

The Lumber Industry and Harbor Tolls

The Operator's View of Harbor Charge of Ten Cents per Thousand Feet. Bearing on Stumpage Value, Clean Logging and Competitive Rates with American Manufacturers for Both Export and Eastern Domestic Market.

The by-laws of the Vancouver Harbor Commissioners, calling for an imposition of ten cents per thousand feet of logs towed into Vancouver harbor, has a bearing on the lumber industry which is not apparent on the surface.

Any increased cost of logging, or manufacture, naturally reduces the value of standing timber. Up to the present 75 per cent. of the timber logged on the coast has been manufactured in Vancouver. The stumpage value of the estimated stand of 150 billion feet on the coast has therefore been fixed by the cost of turning out the manufactured product in Vancouver. This ten cents harbor dues will certainly reduce the selling price of standing timber on the coast by ten cents. The average selling price of licensed timber is about 50 cents on the coast at the present time. A person who would have paid 50 cents for a tract of timber before this charge was made can now only pay 40 cents; one-fifth of the estimated value is wiped out by this harbor charge.

The Government charges only 50 cents per thousand feet royalty on all timber cut from lands held under Crown grant, lease or license. This royalty charge of 50 cents is a payment made by the manufacturer for his raw material. It certainly appears unreasonable that the manufacturer should pay 20 per cent. as much for floating his timber on the harbor as he pays originally for the timber itself.

When the Government increased royalty on coast timber last winter it was realized that No. 3 logs and inferior species, comprising about a third of the total cut, could stand no higher charge. It was considered that the public interest was best served by leaving the royalty on these logs at fifty cents, so as to encourage their removal from the forest. The regulation of the Harbor Commissioners realizes no such principle. This fixed charge of ten cents will undoubtedly be an argument in favor of leaving hemlock, balsam and No. 3 logs in the woods, with the resultant increase in fire hazard and waste of standing timber. The labor expenditure on a low-grade log is just as great as the labor expenditure on a No. 1 log; there is not considered to be any profit in taking out a No. 3 log, and a very small additional charge has the effect of encouraging the loggers to leave a poor log in the woods.

The chief competitors which Vancouver must face, either on the prairie or in the export trade, are the manufacturers who handle their logs and timber through the ports of Portland, Astoria, Seattle, Grays Harbor, Willapa Harbor, Everett, Bellingham and Tacoma. Not one of these ports makes any charge whatsoever on logs or other timbers brought into their harbors. Seattle, realizing the importance of the lumber trade to the whole community, has built, with public money, a public lumber dock with storage space for thirty million feet of lumber; this dock may be used free of charge by lumber manufacturers desiring to ship lumber foreign. In Portland a similar dock is now under consideration, which will encourage the shipment of lumber from mills situated in the Willamette Valley.

The port of Seattle has under consideration the development of car ferry connections with Olympia territory in order that their lumber industries may be retained in the city, and there is now under consideration a system of free log dumps and a car barge system on Lake Washington which should be of assistance to the lumber industry. Both in Portland and Seattle improvements have been carried on as public improvements, and have not been paid for by a direct charge on the raw material on which the sawmills depend. These two cities recognize that the lumber business is the most important industry, and that the city should work in co-operation with it rather than add to its burdens.

A comparison between Vancouver and its American competitors shows that the American cities have considered timber industries and their timber trade as a civic asset. They have utilized their public credit to construct improvements which will reduce the cost of producing and shipping lumber, knowing that the communities will benefit by the increase in trade. These public facilities, such as public lumber docks, port tugs, free log dumps, ship canals, are made available to the lumber industry upon free terms with other industries, and at charges only sufficient to pay the cost of operation in those cases where charges are levied.

Vancouver, on the other hand, depends to a far greater extent upon the lumber industry than either Seattle or Portland, and appears to consider that the lumber industry should contribute not only to the improvements constructed for its use, but should form the chief financial support of the improvements constructed for the use of other industries. The undoubted effect of this policy will be to increase the handicap which Vancouver lumbermen now have in disposing of their product, and to encourage sawmills to establish themselves at locations outside of Burrard Inlet. It may be taken for granted that the value of the standing timber tributary to Vancouver is depreciated ten cents per thousand.

Another element of unfairness in the situation is the double charge on the lumber industry. All industries should contribute equally to the maintenance of public works. The lumber industry will pay both on the movement of its raw material into the harbor, on the tugs which tow its raw material into the harbor, and on the cargo vessels which call at Vancouver to carry the foreign exports of lumber. There is no knowledge of any other industry which will pay more than once.

The larger mills in Vancouver cut fifty million feet of logs per year; they will pay \$5,000 a year tax on their logs, in addition to the share of the public harbor improvements, which, as manufacturers, they will pay in common with such manufacturers as sugar refiners and others who do not have to pay such a tax on their raw material.

Another point of difference between the Vancouver sawmill man and the port of Seattle sawmill man is that the Vancouver man will have a comparatively high tax to pay on small foreign lumber shipments. The foreign lumber trade is depending very largely now upon small shipments made by regular liners. None of the American lumber ports charge any dues beyond the regular United States customs dues upon shipments loading at their ports. The contemplated charge of \$75 per 500 tons will mean 30 cents per thousand feet board measure upon a shipment of 250,000 feet of lumber sent foreign if loaded ex-scow in the stream.

This, taken together with the ten cents per thousand on logs, which equals 20 cents per thousand on rough lumber, will be a 50 cent charge which the Vancouver sawmill man will have to pay per thousand feet sent foreign, as compared with no charge paid by his American competitor. It is needless to point out that there will be very little foreign business from Vancouver under these conditions.

In the past, where the American manufacturer has bid 25 cents per thousand less than the Vancouver manufacturer, he has got the order; now the American will get the order if he bids 30 or 40 cents per thousand higher.

The importance of the lumber industry to Vancouver is manifest. About 600 to 700 million feet are manufactured in the city of Vancouver annually. There is spent in the city on account of supplies and labor at least twelve dollars on every thousand feet. It needs no argument to show that the lumber business at the present time is not in a prosperous condition. The majority of the mills this year are actually losing money, and this additional log charge of ten cents, plus the additional export charge of thirty cents, is quite enough of a handicap, not only to prevent future mills from locating in Vancouver, but to encourage what is now here to leave.