



Revised November 2003

Private Land Section

# Selling Wood From Your Land

## What You Should Know — What You Should Consider

Selling wood can be a rewarding experience. The income generated from the sale of standing timber (stumpage) can provide good financial returns while allowing you to plan for the future of your woodlot.

Even though many Islanders cut and sell their own wood, most depend on forest contractors to do the work.



Important decisions about selecting a contractor who suits your needs, determining how this income affects your personal finances, or choosing the right management options for the future of your woodlot are often not given the time and consideration they deserve. This brochure outlines several important factors you should consider when

planning a harvest on your woodlot and provides some food for thought about the future of your land.

### What factors should I consider before I sell any wood?

There are several key factors which woodlot owners should consider when planning to sell stumpage from their woodlot.

They are:

- A. Which stand should be cut and what products will be produced?
- B. What are the financial implications from selling the wood?
- C. What forest management and non-timber factors should I consider before the harvest begins?
- D. Which contractor should I select?



### A: Which site should be cut and what products will be produced?

Each stand in your woodlot has a different economic and biological potential. For instance, young spruce may be suitable for pulpwood right now; but if left to grow for several years, they may produce sawlogs or studwood, providing a higher rate of return. Hardwoods may be suited to firewood, but individual trees, such as large, defect-free sugar maple or yellow birch, may produce valuable hardwood logs or veneer.

In fact, landowners who have done some pre-harvest homework on the value of wood products have received more for individual logs and veneer tree pieces, than for all the trees harvested for firewood.



While it is up to you to decide when you want to harvest, it is important to remember that each stand also has an optimum harvest period. For instance, an old field white spruce stand should probably be harvested by the time it reaches 50 to 60 years of age (before these trees collapse and die). On the other hand, a sugar maple stand may live for several hundred years, so your harvest window and management options are much more varied.

Both the product(s) and the volume harvested will affect your return, so be sure to understand what products are being harvested and what price each one provides.

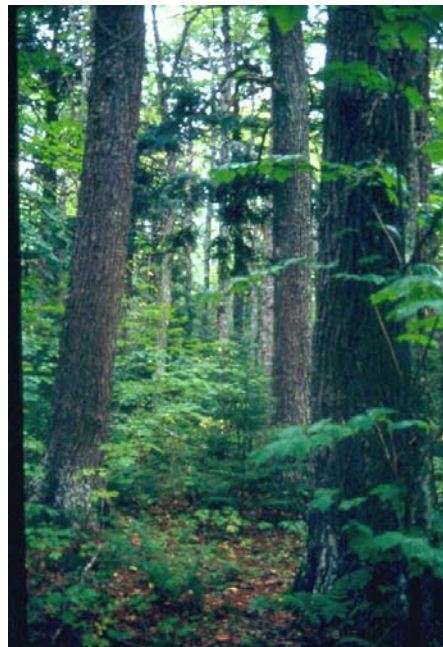
### **B: What are the financial implications from selling the wood?**

Income from selling your wood is just that — income; therefore, there may be taxes due. However, it may also be possible to write off some of your forest management costs against this

income. Before you sign a contract and receive payment, consult with your financial planner to determine the best financial approach for you, your pocketbook and your woodlot.

### **C: What forest management and non-timber factors should I consider for the potential harvest area?**

**The future of the harvest site should be determined before any trees are cut;** because, making the best management decision after the trees are gone is often too late. It is important to have an idea of what you want for the future of your land before you begin the harvest and record those aims in a forest management plan.



Each forest stand has its own potential and limitations. For instance, an over mature stand may have only one harvest option — clearcut. The site could then be reforested the following

year should you desire. However, for a healthy, mature black spruce stand, you could either clearcut and replant, or use strip cuts to remove 1/4 to 1/3 of the volume, and allow the remaining trees to provide seed to renew the strips. After a few years, you could harvest another 1/4 or 1/3 and so on, until the old stand is removed and the strips are covered in healthy young trees. This provides income over a longer period but the individual returns are smaller and may be subject to changing market conditions.



For quality hardwood or pine stands, selection cutting should work well. While it is often more expensive, and requires skill and planning to do properly, selection cutting can produce high value trees while promoting quality young seedlings underneath for the next forest generation. As well, while volume produced from selection harvests is usually small, you can conduct a harvest every few years as opposed to once every 25 to 40 years and, over time, the improved quality of the wood can lead to higher returns.



When you prepare your management plan, ask the following questions:

- **Are my objectives for this area short-term (one to five years) or long term (20 years, 40 years or longer)?** Your decisions today will impact the short- and long-term value of your woodlot and its value to you and your family.
- **Does this stand have one harvest/management option or are there several options?** Some harvest and management options are dictated by the health and species composition of the stand while others depend upon the objectives of the landowner such as aesthetics and wildlife.
- **Do I need all of the income right now or would I be better off to take it over a few years?** Spacing out a harvest can provide income over several years. Clearing the area will provide a larger one-time payout but very little income for the next few decades.

### **D: Which contractor should I select?**

Often, landowners do not consider harvesting options until a contractor comes knocking at the door. It is important to understand that, while the contractor approached you, you are under no obligation to select that company or to sell your wood to anyone.



It is best to take the time to consider your options and get some more information by asking:

- **Are the contractor and crew trained in safe harvesting and first aid? Do they carry liability insurance and workers' compensation coverage?**
- **Do they intend to clearcut or use alternate harvest methods?** Alternate methods require training and practice so you should ask to see one or two sites where they have already used the proposed harvest system.
- **How do they intend to pay you?** Many contractors provide at least partial payment up front, while others pay in one lump sum.
- **Will the payment be made by the acre or by the cord?** Most Island woodlot owners prefer the “by the acre” system because it is easier to measure the harvest area and determine proper payment. The total area is usually determined by measuring the outside edge of the area where any harvest activity has occurred. However, when certain high-value but low volume products, such as

vener logs, are harvested, it may be worthwhile to get an idea of their current value before you agree on a price.

- **What types of equipment will they use and when will all of the wood be removed? Can they work in wet or steep sites without damaging the area?** If they need to cross a farm field, will it be before or after the crop is harvested? If they are using a mechanical harvester, will it be working around the
- clock, disturbing the sleep of you or your neighbours? Will there be problems with soil rutting and erosion?



- **Will the contractor be on-site or is the work supervised by a crew chief or foreman?** If it is someone else, be sure to meet this person before the harvest begins.

- **Who is responsible for repairing, constructing and repairing damage to roads, fields, bridges or other structures?** It is usually too late to complain after the harvest about the condition of your haul roads. Be sure to put this in your contract.
- **Do you need permits to harvest in that area?** Meeting environmental regulations or getting access to public roads may require you to have special permits, so be sure to determine who is responsible for this before the harvest begins. The contractor should also check to see if there are any protected areas or species.
- **Are they willing to enter into a contract and include the points you agreed to?** A contract is your insurance that the terms you agreed upon are met.

Contact several other contractors who work in your area and ask the same questions. *It may also help to get another couple of quotes before you decide to see if the price offered is reasonable and fair.* A contractors' list is available from all forest district offices.



- **And finally, ask for a list of woodlot owners who have used their services over the past few months or years.** Contact a few of them to see if they were satisfied with the work, payment and adherence to the contract.

### E: The Harvest

When you are satisfied with the information you obtained, make your decision based on what is best for you and your woodlot. As well, for your protection, be sure to insist on a signed contract which includes all of the points you consider to be important to you.



If you would like help with your forest management and harvest options, or if you want to have the site planted, the PEI Department of Agriculture, Fisheries, Aquaculture and Forestry offers advice and incentive programs for Island landowners. Contact the forest district office nearest you for more information.

## District Forestry Offices

### Eastern Forest District Office

Southampton  
Box 29  
St. Peters Bay PE C0A 2A0  
Tel: (902) 961-7296  
Fax: (902) 961-7298

### Central Forest District Office

Beach Grove Road  
Box 2000  
Charlottetown PE C1A 7N8  
Tel: (902) 368-4800  
Fax: (902) 368-4806

### Western Forest District Office

Wellington  
Box 144  
Wellington Station RR#1  
PE C0B 2E0  
Tel: (902) 854-7260  
Fax: (902) 854-7448