

Setting a Fair Price for the Public Resource

The price paid for timber by licensees and other users is called stumpage. Stumpage rates are currently based on hundreds of individual appraisals of timber stands, and take into account a number of factors affecting timber value. Unfortunately, this complex administrative process does not always respond efficiently to changing market conditions.

Sometimes stumpage is too high, increasing the cost of production and reducing the forest sector's viability. Sometimes rates are too low, encouraging inefficient and uneconomic logging and wasting a valuable public resource. In either case, British Columbians do not get the best possible returns for use of their forest resources.

Action: Government will deliver on its New Era commitments to introduce a more market-based pricing system that reflects local harvesting costs and to eliminate what is known as the "waterbed" to create a fairer, more equitable system.

By reallocating some of the allowable annual cut that is held in large, replaceable tenures, government will sell about 20 per cent of Crown timber to the highest bidder.

These auction prices will be used to determine stumpage rates on all public timber. Licensees' long-term tenure obligations like reforestation will then be taken into consideration.

Benefits: By sampling prices at auction, the Crown will obtain fair value for the public resource. And the revenues generated will pay for more improvements to health care, education and other key public services that contribute to stable, vibrant communities.

While the Crown's forest revenues will rise and fall with the market, government stumpage revenues will be maximized over the long term as the forest sector becomes more competitive.

Timber Auction Based Pricing

