

E. SMITH

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CORRESPONDENCE

Add. MSS.

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EUSTACE SMITH

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TIMBER ESTIMATING  
AND  
TOPOGRAPHICAL LOGGING MAPS  
TIMBER BROKER

1314 STANDARD BUILDING  
VANCOUVER, B. C.

NOVEMBER 2nd. 1949

Mr. D. T. Braidwood,  
Solicitor, Enemy Alien Properties,  
Royal Bank Building,  
Vancouver, B. C.

DEAR SIR:-

RE. SALE OF ENEMY ALIEN PROPERTIES  
BY THE CUSTODIAN

I am writing this in order to acquaint you with the reasons I considered when making the valuation which I gave for the several timber properties that were put up for sale by the Custodian. I might say that I have examined the Report made by C. D. Schultz & Company Ltd. under date of December, 1948.

RE. what is known as "THE DEEP BAY LOGGING COMPANY TRACT" - In this particular case it concerns the different Blocks that were owned by Mr. Kagetsu in the Deep Bay area of Vancouver Island, and which consisted of areas purchased by Mr. Kagetsu from the E. & N. Railway Company. These areas were acquired from time to time and consisted of Blocks 504-263-617-566-274-198-234-267-276-256 and Lot 88, the latter Lot - to the best of my knowledge - being purchased from the Vancouver Fruit Lands.

Mr. Kagetsu had operated more or less continuously on these Blocks, producing logs for market. He had built a Railway which delivered logs to Fanny Bay, where they were boomed ready for tow to Milling points. He had operated for approximately fifteen years and, naturally, had picked over the timber stand and logged the most accessible areas and the best of the timber, and the conditions that existed when I was called in to make a valuation indicated that what timber was left, was practically a salvage operation.



MR. BRAIDWOOD

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Owing to the development of Truck Logging, which had proven to be much more economical than Railway transportation for small Operations such as this, I was satisfied that whoever undertook to clean up the balance of this timber would cut out the Railway and build Truck Roads which would shorten the main road haul by taking steeper grades and allow for cheaper Road branches to pick up the scattered stands.

This is what happened when the Operation was taken over and development of the timber has proceeded along those lines.

You will realize that the value of timber depends on so many conditions - for instance - good logging ground; the density of the timber stand, which is very important, as 40 M. feet per acre can be developed by Road for the same cost as 20 M. feet per acre, and the same thing applies to the rigging up for loading out.

The quality of this particular timber was fair merchantable FIR - No. 2 CEDAR and, generally speaking, poor quality HEMLOCK. The FIR averaged small in size and, at the time the deal was made, the market price for that class of timber was low.

It is a matter of history that during 1946, 1947 and 1948 there was a constant rise in the value of logs and the Sawmills could not be fully supplied, so that logs of any quality could be sold at a good price. I would consider that the price of logs in 1948 was almost double that in 1945. The operating Mills, being constantly short of logs, were induced to buy standing timber in order to have a reserve for future supplies. Owning stumpage did, at least, give them ownership of the logs when produced.

It can be realized that these conditions were abnormal on account of the War aftermath, and this heavy increase of timber prices was not foreseen, so that there was a heavy turnover of timberlands with big profits, and timber not previously considered of value was saleable.

I might remark that timber values vary largely and that some timber is cheap at \$6.00 per M., and some dear at .50¢ per M., and each tract has to be considered on its merits as well as conditions that exist at the time the valuation is made, for whatever purpose.



The production of logs during the period from September 1945 to November 1948 indicates that this was definitely a salvage Operation, as the amount of logs produced amounted to a little over 5,500 M. feet per annum, and the Operation had to be developed by new Roads and Booming Ground, which took the best part of twelve months before there was any production and, until the large increase in the sale value of logs which occurred during the latter part of 1946, 1947 and 1948, there was very little profit in the logging of this particular Operation.

I made a check of the stand of timber and found that the estimates of quantity on the ground made by the E. & N. Cruisers was definitely there and I also thought on the conservative side, but those were the figures used when the property was purchased by Mr. Kagetsu.

With regard to the value of logged-over lands - I might say that until about 1946 there was no particular value placed on logged-over lands, but after the re-forestation plans which were being promoted, there were several areas of Crown Grant logged-off lands sold at a price of from \$5.00 to \$10.00 per acre. These tracts were very accessible and had carried good stands of timber before being logged and were well seeded by nature.

Prior to 1946 the Logging Companies had, in many cases, dropped the logged-over areas rather than pay taxes, and had only held the earlier logged-over tracts which already had re-seeded and had made a good start towards a new crop of timber.

The Report recently gotten up by the C. D. Schultz Company Ltd. places a value on the acreage at Fanny Bay - which is estimated by the Forestry Service of B. C. - giving a value of from \$2.00 per acre for newly logged lands to \$61.00 per acre for one hundred (100) year old stands.

It would appear to me that, whereas a good stand of second growth timber 100 years old, principally FIR might easily be worth \$61.00 per acre, I would question a value of \$10.00 per acre for a 20 year old stand, which would have to be nursed for a



MR. BRAIDWOOD

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further 20 to 30 years before any merchantable timber could be economically removed for market. The risk of total destruction by fire or insects over the years of waiting would definitely detract from the value.

Most of the area in this particular tract originally carried varied stands of well timbered patches, interspersed with rocky ridges and scrubby areas which carried little merchantable timber, so that an over-all value on the acreage could not possibly be placed without a very thorough Survey and estimate of the portion of the land that originally carried a good stand, and which could be expected to produce again, together with an estimate of the areas that did not carry a merchantable stand of timber and could not be expected to produce anything of value in the future - so that the value of the logged-over lands is, at the best, a guess, and would be affected by the Tax situation over the years of hold, the cost of management and, in some cases, re-planting un-seeded areas.

When Lot 88 was purchased by Mr. Kagetsu, at the start of his logging operation, it contained about 3,000 acres. Later on Mr. Kagetsu allowed 2,500 acres of this Lot to revert to the Government rather than pay Taxes. This would indicate that he considered the land of no value, and only a liability.

The Report by C. D. Schultz & Company Ltd. is, apparently, very thorough and, while I could not agree with them regarding the amount of merchantable timber they have estimated as being merchantable in 1945, nor the values placed by them when applied to the time at which the sale was made on my recommendation, the Report has been well gotten up and the Maps and Photos which accompany the Report are, to my mind, very descriptive and give a good idea of the terrain.

The remarks in this memorandum may be of some assistance to you in getting a picture of the situation as it existed then.

Yours very truly,

ES/G.

.....  
Eustace Smith - Timber Estimator



CANADA  
DEPARTMENT OF THE SECRETARY OF STATE  
OFFICE OF THE CUSTODIAN  
JAPANESE EVACUATION SECTION

93

PHONE PACIFIC 6131

PLEASE REFER TO

FILE NO. 3271

506 ROYAL BANK BLDG.  
HASTINGS AND GRANVILLE  
VANCOUVER, B. C.

November 14, 1949.

*Revised Plan Mark 68.5*

*Issued Feb 7 1947*

*Covering Secs 11+12 R.1 W. Parcel B*

*Secs 9+10 except Plan (4476+4757)*

*Secs 11.12+13 R.2 W. Parcel B of the 10  
except Plan (4476+4767) as before*

Mr. Eustace Smith,  
510 West Hastings St.,  
Vancouver, B.C.

Dear Mr. Smith:

Case 252 - Japanese Property Claims  
Commission

Further to our telephone conversation, the legal description of the property is - Lots Three (3) and Four (4), North Salt Spring Island, COWICHAN DISTRICT, including Parcel "A" (D.D.58307-I) thereof, EXCEPT that part of said Lot Four (4) lying South of said Parcel "A" and South of the South boundary of said Lot Three (3) and its production East to intersection with said Parcel "A".

*Secs 11.12+13  
R.3 W. Sec 13*

*R.4 W.  
Lot 3.4+6  
except Parcel A  
North Salt  
Spring Island*

The registered owner of this property was Torazo Iwasaki, and at the time the Custodian became interested, there was a timber agreement - 11th December, 1940 up to the 31st of December, 1945 in favour of the Glen Lake Logging Company.

*have fit*

We sold this property to the Salt Spring Lands Ltd. in August of 1944 and the information which is being sought is the quantity of timber which has been taken off this property since the 1st of September, 1944.

It will be appreciated if you can, without too much trouble, secure this information, we presume from the Timber Office.

Yours very truly,

*F.G. Shears*

F.G. Shears,  
Director.

FGS/GN

1947 end on

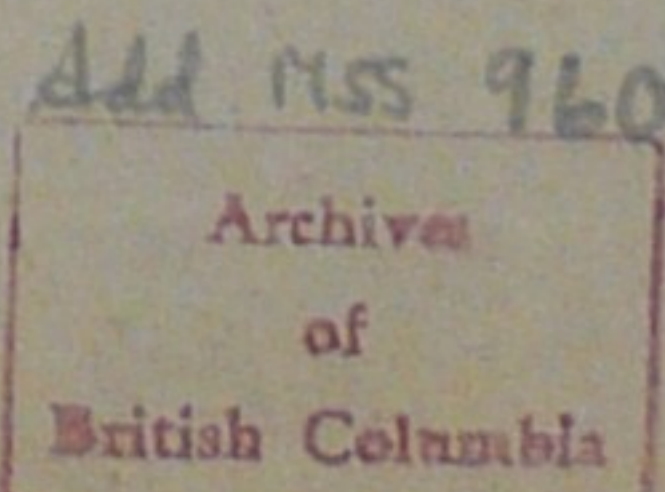
1948

1949

183.594. B.M. + 12845' lineal FT.  
which was properly Piling

61.9 6.13

2.562.591







THE GOVERNMENT OF  
THE PROVINCE OF BRITISH COLUMBIA

FOREST SERVICE

File: M27411

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VICTORIA, B.C.

1949  
Nov. 18

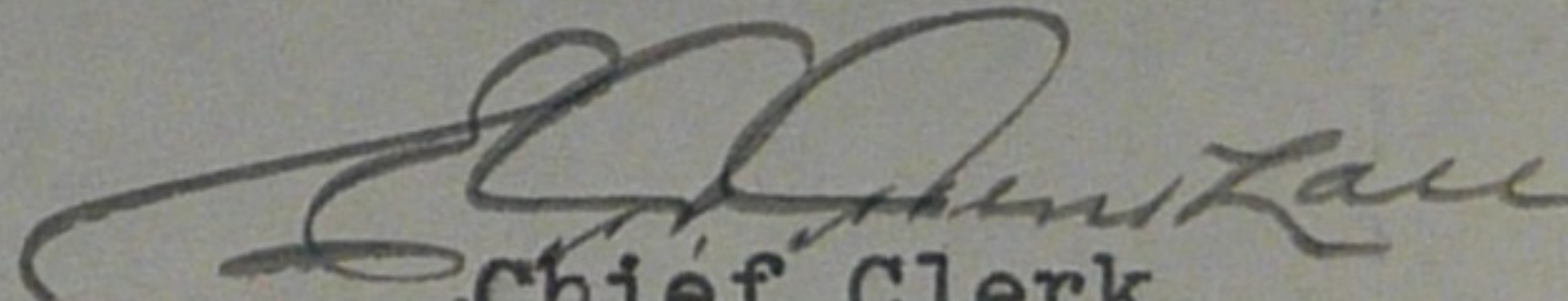
Eustace Smith, Esq.,  
1314 Standard Building,  
Vancouver, B.C.

Dear Sir:

Your letter of November 14, 1949, with enclosure from Mr. F.G. Shears, of the Japanese Property Claims Commission, is received.

Please be advised that we are forwarding copy of your letter and enclosure to the District Forester, Marine Building, Vancouver, B.C., as it is quite possible the information you require will be more readily obtainable from the records in that office, and would suggest that you contact them in this regard.

Yours truly,

  
Chief Clerk

MH/LM



NOVEMBER 14th. 1949

Government Timber Office,  
Victoria, B. C.

DEAR SIR:-

I am enclosing herewith copy of a letter received from Mr. Shears, of the Japanese Property Claims Commission.

I wonder if it would be possible for you to secure this information for us? I presume this particular property has a registered Stamp for all logs removed as, apparently, it comes under the .50¢ per M. Royalty.

This information would be particularly useful to the Custodian of Enemy Alien Properties, and we will be glad to pay for any trouble you may be put to in this connection.

Yours very truly,

.....  
Eustace Smith

ES/G.

ENC.



NOVEMBER 30th. 1949

Mr. F. G. Shears,  
Office of the Custodian,  
Royal Bank Building,  
Vancouver, B. C.

Dear Mr. Shears:-

I have been endeavoring to get the information you want regarding the timber cut from that Crown Grant area at Salt Spring Island.

I have been in touch with Mr. Taylor of the Forest Service, who referred me to Mr. Fox who looks after all the records of Timber Marks and quantities scaled. He tells me that it is quite a complicated matter to get the exact records of this particular area, as a Mark is used to cover the area you are interested in, together with other properties in the vicinity.

However, I have an appointment with him at ten o'clock tomorrow morning, and we will do our best to get as closely as possible to the amount that was cut from the area specified in your letter, and will let you know the results as soon as possible.

Yours very truly,

.....  
Eustace Smith

ES/G.