisals (calculated)
 - Competitive Auctions
 - Hybrid Systems
- Method of Payment (fixed vs. variable costs)
- Distribution of Stumpage Fees (specified or general revenue)
- Resolution in Assessing Fees:
 - Product
 - Species
 - Area/region
- Adjustments for Changing Conditions
 - Market Adjustments
 - Review and Revisions
- Amount of Fees Paid

Types of Stumpage Fee Systems

British Columbia	Alberta	Saskatchewan	Manitoba	Ontario
Appraisals and auctions	Hybrid: schedules and appraisals; and auctions	Schedules	Hybrid: schedules and appraisals	Hybrid: schedules and appraisals
Quebec	New Brunswick	Nova Scotia	Newfoundland and Labrador	
Schedules	Hybrid: schedules and appraisals	Hybrid: schedules and appraisals	Schedules	

Method of Payment

British Columbia	Alberta	Saskatchewan	Manitoba	Ontario
Variable Costs	Variable and Fixed Costs	Variable Costs	Variable Costs	Variable Costs
Quebec	New Brunswick	Nova Scotia	Newfoundland and Labrador	
Variable Costs	Variable Costs	Variable Costs	Variable Costs	

Distribution of Stumpage Fees

British Columbia	Alberta	Saskatchewan	Manitoba	Ontario
General Revenues	General Revenues and Dedicated Funds	General Revenues	General Revenues	General Revenues and Dedicated Funds
Quebec	New Brunswick	Nova Scotia	Newfoundland and Labrador	
General Revenues	General Revenues	General Revenues and Dedicated Funds	General Revenues	

Resolution in Assessing Fees

British Columbia	Alberta	Saskatchewan	Manitoba	Ontario
Product, Species and Area	Product, Species groups and Area	Product, Species groups and Tenure (FMAs)	Product, Species groups and Area	Product, Species and Area
Quebec	New Brunswick	Nova Scotia	Newfoundland and Labrador	
Product, Species and Area	Product, Species groups and Area	Product, Species groups and Area	Product and Road access	

Market Adjustments

British Columbia	Alberta	Saskatchewan	Manitoba	Ontario
Product Price adjustments quarterly	Product Price adjustments monthly	Product Price adjustments quarterly	Product Price adjustments monthly	Product Price adjustments monthly
Quebec	New Brunswick	Nova Scotia	Newfoundland and Labrador	
Product Price adjustments quarterly	Product Price adjustments annually	Product Price adjustments annually	No automatic adjustments	

Review and Revisions

**British
Columbia**

Alberta

Saskatchewan

Manitoba

Ontario

Annual

In 2008

No set time

No set time

Annual

Quebec

New Brunswick

Nova Scotia

**Newfoundland
and Labrador**

Annual

Annual

Every 5 to 10
years

Annual

Average Range of Stumpage Fees Paid

British Columbia	Alberta	Saskatchewan	Manitoba	Ontario
2003-2004: \$11.77/ m3- \$19.37/ m3	2001-2004: \$0.53/ m3- \$46.70/ m3	2001-2002: \$4.50/ m3	2003-2004: \$0.65/ m3- \$2.95/ m3	2003-2004: \$0.59/ m3- \$34.33/ m3
Quebec	New Brunswick	Nova Scotia	Newfoundland and Labrador	
2003- 2004???: \$???: m3- \$???: m3	2005-2006: \$???: m3-\$???: m3	2005-2006: \$3.50/ m3- \$52.95/ m3	2003-2004: \$0.50/ m3- \$4.56/ m3	

Conclusions

- Much similarity in stumpage systems across Canada
 - Mostly fee schedules (few competitive auctions)
 - Mostly variable costs
 - Mostly general revenues, some dedicated funds
 - Most distinguish fees based on product, species, and area
 - Most adjust for product prices and periodically review (non are indexed to changes in input costs)
 - Large range of amounts charged based on local conditions

Conclusions...contd.

- Main differences revolve around complexity of the systems with respect assessment and adjustment
- Complexity generally increases with the value of the resource