

Standing timber is usually paid for shortly after it has been felled and scaled. Rates are on a unit volume basis—so much per thousand board feet, cord, cunit (100 cubic feet), linear foot, or by the piece, such as a railway tie.

Prices paid for Crown timber are frequently made up of different kinds of charges—Crown dues, royalties and stumpage—depending on usage in a particular province. Payments of the kind described as Crown dues are officially called royalties in British Columbia and stumpage in New Brunswick. Charges described as stumpage are known in Ontario as bonus dues.

Crown dues are rates of payment for timber, established by statute or by Order in Council, and apply uniformly throughout whole provinces or in large regions. Varying rates are set for different species and, in British Columbia, for different grades of logs of the same species. They are, in effect, minimum prices for Crown timber and are not affected by such factors as extra high quality of timber, or very easy accessibility, which might justify higher prices for particular stands.

Stumpage (as the term is used here), when paid for Crown timber, consists of charges additional to Crown dues. Such charges reflect the difference between the real value of a particular stand of timber and the Crown dues rates. This additional value may arise from exceptionally high quality, easy accessibility, and a number of other factors. Stumpage charges may not be finally determined until a sale is completed. For example, the government of a province where Crown dues for white pine are set at \$2.50 per M ft.b.m. may consider that a certain lot of better-than-average timber located near a good road is really worth at least \$10. The block may then be offered for auction at an "upset price" of \$10, made up of \$2.50 for Crown dues and \$7.50 for stumpage. If the timber is put up for auction and no bid as high as the upset price is received, there will be no sale. On the other hand, competition among bidders may force the final price up to \$12. The selling price then represents Crown dues of \$2.50 and stumpage of \$9.50 per M ft.b.m.

There are a number of different ways of disposing of Crown timber which are reviewed briefly in the following paragraphs under the designations: timber berths, forest-management licences, pulpwood berths, timber sales and timber permits.

Timber berths are areas of Crown timber-lands held under lease by operators in the forest industries. It is customary to make berths renewable for a specified number of years, and many of the older berths were renewed for as long as 99 years. Annual renewals are granted if the holder takes out an annual licence to operate, pays his ground rent and timber charges, and observes the conditions relating to methods of operation, filing of returns, and so forth, under which the berth was granted. In several provinces, the maximum size of a single berth is limited by law. Timber berths are disposed of by public competition, the successful bidder usually paying a lump sum for the right to occupy the berth. Crown dues are payable as the timber is cut. Boundaries of timber berths are described in the leases.

Forest-management licences were established by the legislature of British Columbia in 1947 as a new form of tenure. Under the legislation, the Minister of Lands and Forests is authorized to enter into an agreement with any person whereby specified areas of Crown lands are reserved in perpetuity for the use of that person, provided he so manages the forests that a sustained-yield output will be assured.