

APPENDIX "A"

INVESTMENT IN RELATION TO RETURN ON
A TREE FARM ENTERPRISE OPERATED BY A RESIDENT FARMER

The resident farmer will take a different viewpoint from the city investor, who is looking for a net return on capital. He does his own labour. The resident farmer probably will not consider the effect of compound interest. Also his capital will grow rather than represent an outlay of dollars from other sources. The inherited family tree farm should be the objective of national policy.

Assumptions:

1. It requires 600 acres of land with a productive capacity of 100 cubic feet (1 cord) per acre per year to employ and provide a reasonable living for a family engaged full time in "Tree Farming".

2. That the stumpage price for standing timber will vary according to size as follows:

25 years of age—	2½¢ cu. ft.	(\$2.50 per cord)
35 years of age—	4 ¢ cu. ft.	(\$4.00 per cord)
45 years of age—	8 ¢ cu. ft.	(\$8.00 per cord)
55 years of age—	15 ¢ cu. ft.	(\$30.00 per M bd. ft.)
60 years of age—	18 ¢ cu. ft.	(\$36.00 per M bd. ft.)

These assumptions I believe to be realistic and conservative. At present stumpage price for pine thinnings are about \$1.50 per cord, but a clear cut would realize about \$2.50 per cord. Stumpage prices for poles or sawlogs go up to 25¢ to 30¢ per cubic ft. (18¢ per cubic foot = \$36.00 per thousand board feet and 200 cu. ft. = 1,000 bd. ft.).

3. It costs about \$7.50 per cord or \$15.00 per thousand to put the material on the roadside.

4. That a family can manage and perform the labour necessary to put the product of 600 acres of productive forest on roadside each year.

5. A rotation of 60 years has been adopted.

6. Species, Red Pine and planting cost \$25.00 per acre.

Capital Involved

A. Land—600 acres at \$20.00 per acre = \$12,000.00.

B. Wood capital

Age Class	Av. Age	Merchantable Vol. Per Acre	Number		Value Per Cu. Ft.	Value of Inventory Per Acre	Total Value Inventory	Thinning Schedule Per Acre Cu. Ft.
			Acres in Age Class	Value				
0-10	5	0	100	—	\$ 30.42*	\$3,042.00	—	
11-20	15	0	100	—	45.05**	4,505.00	—	
21-30	25	2500 cu. ft.	100	2½¢	62.50	6,250.00	800	
31-40	35	2700 cu. ft.	100	4¢	108.00	10,800.00	800	
41-50	45	2900 cu. ft.	100	8¢	232.00	23,200.00	800	
51-60	55	3100 cu. ft.	100	15¢	465.00	46,500.00		
<hr/>							\$94,297.00	

Total capital—\$106,297.00

* Planting cost at 4% compounded for 5 years

** Planting cost at 4% compounded for 15 years.